

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**AMENDMENT No. 4  
TO  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**SYNCHRONY FINANCIAL**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation or Organization)

6199  
(Primary Standard Industrial Classification Code Number)

51-0483352  
(I.R.S. Employer  
Identification Number)

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Stamford, Connecticut 06902  
(203) 585-2400  
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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

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. "

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. "

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 statement number of the earlier effective registration statement for the same offering. "

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 statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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 Commission, acting pursuant to Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)  
Dated June 27, 2014



**Common Stock**

We are offering \_\_\_\_\_ shares of our common stock in this offering. This is our initial public offering, and no public market currently exists for our shares. We anticipate that the initial public offering price of the shares will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share.

We have granted the underwriters an option to purchase up to an aggregate of \_\_\_\_\_ additional shares of our common stock at the initial public offering price less the underwriting discount.

Our shares of common stock have been authorized for listing on the New York Stock Exchange under the symbol "SYF."

At our request, the underwriters have reserved \_\_\_\_\_ % of the shares of common stock to be issued by us and offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees and other individuals associated with our company and members of their respective families. See "Underwriters—Directed Share Program."

Investing in our common stock involves risks. See "[Risk Factors](#)" beginning on page 22.

**PRICE \$ PER SHARE**

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts and commissions(1)	\$ _____	\$ _____
Proceeds to us	\$ _____	\$ _____

(1) We have agreed to reimburse the underwriters for certain FINRA-related expenses. See "Underwriters."

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of our common stock to purchasers on \_\_\_\_\_, 2014.

*Joint Book-Running Managers*

*Global Coordinator*  
**Goldman, Sachs & Co.**

**Barclays**

**BofA Merrill Lynch**

*Global Coordinator*  
**J.P. Morgan**

**Credit Suisse**

**Citigroup**

**Morgan Stanley**

**Deutsche Bank Securities**

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Neither we nor any of the underwriters has authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we may have referred you in connection with this offering. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

Neither we nor any of the underwriters is making an offer to sell or seeking offers to buy these securities in any jurisdiction where or to any person to whom the offer or sale is not permitted. The information in this prospectus is accurate only as of the date on the front cover of this prospectus and the information in any free writing prospectus that we may provide you in connection with this offering is accurate only as of the date of that free writing prospectus. Our business, financial condition, results of operations and future growth prospects may have changed since those dates.

**Through and including \_\_\_\_\_, 2014 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.**

For investors outside the United States: Neither we nor any of the underwriters has done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.

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### **Certain Defined Terms**

Except as the context may otherwise require in this prospectus, references to:

- “we,” “us,” “our,” and the “Company” are to SYNCHRONY FINANCIAL and its subsidiaries, which together represent the businesses that historically have conducted GE’s North American retail finance business;
- “Synchrony” are to SYNCHRONY FINANCIAL only;
- “GE” are to General Electric Company and its subsidiaries;
- “GECC” are to General Electric Capital Corporation (a subsidiary of GE) and its subsidiaries;
- “GECFI” are to GE Consumer Finance, Inc. (a subsidiary of GECC that currently owns Synchrony) and its subsidiaries; and
- the “Bank” are to Synchrony Bank (a subsidiary of Synchrony), previously known as GE Capital Retail Bank.

“FICO” score means a credit score developed by Fair Isaac & Co., which is widely used as a means of evaluating the likelihood that credit users will pay their obligations. For a description of certain other terms we use, including “active account,” “open account” and “purchase volume,” see the notes to “Prospectus Summary—Summary Historical and Pro Forma Financial Information—Other Financial and Statistical Data.” There is no standard industry definition for many of these terms, and other companies may define them differently than we do.

We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which, in our business and in this prospectus, we refer to as our “partners.” The terms of the programs all require cooperative efforts between us and our partners of varying natures and degrees to establish and operate the programs. Our use of the term “partners” to refer to these entities is not intended to, and does not, describe our legal relationship with them, imply that a legal partnership or other relationship exists between the parties or create any legal partnership or other relationship. The “average length of our relationship” with respect to a specified group of partners or programs is measured on a weighted average basis by platform revenue for the year ended December 31, 2013 for those partners or for all partners participating in a program, based on the date each partner relationship or program, as applicable, started. Information with respect to partner “locations” in this prospectus is given at December 31, 2013.

“Synchrony” and its logos and other trademarks referred to in this prospectus, including, Optimizer+plus™, Optimizer+plus Perks™, CareCredit®, Quickscreen® and eQuickscreen™ belong to us. Solely for convenience, we refer to our trademarks in this prospectus without the ™ and ® symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this prospectus are the property of their respective owners.

### **Industry and Market Data**

This prospectus contains various historical and projected financial information concerning our industry and market. Some of this information is from industry publications and other third party sources, and other information is from our own data and market research that we commission. All of this information involves a variety of assumptions, limitations and methodologies and is inherently subject to uncertainties, and therefore you are cautioned not to give undue weight to it. Although we believe that those industry publications and other third party sources are reliable, we have not independently verified the accuracy or completeness of any of the data from those publications or sources. Statements in this prospectus that we are the largest provider of private label credit cards in the United States (based on purchase volume and receivables) are based on issue number

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1,039 of “The Nilson Report,” a subscription-based industry newsletter, dated April 2014 (based on 2013 data), and references to “The Nilson Report (December 2013)” are to issue number 1,031 of The Nilson Report, dated December 2013.

### **Non-GAAP Measures**

To assess and internally report the revenue performance of our three sales platforms, we use a measure we refer to as “platform revenue.” Platform revenue is the sum of three line items in our Combined Statements of Earnings prepared in accordance with U.S. generally accepted accounting principles (“GAAP”): “interest and fees on loans,” plus “other income,” less “retailer share arrangements.” Platform revenue itself is not a measure presented in accordance with GAAP. For a reconciliation of platform revenue to interest and fees on loans, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—For the Three Months Ended March 31, 2014 and 2013—Platform Analysis” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—For the Year Ended December 31, 2013—Platform Analysis.” We deduct retailer share arrangements but do not deduct other line item expenses, such as interest expense, provision for loan losses and other expense, because those items are managed for the business as a whole. We believe that platform revenue is a useful measure to investors because it represents management’s view of the net revenue contribution of each of our platforms. This measure should not be considered a substitute for interest and fees on loans or other measures of performance we have reported in accordance with GAAP.

We also present certain capital ratios for the Company calculated on a pro forma basis. As a new savings and loan holding company, the Company historically has not been required by regulators to disclose capital ratios, and therefore these capital ratios are non-GAAP measures. We believe these capital ratios are useful measures to investors because they are widely used by analysts and regulators to assess the capital position of financial services companies, although our pro forma Basel I Tier 1 common ratio is not a Basel I defined regulatory capital ratio, and our pro forma Basel I and Basel III Tier 1 common ratios may not be comparable to similarly titled measures reported by other companies. Our pro forma Basel I Tier 1 common ratio is the ratio of Tier 1 common equity (as calculated in the reconciliation referred to below) to total risk-weighted assets as calculated in accordance with the U.S. Basel I capital rules. Our pro forma Basel III Tier 1 common ratio is the ratio of common equity Tier 1 capital to total risk-weighted assets, each as calculated in accordance with the U.S. Basel III capital rules (on a fully phased-in basis). Our pro forma Basel III Tier 1 common ratio is a preliminary estimate reflecting management’s interpretation of the final Basel III capital rules adopted in July 2013 by the Federal Reserve Board, which have not been fully implemented, and our estimate and interpretations are subject to, among other things, ongoing regulatory review and implementation guidance. For a reconciliation of the components of these capital ratios to their nearest comparable GAAP component, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital.”

## PROSPECTUS SUMMARY

*This summary highlights information contained elsewhere in this prospectus and may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information set forth in “Risk Factors,” our combined financial statements and the related notes thereto, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus, before making an investment decision.*

### **Our Company**

We are one of the premier consumer financial services companies in the United States. Our roots in consumer finance trace back to 1932, and today we are the largest provider of private label credit cards in the United States based on purchase volume and receivables. We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our “partners.” Through our partners’ 329,000 locations across the United States and Canada, and their websites and mobile applications, we offer their customers a variety of credit products to finance the purchase of goods and services. During 2013 and the first quarter of 2014, we financed \$93.9 billion and \$21.1 billion of purchase volume, respectively, and at March 31, 2014, we had \$54.3 billion of loan receivables and 57.3 million active accounts. Our active accounts represent a geographically diverse group of both consumers and businesses, with an average FICO score of 710 for consumer active accounts at March 31, 2014. Our business has been profitable and resilient, including through the recent U.S. financial crisis and ensuing years. For the year ended December 31, 2013, we had net earnings of \$2.0 billion, representing a return on assets of 3.5%, and for the three months ended March 31, 2014, we had net earnings of \$558 million, representing a return on assets of 3.9%.

Our business benefits from longstanding and collaborative relationships with our partners, including some of the nation’s leading retailers and manufacturers with well-known consumer brands, such as Lowe’s, Wal-Mart, Amazon and Ethan Allen. We believe our partner-centric business model has been successful because it aligns our interests with those of our partners and provides substantial value to both our partners and our customers. Our partners promote our credit products because they generate increased sales and strengthen customer loyalty. Our customers benefit from instant access to credit, discounts and promotional offers. We seek to differentiate ourselves through deep partner integration and our extensive marketing expertise. We have omni-channel (in-store, online and mobile) technology and marketing capabilities, which allow us to offer and deliver our credit products instantly to customers across multiple channels. For example, the purchase volume in our Retail Card platform from our online and mobile channels increased by \$3.0 billion, or 39.5%, from \$7.6 billion in 2011 to \$10.6 billion in 2013.

We offer our credit products primarily through our wholly-owned subsidiary, Synchrony Bank (previously known as GE Capital Retail Bank) (the “Bank”). Through the Bank, we offer, directly to retail and commercial customers, a range of deposit products insured by the Federal Deposit Insurance Corporation (“FDIC”), including certificates of deposit, individual retirement accounts (“IRAs”), money market accounts and savings accounts, under our Optimizer+Plus brand. We also take deposits at the Bank through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. We are expanding our online direct banking operations to increase our deposit base as a source of stable and diversified low cost funding for our credit activities. We had \$27.4 billion in deposits at March 31, 2014.

**Our Sales Platforms**

We offer our credit products through three sales platforms: Retail Card, Payment Solutions and CareCredit. Set forth below is a summary of certain information relating to our Retail Card, Payment Solutions and CareCredit platforms at or for the three months ended March 31, 2014:

<i>(\$ in millions, except for average loan receivable balances)</i>	<u>Retail Card</u>	<u>Payment Solutions</u>	<u>CareCredit</u>
Partner locations (at December 31, 2013)	34,000	118,000	177,000
Period end active accounts (in millions)	46.2	6.7	4.4
Average loan receivable balance	\$ 794	\$ 1,599	\$ 1,464
Average FICO for consumer active accounts	713	708	683
Period end loan receivables	\$ 37,175	\$ 10,647	\$ 6,463

- Retail Card.** Retail Card is a leading provider of private label credit cards, and also provides Dual Cards and small and medium-sized business credit products. We offer one or more of these products primarily through 19 national and regional retailers with which we have program agreements that have an expiration date in 2015 or beyond and which accounted for 95.3% of our Retail Card platform revenue for the year ended December 31, 2013 and 94.9% of our Retail Card loan receivables at March 31, 2014. The average length of our relationship with all of our Retail Card partners is 15 years and collectively they have 34,000 retail locations. Our partners are diverse by industry and include Amazon, Belk, Chevron, Gap, JCPenney, Lowe's, Sam's Club, T.J.Maxx and Wal-Mart. Our Retail Card programs typically are exclusive with respect to the credit products we offer at that partner. Private label credit cards are partner-branded credit cards that are used for the purchase of goods and services from the partner. Our patented Dual Cards are credit cards that function as a private label credit card when used to purchase goods and services from our partners and as a general purpose credit card when used elsewhere. Substantially all of the credit extended in this platform is on standard (i.e., non-promotional) terms. Retail Card accounted for \$6.4 billion, or 68.0%, of our total platform revenue for the year ended December 31, 2013, and \$1.7 billion, or 69.0%, of our total platform revenue for the three months ended March 31, 2014.
- Payment Solutions.** Payment Solutions is a leading provider of promotional financing for major consumer purchases, offering primarily private label credit cards and installment loans. We offer these products through 264 programs with national and regional retailers, manufacturers, buying groups and industry associations, and a total of 62,000 participating partners that collectively have 118,000 retail locations. Our partners operate in seven product markets: automotive (tires and repair), home furnishing/flooring, electronics/appliances, jewelry and other luxury items, power (motorcycles, ATVs and lawn and garden), home specialty (windows, doors, roofing, siding, HVAC and repair) and other retail. We have programs with a diverse group of retailers, manufacturers, buying groups and industry associations, such as Ashley HomeStores, Discount Tire, h.h.gregg, the North American Home Furnishings Association and P.C. Richard & Son. Substantially all of the credit extended in this platform is promotional financing for major purchases. We offer three types of promotional financing: deferred interest, no interest and reduced interest. In almost all cases, our partners compensate us for all or part of the cost of providing this promotional financing. Payment Solutions accounted for \$1.5 billion, or 16.0%, of our total platform revenue for the year ended December 31, 2013, and \$371 million, or 15.1%, of our total platform revenue for the three months ended March 31, 2014.
- CareCredit.** CareCredit is a leading provider of promotional financing to consumers for elective healthcare procedures or services, such as dental, veterinary, cosmetic, vision and audiology. We offer our products through a network we have developed of 152,000 healthcare partners that collectively have 177,000 locations. The vast majority of our partners are individual and small groups of independent healthcare providers, and the remainder are national and regional healthcare providers and manufacturers. Our national and regional healthcare and manufacturer partners include LCA-Vision, Heartland Dental, Starkey Laboratories and Veterinary Centers of America (VCA Antech). We also have relationships with more than 100 professional and other associations, including the American

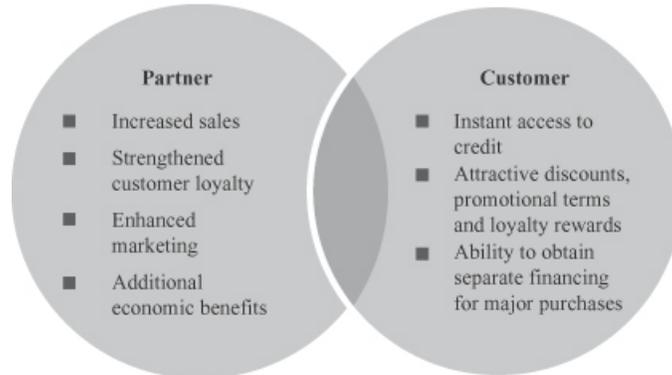
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Dental Association and the American Animal Hospital Association, various state dental and veterinary associations, manufacturers and buying groups, which endorse and promote (in some cases for compensation) our credit products to their members. We offer customers a CareCredit-branded private label credit card that may be used across our network of CareCredit providers. Substantially all of the credit extended in this platform is promotional financing, and in almost all cases, our partners compensate us for all or part of the cost of providing this promotional financing. CareCredit accounted for \$1.5 billion, or 16.0%, of total platform revenue for the year ended December 31, 2013, and \$388 million, or 15.9%, of our total platform revenue for the three months ended March 31, 2014.

**Our Value Proposition**

We offer strong value propositions to both our partners and our customers.

**Our Value Proposition**



***Value to Our Partners***

Our consumer finance programs deliver the following benefits to our partners:

- **Increased sales.** Our programs drive increased sales for our partners by providing instant credit with an attractive value proposition (which may include discounts, promotional financing and customized loyalty rewards). Based on our research and experience in our Retail Card and Payment Solutions platforms, we believe average sales per customer in these platforms are generally higher for customers who use our cards compared to consumers who do not. In Payment Solutions, the availability of promotional financing is important to the consumer’s decision to make purchases of “big-ticket” items and a driver of retailer selection. In CareCredit, the availability of credit can also have a substantial influence over consumer spending with a significant number of consumers indicating in our research that they would postpone or forego all or a portion of their desired healthcare procedures or services if credit was not available through their healthcare providers.
- **Strengthened customer loyalty.** Our programs benefit our partners through strengthened customer loyalty. Our Retail Card customers have had their cards an average of 7.9 years at March 31, 2014. We believe customer loyalty drives repeat business and additional sales. In the year ended December 31, 2013, our 50.8 million active Retail Card accounts made an average of more than 12 purchases per account. Our CareCredit customers can use their card at any provider within our provider network, which we believe is an important source of new business to our providers, and 69% of CareCredit transactions in 2013 were from existing customers reusing their card at one or more providers.

- **Enhanced marketing.** We have developed significant marketing expertise that we share with our partners, including through dedicated on-site teams, a national field sales force and experts who reside in our marketing centers of excellence. We believe this expertise is of substantial value to our partners in increasing sales and profitability. Our omni-channel capabilities allow us to market our credit products wherever our partners offer their products. Our customer relationship management (“CRM”) and data analytics capabilities allow us to track customer responsiveness to different marketing strategies, which helps us target marketing messages and promotional offers to our partners’ customers. In Payment Solutions, our dedicated industry-focused sales and marketing teams bring substantial retailer marketing expertise to our smaller retailer and merchant partners. These partners benefit from our research on how to increase store traffic with various promotional offerings. We also provide them with website and e-commerce capabilities that many could not afford to develop on their own.
- **Additional economic benefits.** Our programs provide economic benefits to our partners in addition to increasing sales. Our Retail Card partners typically benefit from retailer share arrangements that provide for payments to them once the economic performance of the program exceeds a contractually-defined threshold. These shared economics enhance our partners’ engagement with us and provide an incentive for partners to support our programs. In addition, for most of our partners, our credit programs reduce costs by eliminating the interchange fees for in-store purchases that would otherwise be paid when general purpose credit cards or debit cards are used. Our programs also allow our partners to avoid the risks and administrative costs associated with carrying an accounts receivable balance for their customers, and this is particularly attractive to many of our CareCredit partners.

#### **Value to Our Customers**

Our consumer finance programs deliver the following benefits to our customers:

- **Instant access to credit.** We offer qualified customers instant access to credit at the point of sale and across multiple channels. Annual applications for our credit products increased by 24.7%, from 37.7 million applications in 2011 to 47.0 million in 2013. In addition, our applications from online and mobile channels increased by 42.6%, from 9.4 million in 2011 to 13.4 million in 2013. Our Retail Card programs provide financing for frequent purchases with attractive program benefits, including, in the case of our Dual Card, the convenience of a general purpose credit card. Payment Solutions and CareCredit offer promotional financing that enables qualified customers to make major purchases, including, in the case of CareCredit, elective healthcare procedures or services that typically are not covered by insurance.
- **Attractive discounts, promotional terms and loyalty rewards.** We believe our programs provide substantial value to our customers through attractive discounts, promotional terms and loyalty rewards. Retail Card customers typically benefit from first purchase discounts (e.g., 10% or more off the purchase price when a new account is opened) and discounts or loyalty rewards when their card is used to make subsequent purchases from our partners. Our Retail Card customers typically earn rewards based on the amount of their purchases from our partners at a rate which is generally higher than the reward rate on general purpose cash back credit cards. Our Payment Solutions and CareCredit customers typically benefit from promotional financing such as interest-free periods on purchases. These types of promotions typically are not available to consumers when they use a general purpose credit card outside of introductory offer periods.
- **Ability to obtain separate financing for major purchases.** We believe many consumers prefer to obtain separate financing for major purchases or category expenditures rather than accessing available borrowing capacity under their general purpose credit cards or using cash. We believe our customers also value the ability to compartmentalize, budget and track their spending and borrowing through separate financing for a major purchase.

## Our Industry

We believe our business is well positioned to benefit from the following favorable industry trends:

- **Improvements in consumer spending and credit utilization.** Consumer spending has increased as U.S. economic conditions and consumer confidence continue to recover from the recent financial crisis. The U.S. consumer payments industry, which consists of credit, debit, cash, check and electronic payments, is projected to grow by 25% from 2012 to 2017 (from \$8.7 trillion in 2012 to \$10.9 trillion in 2017) according to The Nilson Report (December 2013). According to that report, credit card payments are expected to account for the majority of the growth of the U.S. consumer payments industry. Credit card payments accounted for \$2.3 trillion or 26.7% of U.S. consumer payments volume in 2012 and are expected to grow to \$3.8 trillion or 34.9% of U.S. consumer payments volume in 2017. Credit card spending is growing as a percentage of total consumer spending, driven in part by the growth of online and mobile purchases.
- **Improvements in U.S. household finances.** U.S. household finances have recovered substantially since the financial crisis. According to the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”), the average U.S. household’s ratio of debt payments to disposable personal income (“debt service ratio”) is better than pre-crisis levels, having improved to 9.9% for the three months ended March 31, 2014 from 13.1% for the three months ended September 30, 2007. According to the Federal Reserve Board, aggregate U.S. household net worth also has increased, from \$68.0 trillion at December 31, 2007 to \$81.8 trillion at March 31, 2014.
- **Growth of direct banking and deposit balances.** According to 2012 and 2013 American Bankers Association surveys, the percentage of customers who prefer to do their banking via direct channels (internet, mail, phone and mobile) increased from 53% to 61% between 2010 and 2013, while those who prefer branch banking declined from 25% to 18% over the same period. This preference for direct banking has been evidenced by robust growth in direct deposits. U.S. direct deposits increased by 41%, from \$346.1 billion at December 31, 2010 to \$488.4 billion at December 31, 2013, according to data for 17 surveyed banks from SNL Financial, a financial institutions data and analysis provider.

## Competitive Strengths

Our business has a number of competitive strengths, including the following:

- **Large, diversified and well established consumer finance franchise.** Our business is large and diversified with 57.3 million active accounts at March 31, 2014 and a partner network with 329,000 locations across the United States and in Canada. At March 31, 2014, we had \$54.3 billion in total loan receivables, and we are the largest provider of private label credit cards in the United States based on purchase volume and receivables according to The Nilson Report (April 2014). We have built large scale operations that support each of our sales platforms, and we believe our extensive partner network, with its broad geographic reach and diversity by industry, provides us with a distribution capability that is difficult to replicate. We believe the scale of our business and resulting operating efficiencies also contribute significantly to our success and profitability. In addition, we believe our partner-centric model, including our distribution capability, could lend itself to geographic expansion.
- **Partner-centric model with long-standing and stable relationships.** Our business is based on a partner-centric, business-to-business model. Our ability to establish and maintain deep, collaborative relationships with our partners is a core skill that we have developed through decades of experience, and we have more than 1,000 dedicated employees, most of whom are co-located with our partners, to help drive the growth of our partners’ sales and our share of their sales. At December 31, 2013, the average length of our relationship for our 40 largest programs across all platforms, which accounted in aggregate for 75.6% of our platform revenue for the year ended December 31, 2013, is 15 years. From these same 40 programs, 55.6% of our platform revenue for the year ended December 31, 2013 was

generated under programs with current contractual terms that continue through at least January 1, 2017. A diverse and growing group of more than 200,000 partners accounted for the remaining 24.4% of our platform revenue for the year ended December 31, 2013.

- **Deeply integrated technology across multiple channels.** Our proprietary technology is deeply integrated with our partners' systems and processes, which enables us to provide customized credit products to their customers at the point of sale across multiple channels. Our technologies enable customers to apply for credit at the point of sale in-store, online or on a mobile device and, if approved, purchase instantly. Our online and mobile technologies are capable of being seamlessly integrated into our partners' systems to enable our customers to check their available credit line, manage their account, access our eChat online customer service and participate in the relevant partners' loyalty rewards programs online and using mobile devices. In addition, in CareCredit, we have developed what we believe is one of the largest healthcare provider locators of its kind, helping to connect customers to our 177,000 healthcare provider locations. This online locator received an average of 560,000 hits per month in 2013, helping to drive incremental business for our provider partners. We believe that our continued investment in technology and mobile offerings will help us deepen our relationships with our existing partners, as well as provide a competitive advantage when seeking to win new business.
- **Strong operating performance.** Over the three years ended December 31, 2013, we have grown our purchase volume and loan receivables at 9.8% and 8.2% compound annual growth rates, respectively. For the years ended December 31, 2013, 2012 and 2011, our net earnings were \$2.0 billion, \$2.1 billion and \$1.9 billion, respectively, and our return on assets was 3.5%, 4.2% and 4.1%, respectively. For the three months ended March 31, 2014, our net earnings were \$558 million, and our return on assets was 3.9%. We were profitable throughout the recent U.S. financial crisis. We believe our ability to maintain profitability through various economic cycles is attributable to our rigorous underwriting process, strong pricing discipline, low cost to acquire new accounts, operational expertise and retailer share arrangements with our largest partners.
- **Strong balance sheet and capital base.** We have a strong capital base and a diversified and stable funding profile with access to multiple sources of funding, including a growing deposit platform at the Bank, securitized financings under well-established programs, a new GECC term loan facility and a new bank term loan facility. In addition, following this offering, we intend to access the public unsecured debt markets as a source of funding. At March 31, 2014, pro forma for the Transactions (as defined under "—Summary Historical and Pro Forma Financial Information"), we would have had a fully phased-in Basel III Tier 1 common ratio of %, and our business would have been funded with \$27.4 billion of deposits at the Bank, \$14.6 billion of securitized financings, \$3.0 billion of transitional funding from the new GECC term loan facility, \$ billion from the new bank term loan facility and \$ billion of additional unsecured debt from a planned debt offering. At March 31, 2014, on a pro forma basis, we would have had \$ billion of cash and short-term liquid investments (or % of total assets). We also had, at the same date and on the same basis, more than \$25.0 billion of unencumbered assets in the Bank available to be used to generate additional liquidity through secured borrowings or asset sales. In addition, we currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity under our securitization programs.
- **Experienced and effective risk management.** We have an experienced risk management team and an enterprise risk management infrastructure that we believe enable us to effectively manage our risk. Our enterprise risk management function is designed to identify, measure, monitor and control risk, including credit, market, liquidity, strategic and operational risks. Our focus on the credit process is evidenced by the success of our business through multiple economic cycles. We control the credit criteria for all of our programs and issue credit only to consumers who qualify under those credit criteria. Our systems are integrated with our partners' systems, and therefore we can use our proprietary credit approval processes to make credit decisions instantly at the point of sale and across

all application channels in accordance with our underwriting guidelines and risk appetite. Our risk management strategies are customized by industry and partner, and we believe our proprietary decisioning systems and customized credit scores provide significant incremental predictive capabilities over standard credit bureau-based scores alone. In addition, we have an extensive compliance program, and we have invested, and will continue to invest, in enhancing our regulatory compliance capabilities.

- **High quality and diverse asset base.** The quality of our loan receivables portfolio is high. Our consumer active accounts had an average FICO score of 710, and our total loan receivables had a weighted average consumer FICO score of 694, in each case at March 31, 2014. In addition, 70.4% of our portfolio's loan receivables are from consumers with a FICO score of greater than 660 at March 31, 2014. Our over-30 day delinquency rate at March 31, 2014 is below 2007 pre-financial crisis levels. We have a seasoned customer base with 37.9% of our loan receivables at March 31, 2014 associated with accounts that have been open for more than five years. Our portfolio is also diversified by geography, with receivables balances broadly reflecting the U.S. population distribution.
- **Experienced management team and business built on GE culture.** Our senior management team, including key members who helped us successfully navigate the financial crisis, will continue to lead our Company following this offering. We have operated as a largely standalone business within GECC, with our own sales, marketing, risk management, operations, collections, customer service and compliance functions. Our business has been built on GE's culture and heritage, with a strong emphasis on our partners and customers, a rigorous use of metrics and analytics, a disciplined approach to risk management and compliance and a focus on continuous improvement and strong execution.

#### **Our Business and Growth Strategy**

We intend to grow our business and increase our profitability by building on our financial and operating strengths and capitalizing on projected favorable industry trends, as well as by pursuing a number of important growth strategies for our business, including the following:

**Increase customer penetration at our existing partners.** We believe there is a significant opportunity to grow our business by increasing the usage of our cards in each of our sales platforms. In Retail Card, based on sales data provided by our partners, we have increased penetration of our partners' aggregate sales in each of the last three years. For the year ended December 31, 2013, penetration of our Retail Card partners' sales ranged from 1% to 49%, and the aggregate sales of all Retail Card partners were \$555.6 billion, which we believe represents a significant opportunity for potential growth. We believe there is also a significant market opportunity for us to increase our penetration in Payment Solutions and CareCredit.

**Attract new partners.** We seek to attract new partners by both launching new programs and acquiring existing programs from our competitors. In Retail Card, which is typically characterized by longer-term, exclusive relationships, we added four new Retail Card partners from January 1, 2011 through March 31, 2014, which accounted for \$2.1 billion of receivables at March 31, 2014. In Payment Solutions, where a significant portion of our programs include independent dealers and merchants that enter into separate arrangements with us, we established 52 new Payment Solutions programs from January 1, 2011 through March 31, 2014, which accounted for \$1.3 billion of loan receivables at March 31, 2014, and we increased our total partners from 57,000 at December 31, 2010 to 62,000 at March 31, 2014. In CareCredit, where we attract new healthcare provider partners largely by leveraging our endorsements from professional associations and healthcare consultants, we increased the number of partners with which we had agreements from 122,000 at December 31, 2010 to 152,000 at March 31, 2014. We believe there is a significant opportunity to attract new partners in each of our platforms, including by adding additional merchants, dealers and healthcare providers under existing programs.

Our strategies to both increase penetration among our current partners and attract new partners include the following elements:

- **Leverage technology to support our partners.** Our business model is focused on supporting our partners by offering credit wherever they offer their products and services (i.e., in-store, online and on mobile devices). We intend to continue to make significant investments in online and mobile technologies, which we believe will lead to new accounts, increased sales and deeper relationships with our existing partners and will give us an advantage when competing for new partners. We intend to continue to roll out the capability for consumers to apply for our products via their mobile devices, receive an instant credit decision and obtain immediate access to credit, and to deliver targeted rewards and promotions to our customers via their mobile devices for immediate use.
- **Capitalize on our advanced data, analytics and customer relationship management capabilities.** We believe that our ongoing efforts to expand our data and analytics capabilities help differentiate us from our competitors. We have access to a vast amount of data (such as our customers' purchase patterns and payment histories) from our 110.7 million open accounts at March 31, 2014 and the hundreds of millions of transactions our customers make each year. Consistent with applicable privacy rules and regulations, we are developing new tools to assess this data to develop and deliver valuable insights and actionable analysis that can be used to improve the effectiveness of marketing strategies leading to incremental growth for both our partners and our business. Our recently enhanced CRM platform will utilize these insights and analysis to drive more relevant and timely offers to our customers via their preferred channels of communication. We believe the combination of our analytics expertise and extensive data access will drive greater partner engagement and increased sales, strengthen customer loyalty, and provide us a competitive advantage.
- **Launch our integrated multi-tender loyalty programs.** We are leveraging our extensive data analytics, loyalty experience and broad retail presence to launch multi-tender loyalty programs that enable customers to earn rewards from a partner, regardless of how they pay for their purchases (e.g., cash, private label or general purpose credit cards). By expanding our loyalty program capabilities beyond private label credit cards we can provide deeper insights to our partners about their customers, including spending patterns and shopping behaviors. Multi-tender loyalty programs will also provide us with access to non-cardholders, giving us the opportunity to grow our customer base by marketing our credit products to them and delivering a more compelling value proposition.
- **Increase focus on small and mid-sized businesses.** We currently offer private label credit cards and Dual Cards for small to mid-sized commercial customers that are similar to our consumer offerings. We are increasing our focus on marketing our commercial pay-in-full accounts receivable product to a wide range of business customers and are rolling out an improved customer experience for this product with enhanced functionality. Our loan receivables from business customers were \$1.3 billion at March 31, 2014, and we believe our strategic focus on business customers will enable us to continue to attract new business customers and increase the diversity of our loan receivables.
- **Expand our direct banking activities.** In January 2013, we acquired the deposit business of MetLife Bank, N.A. ("MetLife"), which is a direct banking platform that at the time of the acquisition had \$6.0 billion in U.S. direct deposits and \$0.4 billion in brokered deposits. Our U.S. direct deposits grew from \$0.9 billion at December 31, 2012 to \$13.0 billion at March 31, 2014 (including the MetLife acquisition). The acquisition of this banking platform is a key part of our strategy to increase our deposit base as a source of stable and diversified low cost funding. The platform is highly scalable, allowing us to expand without the overhead expenses of a traditional "brick and mortar" branch network. We believe we are well-positioned to benefit from the consumer-driven shift from branch banking to direct banking. According to 2012 and 2013 American Bankers Association surveys, the percentage of customers who prefer to do their banking via direct channels (i.e., internet, mail, phone and mobile) increased from 53%

to 61% between 2010 and 2013, while those who prefer branch banking declined from 25% to 18% over the same period. To attract new deposits and retain existing ones, we are increasing our advertising and marketing, enhancing our loyalty program and expanding mobile banking offerings. We also intend to introduce new deposit and credit products and enhancements to our existing products. These new and enhanced products may include the introduction of checking accounts, overdraft protection lines of credit, a bill payment account feature and Synchrony-branded debit and general purpose credit cards, as well as enhanced small business deposit accounts and expanded affinity offers.

#### **Formation and Regulation of Synchrony**

Synchrony is a holding company for the legal entities that historically conducted GE's North American retail finance business. Synchrony (previously named GE Capital Retail Finance Corporation) was incorporated in Delaware on September 12, 2003, but prior to April 1, 2013 conducted no business. During the period from April 1, 2013 to September 30, 2013, as part of a regulatory restructuring, substantially all of the assets and operations of GE's North American retail finance business, including the Bank, were transferred to Synchrony. The remaining assets and operations of that business have been or will be transferred to Synchrony prior to the completion of this offering.

As a savings and loan holding company, Synchrony is subject to extensive regulation, supervision and examination by the Federal Reserve Board. In addition, as a large provider of consumer financial services, Synchrony is subject to extensive regulation, supervision and examination by the Consumer Financial Protection Bureau (the "CFPB").

The Bank is a federally chartered savings association and therefore is subject to extensive regulation, supervision and examination by the Office of the Comptroller of the Currency of the U.S. Treasury (the "OCC"), which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC.

For a discussion of the regulation of our Company and the Bank, see "Regulation." For information regarding certain regulatory matters, including consent orders or assurances of discontinuances that we have entered into with the CFPB, the Department of Justice (the "DOJ") and the Attorney General for the State of New York (the "NY AG") relating to our CareCredit platform, our debt cancellation product and sales practices and certain collection offers, see "Regulation—Consumer Financial Services Regulation" and "Risk Factors—Risks Relating to Regulation—Changes to our methods of offering our CareCredit products could materially impact operating results."

#### **GE Ownership and Our Separation from GE**

GE currently owns 100% of the common stock of GECC, GECC currently owns 100% of the common stock of GECCI and GECCI currently owns 100% of the common stock of Synchrony.

*Steps to Our Separation from GE.* On November 15, 2013, GE announced that it planned a staged exit from our business, consistent with its strategy of reducing GECC's percentage of GE's total earnings and increasing GECC's focus on its commercial lending and leasing businesses. GE's exit from our business is expected to consist of three distinct, but inter-related steps described below.

- *This Offering.* This offering is the first step in GE's exit from our business. After the completion of this offering, GE will beneficially own % of our outstanding common stock (or % if the underwriters' option to purchase additional shares of common stock from us is exercised in full). GE expects in all cases to retain at least 80% of the Company's outstanding common stock immediately following the offering.

- *Separation.* The second step of GE's exit from our business will involve GE's disposition of all of its remaining shares of our stock through a Split-off (defined below) or one or more other transactions following this offering, which disposition is referred to as the "Separation."
  - *Form of Separation Transaction.* GE has indicated that it expects to effect a split-off transaction by making a tax-free distribution of all of its remaining shares of our stock to electing GE stockholders in exchange for shares of GE's common stock (the "Split-off"). GE may also decide to exit our business by selling or otherwise distributing or disposing of all or a portion of its shares of our stock in a different type of transaction.
  - *Conditions to Separation.* The Separation would be subject to various conditions, including receipt of any necessary bank regulatory and other approvals (as discussed below), the existence of satisfactory market conditions, and, in the case of the Split-off, a private letter ruling from the Internal Revenue Service ("IRS") as to certain issues relating to, and an opinion from tax counsel confirming, the tax-free treatment of the transaction to GE and its stockholders.
- *GE SLHC Deregistration.* The final step in GE's exit from our business will be complete when the Federal Reserve Board determines that GE no longer controls us for regulatory purposes and releases GE from savings and loan holding company registration (the "GE SLHC Deregistration").

*Bank Regulatory Approvals Required for Separation and the GE SLHC Deregistration.* In addition to GE's application for the GE SLHC Deregistration, we will be required to file an application with, and receive approval from, the Federal Reserve Board to continue to be a savings and loan holding company and to retain ownership of the Bank following the Separation and the GE SLHC Deregistration. In reviewing and acting on our application, the Federal Reserve Board will consider a range of factors and has significant discretion. We do not expect the Federal Reserve Board to act on our application until, among other things, it has completed an in-depth review as to our preparedness to operate on a standalone basis, independently of GE, and is satisfied with the results. We anticipate that this review will not begin until some period after the completion of this offering and will require a considerable period of time. We are taking and will continue to take significant steps in order to prepare to operate on a standalone basis, independently of GE, including the following:

- *Increase capital and liquidity levels.* We will use all the net proceeds from the offering to significantly increase our capital levels and, together with the net proceeds of the new debt financings and after repayment of GECC related party debt (each as described below), our liquidity levels. In connection with our application to the Federal Reserve Board and the Separation, we expect to continue to increase our capital and liquidity levels by, among other things, retaining net earnings and by not paying a dividend or returning capital through stock repurchases until our application to the Federal Reserve Board is approved. We will also seek to continue to increase our liquidity through growth of our direct deposits and other funding sources, including unsecured debt. At March 31, 2014, pro forma for the Transactions, we would have had a fully phased-in Basel III Tier 1 common ratio of %, and we would have had liquidity consisting of \$ billion of cash and short-term liquid investments (or % of total assets). In addition, we currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity under our securitization programs.
- *Establish and expand standalone operations and infrastructure.* We are currently establishing or significantly expanding, and expect to continue to establish or expand, our standalone corporate governance, risk management, capital planning, treasury, information technology, compliance, regulatory, internal audit and other control operations and infrastructure. Although at the time of this offering we will continue to receive certain services from GE on a transitional basis, we expect to reduce our reliance on these services in connection with our application to the Federal Reserve Board and the Separation, replacing such services with those provided by unaffiliated third parties or with our own capabilities. We may be required to operate without receiving any of these services from GE prior to the Separation.

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- *Reduce or eliminate funding provided by GECC.* In connection with the offering, we will repay all then-outstanding related party debt owed to GECC and its affiliates (of which \$8,062 million was outstanding at March 31, 2014), and we will incur \$3.0 billion of related party debt under a new GECC term loan facility (described below). We expect that, in connection with our application to the Federal Reserve Board and the Separation, we will prepay part or substantially all of the outstanding related party debt owed to GECC under the new facility.
- *Diversify funding sources.* In addition to reducing the amount of outstanding related party debt owed to GECC, we intend to further diversify our funding sources by growing the amount of our direct deposits, by reducing the proportion of funding provided by brokered deposits, and by accessing the unsecured debt markets.

The Federal Reserve Board may require us to take additional actions beyond the significant infrastructure expansion and other steps we are already planning and implementing and beyond what we are now anticipating.

*Anticipated Timeframe for Separation and GE SLHC Deregistration.* GE has indicated that it currently is targeting to complete the Separation in 2015. We may not be prepared, or able to satisfy the Federal Reserve Board that we are prepared, to operate on a standalone basis, independently of GE, by that time. More generally, the conditions to any transaction involved in the Separation may not be satisfied in 2015 or thereafter, or GE may decide for any reason not to consummate the Separation in 2015 or thereafter. Further, GE's willingness to proceed with the Separation may effectively be conditioned on its obtaining the necessary determination by the Federal Reserve Board that the GE SLHC Deregistration will occur upon Separation, although the Separation and the GE SLHC Deregistration need not coincide. For this reason, any delays in obtaining the GE SLHC Deregistration may delay the consummation of the Separation.

*Anticipated Costs Associated with Separation and GE SLHC Deregistration.* We currently expect to incur significant additional expenses to operate as a fully independent public company. For a discussion of these expenses, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Trends and Conditions," "—Separation from GE and Related Financial Arrangements," and "Selected Historical and Pro Forma Financial Information—Unaudited Pro Forma Financial Information."

For a discussion of certain risks associated with Separation and the GE SLHC Deregistration, including risks related to anticipated timing and costs, see "Risk Factors—Risks Relating to Our Separation from GE."

### **Debt Financings**

Prior to the completion of this offering, we will enter into a term loan facility (the "New Bank Term Loan Facility") with third party lenders that will provide \$ billion principal amount of unsecured term loans maturing in 2019. Prior to the completion of this offering, we will also enter into a term loan facility (the "New GECC Term Loan Facility") with GECC that will provide \$3.0 billion principal amount of unsecured term loans maturing in 2019. We expect to borrow the full amount available under the New Bank Term Loan Facility and the New GECC Term Loan Facility concurrent with the closing of this offering. See "Use of Proceeds."

We also currently plan to issue approximately \$ billion of senior unsecured debt securities in one or more series shortly after the completion of this offering (the "Planned Debt Offering"). We cannot assure you that the Planned Debt Offering will be completed or, if completed, on what terms it will be completed.

For a discussion of these financings, see "Description of Certain Indebtedness—New Bank Term Loan Facility," "—New GECC Term Loan Facility" and "—New Senior Notes."

Our primary funding sources historically have included cash from operations, deposits (direct and brokered deposits), securitization financings and related party debt provided by GECC and its affiliates. As described in “Use of Proceeds” below, we intend to use the net proceeds from this offering, together with borrowings under the New Bank Term Loan Facility, the New GECC Term Loan Facility and the Planned Debt Offering, to, among other things, repay all of our related party debt owed to GECC and its affiliates outstanding on the closing date of this offering (\$8,062 million was outstanding at March 31, 2014). The weighted average interest rate on this related party debt was 1.7% and 2.3% per annum for the year ended December 31, 2013 and the three months ended March 31, 2014, respectively. We expect the new debt (including the New GECC Term Loan Facility) will be higher cost funding than the existing related party debt, and that our debt outstanding will increase to fund a larger liquidity portfolio. Pro forma for the Transactions, at March 31, 2014 our debt outstanding would have increased by approximately \$4.4 billion. For the year ended December 31, 2013, our interest expense would have increased by \$263 million, and our cost of funds would have increased from 1.6% to 2.0% per annum, and for the three months ended March 31, 2014, our interest expense would have increased by \$58 million, and our cost of funds would have increased from 1.6% to 1.9% per annum. See “Selected Historical and Pro Forma Financial Information—Unaudited Pro Forma Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Trends and Conditions—Changing funding mix and increased funding costs.”

#### **Risks Relating to Our Company**

As part of your evaluation of our Company, you should consider the risks associated with our business, regulation of our business, the Separation and this offering. These risks include:

- *Risks relating to our business*, including: (i) impact of macroeconomic conditions; (ii) retaining existing partners and attracting new partners, concentration of our platform revenue in a small number of Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners; (iii) our need for additional financing, higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and reduction in our credit ratings; (iv) our ability to securitize our loans, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loans, and lower payment rates on our securitized loans; (v) our reliance on dividends, distributions and other payments from the Bank; (vi) our ability to grow our deposits in the future; (vii) changes in market interest rates; (viii) effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk, the sufficiency of our allowance for loan losses, and accuracy of the assumptions or estimates used in preparing our financial statements; (ix) our ability to offset increases in our costs with decreases in retailer share arrangements; (x) competition in the consumer finance industry; (xi) our concentration in the U.S. consumer credit market; (xii) our ability to successfully develop and commercialize new or enhanced products and services; (xiii) our ability to realize the value of strategic investments; (xiv) reductions in interchange fees; (xv) fraudulent activity; (xvi) cyber-attacks or other security breaches; (xvii) failure of third parties to provide various services that are important to our operations; (xviii) disruptions in the operations of our computer systems and data centers; (xix) international risks and compliance and regulatory risks and costs associated with international operations; (xx) catastrophic events; (xxi) alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; (xxii) litigation, regulatory actions and compliance issues; (xxiii) damage to our reputation; (xxiv) our ability to attract, retain and motivate key officers and employees; (xxv) tax legislation initiatives or challenges to our tax positions; and (xxvi) state sales tax rules and regulations;
- *Risks relating to regulation*, including: (i) significant and extensive regulation, supervision and examination of, and enforcement relating to, our business by governmental authorities, impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and, the impact

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of the CFPB's regulation of our business; (ii) changes to our methods of offering our CareCredit products; (iii) failure to meet capital adequacy rules; (iv) restrictions that limit our ability to pay dividends and repurchase our capital stock and that limit the Bank's ability to pay dividends; (v) regulations relating to privacy, information security and data protection; (vi) use of third-party vendors and ongoing third-party business relationships; (vii) failure to comply with anti-money laundering and anti-terrorism financing laws; and (viii) as long as we are controlled by GECC for bank regulatory purposes, regulation and supervision of GECC;

- *Risks relating to the Separation*, including: (i) GE not completing the Separation as planned or at all, GE's inability to obtain the GE SLHC Deregistration and GE continuing to have significant control over us; (ii) completion by the Federal Reserve of a review (with satisfactory results) of our preparedness to operate on a standalone basis, independently of GE, and Federal Reserve Board approval required for us to continue to be a savings and loan holding company; (iii) need to significantly expand many aspects of our operations and infrastructure; (iv) Federal Reserve Board agreement required for us to be treated as a financial holding company after the GE SLHC Deregistration; (v) loss of association with GE's strong brand and reputation; (vi) limited right to use the GE brand name and logo and need to establish a new brand; (vii) terms of our arrangements with GE may be more favorable than we will be able to obtain from unaffiliated third parties, GE has significant control over us and reliance on exemptions from the corporate governance requirements of the NYSE available for a "controlled company"; (viii) our historical combined and pro forma financial results may not be a reliable indicator of what we would have achieved or will achieve as a standalone company; (ix) obligations associated with being a public company; (x) GE could engage in businesses that compete with us, and conflicts of interest may arise between us and GE; and (xi) failure caused by us of GE's distribution of our common stock to its stockholders in exchange for its common stock to qualify for tax-free treatment, which may result in significant tax liabilities to GE for which we may be required to indemnify GE; and
- *Risks relating to this offering*, including: (i) future sales of a substantial number of shares of our common stock; (ii) no prior public market for our common stock; (iii) volatility of the price of our common stock; (iv) our dividend policy may change at any time; (v) applicable laws and regulations, and provisions of our certificate of incorporation and by-laws may discourage takeover attempts and business combinations; and (vi) our common stock is and will be subordinate to all of our existing and future indebtedness and any preferred stock.

For a discussion of these and other risks, see "Risk Factors."

### **Additional Information**

Our corporate headquarters and principal executive offices are located at 777 Long Ridge Road, Stamford, Connecticut 06902. Our telephone number at that address is (203) 585-2400. Our internet address is [www.synchrofinancial.com](http://www.synchrofinancial.com). Information on, or accessible through, our website is not part of this prospectus.

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<b>The Offering</b>	
Issuer	SYNCHRONY FINANCIAL
Common stock offered by us	shares of common stock.
Option to purchase additional shares	shares of common stock.
Common stock to be outstanding immediately after this offering	shares of common stock.
Common stock listing	Our shares of common stock have been authorized for listing on the New York Stock Exchange (“NYSE”) under the trading symbol “SYF.”
Use of proceeds	Assuming an initial public offering price of \$            per share, which is the midpoint of the range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be \$            (or \$            if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds from this offering, together with borrowings under the New Bank Term Loan Facility and the New GECC Term Loan Facility, to repay all of our related party debt owed to GECC and its affiliates outstanding on the closing date of this offering (\$8,062 million was outstanding at March 31, 2014), to increase our capital, to invest in liquid assets to increase the size of our liquidity portfolio and for such additional uses as we may determine in the future. See “Use of Proceeds” and “Description of Certain Indebtedness.”
Voting rights	One vote per share for all matters on which stockholders are entitled to vote, except that, until the earlier to occur of: (i) the time immediately prior to the Split-off and (ii) the GE SLHC Deregistration, no stockholder or group (other than GE or its affiliates and certain other exempted persons) shall have the right to vote more than 4.99% of our capital stock entitled to vote generally in the election of directors.
Dividend policy	In connection with our application to the Federal Reserve Board described above and the Separation, we expect to continue to increase our capital and liquidity levels by, among other things, retaining net earnings and not paying a dividend or returning capital through stock repurchases until our application to the Federal Reserve Board is approved. Thereafter, our board of directors intends to consider a policy for paying dividends and may consider stock repurchases, in each case consistent with maintaining capital ratios well in excess of regulatory requirements. The declaration and amount of any future dividends to holders of our common stock or stock repurchases will be at the discretion of our board of directors and will depend on many

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	<p>factors, including the financial condition, earnings, capital and liquidity requirements of us and the Bank, applicable regulatory restrictions, corporate law and contractual restrictions (including restrictions contained in the New Bank Term Loan Facility and the New GECC Term Loan Facility) and other factors that our board of directors deems relevant. See “Risk Factors—Risks Relating to Our Business—We are a holding company and will rely significantly on dividends, distributions and other payments from the Bank,” “—Risks Relating to Regulation—We and the Bank are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock,” “—Risks Relating to This Offering—We cannot assure you whether or when we will begin paying a dividend or the amount of any such dividend.”</p>
Directed Share Program	<p>At our request, the underwriters have reserved % of the shares of common stock to be issued by us and offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees and other individuals associated with our Company and members of their respective families. Any shares purchased by our directors and executive officers pursuant to our directed share program will be subject to the 180-day lock-up agreements described under “Underwriters.” The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. See “Underwriters—Directed Share Program.”</p>
Risk factors	<p>See the section entitled “Risk Factors” beginning on page 22 for a discussion of some of the factors you should consider before investing in our common stock.</p>
Debt financings	<p>Prior to the completion of this offering, we will enter into the New Bank Term Loan Facility with third party lenders that will provide \$ billion principal amount of unsecured term loans maturing in 2019. Prior to the completion of this offering, we will also enter into the New GECC Term Loan Facility with GECC that will provide \$3.0 billion principal amount of unsecured term loans maturing in 2019.</p> <p>We also currently intend to issue approximately \$ billion of senior unsecured debt securities in the Planned Debt Offering shortly after the completion of this offering.</p> <p>We also currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity, subject to customary borrowing conditions, from private lenders under two of our existing securitization programs.</p>

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For a discussion of these financings, see “Description of Certain Indebtedness—New Bank Term Loan Facility,” “—New GECC Term Loan Facility,” “—New Senior Notes” and “—Securitized Financings.”

Unless otherwise indicated, all information in this prospectus, including information regarding the number of shares of our common stock outstanding:

- reflects \_\_\_\_\_ shares of common stock outstanding at March 31, 2014 on a pro forma basis, which reflects the consummation of a stock split expected to occur immediately prior to this offering pursuant to which \_\_\_\_\_ shares of common stock will be issued to the holder of common stock for each share held;
- assumes an initial public offering price of \$ \_\_\_\_\_ per share (the midpoint of the price range set forth on the front cover of this prospectus);
- assumes the underwriters’ option to purchase additional shares of common stock from us has not been exercised; and
- does not include the \_\_\_\_\_ shares of common stock underlying unvested restricted stock units and stock options issued to certain employees pursuant to “founders’ grants” under the Synchrony 2014 Long-Term Incentive Plan or the remaining \_\_\_\_\_ shares of common stock reserved for issuance under the Synchrony 2014 Long-Term Incentive Plan, as described under “Management—Compensation Plans Following This Offering—Synchrony 2014 Long-Term Incentive Plan.”

### Summary Historical and Pro Forma Financial Information

The following table sets forth summary historical combined and unaudited pro forma financial information. You should read this information in conjunction with the information under “Selected Historical and Pro Forma Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our combined financial statements and the related notes included elsewhere in this prospectus.

Synchrony is a holding company for the legal entities that historically conducted GE’s North American retail finance business. Synchrony was incorporated in Delaware on September 12, 2003, but prior to April 1, 2013, conducted no business. During the period from April 1, 2013 to September 30, 2013, as part of a regulatory restructuring, substantially all of the assets and operations of GE’s North American retail finance business, including the Bank, were transferred to Synchrony. The remaining assets and operations of that business have been or will be transferred to Synchrony prior to the completion of this offering.

We have prepared our historical combined financial statements as if Synchrony had conducted GE’s North American retail finance business throughout all relevant periods. Our historical combined financial information and statements include the assets, liabilities and operations of GE’s North American retail finance business.

The unaudited pro forma information set forth below reflects our historical combined financial information, as adjusted to give effect to the following transactions (the “Transactions”) as if each had occurred at January 1, 2013, in the case of statements of earnings information, and March 31, 2014, in the case of statements of financial position information:

- issuance of        million shares of our common stock in this offering at an estimated offering price of \$        per share (the midpoint of the price range set forth on the front cover of this prospectus);
- repayment of all Outstanding Related Party Debt (as defined under “Use of Proceeds”);
- entering into of, and costs associated with, the New Bank Term Loan Facility and the New GECC Term Loan Facility;
- completion of, and costs associated with, the Planned Debt Offering;
- investment in liquid assets to further increase the size of our liquidity portfolio consistent with our liquidity and funding policies; and
- issuance of a founders’ grant of restricted stock units and stock options to certain employees under the Synchrony 2014 Long-Term Incentive Plan.

The unaudited pro forma information below is based upon available information and assumptions that we believe are reasonable. The unaudited pro forma financial information is for illustrative and informational purposes only and is not intended to represent what our financial condition or results of operations would have been had the Transactions occurred on the dates indicated. The unaudited pro forma information also should not be considered representative of our future financial condition or results of operations.

In addition to the pro forma adjustments to our historical combined financial statements, various other factors will have an effect on our financial condition and results of operations after the completion of this offering, including those discussed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” For a discussion of the pro forma adjustments, see “Selected Historical and Pro Forma Financial Information.”

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**Condensed Combined Statements of Earnings Information**

	Pro	Historical		Pro	Historical					
	Forma	Three Months		Forma	Years Ended December 31,					
	Three	Ended		Year	2013	2012	2011			
	Months	March 31,		Ended						
	Ended			December 31,						
	March 31,	2014	2013	2013						
		2014	2013	2013						
<i>(\$ in millions, except per share data)</i>										
Interest income	\$	2,933	\$2,933	\$2,704	\$	11,313	\$11,313	\$10,309	\$	9,141
Interest expense		248	190	193		1,005	742	745		932
<b>Net interest income</b>		<u>2,685</u>	<u>2,743</u>	<u>2,511</u>		<u>10,308</u>	<u>10,571</u>	<u>9,564</u>		<u>8,209</u>
Retailer share arrangements		(594)	(594)	(484)		(2,373)	(2,373)	(1,984)		(1,428)
<b>Net interest income, after retailer share arrangements</b>		<u>2,091</u>	<u>2,149</u>	<u>2,027</u>		<u>7,935</u>	<u>8,198</u>	<u>7,580</u>		<u>6,781</u>
Provision for loan losses		764	764	1,047		3,072	3,072	2,565		2,258
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>		<u>1,327</u>	<u>1,385</u>	<u>980</u>		<u>4,863</u>	<u>5,126</u>	<u>5,015</u>		<u>4,523</u>
Other income		115	115	132		500	500	484		497
Other expense		616	610	539		2,510	2,484	2,123		2,010
<b>Earnings before provision for income taxes</b>		<u>826</u>	<u>890</u>	<u>573</u>		<u>2,853</u>	<u>3,142</u>	<u>3,376</u>		<u>3,010</u>
Provision for income taxes		(308)	(332)	(214)		(1,055)	(1,163)	(1,257)		(1,120)
<b>Net earnings</b>	\$	<u>518</u>	<u>\$ 558</u>	<u>\$ 359</u>	\$	<u>1,798</u>	<u>\$ 1,979</u>	<u>\$ 2,119</u>	\$	<u>1,890</u>
Weighted average shares outstanding (in thousands)										
Basic										
Diluted										
Earnings per share										
Basic										
Diluted										

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**Condensed Combined Statements of Financial Position Information**

(\$ in millions)	Pro Forma	Historical		
	At March 31, 2014	At March 31, 2014	At December 31, 2013      2012	
<b>Assets:</b>				
Cash and equivalents	\$	\$ 5,331	\$ 2,319	\$ 1,334
Investment securities	265	265	236	193
Loan receivables	54,285	54,285	57,254	52,313
Allowance for loan losses	(2,998)	(2,998)	(2,892)	(2,274)
Goodwill	949	949	949	936
Intangible assets, net	464	464	300	255
Other assets	979	949	919	705
<b>Total assets</b>	<b>\$</b>	<b>\$ 59,245</b>	<b>\$59,085</b>	<b>\$53,462</b>
<b>Liabilities and Equity:</b>				
Total deposits	27,358	27,358	25,719	18,804
Total borrowings	27,142	22,704	24,321	27,815
Accrued expenses and other liabilities	2,988	3,141	3,085	2,261
<b>Total liabilities</b>	<b>57,488</b>	<b>53,203</b>	<b>53,125</b>	<b>48,880</b>
<b>Total equity</b>		<b>6,042</b>	<b>5,960</b>	<b>4,582</b>
<b>Total liabilities and equity</b>	<b>\$</b>	<b>\$ 59,245</b>	<b>\$59,085</b>	<b>\$53,462</b>

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**Other Financial and Statistical Data**

	Pro Forma <sup>(1)</sup>	Historical		Pro Forma <sup>(1)</sup>	Historical		
	At and for the	At and for the		At and for the	At and for the		
	Three Months Ended	Three Months Ended		Year Ended	Years Ended December 31,		
	March 31,	2014	2013	December 31,	2013	2012	2011
	2014	2014	2013	2013	2013	2012	2011
<i>(\$ in millions, except per account data)</i>							
<b>Financial Position Data (Average):</b>							
Loan receivables	\$ 55,495	\$55,495	\$50,843	\$ 52,407	\$52,407	\$47,549	\$44,131
Total assets	\$	\$59,421	\$55,990	\$	\$56,184	\$49,905	\$46,218
Deposits	\$ 26,648	\$26,648	\$22,492	\$ 22,911	\$22,911	\$17,514	\$15,442
Borrowings	\$ 27,554	\$23,116	\$25,440	\$ 28,750	\$25,209	\$25,304	\$24,687
Total equity	\$	\$ 6,475	\$ 5,555	\$	\$ 5,121	\$ 4,764	\$ 4,009
<b>Selected Performance Metrics:</b>							
Purchase volume <sup>(2)</sup>	\$ 21,086	\$21,086	\$19,803	\$ 93,858	\$93,858	\$85,901	\$77,883
Retail Card	\$ 16,713	\$16,713	\$15,719	\$ 75,739	\$75,739	\$69,240	\$62,663
Payment Solutions	\$ 2,687	\$ 2,687	\$ 2,471	\$ 11,360	\$11,360	\$10,531	\$ 9,798
CareCredit	\$ 1,686	\$ 1,686	\$ 1,613	\$ 6,759	\$ 6,759	\$ 6,130	\$ 5,422
Average active accounts (in thousands) <sup>(3)</sup>	59,342	59,342	55,347	56,253	56,253	53,021	51,313
Average purchase volume per active account	\$ 355	\$ 355	\$ 358	\$ 1,668	\$ 1,668	\$ 1,620	\$ 1,518
Average loan receivables balance per active account	\$ 935	\$ 935	\$ 919	\$ 932	\$ 932	\$ 897	\$ 860
Net interest margin <sup>(4)</sup>		18.8%	18.2%		18.8%	19.7%	18.4%
Net charge-offs	\$ 658	\$ 658	\$ 603	\$ 2,454	\$ 2,454	\$ 2,343	\$ 2,560
Net charge-offs as a % of average loan receivables	4.9%	4.9%	4.8%	4.7%	4.7%	4.9%	5.8%
Allowance coverage ratio <sup>(5)</sup>	5.5%	5.5%	5.4%	5.1%	5.1%	4.3%	4.3%
Return on assets <sup>(6)</sup>	%	3.9%	2.6%	%	3.5%	4.2%	4.1%
Return on equity <sup>(7)</sup>	%	35.3%	26.2%	%	38.6%	44.5%	47.1%
Equity to assets <sup>(8)</sup>	%	10.9%	9.9%	%	9.1%	9.5%	8.7%
Other expense as a % of average loan receivables	4.6%	4.5%	4.3%	4.8%	4.7%	4.5%	4.6%
Efficiency ratio <sup>(9)</sup>	27.9%	26.9%	25.0%	29.8%	28.6%	26.3%	27.6%
Effective income tax rate	37.3%	37.3%	37.4%	37.0%	37.0%	37.2%	37.2%
<b>Selected Period End Data:</b>							
Total loan receivables	\$ 54,285	\$54,285	\$49,931	\$ 57,254	\$57,254	\$52,313	\$47,741
Allowance for loan losses	\$ 2,998	\$ 2,998	\$ 2,718	\$ 2,892	\$ 2,892	\$ 2,274	\$ 2,052
30+ days past due as a % of loan receivables	4.1%	4.1%	4.2%	4.3%	4.3%	4.6%	4.9%
90+ days past due as a % of loan receivables	1.9%	1.9%	1.9%	2.0%	2.0%	2.0%	2.2%
Total active accounts (in thousands) <sup>(3)</sup>	57,349	57,349	54,291	61,957	61,957	57,099	56,605
Full time employees	10,034	10,034	8,344	9,333	9,333	8,447	8,203
<b>Capital Ratios<sup>(10)</sup>:</b>							
Tier 1 common ratio		%			%		
Tier 1 risk-based capital ratio		%			%		
Total risk-based capital ratio		%			%		
Tier 1 leverage ratio		%			%		

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(\$ in millions)	Historical				
	At and for the Three Months Ended March 31,		At and for the Years Ended December 31,		
	2014	2013	2013	2012	2011
<b>Platform Revenue(11)</b>					
Total:					
Interest and fees on loans	\$ 2,928	\$ 2,699	\$11,295	\$10,300	\$ 9,134
Other income	115	132	500	484	497
Retailer share arrangements	(594)	(484)	(2,373)	(1,984)	(1,428)
Platform revenue	\$ 2,449	\$ 2,347	\$ 9,422	\$ 8,800	\$ 8,203
Retail Card:					
Interest and fees on loans	\$ 2,178	\$ 1,990	\$ 8,317	\$ 7,531	\$ 6,536
Other income	96	106	419	400	377
Retailer share arrangements	(584)	(475)	(2,331)	(1,943)	(1,378)
Platform revenue	\$ 1,690	\$ 1,621	\$ 6,405	\$ 5,988	\$ 5,535
Payment Solutions:					
Interest and fees on loans	\$ 372	\$ 368	\$ 1,506	\$ 1,441	\$ 1,389
Other income	8	13	36	40	60
Retailer share arrangements	(9)	(7)	(36)	(35)	(43)
Platform revenue	\$ 371	\$ 374	\$ 1,506	\$ 1,446	\$ 1,406
CareCredit:					
Interest and fees on loans	\$ 378	\$ 341	\$ 1,472	\$ 1,328	\$ 1,209
Other income	11	13	45	44	60
Retailer share arrangements	(1)	(2)	(6)	(6)	(7)
Platform revenue	\$ 388	\$ 352	\$ 1,511	\$ 1,366	\$ 1,262
<p>(1) The unaudited pro forma financial information for Financial Position Data (Average) and Selected Performance Metrics give effect to the Transactions as if they had occurred at January 1, 2013 for amounts calculated using average financial position data.</p> <p>(2) Purchase volume, or net credit sales, represents the aggregate amount of charges incurred on credit cards or other credit product accounts less returns during the period.</p> <p>(3) Active accounts represent credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month. Open accounts represent credit card or installment loan accounts that are not closed, blocked or more than 60 days delinquent.</p> <p>(4) Net interest margin represents net interest income divided by average interest-earning assets.</p> <p>(5) Allowance coverage ratio represents allowance for loan losses divided by total end-of-period loan receivables.</p> <p>(6) Return on assets represents net earnings as a percentage of average total assets.</p> <p>(7) Return on equity represents net earnings as a percentage of average total equity.</p> <p>(8) Equity to assets represents average equity as a percentage of average total assets.</p> <p>(9) Efficiency ratio represents (i) other expense, divided by (ii) net interest income, after retailer share arrangements, plus other income.</p> <p>(10) Represent Basel I capital ratios calculated for the Company on a pro forma basis. At March 31, 2014, pro forma for the Transactions, the Company would have had a fully phased-in Basel III Tier 1 common ratio of % . The Company's pro forma capital ratios are non-GAAP measures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital."</p> <p>(11) Platform revenue is a non-GAAP measure. The table sets forth each component of our platform revenue for the periods presented. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—For the Three Months Ended March 31, 2014 and 2013—Platform Analysis" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—For the Years Ended December 31, 2013, 2012 and 2011—Platform Analysis."</p>					

## RISK FACTORS

*You should carefully consider the following risks before investing in our common stock. These risks could materially affect our business, results of operations or financial condition and cause the trading price of our common stock to decline. You could lose part or all of your investment.*

### Risks Relating to Our Businesses

#### ***Macroeconomic conditions could have a material adverse effect on our business, results of operations, financial condition and stock price.***

Key macroeconomic conditions historically have affected our business, results of operations and financial condition and are likely to affect them in the future. Consumer confidence, unemployment and housing indicators are among the factors that often impact consumer spending behavior. Poor economic conditions reduce the usage of our credit cards and other financing products and the average purchase amount of transactions on our credit cards and through our other products, which, in each case, reduces our interest and fee income. We rely primarily on interest and fee income to generate our net earnings. Our interest and fee income was \$11.3 billion and \$10.3 billion for the years ended December 31, 2013 and 2012, respectively, and \$2.9 billion and \$2.7 billion for the three months ended March 31, 2014 and 2013, respectively. Poor economic conditions also adversely affect the ability and willingness of customers to pay amounts owed to us, increasing delinquencies, bankruptcies, charge-offs and allowances for loan losses, and decreasing recoveries. For example, our over-30 day delinquency rate was 8.2% at December 31, 2009 during the financial crisis, compared to 4.1% at March 31, 2014, and our full-year net charge-off rate was 11.3% for the year ended December 31, 2009, compared to 4.7% for the year ended December 31, 2013. We believe the delinquency rate in our portfolio is at historically low levels and charge-off rates in our portfolio are back to pre-recession levels, and they both may increase and are likely to increase materially if economic conditions deteriorate.

While certain economic conditions in the United States have shown signs of improvement, economic growth has been slow and uneven as consumers continue to be affected by high unemployment rates, slowly recovering housing values, continuing concerns about the level of U.S. government debt and fiscal actions that may be taken to address this, as well as economic and political conditions in the global markets. A prolonged period of slow economic growth or a significant deterioration in economic conditions would likely affect consumer spending levels and the ability and willingness of customers to pay amounts owed to us, and could have a material adverse effect on our business, results of operations and financial condition.

Macroeconomic conditions may also cause net earnings to fluctuate and diverge from expectations of securities analysts and investors, who may have differing assumptions regarding the impact of these conditions on our business, and this may adversely impact the trading price of our common stock.

#### ***Our results of operations and growth depend on our ability to retain existing partners and attract new partners.***

Substantially all of our revenue is generated from the credit products we provide to customers of our partners pursuant to program agreements we enter into with our partners. As a result, our results of operations and growth depend on our ability to retain existing partners and attract new partners. Historically, there has been turnover in our partners, and we expect this will continue in the future. For example, five of our 40 largest program agreements measured by platform revenue for the year ended December 31, 2013 will not be extended beyond their contractual expiration dates in 2014 or 2015. These five program agreements represented, in the aggregate, 3.3% of our total platform revenue for the year ended December 31, 2013 and 3.7% of our total loan receivables at March 31, 2014. In addition, based on discussions to date with one of our ten largest partners, PayPal, we expect to extend our program agreement with that partner for two years beyond its current contractual expiration date in 2014 and do not expect it to extend beyond that date. The extension is expected to eliminate certain exclusivity provisions that exist in the current program agreement which we expect will result in lower

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platform revenue and loan receivables from our PayPal program during the extended term of the agreement. The PayPal program agreement represented 3.1% of our total platform revenue for the year ended December 31, 2013 and 2.6% of our total loan receivables at March 31, 2014.

Program agreements with our Retail Card partners and national and regional retailer and manufacturer Payment Solutions partners typically are for multi-year terms. These program agreements generally permit our partner to terminate the agreement prior to its scheduled termination date for various reasons, including, in some cases, if we fail to meet certain service levels, change certain key cardholder terms or, in some cases, certain of our credit criteria, fail to achieve certain targets with respect to approvals of new customers as a result of the credit criteria we use, elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds, are not adequately capitalized, certain force majeure events occur, certain changes in our ownership occur or a material adverse change in our financial condition occurs. A few Payment Solutions programs with national and regional retailer and manufacturer partners also may be terminated at will by the partner on specified notice to us (e.g., several months). In addition, programs with manufacturers, buying groups and industry associations generally are made available to Payment Solutions partners such as individual retail outlets, dealers and merchants under dealer agreements, which typically may be terminated at will by the partner on short notice to us (e.g., 15 days).

There is significant competition for our existing partners, and our failure to retain our existing larger partner relationships upon the expiration or our earlier loss of a relationship upon the exercise of a partner's early termination rights, or the expiration or termination of a substantial number of smaller partner relationships, could have a material adverse effect on our results of operations (including growth rates) and financial condition to the extent we do not acquire new partners of similar size and profitability or otherwise grow our business. The competition for new partners is also significant, and our failure to attract new partners could adversely affect our ability to grow.

***A significant percentage of our platform revenue comes from relationships with a small number of Retail Card partners, and the loss of any of these Retail Card partners could adversely affect our business and results of operations.***

Our ten largest partner relationships are with Retail Card partners and accounted for an aggregate of 59.6% of our total platform revenue for the year ended December 31, 2013. Our five largest programs (Gap, JCPenney, Lowe's, Sam's Club and Wal-Mart) accounted in aggregate for 48.4% of our total platform revenue for the year ended December 31, 2013. Sam's Club is a subsidiary of Wal-Mart that is a separate contracting entity with its own program agreement with us. Our programs with JCPenney and Wal-Mart each accounted for more than 10% of our total platform revenue over the same period. We expect to have significant concentration in our largest relationships for the foreseeable future. Although we have multi-year program agreements with each of our ten largest partners, their current agreements expire at various times, and the agreement with one of these partners, which represented \$1.2 billion, or 2.2%, of our total loan receivables at March 31, 2014, is scheduled to expire before the end of 2014 and is one of the five partners discussed in the preceding Risk Factor, whose program agreements will not be extended beyond their contractual expiration dates in 2014 or 2015. In addition, based on discussions to date with another of our ten largest partners, PayPal, we expect to extend our program agreement with that partner for two years beyond its current contractual expiration date in 2014 and do not expect it to extend beyond that date.

The program agreements generally permit us or our partner to terminate the agreement prior to its scheduled termination date under various circumstances as described in the preceding risk factor. Some of our program agreements also provide that, upon expiration or termination, our partner may purchase or designate a third party to purchase the accounts and loans generated with respect to its program and all related customer data. The loss of any of our largest partners or a material reduction in the interest and fees we receive from their customers could have a material adverse effect on our results of operations and financial condition.

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### ***Our results depend, to a significant extent, on the active and effective promotion and support of our products by our partners.***

Our partners generally accept most major credit cards and various other forms of payment, and therefore our success depends on their active and effective promotion of our products to their customers. We depend on our partners to integrate the use of our credit products into their store culture by training their sales associates about our products, having their sales associates encourage their customers to apply for, and use, our products and otherwise effectively marketing our products. In addition, although our Retail Card programs and our Payment Solutions programs with national and regional retailer partners typically are exclusive with respect to the credit products we offer at that partner, some Payment Solutions programs and most CareCredit provider relationships are not exclusive to us, and therefore a partner may choose to promote a competitor's financing over ours, depending upon cost, availability or attractiveness to consumers or other factors. Typically we do not have, or utilize, any recourse against these non-exclusive partners when they do not sufficiently promote our products. Partners may also implement changes in their systems and technologies that may disrupt the integration between their systems and technologies and ours, which could disrupt the use of our products. The failure by our partners to effectively promote and support our products or changes they make in their business models that negatively impact card usage could have a material adverse effect on our business and results of operations. In addition, if our partners engage in improper business practices, do not adhere to the terms of our program agreements or other contractual arrangements or standards, or otherwise diminish the value of our brand, we may suffer reputational damage and customers may be less likely to use our products, which could have a material adverse effect on our business and results of operations.

### ***Our results are impacted, to a significant extent, by the financial performance of our partners.***

Our ability to generate new loans and the interest and fees and other income associated with them is dependent upon sales of merchandise and services by our partners. The retail and healthcare industries in which our partners operate are intensely competitive. Our partners compete with retailers and department stores in their own geographic areas, as well as catalog and internet sales businesses. Our partners in the healthcare industry compete with other healthcare providers. Our partners' sales may decrease or may not increase as we anticipate for various reasons, some of which are in the partners' control and some of which are not. For example, partner sales may be adversely affected by macroeconomic conditions having a national, regional or more local effect on consumer spending, business conditions affecting a particular partner or industry, or catastrophes affecting broad or more discrete geographic areas. If our partners' sales decline for any reason, it generally results in lower credit sales, and therefore lower loan volume and associated interest and fees and other income for us from their customers. In addition, if a partner closes some or all of its stores or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that it may become subject to a bankruptcy proceeding), its customers who have used our financing products may have less incentive to pay their outstanding balances to us, which could result in higher charge-off rates than anticipated and our costs for servicing its customers' accounts may increase. This risk is particularly acute with respect to our largest partners that account for a significant amount of our platform revenue. See "—A significant percentage of our platform revenue comes from relationships with a small number of Retail Card partners, and the loss of any of these Retail Card partners could adversely affect our business and results of operations." Moreover, if the financial condition of a partner deteriorates significantly or a partner becomes subject to a bankruptcy proceeding, we may not be able to recover for customer returns, customer payments made in partner stores or other amounts due to us from the partner. A decrease in sales by our partners for any reason or a bankruptcy proceeding involving any of them could have a material adverse impact on our business and results of operations.

### ***We will need additional financing, and our borrowing costs are expected to be higher following the completion of this offering; adverse financial market conditions or our inability to effectively manage our funding and liquidity risk could have a material adverse effect on our funding, liquidity and ability to meet our obligations.***

We need to effectively manage our funding and liquidity in order to meet our cash requirements such as day to day operating expenses, extensions of credit to our customers, payments of principal and interest on our

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borrowings and payments on our other obligations. Historically, our primary sources of funding and liquidity have been, and following this offering are expected to be, collections from our customers, deposits, funds from securitized financings and proceeds from unsecured borrowings. Historically, our unsecured borrowings have come from GECC and we believe our affiliation with GE has made it easier and less expensive for us to obtain some of our funding from third parties. Following completion of this offering, we do not expect to receive funding from GECC (other than transitional financing from GECC under the New GECC Term Loan Facility) and expect our borrowing costs from third parties will be higher than our historical costs from GECC. In addition, following completion of this offering, it may be more difficult for us to securitize our loans because our credit rating from the rating agencies will be lower than GECC's current credit rating, which may cause investors, and the credit rating agencies, to view us as a weaker sponsor. To compensate, our recent issuances of asset-backed securities have required, and future issuances likely will require, additional credit enhancements and may require higher interest rates and, even then, the credit ratings on our asset-backed securities may be lower than they have been historically. These factors increase the costs of securitizing our loans relative to our historical costs.

If we do not have sufficient liquidity, we may not be able to meet our obligations, particularly during a liquidity stress event. If we maintain or are required to maintain too much liquidity, it could be costly and reduce our financial flexibility.

We will need additional financing in the future to refinance any existing debt (including the expected prepayment of part or substantially all of the outstanding debt under the New GECC Term Loan Facility in connection with our application to the Federal Reserve Board and the Separation) and finance growth of our business. The availability of additional financing will depend on a variety of factors such as financial market conditions generally, including the availability of credit to the financial services industry, consumers' willingness to place money on deposit in the Bank, our performance and credit ratings and the performance of our securitized portfolios. Disruptions, uncertainty or volatility in the capital, credit or deposit markets, such as the uncertainty and volatility experienced in the capital and credit markets during the financial crisis and more recently arising from the sovereign debt crisis in Europe and other economic and political conditions in the global markets and concerning the level of U.S. government debt and fiscal measures that may be taken over the longer term to address these matters, may limit our ability to obtain additional financing or refinance maturing liabilities on desired terms (including funding costs) in a timely manner or at all. It may also be more difficult or costly for us to obtain funds following the Separation. As a result, we may be forced to delay obtaining funding or be forced to issue or raise funding on undesirable terms, which could significantly reduce our financial flexibility and cause us to contract or not grow our business, all of which could have a material adverse effect on our results of operations and financial conditions.

In addition, we currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity from private lenders under two of our existing securitization programs. Our ability to draw on such commitments is subject to the satisfaction of certain conditions, including the applicable securitization trust having sufficient collateral to support the asset-backed securities issuance and the absence of an early amortization event. Moreover, there are regulatory reforms that have recently been proposed or adopted in the United States and internationally that are intended to address certain issues that affected banks in the recent financial crisis. These reforms, generally referred to as "Basel III," subject banks to more stringent capital, liquidity and leverage requirements. To the extent that the Basel III requirements result in increased costs to the banks providing undrawn committed capacity under our securitization programs, these costs are likely to be passed on to us. In addition, in response to Basel III, some banks in the market have added provisions to their credit agreements permitting them to delay disbursement of funding requests for 30 days or more. If our bank lenders require these delayed funding provisions and/or higher pricing for committing undrawn capacity to us, our cost of funding and access to liquidity could be adversely affected.

While financial market conditions have stabilized and, in many cases, improved since the financial crisis, there can be no assurance that significant disruptions, uncertainties and volatility will not occur in the future. If we are unable to continue to finance our business, access capital markets and attract deposits on favorable terms

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and in a timely manner, or if we experience an increase in our borrowing costs or otherwise fail to manage our liquidity effectively, our results of operations and financial condition may be materially adversely affected.

### ***A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.***

We expect our senior unsecured debt to be rated by one or more rating agencies prior to the completion of this offering. In addition, certain of the asset-backed securities issued by our publicly registered securitization trust are also rated by Fitch Ratings, Inc. (“Fitch”), Standard & Poor’s (“S&P”) and/or Moody’s Investor Services, Inc. (“Moody’s”). The ratings for our unsecured debt are based on a number of factors, including our financial strength, as well as factors that may not be within our control, such as macroeconomic conditions and the rating agencies’ perception of the industries in which we operate and the products we offer. Following the completion of the offering, we expect our unsecured debt credit rating from the rating agencies will be lower than GECC’s current unsecured debt credit rating. The ratings of our asset-backed securities are, and will continue to be, based on a number of factors, including the quality of the underlying loans and the credit enhancement structure with respect to each series of asset-backed securities, as well as the credit rating of GECC as the servicer of our publicly registered securitization trust and our credit rating as sponsor. These ratings also reflect the various methodologies and assumptions used by the rating agencies, which are subject to change and could adversely affect our ratings. The rating agencies regularly evaluate our credit ratings and those of GECC, as well as the credit ratings of our asset-backed securities. We expect GECC will resign and assign its servicing obligations for our publicly registered securitization trust to us, and we intend to amend the program documents for this trust to enable that assignment. We expect the GECC resignation and assignment will occur on the earlier of: (i) the date all asset-backed securities outstanding at the effective time of the amendment have been redeemed or paid in full (which is expected to occur no later than 2019) and (ii) when the holders of such securities have consented to an assignment of such servicing obligations to us (the “Expected GECC Servicer Assignment Date”). There can be no assurance that we will be able to maintain our unsecured debt or asset-backed securities credit ratings or that any of our credit ratings will not be lowered or withdrawn in the future, including as GE decreases its ownership in us or when GECC is no longer the servicer. We also cannot be sure that GECC’s credit ratings will not be lowered or what impact any such action would have on our credit ratings as well as those of our asset-backed securities. A downgrade in our unsecured debt or asset-backed securities credit ratings (or investor concerns that a downgrade may occur) could materially increase the cost of our funding from, and restrict our access to, the capital markets.

Neither we nor GE have any obligation to replace or supplement the credit enhancement or to take any other action to maintain any ratings of any asset-backed securities. If the ratings on our asset-backed securities are reduced, put on negative watch or withdrawn as a result of the Separation, the GE SLHC Deregistration or otherwise, it may have an adverse effect on the liquidity or the market price of our asset-backed securities and on the cost of or our ability to continue using securitized financings to the extent anticipated.

### ***Our inability to securitize our loans would have a material adverse effect on our business, liquidity, cost of funds and financial condition.***

We use the securitization of loans, which involves the transfer of loans to a trust and the issuance by the trust of asset-backed securities to third-party investors, as a significant source of funding. Our average level of securitized financings from third parties was \$16.2 billion and \$15.2 billion for the years ended December 31, 2013 and 2012, respectively. For a discussion of our securitization activities, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Sources—Securitized Financings,” “Description of Certain Indebtedness—Securitized Financings” and Note 6. *Variable Interest Entities* to our combined financial statements.

Although the securitization market for credit cards has been re-established since the financial crisis that began in 2008, there can be no assurance that the market will not experience future disruptions. The extent to

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which we will securitize our loans in the future will depend in part upon the conditions in the securities markets in general and the credit card asset-backed securities market in particular, the overall credit quality of our loans and the conformity of the loans and our securitization program to rating agency requirements, the costs of securitizing our loans, and the legal, regulatory, accounting and tax requirements governing securitization transactions. In the event we are unable to refinance existing asset-backed securities from our publicly registered securitization trust with new securities from the same trust, there are structural and regulatory constraints on our ability to refinance these asset-backed securities with Bank deposits or other funding at the Bank, and therefore we would be required to rely on sources outside of the Bank, which may not be available or may be available only at higher cost. A prolonged inability to securitize our loans on favorable terms, or at all, or to refinance our asset-backed securities would have a material adverse effect on our business, liquidity, cost of funds and financial condition.

***The occurrence of an early amortization of our securitization facilities would have a material adverse effect on our liquidity and cost of funds.***

Our liquidity would be materially adversely affected by the occurrence of events resulting in the early amortization of our existing securitized financings. For a description of these early amortization events, see “Description of Certain Indebtedness—Securitized Financings.” During an early amortization period, principal collections from the loans in our asset-backed securitization trusts would be applied to repay principal of the asset-backed securities rather than being available on a revolving basis to fund purchases of newly originated loans. This would negatively impact our liquidity, including our ability to originate new loans under existing accounts, and require us to rely on alternative funding sources, which might increase our funding costs or might not be available when needed.

***Our loss of the right to service or subservice our securitized loans would have a material adverse effect on our liquidity and cost of funds.***

GECC currently acts as servicer with respect to our publicly registered securitization trust and its related series of asset-backed securities, and the Bank acts as servicer with respect to our other two securitization trusts. If GECC or the Bank, as applicable, defaults in its servicing obligations, an early amortization event could occur with respect to the relevant asset-backed securities and/or GECC or the Bank, as applicable, could be replaced as servicer. Servicer defaults include, for example, the failure of the servicer to make any payment, transfer or deposit in accordance with the securitization documents, a breach of representations, warranties or agreements made by the servicer under the securitization documents, the delegation of the servicer’s duties contrary to the securitization documents and the occurrence of certain insolvency events with respect to the servicer. Such an amortization event would have the adverse consequences discussed in the immediately preceding risk factor.

We expect GECC will resign and assign its servicing obligations for our publicly registered securitization trust to us on or shortly after the Expected GECC Servicer Assignment Date and until that time, our ability to service the public securitization trust’s assets pursuant to the sub-servicing arrangement with GECC will be dependent on GECC not being terminated as servicer for a servicer default or resigning in accordance with the requirements specified in the trust’s program documents, as well as us not being terminated for a default under our sub-servicing arrangement with GECC. If GECC defaults or resigns (or if we default under our sub-servicing arrangement), a third party could be appointed servicer with respect to our publicly registered securitization trust, particularly if neither we nor the Bank have the required ratings to serve as successor servicer. Similarly, if we default in our servicing obligations with respect to either of our other two securitization trusts, a third party could be appointed as servicer of the related trust. If a third-party servicer is appointed, there is no assurance that the third-party will engage us as sub-servicer, in which event we would no longer be able to control the manner in which the related trust’s assets are serviced, and the failure of a third party to appropriately service such assets could lead to an early amortization event in the affected securitization trust, which would have the adverse consequences discussed in the immediately preceding risk factor.

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### ***Lower payment rates on our securitized loans could materially adversely affect our liquidity and financial condition.***

Certain collections from our securitized loans come back to us through our subsidiaries, and we use these collections to fund our purchase of newly originated loans to collateralize our securitized financings. If payment rates on our securitized loans are lower than they have historically been, fewer collections will be remitted to us on an ongoing basis. Further, certain series of our asset-backed securities include a requirement that we accumulate principal collections in a restricted account for a specified number of months prior to the applicable security's maturity date. We are required under the program documents to lengthen this accumulation period to the extent we expect the payment rates to be low enough that the current length of the accumulation period is inadequate to fully fund the restricted account by the applicable security's maturity date. Lower payment rates, and in particular, payment rates that are low enough that we are required to lengthen our accumulation periods, could materially adversely affect our liquidity and financial condition.

### ***We are a holding company and will rely significantly on dividends, distributions and other payments from the Bank.***

As a holding company, we will rely significantly on dividends, distributions and other payments from the Bank to fund any dividends to our stockholders and repurchases of our stock, as well as to satisfy our debt and other obligations. The ability of the Bank to make dividends and other distributions and payments to us is subject to regulation by the OCC and the Federal Reserve Board. Limitations on the amounts we receive from the Bank could impact our liquidity. See “—Risks Relating to Regulation— We and the Bank are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock.”

### ***Our inability to grow our deposits in the future could materially adversely affect our liquidity and ability to grow our business.***

We obtain deposits directly from retail and commercial customers or through brokerage firms that offer our deposit products to their customers. At March 31, 2014, we had \$13.0 billion in direct deposits (which includes deposits from banks and financial institutions and deposits related to prepaid cards) and \$14.4 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger who channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to significantly expand our direct deposits. Although we expect to reduce the proportion of our funding provided by brokered deposits in connection with our application to the Federal Reserve Board, we also intend to continue to rely on brokered deposits as a source of funding.

The deposit business is highly competitive, with intense competition in attracting and retaining deposits. We compete on the basis of the rates we pay on deposits, features and benefits of our products, the quality of our customer service and the competitiveness of our digital banking capabilities. Our ability to originate and maintain retail deposits is also highly dependent on the strength of the Bank and the perceptions of consumers and others of our business practices and our financial health. Adverse perceptions regarding our reputation could lead to difficulties in attracting and retaining deposits accounts. Negative public opinion could result from actual or alleged conduct in a number of areas, including lending practices, regulatory compliance, inadequate protection of customer information or sales and marketing activities, and from actions taken by regulators or others in response to such conduct. In addition, our ability to originate and maintain deposits could be adversely affected by the loss of our association with GE's brand and reputation following the completion of this offering or the Separation.

The demand for the deposit products we offer may also be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences, reductions in consumers' disposable income, regulatory actions that decrease customer access to particular products or the availability of competing products. Competition from other financial services firms and others that use deposit funding products may affect deposit renewal rates, costs or availability. Changes we make to the rates offered on our deposit products may affect our profitability and liquidity.

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The Federal Deposit Insurance Act (the “FDIA”) prohibits an insured bank from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank’s normal market area or nationally (depending upon where the deposits are solicited), unless it is “well capitalized,” or it is “adequately capitalized” and receives a waiver from the FDIC. A bank that is “adequately capitalized” and accepts brokered deposits under a waiver from the FDIC may not pay an interest rate on any deposit in excess of 75 basis points over certain prevailing market rates. There are no such restrictions under the FDIA on a bank that is “well capitalized” and at March 31, 2014, the Bank met or exceeded all applicable requirements to be deemed “well capitalized” for purposes of the FDIA. However, there can be no assurance that the Bank will continue to meet those requirements. Limitations on the Bank’s ability to accept brokered deposits for any reason (including regulatory limitations on the amount of brokered deposits in total or as a percentage of total assets) in the future could materially adversely impact our funding costs and liquidity. Any limitation on the interest rates the Bank can pay on deposits could competitively disadvantage us in attracting and retaining deposits and have a material adverse effect on our business.

### ***Changes in market interest rates could have a material adverse effect on our net earnings, funding and liquidity.***

Changes in market interest rates cause our net interest income and our interest expense to increase or decrease, as certain of our assets and liabilities carry interest rates that fluctuate with market benchmarks. At March 31, 2014, 57.4% of our loans bore a fixed interest rate to the customer and we generally fund these assets with fixed rate certificates of deposit, securitized financing and unsecured debt. At March 31, 2014, 42.6% of our loans bore a floating interest rate to the customer, and we generally fund these assets with floating rate deposits, asset-backed securities and unsecured debt. The interest rate benchmark for our floating rate assets is the prime rate, and the interest rate benchmark for our floating rate liabilities is generally either the London Interbank Offered Rate (“LIBOR”) or the federal funds rate. The prime rate and LIBOR or the federal funds rate could reset at different times or could diverge, leading to mismatches in the interest rates on our floating rate assets and floating rate liabilities. To the extent we are unable to effectively match the interest rates on our assets and liabilities (including, in the future, potentially through the use of derivatives), our net earnings could be materially adversely affected.

Competitive and regulatory factors may limit our ability to raise interest rates, fixed or floating, on our loans. In addition, some of our program agreements limit the rate of interest we can charge to customers under those agreements. If interest rates were to rise materially over a sustained period of time, and we are unable to sufficiently raise our interest rates in a timely manner, or at all, our net interest margin could be adversely impacted, which could have a material adverse effect on our net earnings.

Interest rates may also adversely impact our customers’ spending levels and ability and willingness to pay amounts owed to us. Our floating rate credit products bear interest rates that fluctuate with the prime rate. Higher interest rates often lead to higher payment obligations by customers to us and other lenders under mortgage, credit card and other consumer loans, which may reduce our customers’ ability to remain current on their obligations to us and therefore lead to increased delinquencies, bankruptcies, charge-offs and allowances for loan losses, and decreasing recoveries, all of which could have a material adverse effect on our net earnings.

Changes in interest rates and competitor responses to these changes may also impact customer decisions to maintain deposits with us, and reductions in deposits could materially adversely affect our funding costs and liquidity.

We assess our interest rate risk by estimating the effect on our net earnings of various scenarios that differ based on assumptions about the direction and the magnitude of interest rate changes. We take risk mitigation actions based on those assessments. Changes in interest rates could materially reduce our net interest income and our net earnings, and could also increase our funding costs and reduce our liquidity, especially if actual conditions turn out to be materially different from those we assumed. For a discussion of interest rate risk sensitivities, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk.”

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### ***Our risk management processes and procedures may not be effective in mitigating our risks.***

Our risk management processes and procedures seek to appropriately balance risk and return and mitigate risks. We have established processes and procedures intended to identify, measure, monitor and control the types of risk to which we are subject, including credit risk, market risk, liquidity risk, strategic risk and operational risk. Credit risk is the risk of loss that arises when an obligor fails to meet the terms of an obligation. We are exposed to both consumer credit risk, from our customer loans, and institutional credit risk, principally from our partners. Market risk is the risk of loss due to changes in external market factors such as interest rates. Liquidity risk is the risk that financial condition or overall safety and soundness are adversely affected by an inability, or perceived inability, to meet obligations and support business growth. Strategic risk is the risk from changes in the business environment, improper implementation of decisions or inadequate responsiveness to changes in the business environment. Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (i.e., natural disasters) or compliance, reputational or legal matters and includes those risks as they relate directly to our Company as well as to third parties with whom we contract or otherwise do business. See “Business—Credit Risk Management” and “Business—Risk Management” for additional information on the types of risks affecting our business.

We seek to monitor and control our risk exposure through a framework that includes our risk appetite statement, enterprise risk assessment process, risk policies, procedures and controls, reporting requirements, credit risk culture and governance structure. Management of our risks in some cases depends upon the use of analytical and/or forecasting models. If the models that we use to manage these risks are ineffective at predicting future losses or are otherwise inadequate, we may incur unexpected losses or otherwise be adversely affected. In addition, the information we use in managing our credit and other risk may be inaccurate or incomplete as a result of error or fraud, both of which may be difficult to detect and avoid. There may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated including when processes are changed or new products and services are introduced. If our risk management framework does not effectively identify and control our risks, we could suffer unexpected losses or be adversely affected, and that could have a material adverse effect on our business, results of operations and financial condition.

### ***We rely extensively on models in managing many aspects of our business, and if they are not accurate or are misinterpreted, it could have a material adverse effect on our business and results of operations.***

We rely extensively on models in managing many aspects of our business, including liquidity and capital planning (including stress testing), customer selection, credit and other risk management, pricing, reserving and collections management. The models may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately or in a timely manner). Our assumptions may be inaccurate for many reasons including that they often involve matters that are inherently difficult to predict and beyond our control (e.g., macroeconomic conditions and their impact on partner and customer behaviors) and they often involve complex interactions between a number of dependent and independent variables, factors and other assumptions. The errors or inaccuracies in our models may be material, and could lead us to make wrong or sub-optimal decisions in managing our business, and this could have a material adverse effect on our business, results of operations and financial condition.

### ***Our business depends on our ability to successfully manage our credit risk, and failing to do so may result in high charge-off rates.***

Our success depends on our ability to manage our credit risk while attracting new customers with profitable usage patterns. We select our customers, manage their accounts and establish terms and credit limits using proprietary scoring models and other analytical techniques that are designed to set terms and credit limits to appropriately compensate us for the credit risk we accept, while encouraging customers to use their available credit. The models and approaches we use to manage our credit risk may not accurately predict future charge-offs for various reasons discussed in the preceding risk factor.

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Our ability to manage credit risk and avoid high charge-off rates also may be adversely affected by economic conditions that may be difficult to predict, such as the recent financial crisis. Although delinquencies and charge-offs continued to decline through 2013, they both may increase in the future and are likely to increase materially if economic conditions deteriorate. We remain subject to conditions in the consumer credit environment. There can be no assurance that our credit underwriting and risk management strategies will enable us to avoid high charge-off levels or delinquencies, or that our allowance for loan losses will be sufficient to cover actual losses.

A customer's ability to repay us can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card and other loans (including student loans). These changes can result from increases in base lending rates or structured increases in payment obligations, and could reduce the ability of our customers to meet their payment obligations to other lenders and to us. In addition, a customer's ability to repay us can be negatively impacted by the restricted availability of credit to consumers generally, including reduced and closed lines of credit. Customers with insufficient cash flow to fund daily living expenses and lack of access to other sources of credit may be more likely to increase their card usage and ultimately default on their payment obligations to us, resulting in higher credit losses in our portfolio. Our collection operations may not compete effectively to secure more of customers' diminished cash flow than our competitors. In addition, we may not identify customers who are likely to default on their payment obligations to us and reduce our exposure by closing credit lines and restricting authorizations quickly enough, which could have a material adverse effect on our business, results of operations and financial condition. At March 31, 2014, 29.6% of our portfolio's loan receivables were from consumers with a FICO score of 660 or less, which typically have higher delinquency and credits losses than consumers with higher FICO scores.

Our ability to manage credit risk also may be adversely affected by legal or regulatory changes (such as bankruptcy laws and minimum payment regulations) and collection regulations, competitors' actions and consumer behavior, as well as inadequate collections staffing, techniques, models and performance of vendors such as collection agencies.

### ***Our allowance for loan losses may prove to be insufficient to cover losses on our loans.***

We maintain an allowance for loan losses (a reserve established through a provision for losses charged to expense) that we believe is appropriate to provide for incurred losses in our loan portfolio. In addition, for portfolios we may acquire when we enter into new partner program agreements, any deterioration in the performance of the purchased portfolios after acquisition results in incremental loss reserves. Growth in our loan portfolio generally would lead to an increase in the allowance for loan losses.

The process for establishing an allowance for loan losses is critical to our results of operations and financial condition, and requires complex models and judgments, including forecasts of economic conditions. Changes in economic conditions affecting borrowers, new information regarding our loans and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. We may underestimate our incurred losses and fail to maintain an allowance for loan losses sufficient to account for these losses. In cases where we modify a loan, if the modified loans do not perform as anticipated, we may be required to establish additional allowances on these loans.

We periodically review and update our methodology, models and the underlying assumptions, estimates and assessments we use to establish our allowance for loan losses to reflect our view of current conditions. Moreover, our regulators, as part of their supervisory function, periodically review the methodology, models and the underlying assumptions, estimates and assessments we use for calculating, and the adequacy of, our allowance for loan losses. Our regulators, based on their judgment, may conclude that we should modify our methodology, models or the underlying assumptions, estimates and assessments, increase our allowance for loan losses and/or recognize further losses. During 2012 and 2013, we enhanced our allowance for loan losses methodology. This enhancement resulted in a more granular portfolio segmentation analysis, by loss type, included a qualitative assessment of the adequacy of the portfolio's

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allowance for loan losses, which compared the allowance for losses to projected net charge-offs over the next 12 months, in a manner consistent with regulatory guidance, and was designed to provide a better estimate of the date of a probable loss event and length of time required for a probable loss event to result in a charge-off. As a result, we recognized incremental provisions of \$343 million and \$642 million in 2012 and 2013, respectively. We continue to review and evaluate our methodology, models and the underlying assumptions, estimates and assessments we use and we will implement further enhancements or changes to them, as needed. We cannot assure you that our loan loss reserves will be sufficient to cover actual losses. Future increases in the allowance for loan losses or recognized losses (as a result of any review, update, regulatory guidance or otherwise) will result in a decrease in net earnings and capital and could have a material adverse effect on our business, results of operations and financial condition.

***If assumptions or estimates we use in preparing our financial statements are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected.***

We are required to make various assumptions and estimates in preparing our financial statements under GAAP, including for purposes of determining allowances for loan losses, asset impairment, reserves related to litigation and other legal matters, valuation of income and other taxes and regulatory exposures and the amounts recorded for certain contractual payments to be paid to or received from partners and others under contractual arrangements. In addition, significant assumptions and estimates are involved in determining certain disclosures required under GAAP, including those involving the fair value of our financial instruments. If the assumptions or estimates underlying our financial statements are incorrect, the actual amounts realized on transactions and balances subject to those estimates will be different, and this could have a material adverse effect on our results of operations and financial condition.

In addition, the Financial Accounting Standards Board (“FASB”) is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of our financial statements, including the proposed standard on accounting for credit losses and other areas where assumptions or estimates are required. As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we previously used in preparing our financial statements, which could materially impact how we record and report our results of operations and financial condition generally. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” and Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our combined financial statements.

***We may not be able to offset increases in our costs with decreased payments under our retailer share arrangements, which could reduce our profitability.***

Most of our Retail Card program agreements and certain other program agreements contain retailer share arrangements that provide for payments to our partners if the economic performance of the relevant program exceeds a contractually defined threshold. Although the share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for loan losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. These arrangements are typically designed to permit us to achieve an economic return before we are required to make payments to our partners based on the agreed contractually defined threshold. However, because the threshold and the economic performance of a program that are used to calculate payments to our partners may be based on, among other things, agreed upon measures of program expenses rather than our actual expenses, we may not be able to pass on increases in our actual expenses (such as funding costs or operating expenses) in the form of reduced payments under our retailer share arrangements, and our economic return on a program could be adversely affected.

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### *Competition in the consumer finance industry is intense.*

The success of our business depends on our ability to retain existing partners and attract new partners. The competition for partners is intense and becoming more competitive. Our primary competitors for partners include major financial institutions, such as Alliance Data, American Express, Capital One, Chase, Citibank, TD Bank and Wells Fargo, and to a lesser extent, potential partners' own in-house financing capabilities. Some of our competitors are substantially larger, have substantially greater resources and may offer a broader range of products and services. We compete for partners on the basis of a number of factors, including program financial and other terms, underwriting standards, marketing expertise, service levels, product and service offerings (including incentive and loyalty programs), technological capabilities and integration, brand and reputation. In addition, some of our competitors for partners have a business model that allows for their partners to manage underwriting (e.g., new account approval), customer service and collections, and other core banking responsibilities that we retain but some partners may prefer to handle. As a result of competition, we may be unable to acquire new partners, lose existing relationships to competing companies or find it more costly to maintain our existing relationships.

Our success also depends on our ability to attract and retain customers and generate usage of our products by them. The consumer credit and payments industry is highly competitive and we face an increasingly dynamic industry as emerging technologies enter the marketplace. As a form of payment, our products compete with cash, checks, debit cards, general purpose credit cards (including Visa and MasterCard, American Express and Discover Card), other private-label card brands and, to a certain extent, prepaid cards. We also compete with non-traditional providers such as PayPal. In the future, we expect our products will face increased competition from new emerging payment technologies, such as Google Wallet, ISIS Mobile Wallet and Square, as well as consortia of merchants that are expected to combine payment systems to reduce interchange and other costs (e.g., MCX). We may also face increased competition from current competitors or others who introduce or embrace disruptive technology that significantly changes the consumer credit and payment industry. We compete for customers and their usage of our products, and to minimize transfers to competitors of our customers' outstanding balances, based on a number of factors, including pricing (interest rates and fees), product offerings, credit limits, incentives (including loyalty programs) and customer service. Although we offer a variety of consumer credit products, some of our competitors provide a broader selection of services, including home and automobile loans, debit cards and bank branch ATM access, which may position them better among customers who prefer to use a single financial institution to meet all of their financial needs. Some of our competitors are substantially larger than we are, which may give those competitors advantages, including a more diversified product and customer base, the ability to reach out to more customers and potential customers, operational efficiencies, more versatile technology platforms, broad-based local distribution capabilities and lower-cost funding. In addition, some of our competitors, including new and emerging competitors in the digital and mobile payments space, are not subject to the same regulatory requirements or legislative scrutiny to which we are subject, which also could place us at a competitive disadvantage. Customer attrition from any or all of our credit products or any lowering of the pricing of our products by reducing interest rates or fees in order to retain customers could reduce our revenues and therefore our earnings.

In our retail deposits business, we have acquisition and servicing capabilities similar to other direct banking competitors. We compete for deposits with traditional banks and, in seeking to grow our direct banking business, we compete with other banks that have direct banking models similar to ours, such as Ally Financial, American Express, Capital One 360 (ING), Discover, Nationwide, Sallie Mae and USAA. Competition among direct banks is intense because online banking provides customers the ability to rapidly deposit and withdraw funds and open and close accounts in favor of products and services offered by competitors.

If we are unable to compete effectively for partners, customer usage or deposits, our business and results of operations could be materially adversely affected.

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### ***Our business is heavily concentrated in U.S. consumer credit, and therefore our results are more susceptible to fluctuations in that market than a more diversified company.***

Our business is heavily concentrated in U.S. consumer credit. As a result, we are more susceptible to fluctuations and risks particular to U.S. consumer credit than a more diversified company. For example, our business is particularly sensitive to macroeconomic conditions that affect the U.S. economy and consumer spending and consumer credit. We are also more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted at consumer credit or the specific consumer credit products that we offer (including promotional financing). Due to our CareCredit platform, we are also more susceptible to increased regulations and legal and other regulatory actions targeted at elective healthcare related procedures or services, in contrast to other industries. Our business concentration could have an adverse effect on our results of operations.

### ***We may be unable to successfully develop and commercialize new or enhanced products and services.***

Our industry is subject to rapid and significant changes in technologies, products and services. A key part of our financial success depends on our ability to develop and commercialize new products and services or enhancements to existing products and services, including with respect to loyalty programs, mobile and point of sale technologies, and new Synchrony-branded bank deposit and credit products. Realizing the benefits of those products and services is uncertain. We may not assign the appropriate level of resources, priority or expertise to the development and commercialization of these new products, services or enhancements. Our ability to develop, acquire or commercialize competitive technologies, products or services on acceptable terms or at all may be limited by intellectual property rights that third parties, including competitors and potential competitors, may assert. In addition, success is dependent on factors such as partner and customer acceptance, adoption and usage, competition, the effectiveness of marketing programs, the availability of appropriate technologies and business processes and regulatory approvals. Success of a new product, service or enhancement also may depend upon our ability to deliver it on a large scale, which may require a significant investment.

We also may select, utilize and invest in technologies, products and services that ultimately do not achieve widespread adoption and therefore are not as attractive or useful to our partners, customers and service partners as we anticipate, or partners may not recognize the value of our new products and services or believe they justify any potential costs or disruptions associated with implementing them. In addition, because our products and services typically are marketed through our partners, if our partners are unwilling or unable to effectively implement our new technologies, products, services or enhancements, we may be unable to grow our business. Competitors may also develop or adopt technologies or introduce innovations that change the markets we operate in and make our products less competitive and attractive to our partners and customers.

In any event, we may not realize the benefit of new technologies, products, services or enhancements for many years or competitors may introduce more compelling products, services or enhancements. Our failure to successfully develop and commercialize new or enhanced products, services or enhancements could have a material adverse effect on our business and results of operations.

### ***We may not realize the value of strategic investments that we pursue and such investments could divert resources or introduce unforeseen risks to our business.***

We may execute strategic acquisitions or partnerships or make other strategic investments in businesses, products, technologies or platforms to enhance or grow our business. These strategic investments may introduce new costs or liabilities which could impact our ability to grow or maintain acceptable performance.

We may be unable to integrate systems, personnel or technologies from our strategic investments. These strategic investments may also present unforeseen legal, regulatory or other challenges that we may not be able to manage effectively. The planning and integration of an acquisition, partnership or investment may shift employee time and other resources which could impair our ability to focus on our core business.

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Strategic investments may not perform as expected due to lack of acceptance by partners, customers or employees, higher than forecasted costs, lengthy transition periods, synergies or savings not being realized and a variety of other factors. This may result in a delay or unrealized benefit, or in some cases, increased costs or other unforeseen risks to our business.

***Reductions in interchange fees may reduce the competitive advantages our private label credit card products currently have by virtue of not charging interchange fees and would reduce our income from those fees.***

Interchange is a fee merchants pay to the interchange network in exchange for the use of the network's infrastructure and payment facilitation, and which are paid to credit card issuers to compensate them for the risk they bear in lending money to customers. We earn interchange fees on Dual Card transactions but we do not charge or earn interchange fees from our partners or customers on our private label credit card products.

Merchants, trying to decrease their operating expenses, have sought to, and have had some success at, lowering interchange rates. Several recent events and actions indicate a continuing increase in focus on interchange by both regulators and merchants. Beyond pursuing litigation, legislation and regulation, merchants are also pursuing alternate payment platforms as a means to lower payment processing costs. To the extent interchange fees are reduced, one of our current competitive advantages with our partners—that we typically do not charge interchange fees when our private label credit card products are used to purchase our partners' goods and services—may be reduced. Moreover, to the extent interchange fees are reduced, our income from those fees will be lower. We received approximately \$324 million of interchange fees for the year ended December 31, 2013 and \$76 million of interchange fees for the three months ended March 31, 2014. As a result, a reduction in interchange fees could have a material adverse effect on our business and results of operations. In addition, for our Dual Cards, we are subject to the operating regulations and procedures set forth by the interchange network, and our failure to comply with these operating regulations, which may change from time to time, could subject us to various penalties or fees, or the termination of our license to use the interchange network, all of which could have a material adverse effect on our business and results of operations.

***Fraudulent activity associated with our products and services could negatively impact our operating results, brand and reputation and cause the use of our products and services to decrease and our fraud losses to increase.***

We are subject to the risk of fraudulent activity associated with partners, customers and third parties handling customer information. Our fraud-related losses have increased significantly from \$72 million to \$132 million to \$134 million for the years ended December 31, 2011, 2012 and 2013, respectively. For the three months ended March 31, 2014 and 2013, fraud-related losses were \$28 million and \$33 million, respectively. Our fraud-related losses are due primarily to our Dual Card product, which has grown in recent years, and like the overall market for general purpose credit cards has experienced significant counterfeit and mail/phone fraud. Our private label credit card product is also susceptible to application fraud, because among other things, we provide immediate access to the credit line at the time of approval. In addition, sales on the internet and through mobile channels are becoming a larger part of our business and fraudulent activity is higher as a percentage of sales in those channels than in stores. Dual Cards and private label credit cards are susceptible to different types of fraud, and, depending on our product channel mix (including as a result of the introduction, if any, of a Synchrony-branded general purpose credit card), we may continue to experience variations in, or levels of, fraud-related expense that are different from or higher than that experienced by some of our competitors or the industry generally.

The risk of fraud continues to increase for the financial services industry in general, and credit card fraud, identity theft and related crimes are likely to continue to be prevalent, and perpetrators are growing more sophisticated. Our resources, technologies and fraud prevention tools may be insufficient to accurately detect and prevent fraud. For example, credit cards with embedded security chip technology (such as the so-called "EMV" chips) provide additional security against fraudulent activity and have been widely adopted in Europe and Asia but have not been widely accepted by merchants in the United States. As a result, although we are in the process of rolling out this technology with several of our partners, our credit cards continue to use the traditional

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magnetic stripes for card processing and therefore do not benefit from the embedded security chip feature, and our adoption of this technology would still require wider acceptance by merchants to reduce our risk. The level of our fraud charge-offs and results of operations could be materially adversely affected if fraudulent activity were to significantly increase. High profile fraudulent activity also could negatively impact our brand and reputation, which could negatively impact the use of our cards and thereby have a material adverse effect on our results of operations. In addition, significant increases in fraudulent activity could lead to regulatory intervention (such as increased customer notification requirements and mandatory issuance of cards with EMV chips), which could increase our costs and also negatively impact our operating results, brand and reputation and could lead us to take steps to reduce fraud risk, which could increase our costs.

### ***Cyber-attacks or other security breaches could have a material adverse effect on our business.***

In the normal course of business, we collect, process and retain sensitive and confidential information regarding our partners and our customers. We also have arrangements in place with our partners and other third parties through which we share and receive information about their customers who are or may become our customers. Although we devote significant resources and management focus to ensuring the integrity of our systems through information security and business continuity programs, our facilities and systems, and those of our partners and third-party service providers, are vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. We and our partners and third-party service providers have experienced all of these events in the past and expect to continue to experience them in the future. These events could interrupt our business or operations, result in significant legal and financial exposure, supervisory liability, damage to our reputation or a loss of confidence in the security of our systems, products and services. Although the impact to date from these events has not had a material adverse effect on us, we cannot be sure this will be the case in the future.

Information security risks for large financial institutions like us have increased recently in part because of new technologies, the use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. In addition to cyber-attacks or other security breaches involving the theft of sensitive and confidential information, hackers recently have engaged in attacks against large financial institutions that are designed to disrupt key business services, such as consumer-facing web sites. The Separation and our emergence as a separately branded company could increase our profile and therefore risk of being targeted for cyber-attacks and other security breaches, including attacks targeting our key business services and websites. We are not able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. We employ detection and response mechanisms designed to contain and mitigate security incidents, but early detection may be thwarted by sophisticated attacks and malware designed to avoid detection.

We also face risks related to cyber-attacks and other security breaches in connection with credit card transactions that typically involve the transmission of sensitive information regarding our customers through various third-parties, including our partners, merchant acquiring banks, payment processors, card networks (e.g., Visa and MasterCard) and our processors (e.g., First Data Corporation (“First Data”)). Some of these parties have in the past been the target of security breaches and cyber-attacks, and because the transactions involve third-parties and environments such as the point of sale that we do not control or secure, future security breaches or cyber-attacks affecting any of these third-parties could impact us through no fault of our own, and in some cases we may have exposure and suffer losses for breaches or attacks relating to them. We also rely on numerous other third party service providers, such as Fidelity National Information Services, Inc. (“FIS”), to conduct other aspects of our business operations and face similar risks relating to them. While we regularly conduct security assessments of significant third party service providers, we cannot be sure that their information security protocols are sufficient to withstand a cyber-attack or other security breach.

The access by unauthorized persons to, or the improper disclosure by us of, confidential information regarding our customers or our own proprietary information, software, methodologies and business secrets could

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interrupt our business or operations, result in significant legal and financial exposure, supervisory liability, damage to our reputation or a loss of confidence in the security of our systems, products and services, all of which could have a material adverse impact on our business, financial condition and results of operations. In addition, recently there have been a number of well-publicized attacks or breaches affecting others in our industry that have heightened concern by consumers generally about the security of using credit cards, which have caused some consumers, including our customers, to use our credit cards less in favor of alternative methods of payment and has led to increased regulatory focus on, and potentially new regulations relating to, these matters. Further cyber-attacks or other breaches in the future, whether affecting us or others, could intensify consumer concern and regulatory focus and result in reduced use of our cards and increased costs, all of which could have a material adverse effect on our business.

### ***The failure of third parties to provide various services that are important to our operations could have a material adverse effect on our business.***

Some services important to our business are outsourced to third-party vendors. For example, our credit card transaction processing, production and related services (including the printing and mailing of customer statements) are handled by First Data, and the technology platform for our online retail deposits is managed by FIS. First Data and FIS and, in some cases other third-party vendors, are the sole source or one of a limited number of sources of the services they provide for us. It would be difficult and disruptive for us to replace some of our third-party vendors, particularly First Data and FIS, in a timely manner if they were unwilling or unable to provide us with these services in the future (as a result of their financial or business conditions or otherwise), and our business and operations likely would be materially adversely affected. First Data has publicly disclosed that it is highly leveraged and that it has incurred net losses of \$869.1 million, \$700.9 million and \$516.1 million for the years ended December 31, 2013, 2012 and 2011, respectively. Our principal agreements with First Data expire under their existing terms (assuming we exercise our unilateral extension rights but the agreements are not otherwise renewed or extended by mutual agreement of the parties) at various times between 2016 and 2020. Our principal agreement with FIS expires under its existing terms (assuming we exercise our unilateral extension rights but the agreements are not otherwise renewed or extended by mutual agreement of the parties) in 2020. In addition, if a third-party provider fails to provide the services we require, fails to meet contractual requirements, such as compliance with applicable laws and regulations, or suffers a cyber-attack or other security breach, our business could suffer economic and reputational harm that could have a material adverse effect on our business and results of operations.

### ***Disruptions in the operation of our computer systems and data centers could have a material adverse effect on our business.***

Our ability to deliver products and services to our partners and our customers, service our loans and otherwise operate our business and comply with applicable laws depends on the efficient and uninterrupted operation of our computer systems and data centers, as well as those of our partners and third-party service providers. These computer systems and data centers may encounter service interruptions at any time due to system or software failure, natural disaster or other reasons. In addition, the implementation of technology changes and upgrades to maintain current and integrate new systems may also cause service interruptions, transaction processing errors and system conversion delays and may cause our failure to comply with applicable laws, all of which could have a material adverse effect on our business.

In connection with the Separation, we must migrate, and in some cases, establish with third parties, key parts of our technology infrastructure, including our data centers. When we migrate our data centers, our partners will also need to make changes to their networks to establish connectivity with us. These infrastructure changes, both the ones that we make and the ones required of our partners, may cause disruptions, systems interruptions, transaction processing errors and system conversion delays. In addition, we have entered into transitional services arrangements with GE pursuant to which it will provide certain services to us relating to technology and business processes. Some of these transitional services arrangements may remain in effect until 2016, and during the transitional period we will rely on GE to provide these services. The complexities of these arrangements and the services provided will

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increase the operational risk associated with the Separation, and this increased risk could result in unanticipated expenses, disruptions to our operations or other adverse consequences, all of which could have a material adverse effect on our business.

We expect that new technologies and business processes applicable to the consumer credit industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. The pace of technology change is high and our industry is intensely competitive, and we cannot assure you that we will be able to sustain our investment in new technology as critical systems and applications become obsolete and better ones become available. A failure to maintain current technology and business processes could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition and results of operations.

***We have international operations that subject us to various international risks as well as increased compliance and regulatory risks and costs.***

We have international operations, primarily in India, the Philippines and Canada, and some of our third party service providers provide services to us from other countries, all of which subject us to a number of international risks, including, among other things, sovereign volatility and socio-political instability. U.S. regulations also govern various aspects of the international activities of domestic corporations and increase our compliance and regulatory risks and costs. Any failure on our part or the part of our service providers to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which we or they operate, could result in fines, penalties, injunctions or other similar restrictions, any of which could have a material adverse effect on our business, results of operations and financial condition.

***We face risks from catastrophic events.***

We are subject to catastrophes such as natural disasters, severe weather conditions, health pandemics and terrorist attacks, any of which could have a negative effect on our business and technology infrastructure (including our computer network systems and data centers), our partners and their business and our customers. Catastrophic events could prevent or make it more difficult for our customers to travel to our partners' locations to shop, thereby negatively impacting consumer spending in the effected regions, or in severe cases, nationally, interrupt or disable local or national communications networks, including the payment systems network, which could prevent our partners and our customers from using our products to make purchases or make payments (temporarily or over an extended period). These events could also impair the ability of third parties to provide critical services to us. All of these adverse effects of catastrophic events could result in a decrease in the use of our products or payments to us, which could have a material adverse effect on our business, results of operations and financial condition.

***If we are alleged to have infringed upon the intellectual property rights owned by others or are not able to protect our intellectual property, our business and results of operations could be adversely affected.***

Competitors or other third parties may allege that we, or consultants or other third parties retained or indemnified by us, infringe on their intellectual property rights. We also may face allegations that our employees have misappropriated intellectual property of their former employers or other third parties. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, an assertion of an infringement claim against us may cause us to spend significant amounts to defend the claim (even if we ultimately prevail), pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property, cease offering certain products or services, or incur significant license, royalty or technology development expenses. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Even in instances where we believe

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that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such indemnifying party may refuse or be unable to uphold its contractual obligations.

Moreover, we rely on a variety of measures to protect our intellectual property and proprietary information, including copyrights, trademarks, patents, trade secrets and controls on access and distribution. These measures may not prevent misappropriation or infringement of our intellectual property or proprietary information and a resulting loss of competitive advantage, and in any event, we may be required to litigate to protect our intellectual property and proprietary information from misappropriation or infringement by others, which is expensive, could cause a diversion of resources and may not be successful. Third parties may challenge, invalidate or circumvent our intellectual property, or our intellectual property may not be sufficient to provide us with competitive advantages. Our competitors or other third parties may independently design around or develop similar technology, or otherwise duplicate our services or products such that we could not assert our intellectual property rights against them. In addition, our contractual arrangements may not effectively prevent disclosure of our intellectual property or confidential and proprietary information or provide an adequate remedy in the event of an unauthorized disclosure.

Following this offering, we expect to launch our new brand, “Synchrony,” and expect to spend significant amounts over the next few years promoting the new brand. We recently filed trademark applications to protect our new name in the United States and certain other countries, but the registrations of these trademarks are not complete and they may ultimately not become registered. Our use of our new name (for our existing or any new products in the United States or other countries) may be challenged by third parties, and we may become involved in legal proceedings to protect or defend our rights with respect to our new name, all of which could have a material adverse effect on our business and results of operations.

### ***Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.***

Our business is subject to increased risks of litigation and regulatory actions as a result of a number of factors and from various sources, including the highly regulated nature of the financial services industry, the focus of state and federal prosecutors on banks and the financial services industry and the structure of the credit card industry.

In the normal course of business, from time to time, we have been named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions include claims for substantial compensatory and/or punitive damages, or claims for indeterminate amounts of damages. In addition, while the arbitration provision in our customer agreements historically has limited our exposure to consumer class action litigation, there can be no assurance that we will be successful in enforcing our arbitration clause in the future. There may also be legislative, administrative or regulatory efforts to directly or indirectly prohibit the use of pre-dispute arbitration clauses, including by the CFPB, or we may be compelled as a result of competitive pressure or reputational concerns to voluntarily eliminate pre-dispute arbitration clauses.

We are also involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business (collectively, “regulatory matters”), which could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished earnings and damage to our reputation. The current environment of additional regulation, increased regulatory compliance efforts and enhanced regulatory enforcement has resulted in significant operational and compliance costs and may prevent or make it less attractive for us to continue providing certain products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business and in turn have a material adverse effect on our business, results of operations and financial condition.

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We contest liability and/or the amount of damages as appropriate in each pending matter. The outcome of pending and future matters could be material to our results of operations, financial condition and cash flows depending on, among other factors, the level of our earnings for that period, and could adversely affect our business and reputation. For a discussion of certain legal proceedings, see “Regulation—Consumer Financial Services Regulation,” Note 16. *Legal Proceedings and Regulatory Matters* to our combined financial statements and Note 13. *Legal Proceedings and Regulatory Matters* to our condensed combined financial statements.

In addition to litigation and regulatory matters, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issue, result in financial remediation to impacted cardholders. These self-identified issues and voluntary remediation payments could be significant depending on the issue and the number of cardholders impacted. They also could generate litigation or regulatory investigations that subject us to additional adverse effects on our business, results of operations and financial condition.

### ***Damage to our reputation could negatively impact our business.***

Recently, financial services companies have been experiencing increased reputational risk as consumers take issue with certain of their practices or judgments. Maintaining a positive reputation is critical to our attracting and retaining customers, partners, investors and employees. In particular, adverse perceptions regarding our reputation could also make it more difficult for us to execute on our strategy of increasing retail deposits at the Bank and may lead to decreases in deposits. Harm to our reputation can arise from many sources, including employee misconduct, misconduct by our partners, outsourced service providers or other counterparties, litigation or regulatory actions, failure by us or our partners to meet minimum standards of service and quality, inadequate protection of customer information, and compliance failures. Negative publicity regarding us (or others engaged in a similar business or activities), whether or not accurate, may damage our reputation, which could have a material adverse effect on our business, results of operations and financial condition.

### ***Our business could be adversely affected if we are unable to attract, retain and motivate key officers and employees.***

Our success depends, in large part, on our ability to retain, recruit and motivate key officers and employees. Our senior management team has significant industry experience and would be difficult to replace. Competition for senior executives in the financial services and payment industry is intense. Although we do not currently anticipate any significant changes to the management team following the completion of this offering or the Separation, we may not be able to attract and retain qualified personnel to replace or succeed members of our senior management team or other key personnel following the completion of this offering or the Separation (when we are no longer part of GE) or at any other time. Guidance issued by the federal banking regulators, as well as proposed rules implementing the executive compensation provisions of the Dodd-Frank Act, may limit the type and structure of compensation arrangements that we may enter into with our most senior executives. In addition, proposed rules under the Dodd-Frank Act would prohibit the payment of “excessive” compensation to our executives. Compensation paid to officers of the Bank would be subject to comparable limitations. These restrictions could negatively impact our ability to compete with other companies in recruiting, retaining and motivating key personnel. Failure to retain talented senior leadership could have a material adverse effect on our business, results of operations and financial condition.

### ***Tax legislation initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition.***

We operate in multiple jurisdictions and we are subject to tax laws and regulations of the U.S. federal, state and local governments, and of various foreign jurisdictions. From time to time, legislative initiatives may be proposed, such as proposals for fundamental tax reform in the United States and lowering the corporate tax rate, which may impact our effective tax rate and could adversely affect our deferred tax assets, tax positions and/or

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our tax liabilities. In addition, U.S. federal, state and local, as well as foreign, tax laws and regulations are extremely complex and subject to varying interpretations. There can be no assurance that our historical tax positions will not be challenged by relevant tax authorities or that we would be successful in defending our position in connection with any such challenge.

***State sales tax rules and regulations, and their application and interpretation by the respective states, could change and adversely affect our results of operations.***

State sales tax rules and regulations, and their application and interpretation by the respective states, could adversely affect our results of operations. Retailers collect sales tax from retail customers and remit those collections to the applicable states. When customers fail to repay their loans, including the amount of sales tax advanced by us to the merchant on their behalf, we are entitled, in some cases, to seek a refund of the amount of sales tax from the applicable state. Sales tax laws and regulations enacted by the various states are subject to interpretation, and our compliance with such laws is routinely subject to audit and review by the states. Audit risk is concentrated in several states, and these states are conducting on-going audits. The outcomes of ongoing and any future audits and changes in the states' interpretation of the sales tax laws and regulations involving the recovery of tax on bad debts could materially adversely impact our results of operations.

### **Risks Relating to Regulation**

***Our business is subject to extensive government regulation, supervision, examination and enforcement, which could adversely affect our business, results of operations and financial condition.***

Our business, including our relationships with our customers, is subject to extensive regulation, supervision and examination under U.S. federal, state and foreign laws and regulations. These laws and regulations cover all aspects of our business, including lending practices, treatment of our customers, safeguarding deposits, customer privacy and information security, capital structure, liquidity, dividends and other capital distributions, transactions with affiliates and conduct and qualifications of personnel. As a unitary savings and loan holding company, Synchrony is subject to extensive regulation, supervision and examination by the Federal Reserve Board. As a large provider of consumer financial services, we are also subject to extensive regulation, supervision and examination by the CFPB. Until the GE SLHC Deregistration, we will be controlled by GECC, which is also subject to extensive regulation, supervision and examination by the Federal Reserve Board. The Bank is a federally chartered savings association. As such, the Bank is subject to extensive regulation, supervision and examination by the OCC, which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC. We, GECC and the Bank are regularly reviewed and examined by our respective regulators, which results in supervisory comments and directions relating to many aspects of our business that require response and attention. See "Regulation" for more information about the regulations applicable to us.

Banking laws and regulations are primarily intended to protect federally insured deposits, the federal Deposit Insurance Fund ("DIF") and the banking system as a whole, and not intended to protect our stockholders or creditors. If we or the Bank, or until the GE SLHC Deregistration, GECC, fail to satisfy applicable laws and regulations, our respective regulators have broad discretion to enforce those laws and regulations, including with respect to the operation of our business, required capital levels, payment of dividends and other capital distributions, engaging in certain activities and making acquisitions and investments. Our regulators also have broad discretion with respect to the enforcement of applicable laws and regulations, including through enforcement actions that could subject us to civil money penalties, customer remediations, increased compliance costs, and limits or prohibitions on our ability to offer certain products and services or to engage in certain activities. In addition, to the extent we undertake actions requiring regulatory approval or non-objection, our regulators may make their approval or non-objection subject to conditions or restrictions that could have a material adverse effect on our business, results of operations and financial condition. Any other actions taken by our regulators could also have a material adverse impact on our business, reputation and brand, results of

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operations and financial condition. Moreover, some of our competitors are subject to different, and in some cases less restrictive, legislative and regulatory regimes, which may have the effect of providing them with a competitive advantage over us.

New laws or regulations or policy or practical changes in enforcement of existing laws or regulations applicable to our businesses or our own reexamination of our current practices, could adversely impact our profitability, limit our ability to continue existing or pursue new business activities, require us to change certain of our business practices or alter our relationships with customers, affect retention of our key personnel, or expose us to additional costs (including increased compliance costs and/or customer remediation). These changes may also require us to invest significant management attention and resources to make any necessary changes and could adversely affect our business, results of operations and financial condition. For example, the CFPB has broad authority over the businesses in which we engage. See “—The Consumer Financial Protection Bureau is a new agency, and there continues to be uncertainty as to how the agency’s actions will impact our business; the agency’s actions have had and may continue to have an adverse impact on our business.”

We are also subject to potential enforcement and other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. Any such actions could subject us to civil money penalties and fines, customer remediations and increased compliance costs, as well as damage our reputation and brand and limit or prohibit our ability to offer certain products and services or engage in certain business practices. For a discussion of risks related to actions or proceedings brought by regulatory agencies, see “Risks Relating to Our Business—Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.”

### ***The Dodd-Frank Act has had, and may continue to have, a significant impact on our business, financial condition and results of operations.***

The Dodd-Frank Act was enacted on July 21, 2010. While certain provisions in the Act were effective immediately, many of the provisions require implementing regulations to be effective. The Dodd-Frank Act and regulations promulgated thereunder have had, and may continue to have, a significant adverse impact on our business, results of operations and financial condition. For example, the Dodd-Frank Act and related regulations restrict certain business practices, impose more stringent capital, liquidity and leverage ratio requirements, as well as additional costs, on us (including increased compliance costs and increased costs of funding raised through the issuance of asset-backed securities), limit the fees we can charge for services and impact the value of our assets. In addition, the Dodd-Frank Act requires us to serve as a source of financial strength for any insured depository institution we control, such as the Bank. Such support may be required by the Federal Reserve Board at times when we might otherwise determine not to provide it or when doing so is not otherwise in the interest of Synchrony or its stockholders or creditors. We describe certain provisions of the Dodd-Frank Act and other legislative and regulatory developments in “Regulation.” Federal agencies continue to promulgate regulations to implement the Dodd-Frank Act, and these regulations may continue to have a significant adverse impact on our business, financial condition and results of operations.

Many provisions of the Dodd-Frank Act require the adoption of additional rules to implement. In addition, the Dodd-Frank Act mandates multiple studies, which could result in additional legislative or regulatory action. As a result, the ultimate impact of the Dodd-Frank Act and its implementing regulations remains unclear and could have a material adverse effect on our business, results of operations and financial condition.

### ***The Consumer Financial Protection Bureau is a new agency, and there continues to be uncertainty as to how the agency’s actions will impact our business; the agency’s actions have had and may continue to have an adverse impact on our business.***

The CFPB, which commenced operations in July 2011, has broad authority over the businesses in which we engage. This includes authority to write regulations under federal consumer financial protection laws and to

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enforce those laws against and examine large financial institutions, such as us and the Bank, for compliance. The CFPB is authorized to prevent “unfair, deceptive or abusive acts or practices” through its regulatory, supervisory and enforcement authority. The Federal Reserve Board and the OCC and state government agencies may also invoke their supervisory and enforcement authorities to prevent unfair and deceptive acts or practices. These federal and state agencies are authorized to remediate violations of consumer protection laws in a number of ways, including collecting civil money penalties and fines and providing for customer restitution. The CFPB also engages in consumer financial education, requests data and promotes the availability of financial services to underserved consumers and communities. In addition, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the products we offer. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus.

There continues to be uncertainty as to how the CFPB’s strategies and priorities, including in both its examination and enforcement processes, will impact our businesses and our results of operations going forward. Actions by the CFPB could result in requirements to alter or cease offering affected products and services, making them less attractive and restricting our ability to offer them. For example, in July 2012, the CFPB issued an industry bulletin regarding marketing practices with respect to credit card add-on products, including debt cancellation products. See “Regulation—Consumer Financial Services Regulation.” The Bank has made a number of changes, including changes in response to the CFPB bulletin, with respect to its marketing and sale of debt cancellation products to credit card customers, including ceasing all telesales of such products, and the Bank has also enhanced the disclosures associated with its website sales of such products. In addition, in October 2013, the CFPB published its first biennial report reviewing the impact of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (the “CARD Act”) on the consumer credit card market. In the report, the CFPB identified practices that may warrant further scrutiny by it, including add-on products (such as debt protection, identity theft protection, credit score monitoring and other products that are supplementary to the extension of credit), cards that charge substantial application fees, and deferred interest offers and products (which could include our promotional financing products). The report further identified concerns regarding the adequacy of online disclosures, as well as of the disclosures associated with rewards products and grace periods. Separately, the CFPB is also studying pre-dispute arbitration clauses, and our litigation exposure could increase if the CFPB exercises its authority to limit or ban pre-dispute arbitration clauses.

Although we have committed significant resources to enhancing our compliance programs, changes by the CFPB in regulatory expectations, interpretations or practices or interpretations that are different or stricter than ours or those adopted in the past by other regulators could increase the risk of additional enforcement actions, fines and penalties. Actions by the CFPB could result in requirements to alter our products and services that may make them less attractive to consumers or less profitable to us. In this regard, on December 10, 2013, we entered into a consent order (the “2013 CFPB Consent Order”) with the CFPB relating to our CareCredit platform. See “—Changes to our methods of offering our CareCredit products could materially impact operating results.” In addition, on June 19, 2014, we entered into a consent order with the CFPB related to our debt cancellation product and sales practices and an unrelated issue that arose from the Bank’s self-identified omission of certain Spanish-speaking customers and customers residing in Puerto Rico from two offers that were made to certain delinquent customers. On June 19, 2014, we also entered into a consent order with the DOJ to resolve its coordinated investigation into issues related to such offers. For the year ended December 31, 2013, we had a \$133 million increase in our expenses related to litigation and regulatory matters (primarily an increase to our reserves related to the various matters settled with the CFPB, and one settled with the DOJ). See “Regulation—Consumer Financial Services Regulation.”

Future actions by the CFPB (or other regulators) against us or our competitors that discourage the use of products we offer or suggest to consumers the desirability of other products or services could result in reputational harm and a loss of customers. If the CFPB changes regulations which were adopted in the past by other regulators and transferred to the CFPB by the Dodd-Frank Act, or modifies through supervision or enforcement past related regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the

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industry or other regulators, our compliance costs and litigation exposure could increase. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer promotional financing for certain of our products or require us to make significant changes to our business practices, and we are unable to develop compliant alternatives with acceptable returns, these restrictions or prohibitions could have a material adverse impact on our business, results of operations and financial condition.

The Dodd-Frank Act authorizes state officials to enforce regulations issued by the CFPB and to enforce the Act's general prohibition against unfair, deceptive or abusive practices. This could make it more difficult than in the past for federal financial regulators to declare state laws that differ from federal standards to be preempted. To the extent that states enact requirements that differ from federal standards or state officials and courts adopt interpretations of federal consumer laws that differ from those adopted by the CFPB, we may be required to alter or cease offering products or services in some jurisdictions, which would increase compliance costs and reduce our ability to offer the same products and services to consumers nationwide, and we may be subject to a higher risk of state enforcement actions.

### ***Changes to our methods of offering our CareCredit products could materially impact operating results.***

The 2013 CFPB Consent Order relating to our CareCredit platform requires us to pay up to \$34.1 million to qualifying customers, to provide additional training and monitoring of our CareCredit partners, to include provisions in agreements with our CareCredit partners prohibiting charges for certain services not yet rendered, to make changes to certain consumer disclosures, application procedures and procedures for resolution of customer complaints, and to terminate CareCredit partners that have chargeback rates in excess of certain thresholds. Some of the changes required by the 2013 CFPB Consent Order are similar to requirements in an assurance of discontinuation (the "Assurance") that we entered with the Attorney General for the State of New York on June 3, 2013. The Bank expects to be in full compliance with the business practice changes required by the 2013 CFPB Consent Order and the Assurance by the third quarter of 2014, subject to ongoing reporting obligations, and will complete the additional provider training by the fourth quarter of 2015. In addition to the costs of remediation, which were not material for the Assurance and will be up to \$34.1 million for the 2013 CFPB Consent Order, we estimate we will incur one-time costs of approximately \$3 million to implement these changes, and ongoing annual costs of approximately \$3 million. Although at this time we do not believe that the 2013 CFPB Consent Order and Assurance will have a material adverse impact on net earnings going forward, we cannot be sure this will be the case and we cannot be sure whether the settlement will have an adverse impact on our reputation or whether the new requirements imposed by the 2013 CFPB Consent Order and the Assurance will adversely affect customers' use of our credit cards or our business. Moreover, we may elect or be required to make changes with respect to these and other deferred interest products in the future, and those changes may adversely affect customers' use of our credit cards or our business. In addition, our resolutions with the CFPB and the New York Attorney General do not preclude other regulators or state attorneys general from seeking additional monetary or injunctive relief with respect to CareCredit, and any such relief could have a material adverse effect on our business, results of operations or financial condition.

### ***Failure by Synchrony, the Bank and, until the GE SLHC Deregistration, GECC to meet applicable capital adequacy rules could have a material adverse effect on us.***

Synchrony and the Bank must meet rules for capital adequacy as discussed in "Regulation." As a savings and loan holding company, Synchrony historically has not been required to maintain minimum capital. Beginning as early as 2015, however, we expect that Synchrony will be subject to capital requirements similar to those that apply to the Bank. In addition, as discussed below, until the GE SLHC Deregistration, we will be controlled by GECC, which itself is expected to be subject to capital requirements similar to those that apply to the Bank. See "—As long as we are controlled by GECC for bank regulatory purposes, regulation and supervision of GECC could adversely affect us." These capital requirements have recently been substantially revised, including as a result of Basel III and the requirements of the Dodd-Frank Act. Moreover, these requirements are supplemented by outstanding regulatory proposals by the federal banking agencies, based on,

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and in addition to, changes recently adopted by the Basel Committee to increase the amount and scope of the supplemental leverage capital requirement by increasing the assets included in the denominator of the leverage ratio calculation. Although we cannot predict the final form or the effects of these leverage ratio regulatory proposals under the Dodd-Frank Act and the newly adopted rules implementing Basel III (even independent of any potentially increased and expanded supplemental leverage capital requirement), Synchrony, the Bank and GECC expect to be subject to increasingly stringent capital adequacy standards in the future.

In connection with applicable capital adequacy standards, Synchrony, the Bank and GECC also will be required to conduct stress tests on an annual basis. Under the Federal Reserve Board's and the OCC's stress test regulations, Synchrony, the Bank and GECC will each be required to use stress-testing methodologies providing for results under at least three different sets of conditions, including baseline, adverse and severely adverse conditions. In addition, as part of meeting our minimum capital requirements, we and GECC may be required to comply with the Federal Reserve Board's Comprehensive Capital Analysis and Review ("CCAR") process or some modified version of the CCAR process, which would measure our minimum capital requirement levels under various stress scenarios. In connection with this process, we and GECC may be required to develop for the Federal Reserve Board's review and approval a capital plan that will include how we and GECC will each meet our minimum capital requirements under specified stress scenarios.

If Synchrony, the Bank or, until the GE SLHC Deregistration, GECC fails to meet current or future minimum capital, leverage or other financial requirements, its operations, results of operations and financial condition could be materially adversely affected. Among other things, failure by Synchrony, the Bank or, until the GE SLHC Deregistration, GECC to maintain its status as "well capitalized" (or otherwise meet current or future minimum capital, leverage or other financial requirements) could compromise our competitive position and result in restrictions imposed by the Federal Reserve Board or the OCC, including, potentially, on the Bank's ability to engage in certain activities. These could include restrictions on the Bank's ability to enter into transactions with affiliates, accept brokered deposits, grow its assets, engage in material transactions and extend credit in certain highly leveraged transactions, amend or change its charter, bylaws or accounting methods, pay interest on its liabilities without regard to regulatory caps on the rates that may be paid on deposits and pay dividends or repurchase stock. In addition, failure to maintain the well capitalized status of the Bank could result in our having to invest additional capital in the Bank, which could in turn require us to raise additional capital. The market and demand for, and cost of, our asset-backed securities also could be adversely affected by failure to meet current or future capital requirements.

### ***We and the Bank are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock.***

In connection with our application to the Federal Reserve Board described above and the Separation, we expect to continue to increase our capital and liquidity levels by, among other things, retaining net earnings and by not paying a dividend or returning capital through stock repurchases until our application to the Federal Reserve Board is approved. Thereafter, our board of directors intends to consider our policy regarding the payment and amount of dividends and may consider stock repurchases, in each case consistent with maintaining capital ratios well in excess of regulatory requirements. The declaration and amount of any future dividends to holders of our common stock or stock repurchases will be at the discretion of our board of directors and will depend on many factors, including the financial condition, earnings, capital and liquidity requirements of us and the Bank, applicable regulatory restrictions, corporate law and contractual restrictions (including restrictions contained in the New Bank Term Loan Facility and the New GECC Term Loan Facility) and other factors that our board of directors deems relevant.

We and the Bank are subject to broad regulatory restrictions on our ability to pay dividends and make capital distributions, including the repurchase of our stock. The application of these restrictions involves broad discretion by our regulators.

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We are limited in our ability to pay dividends or repurchase stock by the Federal Reserve Board, including on the basis that doing so would be an unsafe or unsound banking practice. If we intend to declare or pay a dividend to our stockholders, we generally will be required to inform and consult with the Federal Reserve Board in advance to ensure that such dividend does not raise supervisory concerns. It is the policy of the Federal Reserve Board that a savings and loan holding company (like our Company) should generally pay dividends on common stock only out of earnings, and only if prospective earnings retention is consistent with the organization's capital needs and overall current and prospective financial condition. Similarly, we will be required to inform and consult with the Federal Reserve Board in advance of redeeming or repurchasing our stock if the result will be a net reduction in our equity compared to our equity as of the beginning of the quarter in which the redemption or repurchase occurs. Moreover, the approval process for any capital plan we are required to submit could result in restrictions on our ability to pay dividends or make other capital distributions. See "Regulation—Savings and Loan Holding Company Regulation—Dividends and Stock Repurchases." In addition, as a condition to any Federal Reserve Board approval of our application to continue to be a savings and loan holding company following the GE SLHC Deregistration, we may be required to maintain liquidity or capital at a level that could affect our ability to pay dividends or repurchase our stock. Although we are not planning to pay dividends or repurchase our stock until our application to the Federal Reserve Board is approved, the Federal Reserve Board could also prevent or restrict us from doing so during such period or thereafter.

We rely significantly on dividends and other distributions and payments from the Bank for liquidity, and federal law limits the amount of dividends and other distributions and payments that the Bank may pay to us. For example, OCC regulations limit the ability of savings associations to make distributions of capital, including payment of dividends, stock redemptions and repurchases, cash-out mergers and other transactions charged to the capital account. The Bank must obtain the OCC's approval prior to making a capital distribution in certain circumstances, including if the Bank proposes to make a capital distribution when it does not meet certain capital requirements (or will not do so as a result of the proposed capital distribution) or certain net income requirements. In addition, the Bank must file a prior written notice of a planned or declared dividend or other distribution with the Federal Reserve Board. The Federal Reserve Board or the OCC may object to a capital distribution if, among other things, the Bank is, or as a result of such dividend or distribution would be, undercapitalized or the Federal Reserve Board has safety and soundness concerns. Additional restrictions on bank dividends may apply if the Bank fails the qualified thrift lender ("QTL") test. The Bank must also meet certain conditions to declare or pay a dividend under the Bank's Operating Agreement with the OCC entered into in connection with its acquisition of the deposit business of MetLife. Limitations on the Bank's payments of dividends and other distributions and payments that we receive from the Bank could reduce our liquidity and limit our ability to pay dividends to our stockholders. See "Regulation—Savings Association Regulation—Dividends and Stock Repurchases" and "—Activities."

Until the GE SLHC Deregistration, we will be controlled by GECC, which as a savings and loan holding company is subject to all of the same regulatory requirements regarding dividends and stock repurchases and redemptions to which we are subject. Accordingly, until the GE SLHC Deregistration, our ability to pay dividends and repurchase our stock may be affected by GECC's ability to meet the same requirements to which we are subject. In addition, the Financial Stability Oversight Council ("FSOC") has designated GECC as a nonbank systemically important financial institution ("nonbank SIFI") under the Dodd-Frank Act. As a nonbank SIFI, GECC may be required to provide a capital plan for Federal Reserve Board approval that includes proposed capital distributions (including dividends and stock redemptions or repurchases) not only by GECC but also by entities controlled by GECC, such as us. As long as we are controlled by GECC for bank regulatory purposes, any such capital plan requirement imposed on GECC by the Federal Reserve Board could affect our ability to pay dividends and to repurchase our stock. See "Regulation—Savings and Loan Holding Company Regulation—Dividends and Stock Repurchases." Also, until the GE SLHC Deregistration, GECC will have an approval right over our ability to declare or pay any dividend or repurchase our stock. See "Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Master Agreement—Approval Rights."

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### ***Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.***

We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively impacted by them. For example, in the United States, certain of our businesses are subject to the Gramm-Leach-Bliley Act (“GLBA”) and implementing regulations and guidance. Among other things, the GLBA: (i) imposes certain limitations on the ability of financial institutions to share consumers’ nonpublic personal information with nonaffiliated third parties, (ii) requires that financial institutions provide certain disclosures to consumers about their information collection, sharing and security practices and affords customers the right to “opt out” of the institution’s disclosure of their personal financial information to nonaffiliated third parties (with certain exceptions) and (iii) requires financial institutions to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the financial institution’s size and complexity, the nature and scope of the financial institution’s activities, and the sensitivity of customer information processed by the financial institution as well as plans for responding to data security breaches.

Moreover, various United States federal banking regulatory agencies, states and foreign jurisdictions have enacted data security breach notification requirements with varying levels of individual, consumer, regulatory and/or law enforcement notification in certain circumstances in the event of a security breach. Many of these requirements also apply broadly to our partners that accept our cards. In many countries that have yet to impose data security breach notification requirements, regulators have increasingly used the threat of significant sanctions and penalties by data protection authorities to encourage voluntary notification and discourage data security breaches.

Furthermore, legislators and/or regulators in the United States and other countries in which we operate are increasingly adopting or revising privacy, information security and data protection laws that potentially could have a significant impact on our current and planned privacy, data protection and information security-related practices, our collection, use, sharing, retention and safeguarding of consumer and/or employee information, and some of our current or planned business activities. This could also increase our costs of compliance and business operations and could reduce income from certain business initiatives. In the United States, this includes increased privacy-related enforcement activity at the Federal level, by the Federal Trade Commission, as well as at the state level, such as with regard to mobile applications.

Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification) affecting customer and/or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services (such as products or services that involve us sharing information with third parties or storing sensitive credit card information), which could materially and adversely affect our profitability. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory investigations and government actions, litigation, fines or sanctions, consumer or partner actions and damage to our reputation and our brand, all of which could have a material adverse effect on our business and results of operations.

### ***Our use of third-party vendors and our other ongoing third-party business relationships are subject to increasing regulatory requirements and attention.***

We regularly use third-party vendors and subcontractors as part of our business. We also have substantial ongoing business relationships with our partners and other third-parties. These types of third-party relationships are subject to increasingly demanding regulatory requirements and attention by our federal bank regulators (the Federal Reserve Board, the OCC and the FDIC) and our consumer regulator (the CFPB). Regulatory guidance requires us to enhance our due diligence, ongoing monitoring and control over our third-party vendors and subcontractors and other ongoing third-party business relationships, including with our partners. In certain cases we may be required to renegotiate our agreements with these vendors and/or their subcontractors to meet these enhanced requirements, which could increase our costs. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third-party relationships and in the performance of the parties

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with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third-party vendors and subcontractors or other ongoing third-party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation.

### ***Anti-money laundering and anti-terrorism financing laws could have significant adverse consequences for us.***

We maintain an enterprise-wide program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations, including the Bank Secrecy Act and the Patriot Act. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering or terrorist financing posed by our products, services, customers and geographic locale. These controls include procedures and processes to detect and report suspicious transactions, perform customer due diligence, respond to requests from law enforcement, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. We cannot be sure our programs and controls will be effective to ensure our compliance with all applicable anti-money laundering and anti-terrorism financing laws and regulations, and our failure to comply could subject us to significant sanctions, fines, penalties and reputational harm, all of which could have a material adverse effect on our business, results of operations and financial condition.

### ***As long as we are controlled by GECC for bank regulatory purposes, regulation and supervision of GECC could adversely affect us.***

GECC is a regulated savings and loan holding company and therefore is subject to all of the regulation and supervision to which we are subject. Until the GE SLHC Deregistration, regulation and supervision of GECC as a savings and loan holding company may, for reasons related or unrelated to us, materially and adversely affect us, including restricting our ability to pay dividends or repurchase our stock, initiate or continue various business activities or practices, grow our assets or complete the Separation.

As a nonbank SIFI, GECC, our indirect parent company, is subject to enhanced prudential standards and regulation by the Federal Reserve Board, which is expected to include regulatory capital requirements. Nonbank SIFIs, such as GECC, currently are subject to some, but not all, of the enhanced prudential standards under the Dodd-Frank Act. The Federal Reserve Board has issued regulations implementing certain of the enhanced prudential standards of the Dodd-Frank Act for bank holding companies and foreign banking organizations, but not for nonbank SIFIs. In connection with these regulations, the Federal Reserve Board has indicated that it will apply enhanced prudential standards to an individual nonbank SIFI, such as GECC, by rule or order. Although the enhanced prudential standards currently applicable to GECC in its capacity as a nonbank SIFI do not have the effect of imposing direct regulatory obligations or restrictions on us, we cannot be certain that standards imposed by rule or order on GECC as a nonbank SIFI by the Federal Reserve Board in the future will not have the effect of directly or indirectly imposing obligations or restrictions on us so long as we are controlled by GECC for bank regulatory purposes and those could have a material adverse effect on our business, results of operations and financial condition. For example, capital plan and stress-testing requirements to which GECC may be made subject as a nonbank SIFI could affect, among other things, our ability to pay dividends or repurchase our stock or affect GECC's ability to complete the Separation.

## **Risks Relating to Our Separation from GE**

### ***GE may not complete the Separation as planned or at all.***

On November 15, 2013, GE announced that it planned a staged exit from our business, consistent with its strategy of reducing GECC's percentage of GE's total earnings and increasing GECC's focus on its commercial financing businesses. This offering is the first step in that exit. After the completion of this offering, GE will beneficially own % of our outstanding common stock (or % if the underwriters' option to purchase additional shares of common stock from us is exercised in full).

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GE has indicated that after this offering it currently is targeting to complete its exit from our business in 2015 through the Separation. The Separation would be subject to various conditions, including receipt of any necessary bank regulatory and other approvals, the existence of satisfactory market conditions, and, in the case of a tax-free transaction, a private letter ruling from the IRS as to certain issues relating to, and an opinion of counsel confirming, the tax-free treatment of the transaction to GE and its stockholders. In addition, since GE's exit from our business will not be completed until GE has obtained the GE SLHC Deregistration, GE's willingness to proceed with the Separation may be conditioned on its obtaining the necessary determination by the Federal Reserve Board that the GE SLHC Deregistration is effective (i.e., that, following the Separation, GE, along with GECC and GECFI, no longer controls us and therefore GE, GECC and GECFI are released from savings and loan holding company registration).

The conditions related to the Separation and the GE SLHC Deregistration may not be satisfied in 2015 or thereafter, or GE may decide for any other reason not to consummate the Separation in 2015 or thereafter. Also, satisfying the conditions related to the Separation and the GE SLHC Deregistration may require actions that GE has not anticipated. Any delay by GE in completing, or uncertainty about its ability or intent to complete, the Separation and the GE SLHC Deregistration on the planned timetable and the contemplated terms (including at the contemplated capital and liquidity levels), or at all, could have a material adverse effect on our business and the market price for our common stock.

***If GE is unable to obtain the GE SLHC Deregistration, it will continue to have significant control over us.***

If the GE SLHC Deregistration is not obtained (and until it is obtained), GE will continue to have significant control over us. GE's degree of control will depend on, among other things, its level of ownership of our common stock, the number of persons it is entitled to designate for nomination for election to our board of directors under the Master Agreement and the requirement under the Master Agreement that we obtain GECC's prior written approval before undertaking (or permitting or authorizing the Bank or any of our other subsidiaries to undertake) various significant corporate actions. This may mean that GE, through GECC, may not always exercise control of us in a way that benefits our public stockholders. Conflicts of interest may arise between us and GE and GECC that could be resolved in a manner unfavorable to us. We will also continue to be subject to the regulation and supervision applicable to GE, GECC and companies under their control, and such regulation and supervision may, for reasons related or unrelated to us, adversely affect us and cause the trading market for our common stock to be depressed until the GE SLHC Deregistration is obtained. All of the foregoing could have a material adverse effect on us. See "—GE has significant control over us and may not always exercise its control in a way that benefits our public stockholders" and "—Risks Relating to Regulation—As long as we are controlled by GECC for bank regulatory purposes, regulation and supervision of GECC could adversely affect us."

***We need Federal Reserve Board approval to continue to be a savings and loan holding company following the GE SLHC Deregistration. We may not receive this approval in a timely manner or at all, and additional approval conditions beyond what we are anticipating may be imposed that prevent or delay the Separation or the GE SLHC Deregistration or require us to incur significant additional expense.***

The Savings and Loan Holding Company Act generally requires Federal Reserve Board approval before a company acquires a savings association and becomes a savings and loan holding company. We were exempt from this requirement when we initially acquired the Bank and became a savings and loan holding company, because we were a subsidiary of GE, GECC and GECFI, existing savings and loan holding companies. We do not expect this exemption to continue to apply to us following the GE SLHC Deregistration. As a result, we will be required to file an application with, and receive approval from, the Federal Reserve Board to continue to be a savings and loan holding company and to retain ownership of the Bank following the GE SLHC Deregistration. See "Regulation—Savings and Loan Holding Company Regulation."

We expect that the Federal Reserve Board will not act on our application to continue to be a savings and loan holding company and to retain ownership of the Bank following the GE SLHC Deregistration until, among

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other things, it has completed an in-depth review of our preparedness to operate on a standalone basis, independently of GE, and is satisfied with the results. We cannot predict when this review will begin but expect it to be some period of time after the completion of this offering. In connection with the Federal Reserve Board's review and prior to our filing an application with the Federal Reserve Board to continue to be a savings and loan holding company and to retain ownership of the Bank following the GE SLHC Deregistration, we will continue to establish and expand our operations and infrastructure and take other steps to allow us to operate as a fully standalone public company, independently of GE. See "Prospectus Summary—GE Ownership and Our Separation from GE."

Once the Federal Reserve Board begins its review of our preparedness to operate on a standalone basis, we cannot predict how long such review will take. We expect, however, that the review will require a considerable period of time. In addition, to obtain approval of our application to continue to be a savings and loan holding company and retain ownership of the Bank following the GE SLHC Deregistration, we may have to take additional actions beyond the significant operations and infrastructure expansion and other steps we are already planning. For example, we may have to increase our capital and liquidity levels beyond what we are anticipating; restrict our payment of dividends, or not make any payment of dividends, for a longer period than what we anticipate; make further changes to our corporate governance, risk management, capital planning, treasury, information technology, compliance, regulatory, internal audit and other control operations and infrastructure; stop receiving any transitional services from GE; repay all related party debt owed to GECC; or further diversify our funding sources, such as by reducing the amount of our brokered deposits or increasing the amount of our unsecured debt beyond what we are anticipating. Those actions may involve significant additional expenses for us and require significant time to implement beyond what we now anticipate.

Even after taking any such actions, there is no assurance that our application to continue to be a savings and loan holding company following the GE SLHC Deregistration will be approved. The Federal Reserve Board will consider a range of factors and has significant discretion in reviewing our application, and its action on our application may be affected by circumstances we do not know or cannot predict at this time, including factors identified in the Federal Reserve Board's in-depth review of us, changes in our current condition or changes in general economic and market conditions relevant to our operations. The Federal Reserve Board will also seek the views of the OCC and FDIC as regulators of the Bank, and their views may affect the Federal Reserve Board's action on the application. If the application is not approved, GE will not be able to obtain the GE SLHC Deregistration as currently planned. GE may be unwilling to proceed with the Separation unless or until it is able to obtain the GE SLHC Deregistration.

Even if our application is approved, we cannot be certain when such approval will be granted, or what conditions or restrictions, if any, will be imposed for such approval. The Federal Reserve Board's approval could include conditions or restrictions that are more onerous than those generally applicable to savings and loan holding companies and that require additional actions or impose additional limitations beyond those we may already have taken or assumed in order to obtain approval and achieve the Separation as described above. Any such conditions or restrictions or additional required actions could be significant, involve significant additional expense for us and have a material adverse effect on our business, results of operations and financial condition. GE's ability or willingness to proceed with the Separation as currently planned could be affected by the nature and effect of any such conditions, restrictions or additional required actions.

***Prior to the Separation and the GE SLHC Deregistration, we need to establish and significantly expand many aspects of our operations and infrastructure, and our failure to do so in a timely manner, within anticipated costs and without disrupting our ongoing business, could have a material adverse effect on our business and results of operations and could delay or prevent the Separation and the GE SLHC Deregistration.***

Although historically we have operated as a largely standalone business within GECC with our own sales, marketing, risk management, operations, collections, customer service and compliance functions, we need to establish and significantly expand many aspects of our operations and infrastructure prior to the Separation to

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enable us to operate as a standalone public company after our transitional services with GE terminate (for most services, within 24 months after the completion of this offering) and to enable GE to obtain the GE SLHC Deregistration in connection with the Separation or thereafter. The operations and infrastructure to be established or expanded relate to, among other areas, corporate governance, risk management, capital planning, treasury, information technology, compliance, regulatory, internal audit and other control operations and infrastructure.

Establishing and expanding our operations and infrastructure will involve substantial costs, the hiring and integration of a large number of new employees (including a number at senior levels), and integration of the new and expanded operations and infrastructure with our existing operations and infrastructure, and in some cases, the operations and infrastructure of our partners and other third parties. It will also require significant time and attention from our senior management and others throughout the Company, in addition to their day-to-day responsibilities running the business. We expect that our operations and infrastructure will need to be more extensive and robust in many respects than those currently in place at our Company and GECC. We cannot be sure we will be able to establish and expand the operations and infrastructure to the extent required, in the time, or at the costs, anticipated, or at the costs anticipated, and without disrupting our ongoing business operations in a material way, all of which could have a material adverse effect on our business and results of operations. Moreover, we do not expect that the Federal Reserve Board will act on our application to continue to be a savings and loan holding company and to retain ownership of the Bank following the GE SLHC Deregistration until, among other things, it has completed an in-depth review of our preparedness to operate on a standalone basis, which we expect to involve a review of the new operations and infrastructure we will be adding. As a result, delays in establishing and expanding our operations and infrastructure may delay the review of our preparedness by the Federal Reserve Board, which could delay the Separation and the GE SLHC Deregistration. Moreover, the Federal Reserve Board may require substantial additions or changes to our operations and infrastructure, including the operations and infrastructure we anticipate adding, all of which could significantly increase our costs and further delay the Separation and the GE SLHC Deregistration. See “—GE may not complete the Separation as planned or at all.”

***Even if the GE SLHC Deregistration is obtained, we also will need Federal Reserve Board agreement that we meet the criteria for a savings and loan holding company to be treated as a financial holding company, and we cannot be certain the Federal Reserve Board will provide such agreement or what additional conditions or restrictions it may impose if it does so.***

We currently are a grandfathered unitary savings and loan holding company, but do not expect to continue to qualify as such a grandfathered unitary savings and loan holding company following the GE SLHC Deregistration. As a result, in connection with our application to continue to be a savings and loan holding company, we will need to submit to the Federal Reserve Board a request to become a financial holding company in order to engage in activities that are permissible only for savings and loan holding companies that are treated as financial holding companies (including to continue to obtain financing through our securitization programs).

We believe that we will meet the criteria for a savings and loan holding company to be treated as a financial holding company. However, we cannot assure you that the Federal Reserve Board will agree, or that the Federal Reserve Board will not, in order for us to be treated as a financial holding company, impose additional conditions or restrictions, which may be similar to or different from those otherwise imposed in connection with the Separation. GE's ability or willingness to proceed with the Separation as currently planned could be affected by the nature of any such conditions or restrictions required by the Federal Reserve Board in order for us to be treated as a financial holding company.

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### ***The Separation could adversely affect our business and profitability due to GE's strong brand and reputation.***

As a subsidiary of GE, we market many of our products using the "GE" brand name and logo, and we believe the association with GE has provided many benefits, including:

- a world-class brand associated with trust, integrity and longevity;
- perception of high-quality products and services;
- strong capital base and financial strength;
- preferred status among our partners, customers and employees; and
- established relationships with bank and other regulators.

The Separation could adversely affect our ability to attract and retain partners. We may be required to provide more favorable pricing and other terms to our partners and take other action to maintain our relationship with existing, and attract new, partners, all of which could have a material adverse effect on our business, financial condition and results of operations.

Although we do not expect a material loss of customers or usage following the Separation (or more difficulty attracting new customers and increasing their usage) because our product will continue to be closely associated with our partners and their brands, we cannot be sure this will be the case. In addition, although our capital at the Bank will be increased in connection with this offering and the customer-facing aspects of our business will remain largely unchanged following this offering and the Separation, we cannot be sure that we will not lose deposits or have more difficulty attracting new deposits following this offering or the Separation because of depositor concerns that we will no longer be part of GE and benefitting from its brand and financial strength.

We cannot predict the effect that this offering and the Separation will have on our partners, customers, depositors or employees. The risks relating to this offering and the Separation could materialize at various times, including:

- immediately upon the completion of this offering, when GE's beneficial ownership in our common stock will decrease to % ( % if the underwriters' option to purchase additional shares of common stock from us is exercised in full);
- when GE reduces its ownership in our common stock to a level below 50%; and
- when we cease using the GE name and logo in our sales and marketing materials, particularly when we deliver notices to partners, customers and depositors that our name and the name of the Bank and some of our other subsidiaries will change.

***We will have the right to use the GE brand name and logo for only a limited period of time and if we fail to establish a new, independently recognized brand name, we could be adversely affected.***

In March 2014 we changed our corporate name to "SYNCHRONY FINANCIAL" and in June 2014 the Bank changed its corporate name to "Synchrony Bank," although we, the Bank and our other subsidiaries may continue to use the GE brand name and logo in marketing our products and services for a limited period of time. Pursuant to a transitional trademark license agreement, GE will grant us the right to use certain "GE," "GE Capital," "GE Capital Retail Bank," "GE Money" and "GECAP" marks and related GECAP logos and the GE monogram in connection with our products and services until such time as GE ceases to beneficially own more than 50% of our outstanding common stock, subject to certain exceptions (e.g., we generally will have a right to use those marks and related logos and the monogram on our credit cards for a period of three and a half years after the completion of this offering). Development of a new brand is an expensive, uncertain and long-term process. When our right to use the GE brand name and logo expires, we may not be able to maintain or enjoy comparable name recognition or status under our new brand. If we are unable to successfully manage the

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transition of our business to our new brand in a timely manner, our reputation among, and relationship with, our partners, customers, depositors and employees could be adversely affected.

***The terms of our arrangements with GE may be more favorable than we will be able to obtain from an unaffiliated third party. We may be unable to replace the services GECC provides us in a timely manner or on comparable terms.***

We and GECC will enter into a transitional services agreement and other agreements prior to the completion of this offering. Pursuant to the transitional services agreement, GECC and its affiliates will agree to provide us with transitional services after this offering, including treasury, payroll, tax and other financial services, human resources and employee benefits services, information systems and network access, application and support related services, and procurement and sourcing support.

We negotiated these arrangements with GECC in the context of a parent-subsidary relationship. Although GECC is contractually obligated to provide us with services during the term of the transitional services agreement, we cannot assure you that these services will be sustained at the same level after the expiration of that agreement, or that we will be able to replace these services in a timely manner or on comparable terms. When GECC ceases to provide services pursuant to those arrangements, our costs of procuring those services from third parties may increase. Other agreements with GE and GECC also will govern the relationship between us and GE after this offering and will provide for the allocation of employee benefits, tax and other liabilities and obligations attributable or related to periods or events prior to this offering. They also contain terms and provisions that may be more favorable than terms and provisions we might have obtained in arm's length negotiations with unaffiliated third parties. See "Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC."

***GE has significant control over us and may not always exercise its control in a way that benefits our public stockholders.***

Upon the completion of this offering, GE will beneficially own approximately % of our outstanding common stock ( % if the underwriters' option to purchase additional shares of common stock from us is exercised in full). GE has indicated that, following completion of this offering, it intends to divest its remaining interest in us. However, so long as GE continues to beneficially own more than 50% of our outstanding voting stock, GE generally will be able to determine the outcome of corporate actions requiring stockholder approval, GE will have the voting power to elect the board of directors and GE will have significant influence over, and in some cases, the right to approve certain compensation paid to our executive officers.

The Master Agreement will give GECC certain significant rights until such time, if any, as the GE SLHC Deregistration occurs. Some of GECC's rights under the Master Agreement will not terminate until the GE SLHC Deregistration occurs, and therefore it is possible that GE will exercise some or all of such rights at a time when it does not own any of our common stock. Under the Master Agreement, GECC will have the right to designate five persons for nomination for election to our nine-member board of directors so long as GE beneficially owns more than 50% of our outstanding common stock and to designate a lesser number as GE's percentage ownership decreases until the GE SLHC Deregistration. In addition, subject to certain exceptions and ownership thresholds, until the GE SLHC Deregistration, we will be required to obtain GECC's prior written approval before undertaking (or permitting or authorizing the Bank or any of our other subsidiaries to undertake) various significant corporate actions. These include (subject to certain agreed exceptions):

- consolidating or merging with or into any person or, subject to certain exceptions, permitting any subsidiary to merge with or into any person;
- acquiring control of a bank or savings association or making any other acquisition of assets or equity for a price (including assumed debt) in excess of \$500 million (other than acquisitions of receivables portfolios in the ordinary course of business that do not exceed \$1 billion); provided, that once GE's

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beneficial ownership of our common stock decreases below 20%, the general threshold will be increased to \$1 billion and the threshold for acquisitions of receivables portfolios in the ordinary course of business will be increased to \$2 billion;

- disposing of assets or securities in a single transaction or a series of related transactions for a price (including assumed debt) in excess of \$500 million (other than dispositions among us and our affiliates, issuances of asset backed securitization debt to maintain the aggregate level of borrowing capacity we have at the time of this offering and dispositions of receivables in the ordinary course of business that do not exceed \$1 billion); provided, that once GE's beneficial ownership of our common stock decreases below 20%, the general threshold will be increased to \$1 billion and the threshold for disposition of receivables portfolios in the ordinary course of business will be increased to \$2 billion;
- incurring or guaranteeing debt that would reasonably be expected to result in a downgrade of our publicly issued debt below specified ratings at the time of this offering;
- dissolving, liquidating, or winding up our Company;
- altering, amending, terminating or repealing, or adopting any provision inconsistent with, the provisions of our certificate of incorporation or our bylaws;
- adopting or implementing any stockholder rights plan or similar takeover defense measure;
- declaring or paying any dividend or other distribution in respect of our common stock;
- repurchasing our common stock, subject to certain exceptions;
- entering into a new principal line of business or entering into business outside of the United States and Canada; or
- establishing an executive committee of our board of directors.

GE's interests may differ from your interests, and therefore actions GE takes with respect to us, as a controlling or significant stockholder or under the Master Agreement, may not be favorable to you.

***As long as GE owns a majority of our common stock, we will rely on certain of the exemptions from the corporate governance requirements of the NYSE available for "controlled companies".***

Upon the completion of this offering, we will be a "controlled company" within the meaning of the corporate governance listing standards of the NYSE because GE will continue to own more than 50% of our outstanding common stock. A "controlled company" may elect not to comply with certain corporate governance requirements of the NYSE. Consistent with this, the Master Agreement will provide that, so long as we are a "controlled company," we will elect not to comply with the requirements to have a majority of independent directors or to have the Nominating and Corporate Governance and Management Development and Compensation Committees of our board of directors consist entirely of independent directors. Upon completion of this offering, we expect that six of our nine directors, including one member of the board of directors' Nominating and Corporate Governance Committee and one member of the board of directors' Management Development and Compensation Committee, will not qualify as "independent directors" under the applicable listing standards of the NYSE. As a result, you will not have certain of the protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

***Our historical combined and pro forma financial information do not reflect the results we would have achieved as a standalone company and may not be a reliable indicator of our future results.***

The historical combined and pro forma financial information included in this prospectus does not reflect the financial condition, results of operations or cash flows we would have achieved as a standalone company during the periods presented and may not be a reliable indicator of our future results. The pro forma financial information depends on various assumptions that may be incorrect. For example, the actual weighted average

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funding cost for additional debt incurred in connection with the Transactions may be higher than that assumed for purposes of preparing the pro forma financial information, interest earned on additional assets may be lower than assumed, or the Planned Debt Offering may not occur. The pro forma financial information also does not give effect to or make any adjustment for various factors including anticipated increases in our operating expense following this offering and increases in payments under recently extended program agreements.

In addition, the historical combined and pro forma financial information does not reflect the impact of any conditions or restrictions that may be imposed by the Federal Reserve Board in connection with the GE SLHC Deregistration and the Separation, including requiring higher capital or liquidity levels or restricting our business activities or growth. Accordingly, our historical combined and pro forma financial information should not be relied upon as representative or indicative of what our financial condition or results of operations would have been had the Transactions occurred on the dates indicated. This information also should not be relied upon as representative or indicative of our future financial condition, results of operations or cash flows. For additional information relating to our historical combined and pro forma financial information, see “Selected Historical and Pro Forma Financial Information.”

### ***The obligations associated with being a public company will require significant resources and management attention.***

In connection with this offering, we will become subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and SEC rules under that act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act and SEC rules thereunder require, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. We have established all of the procedures and practices required as a subsidiary of GE but we will have additional procedures and practices to establish as a separate, standalone public company. As a result, we will incur significant legal, accounting and other expenses that we did not previously incur. Furthermore, the need to establish the corporate infrastructure necessary for a standalone public company may divert some of management’s attention from operating our business and implementing our strategy. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, we cannot predict or estimate the amount of additional costs we may incur in order to comply with these requirements.

The Sarbanes-Oxley Act and SEC rules require annual management assessments of the effectiveness of our internal control over financial reporting, starting with the second annual report that we file with the SEC, and, in the annual report for the next succeeding year, a report by our independent auditors addressing such assessments. Failure to achieve and maintain an effective internal control environment could have a material adverse effect on our business and stock price.

### ***GE could engage in business and other activities that compete with us.***

GE has agreed that, subject to certain exceptions, for two years after the GE SLHC Deregistration, it will not engage in the business of providing credit to consumers through: (i) private label credit cards or dual cards in conjunction with programs with retailers, merchants or healthcare providers primarily for the purchase of goods and services from the applicable retailer, merchant or healthcare provider or (ii) general purpose credit cards, in each case, in the United States and Canada. See “Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Master Agreement—Noncompetition Agreement.” Our certificate of incorporation provides that, other than that non-compete agreement and any other contractual provisions to the contrary, GE will have no obligation to refrain from:

- engaging in the same or similar business activities or lines of business as us; or
- doing business with any of our partners, customers or vendors.

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GE has significant financial services businesses, including owning a bank that takes deposits (in addition to the Bank), providing consumer financing outside the United States and Canada (including private label credit cards) and providing commercial financing (including inventory, floorplan and other financing to small and medium-sized businesses). Following this offering, GE will continue to engage in these businesses. To the extent that GE engages in the same or similar business activities or lines of business as us, or engages in business with any of our partners, customers or vendors, our ability to successfully operate and expand our business may be hampered.

### ***Conflicts of interest may arise between us and GE that could be resolved in a manner unfavorable to us.***

Questions relating to conflicts of interest may arise between us and GE in a number of areas relating to our past and ongoing relationships. Six of our directors (one of whom is our Chief Executive Officer) and many of our senior executive officers are also officers of GE and/or GECC. These directors and officers own GE stock and options to purchase GE stock, and all of them participate in GE pension plans. Ownership interests of our directors or officers in GE stock, or service as both a director of our Company and a director, officer and/or employee of GE and/or GECC, could give rise to potential conflicts of interest when a director or officer is faced with a decision that could have different implications for the two companies. These potential conflicts could arise, for example, over matters such as the desirability of changes in our business and operations, funding and capital matters, regulatory matters, matters arising with respect to the Master Agreement and other agreements with GE, employee retention or recruiting, or our dividend policy.

The corporate opportunity policy set forth in our certificate of incorporation addresses certain potential conflicts of interest between our Company, on the one hand, and GE and its officers who are directors of our Company, on the other hand. By becoming a stockholder in our Company, you will be deemed to have notice of and have consented to these provisions of our certificate of incorporation. Although these provisions are designed to resolve certain conflicts between us and GE fairly, we cannot assure you that any conflicts will be so resolved. The principles for resolving these potential conflicts of interest are described under “Description of Capital Stock—Provisions of Our Certificate of Incorporation Relating to Corporate Opportunities.”

### ***If GE distributes our stock to its stockholders in exchange for its common stock in a transaction that is intended to be tax-free to GE, we could have a material indemnification obligation to GE under the TSSA if we cause the distribution or certain related preliminary internal transactions to fail to qualify for tax-free treatment or in the case of certain significant transfers of our stock following such distribution.***

GE has indicated that after this offering it currently intends to complete its exit from its investment in us by making a distribution of all of its remaining shares of our stock to its stockholders in exchange for GE’s common stock in a transaction that would be designed to qualify for tax-free treatment to GE and its stockholders under Section 355 of the Internal Revenue Code (the “Code”). Completion by GE of any such distribution is conditioned on, among other things, a private letter ruling from the IRS regarding certain issues relating to, and an opinion from tax counsel confirming, the tax-free treatment under Section 355 of the Code of the distribution and the tax-free treatment of a series of preliminary transactions that would be required prior to implementing the distribution. The IRS ruling and the opinion of tax counsel will rely on certain facts, assumptions, representations and undertakings from GE and us regarding the past and future conduct of GE’s and our businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not otherwise satisfied, GE may not be able to rely on the IRS ruling or the opinion of tax counsel. Accordingly, notwithstanding the IRS ruling and the opinion of tax counsel, the IRS could determine that the distribution (or any of the preliminary transactions) is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion that are not covered by the IRS ruling, or for other reasons, including as a result of certain significant changes in the stock ownership of GE or us after the distribution. If the distribution (or any of the preliminary transactions) is determined to be taxable, GE could incur significant tax liabilities, and under the tax sharing and separation agreement (the “TSSA”) we will enter into with GE prior to the completion of this offering, we may be required to indemnify GE for any such liabilities if the liability is caused by any action or inaction undertaken by us following the completion of this offering or as a result of any direct or indirect transfers of our stock following the distribution.

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In order to preserve the tax-free status of the distribution and the preliminary transactions to GE, the TSSA includes a provision generally prohibiting us from taking action after the completion of this offering that would cause the distribution (or the preliminary transactions) to become taxable. As a result, and given our indemnity obligation to GE under the TSSA for tax liabilities incurred by GE as a result of a breach of these provisions by us or as a result of any direct or indirect transfers of our stock following the distribution, we may be required to forgo certain significant transactions that would otherwise have been advantageous to us for a period of time following the distribution, such as certain dispositions of our assets or issuances of our stock. For a discussion of the TSSA, see “Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Tax Sharing and Separation Agreement.”

### **Risks Relating to This Offering**

#### ***Future sales of a substantial number of shares of our common stock may depress the price of our shares.***

If GE or any of our other stockholders sells or otherwise disposes of a large number of shares of our common stock (whether through the Separation or otherwise), or if we issue a large number of shares of our common stock in connection with future acquisitions, financings, or other circumstances, the market price of shares of our common stock could decline significantly. Moreover, GE’s intention to divest of its remaining shares of our common stock or the perception in the public market that other stockholders might sell shares of our common stock could depress the market price of our common stock.

All the shares of our common stock sold in this offering will be freely tradable without restriction, except for shares of our common stock owned by any of our affiliates, including GE, and any shares sold pursuant to our directed share program that are subject to “lock-up” restrictions as described under “Underwriters.” Immediately after this offering, the public market for our common stock will include only the           million shares of our common stock that are being sold in this offering, or           million shares of our common stock if the underwriters exercise their option to purchase additional shares of our common stock from us in full. After this offering, we intend to register           million shares of our common stock, which are reserved for issuance under our employee benefit plans. Once we register these shares, they can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates. In addition, we have granted GECC demand and “piggyback” registration rights with respect to the shares of our common stock it will hold upon the completion of this offering. GECC may exercise its demand and piggyback registration rights, and any shares of our common stock so registered will be freely tradable in the public market, except for shares acquired by any of our affiliates. See “Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Registration Rights Agreement” and “Shares Eligible for Future Sale.”

Our directors, executive officers and GECFI have entered into lock-up agreements in which they have agreed that they will not sell, directly or indirectly, any shares of our common stock (including any shares acquired pursuant to our directed share program) for a period of 180 days from the date of this prospectus (subject to certain exceptions) without the prior written consent of           . See “Shares Eligible for Future Sale.”

#### ***Our common stock has no prior public market, and we cannot assure you that an active trading market will develop.***

Prior to this offering, there has not been a market for our common stock and an active trading market in our common stock might not develop or continue. If you purchase shares of our common stock in this offering, you will pay a price that was not established in a competitive market. Rather, you will pay a price that was determined through negotiations with the representatives of the underwriters based upon an assessment of the valuation of our common stock and a book-building process. The public market may not agree with or accept this valuation, in which case you may not be able to sell your shares of our common stock at or above the initial offering price. In addition, if an active trading market does not develop, you may have difficulty selling your shares of our common stock at an attractive price, or at all. An inactive market may also impair our ability to

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raise capital by selling shares of our common stock and may impair our ability to acquire other companies, products or technologies by using shares of our common stock as consideration.

### ***The price of our common stock may be volatile and may be affected by market conditions beyond our control.***

Our share price is likely to fluctuate in the future because of the volatility of the stock market in general and a variety of factors, many of which are beyond our control, including:

- general market conditions;
- domestic and international economic factors unrelated to our performance;
- actual or anticipated variations in quarterly results of our operations;
- changes in or failure to meet our publicly disclosed expectations as to our future financial performance;
- downgrades in securities analysts' estimates of our financial performance, failures to meet analyst expectations or lack of research and reports by industry analysts;
- changes in market valuations or earnings of similar companies;
- any future sales of our common stock or other securities;
- additions or departures of key personnel;
- actions or announcements by our competitors;
- reputational issues;
- regulatory and tax actions;
- changes in our capital structure or dividend policy, including as a result of the Separation, regulatory requirements, future issuances of securities, sales of large blocks of common stock by our stockholders (including GE), or our incurrence of additional debt; and
- announcements or actions taken by GE as our principal stockholder.

The stock market has recently experienced extreme price and volume fluctuations. The market prices of securities of financial services companies have experienced fluctuations that often have been unrelated or disproportionate to the operating results of these companies. For example, we are currently operating in, and have benefited from, a protracted period of historically low interest rates that will not be sustained indefinitely, and future fluctuations in interest rates could cause an increase in volatility of the market price of our common stock. Market fluctuations could result in extreme volatility in the price of shares of our common stock, which could cause a decline in the value of your investment. Price volatility may be greater if the public float and trading volume of shares of our common stock is low. Furthermore, in the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources, and harm our business or results of operations.

### ***We cannot assure you whether or when we will begin paying a dividend or the amount of any such dividend.***

In connection with our application to the Federal Reserve Board described above and the Separation, we expect to continue to increase our capital and liquidity levels by, among other things, retaining net earnings and not paying a dividend or returning capital through stock repurchases until our application to the Federal Reserve Board is approved. The declaration and amount of any future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including the financial condition, earnings, capital and liquidity requirements of us and the Bank, applicable regulatory restrictions, corporate law and contractual restrictions (including restrictions contained in the New Bank Term Loan Facility and the New

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GECC Term Loan Facility) and other factors that our board of directors deems relevant. As a result, we cannot assure you that we will pay dividends at any rate or at all.

### ***Applicable laws and regulations, provisions of our certificate of incorporation and by-laws and certain contractual rights granted to GE may discourage takeover attempts and business combinations that stockholders might consider in their best interests.***

Applicable laws, provisions of our certificate of incorporation and by-laws, and certain contractual rights granted to GE under the Master Agreement may delay, deter, prevent or render more difficult a takeover attempt that our stockholders might consider in their best interests. For example, they may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

Takeover attempts, business combinations and certain acquisitions of our common stock may require prior approval of or notice to the Federal Reserve Board. If a company seeks to acquire, either acting alone or in concert with others, 25% or more of any class of our voting stock, acquire control of the election or appointment of a majority of the directors on our board of directors, or exercise a controlling influence over our management or policies, it would be required to obtain the prior approval of the Federal Reserve Board. In addition, if any individual seeks to acquire, either acting alone or in concert with others, 25% or more of any class of our voting stock, the individual generally is required to provide 60 days' prior notice to the Federal Reserve Board. An individual (and also a company not otherwise required to obtain Federal Reserve Board approval to control us) is presumed to control us, and therefore generally required to provide 60 days' prior notice to the Federal Reserve Board, if the individual (or such company) acquires 10% or more of any class of our voting stock, although the individual (or such company) may seek to rebut the presumption of control based on the facts.

Section 203 of the General Corporation Law of the state of Delaware ("DGCL") may affect the ability of an "interested stockholder" to engage in certain business combinations, including mergers, consolidations or acquisitions of additional shares from the corporation, for a period of three years following the time that the stockholder becomes an "interested stockholder." An "interested stockholder" is defined to include persons owning directly or indirectly 15% or more of the outstanding voting stock of a corporation. However, our certificate of incorporation provides that we will not be governed by Section 203 of the DGCL until the moment in time, if ever, immediately following the time at which both (i) Section 203 by its terms would, but for the terms of our certificate of incorporation, apply to us and (ii) there occurs a transaction by which GE reduces its ownership interest in us to less than 15% of the voting power of our outstanding shares of voting stock.

Our certificate of incorporation and by-laws will include provisions that may have anti-takeover effects and may delay, deter or prevent a takeover attempt that our stockholders might consider in their best interests. For example, our certificate of incorporation and by-laws will:

- until the earlier of (i) the time immediately prior to the Split-off and (ii) the GE SLHC Deregistration, preclude any stockholder or group (other than GE or its affiliates and certain other exempt persons) from voting more than 4.99% of our capital stock entitled to vote generally in the election of directors;
- permit our board of directors to issue one or more series of preferred stock with such powers, rights and preferences as the board of directors shall determine;
- provide that, subject to the rights of holders of any series of preferred stock, only the board of directors may fill newly-created directorships or vacancies on our board of directors;
- limit the ability of stockholders (other than GE or its affiliates) to call special meetings of stockholders and require that all stockholder action be taken at a meeting rather than by written consent; and
- establish advance notice requirements for stockholder proposals and nominations of candidates for election as directors (except for GE's designation of persons for nomination by the board of directors).

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Until the GE SLHC Deregistration occurs, the Master Agreement will give GECC the right to designate a person or persons for nomination to our board of directors. So long as GE beneficially owns more than 50% of our outstanding common stock, GECC will have the right to designate for nomination five of the board of directors' nine nominees for election as a director. This number will decrease as GE's percentage ownership decreases.

The Master Agreement will also require that, until the GE SLHC Deregistration, we must obtain GECC's prior written approval before undertaking (or permitting or authorizing the Bank or any of our other subsidiaries to undertake) various significant corporate actions. See "—GE has significant control over us and may not always exercise its control in a way that benefits our public stockholders."

These limitations may adversely affect the prevailing market price and market for our common stock if they are viewed as limiting the liquidity of our stock or discouraging takeover attempts in the future.

***Our common stock is and will be subordinate to all of our existing and future indebtedness and any preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries.***

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our existing and future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any series of preferred stock that our board of directors may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary's creditors and preferred stockholders.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “targets,” “estimates,” “will” or words of similar meaning. Examples of forward-looking statements include, but are not limited to, statements regarding the outlook for our future business and financial performance, such as those contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Business Trends and Conditions.” Forward-looking statements are based on management’s current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as:

- impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated;
- retaining existing partners and attracting new partners, concentration of our platform revenue in a small number of Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners;
- our need for additional financing, higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings;
- our ability to securitize our loans, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loans, and lower payment rates on our securitized loans;
- our reliance on dividends, distributions and other payments from the Bank;
- our ability to grow our deposits in the future;
- changes in market interest rates and the impact of any margin compression;
- effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk, the sufficiency of our allowance for loan losses and the accuracy of the assumptions or estimates used in preparing our financial statements;
- our ability to offset increases in our costs in retailer share arrangements;
- competition in the consumer finance industry;
- our concentration in the U.S. consumer credit market;
- our ability to successfully develop and commercialize new or enhanced products and services;
- our ability to realize the value of strategic investments;
- reductions in interchange fees;
- fraudulent activity;
- cyber-attacks or other security breaches;
- failure of third parties to provide various services that are important to our operations;
- disruptions in the operations of our computer systems and data centers;
- international risks and compliance and regulatory risks and costs associated with international operations;
- catastrophic events;
- alleged infringement of intellectual property rights of others and our ability to protect our intellectual property;

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- litigation and regulatory actions;
- damage to our reputation;
- our ability to attract, retain and motivate key officers and employees;
- tax legislation initiatives or challenges to our tax positions and state sales tax rules and regulations;
- significant and extensive regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Act and the impact of the CFPB's regulation of our business;
- changes to our methods of offering our CareCredit products;
- impact of capital adequacy rules;
- restrictions that limit our ability to pay dividends and repurchase our capital stock and that limit the Bank's ability to pay dividends;
- regulations relating to privacy, information security and data protection as well as anti-money laundering and anti-terrorism financing laws;
- use of third-party vendors and ongoing third-party business relationships;
- effect of GECC being subject to regulation by the Federal Reserve Board both as a savings and loan holding company and as a systematically important financial institution;
- GE not completing the Separation as planned or at all, GE's inability to obtain the GE SLHC Deregistration and GE continuing to have significant control over us;
- completion by the Federal Reserve Board of a review (with satisfactory results) of our preparedness to operate on a standalone basis, independently of GE, and Federal Reserve Board approval required for us to continue to be a savings and loan holding company, including the imposition of any significant additional capital or liquidity requirements;
- our need to establish and significantly expand many aspects of our operations and infrastructure;
- delays in receiving or failure to receive Federal Reserve Board agreement required for us to be treated as a financial holding company after the GE SLHC Deregistration;
- loss of association with GE's strong brand and reputation;
- limited right to use the GE brand name and logo and need to establish a new brand;
- GE has significant control over us;
- terms of our arrangements with GE may be more favorable than we will be able to obtain from unaffiliated third parties;
- obligations associated with being a public company;
- our incremental cost of operating as a standalone public company could be substantially more than anticipated;
- GE could engage in businesses that compete with us, and conflicts of interest may arise between us and GE; and
- failure caused by us of GE's distribution of our common stock to its stockholders in exchange for its common stock to qualify for tax-free treatment, which may result in significant tax liabilities to GE for which we may be required to indemnify GE.

See "Risk Factors" for a further description of these and other factors. For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this prospectus, including in "Risk Factors." Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

## USE OF PROCEEDS

Assuming an initial public offering price of \$      per share, the midpoint of the range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be approximately \$      (or \$      if the underwriters exercise in full their option to purchase additional shares of our common stock from us), after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$      per share of our common stock, the midpoint of the range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us of this offering by \$     , assuming that the number of shares of our common stock offered by us, as set forth on the cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses. An increase (decrease) of      shares in the number of shares of our common stock offered by us would increase (decrease) net proceeds to us of this offering by \$     , assuming the public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

Prior to the completion of this offering, we will enter into the \$      billion New Bank Term Loan Facility and the \$3.0 billion New GECC Term Loan Facility.

We also currently intend to issue approximately \$      billion of senior unsecured debt securities in the Planned Debt Offering shortly after the completion of this offering. We cannot assure you that the Planned Debt Offering will be completed or, if completed, on what terms it will be completed.

For a discussion of these financing transactions, see “Description of Certain Indebtedness—New Bank Term Loan Facility,” “—New GECC Term Loan Facility” and “—New Senior Notes.”

We intend to use the net proceeds from this offering, together with the net proceeds from borrowings under the New Bank Term Loan Facility and the New GECC Term Loan Facility, to repay all of our related party debt owed to GECC and its affiliates that is outstanding on the date of the closing of this offering (the “Outstanding Related Party Debt”), to increase our capital, to invest in liquid assets to increase the size of our liquidity portfolio, to pay fees and expenses related to the Transactions and for such additional uses as we may determine in the future. The weighted average interest rate on the Outstanding Related Party Debt for the year ended December 31, 2013 and the three months ended March 31, 2014 was 1.7% and 2.3% per annum, respectively.

The New GECC Term Loan Facility is being entered into to formalize the lending relationship between GECC and the Company in light of the offering and expected Separation and to reflect the fact that the Company will no longer be a wholly-owned subsidiary of GECC. The New GECC Term Loan Facility will have a five-year maturity, thus providing financing for a transitional period following the offering and the expected Separation, and will bear interest at a higher rate than the Outstanding Related Party Debt being repaid.

We intend to use the net proceeds from the Planned Debt Offering to invest in liquid assets to further increase the size of our liquidity portfolio and to pay fees and expenses related to that offering and for such additional uses as we may determine in the future. For a discussion of the Outstanding Related Party Debt, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Funding Provided by GECC.”

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The following table summarizes the estimated sources of funds and uses of funds in connection with this offering. The amounts in the tables below are based on estimated amounts and may differ from the actual amounts at the time of the consummation of this offering depending on several factors, including differences from our estimates of the amount of the Planned Debt Offering, the Outstanding Related Party Debt and fees and expenses. You should read the following together with the information included under the heading “Selected Historical and Pro Forma Financial Information” included elsewhere in this prospectus.

Sources of Funds (\$ in millions)		Uses of Funds (\$ in millions)	
Common stock offered hereby	\$	Repay Outstanding Related Party Debt <sup>(1)</sup>	\$
Planned Debt Offering <sup>(2)</sup>		Increase capital and liquidity portfolio	
New Bank Term Loan Facility		Fees and expenses	
New GECC Term Loan Facility			
Total sources of funds	\$	Total uses of funds	\$

- (1) Amount reflects \$8,062 million of Outstanding Related Party Debt at March 31, 2014. The amount to be repaid will be the actual amount of Outstanding Related Party Debt on the closing date of this offering. At June 30, 2014, our Outstanding Related Party Debt was \$ million. Any increase (or decrease) in the actual Outstanding Related Party Debt to be repaid will have a corresponding decrease (or increase) in the amount of our liquidity portfolio.
- (2) We currently intend to issue approximately \$ billion of senior unsecured debt securities in the Planned Debt Offering shortly after the completion of this offering. If during the first three months following this offering we issue senior unsecured debt securities in excess of \$3 billion, the net proceeds of such debt (subject to certain limited exceptions) shall be applied, first, to prepay the New GECC Term Loan Facility until the outstanding principal amount thereunder equals \$1.5 billion and, second, to prepay outstanding principal amounts of the New GECC Term Loan Facility and New Bank Term Loan Facility on a pro rata basis. See “Description of Certain Indebtedness—New Bank Term Loan Facility.” We cannot assure you that the Planned Debt Offering (or any other offering of unsecured debt securities) will be completed or, if completed, on what terms it will be completed.

## DIVIDEND POLICY

In connection with our application to the Federal Reserve Board described above and the Separation, we expect to continue to increase our capital and liquidity levels by, among other things, retaining net earnings and not paying a dividend or returning capital through stock repurchases until our application to the Federal Reserve Board is approved. Thereafter, our board of directors intends to consider a policy for paying dividends and may consider stock repurchases, in each case consistent with maintaining capital ratios well in excess of regulatory requirements. The declaration and amount of any future dividends to holders of our common stock or stock repurchases will be at the discretion of our board of directors and will depend on many factors, including the financial condition, earnings, capital and liquidity requirements of us and the Bank, applicable regulatory restrictions, corporate law and contractual restrictions (including restrictions contained in the New Bank Term Loan Facility and the New GECC Term Loan Facility) and other factors that our board of directors deems relevant.

As a savings and loan holding company, our ability to pay dividends to our stockholders or to repurchase our stock is subject to regulation by the Federal Reserve Board. In addition, as a holding company, we rely significantly on dividends, distribution and other payments from the Bank to fund dividends to our stockholders. The ability of the Bank to make dividends and other distributions and payments to us is subject to regulation by the OCC and the Federal Reserve Board. See “Risk Factors—Risks Relating to Our Business—We are a holding company and will rely significantly on dividends, distributions and other payments from the Bank,” “—Risks Relating to Regulation—We and the Bank are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock” and “—Risks Relating to This Offering—We cannot assure you whether or when we will begin paying a dividend or the amount of any such dividend.”

For a discussion of the financial covenants contained in the New Bank Term Loan Facility and the New GECC Term Loan Facility that may limit our and the Bank’s ability to pay dividends, see “Description of Certain Indebtedness—New Bank Term Loan Facility” and “—New GECC Term Loan Facility.”

[Table of Contents](#)**CAPITALIZATION**

Set forth below is our capitalization at March 31, 2014, on an historical and a pro forma basis, which reflects the adjustments described in more detail in the notes to the unaudited pro forma financial information under “Selected Historical and Pro Forma Financial Information.” You should read this information in conjunction with those notes, as well as “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our combined financial statements and the related notes included elsewhere in this prospectus.

<i>At March 31, 2014 (\$ in millions)</i>	<u>Actual</u>	<u>As Adjusted</u>
Cash and equivalents	\$ 5,331	\$
<b>Deposits:</b>		
Interest bearing deposit accounts	\$27,123	\$ 27,123
Non-interest bearing deposit accounts	235	235
Total deposits	<u>\$27,358</u>	<u>\$ 27,358</u>
<b>Borrowings:(1)</b>		
Borrowings of consolidated securitization entities	\$14,642	\$ 14,642
Outstanding Related Party Debt	8,062	—
New Bank Term Loan Facility	—	
New GECC Term Loan Facility	—	3,000
Planned Debt Offering(2)	—	
Total borrowings	<u>\$22,704</u>	<u>\$</u>
<b>Equity:</b>		
Parent’s net investment(3)	\$ 6,052	\$ —
Common stock(3)	—	
Additional paid-in capital(3)	—	
Accumulated other comprehensive income	(10)	
Total stockholders’ equity	<u>\$ 6,042</u>	<u>\$</u>
<b>Total capitalization</b>	<u>\$56,104</u>	<u>\$</u>

(1) Does not reflect an aggregate of approximately \$5.6 billion of undrawn committed capacity that we currently have under two of our existing securitization programs.

(2) We currently intend to issue approximately \$ billion of senior unsecured debt securities in the Planned Debt Offering shortly after the completion of this offering. If during the first three months following this offering we issue senior unsecured debt securities in excess of \$3 billion, the net proceeds of such debt (subject to certain limited exceptions) shall be applied, first, to prepay the New GECC Term Loan Facility until the outstanding principal amount thereunder equals \$1.5 billion and, second, to prepay outstanding principal amounts of the New GECC Term Loan Facility and New Bank Term Loan Facility on a pro rata basis. See “Description of Certain Indebtedness—New Bank Term Loan Facility.” We cannot assure you that the Planned Debt Offering (or any other offering of unsecured debt securities) will be completed or, if completed, on what terms it will be completed.

(3) Represents the reclassification of GE’s net investment in us, which was recorded in Parent’s net investment, into Common stock and Additional paid-in capital at a par value of \$0.001 per share.

## DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share of our common stock after this offering. Dilution results from the fact that the initial public offering price per share of our common stock is substantially in excess of the net tangible book value per share of our common stock attributable to existing stockholders for our presently outstanding shares of common stock. At March 31, 2014, net tangible book value attributable to our stockholders was \$ , or \$ per share of common stock based on shares of common stock issued and outstanding. Net tangible book value per share equals total consolidated tangible assets minus total consolidated liabilities divided by the number of outstanding shares of our common stock.

Our net tangible book value at March 31, 2014 would have been approximately \$ , or \$ per share of our common stock based on shares of our common stock issued and outstanding after giving effect to the sale of shares of our common stock by us at an assumed initial public offering price of \$ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

This represents an immediate increase in the net tangible book value of \$ per share to existing stockholders and an immediate dilution in the net tangible book value of \$ per share to the investors who purchase our common stock in this offering.

The following table illustrates the per share dilution after giving pro forma effect to this offering:

Initial public offering price per share	\$
Net tangible book value per share at March 31, 2014	\$
Increase in net tangible book value per share attributable to this offering	\$
Net tangible book value per share of common stock after this offering	\$
Dilution per share to new investors	\$

Each \$1.00 increase (decrease) in the assumed initial offering price of \$ per share of our common stock would increase (decrease) the net tangible book value at March 31, 2014 by approximately \$ , or approximately \$ per share, and the dilution per share to new investors by approximately \$ , assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase of one million shares in the number of shares offered by us would result in net tangible book value at March 31, 2014 of approximately \$ , or \$ per share, and the dilution per share to investors in this offering would be \$ per share, assuming the public offering price per share remains the same. Similarly, a decrease of one million shares in the number of shares of common stock offered by us would result in net tangible book value at March 31, 2014 of approximately \$ , or \$ per share, and the dilution per share to investors in this offering would be \$ per share. The information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

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The following table summarizes, at March 31, 2014 (giving pro forma effect to the sale by us of \_\_\_\_\_ shares of our common stock in this offering), the difference between existing stockholders and new investors with respect to the number of shares of our common stock purchased from us, the total consideration paid to us for these shares, and the average price per share paid by our existing stockholders and to be paid by the new investors in this offering. The calculation below reflecting the effect of shares purchased by new investors is based on the initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the range set forth on the cover page of this prospectus after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Number	Percent	
Existing stockholders		%		%	\$
New investors					
Total		100.0%		100.0%	

Each \$1.00 increase (decrease) in the assumed initial offering price of \$ \_\_\_\_\_ per share of common stock would increase (decrease) the total consideration paid by new investors by approximately \$ \_\_\_\_\_, or the percent of total consideration paid by new investors by approximately \_\_\_\_\_%, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase (decrease) of shares in the number of \_\_\_\_\_ shares offered by us increase (decrease) the total consideration paid by new investors by approximately \$ \_\_\_\_\_, or the percent of total consideration paid by new investors by approximately \_\_\_\_\_%, assuming the public offering price per share remains the same. The information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

The number of shares purchased is based on shares of our common stock outstanding at March 31, 2014. The discussion and table above exclude shares of our common stock issuable upon exercise of outstanding options issued. If the underwriters were to fully exercise their option to purchase additional shares of our common stock from us, the percentage of shares of our common stock held by existing stockholders would be \_\_\_\_\_%, and the percentage of shares of our common stock held by new investors would be \_\_\_\_\_%. To the extent any outstanding options are exercised, new investors will experience further dilution. To the extent all \_\_\_\_\_ outstanding options had been exercised at March 31, 2014, the net tangible book value per share after this offering would be \$ \_\_\_\_\_ and total dilution per share to new investors would be \$ \_\_\_\_\_.

## SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following table sets forth selected historical combined and unaudited pro forma financial information. The selected historical combined financial information at and for the three months ended March 31, 2014 and 2013 is unaudited and has been derived from our unaudited historical combined financial statements included elsewhere in this prospectus. The selected historical combined financial information at December 31, 2013 and 2012, and for the years ended December 31, 2013, 2012 and 2011 has been derived from our historical combined financial statements, which have been audited by KPMG LLP and are included elsewhere in this prospectus. The selected historical combined financial information at December 31, 2011, 2010 and 2009, and for the years ended December 31, 2010 and 2009 is unaudited and has been derived from our historical combined financial information not included in the prospectus. The selected unaudited pro forma financial information at and for the three months ended March 31, 2014 and for the year ended December 31, 2013 is unaudited and has been derived from our unaudited pro forma financial statements. You should read this information in conjunction with the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical combined financial statements and the related notes thereto, which are included elsewhere in this prospectus.

Synchrony is a holding company for the legal entities that historically conducted GE’s North American retail finance business. Synchrony was incorporated in Delaware on September 12, 2003, but prior to April 1, 2013, conducted no business. During the period from April 1, 2013 to September 30, 2013, as part of a regulatory restructuring, substantially all of the assets and operations of GE’s North American retail finance business, including the Bank, were transferred to Synchrony. The remaining assets and operations of that business have been or will be transferred to Synchrony prior to the completion of this offering.

We have prepared our historical combined financial statements as if Synchrony had conducted GE’s North American retail finance business throughout all relevant periods. Our historical combined financial information and statements include the assets, liabilities and operations of GE’s North American retail finance business.

The unaudited pro forma information set forth below reflects our historical combined financial information, as adjusted to give effect to the following Transactions as if each had occurred at January 1, 2013, in the case of statements of earnings information, and at March 31, 2014, in the case of statements of financial position information:

- issuance of            million shares of our common stock in this offering at an estimated offering price of \$            per share (the midpoint of the price range set forth on the front cover of this prospectus);
- repayment of all Outstanding Related Party Debt (as defined under “Use of Proceeds”);
- entering into of, and costs associated with, the New Bank Term Loan Facility and the New GECC Term Loan Facility;
- completion of, and costs associated with, the Planned Debt Offering;
- investment in liquid assets to further increase the size of our liquidity portfolio consistent with our liquidity and funding policies; and
- issuance of a founders’ grant of restricted stock units and stock options to certain employees under the Synchrony 2014 Long-Term Incentive Plan.

The unaudited pro forma financial information is for illustrative and informational purposes only and is not intended to represent what our financial condition or results of operations would have been had the Transactions occurred on the dates indicated. The unaudited pro forma information also should not be considered representative of our future financial condition or results of operations.

The unaudited pro forma information below is based upon available information and assumptions that we believe are reasonable, that reflect the expected impacts of events that are directly attributable to the Transactions, that are factually supportable and in connection with earnings information are expected to have a continuing impact on us.

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Prior to the completion of this offering, we will enter into a number of arrangements with GE governing the Separation and a variety of transition matters. Except as described in the notes above, we have not reflected any adjustments for the estimated effects of these arrangements, which are described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Separation from GE and Related Financial Arrangements.”

In addition to the pro forma adjustments to our historical combined financial statements, various other factors will have an effect on our financial condition and results of operations after the completion of this offering, including those discussed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

For information with respect to certain items that are not reflected in the pro forma financial information, see note (k) to the unaudited pro forma financial information below.

### Condensed Combined Statements of Earnings Information

	Pro Forma	Historical		Pro Forma	Historical <sup>(1)</sup>				
	Three Months Ended March 31,	Three Months Ended March 31,		Year Ended December 31,	Years Ended December 31,				
	2014	2014	2013	2013	2013	2012	2011	2010(2)	2009
<i>(\$ in millions, except per share data)</i>									
Interest income	\$ 2,933	\$ 2,933	\$ 2,704	\$ 11,313	\$ 11,313	\$ 10,309	\$ 9,141	\$ 8,760	\$ 4,636
Interest expense	248	190	193	1,005	742	745	932	1,094	830
<b>Net interest income</b>	<b>2,685</b>	<b>2,743</b>	<b>2,511</b>	<b>10,308</b>	<b>10,571</b>	<b>9,564</b>	<b>8,209</b>	<b>7,666</b>	<b>3,806</b>
Retailer share arrangements	(594)	(594)	(484)	(2,373)	(2,373)	(1,984)	(1,428)	(989)	(799)
<b>Net interest income, after retailer share arrangements</b>	<b>2,091</b>	<b>2,149</b>	<b>2,027</b>	<b>7,935</b>	<b>8,198</b>	<b>7,580</b>	<b>6,781</b>	<b>6,677</b>	<b>3,007</b>
Provision for loan losses	764	764	1,047	3,072	3,072	2,565	2,258	3,151	2,883
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>	<b>1,327</b>	<b>1,385</b>	<b>980</b>	<b>4,863</b>	<b>5,126</b>	<b>5,015</b>	<b>4,523</b>	<b>3,526</b>	<b>124</b>
Other income	115	115	132	500	500	484	497	481	2,550
Other expense	616	610	539	2,510	2,484	2,123	2,010	1,978	1,979
<b>Earnings before provision for income taxes</b>	<b>826</b>	<b>890</b>	<b>573</b>	<b>2,853</b>	<b>3,142</b>	<b>3,376</b>	<b>3,010</b>	<b>2,029</b>	<b>695</b>
Provision for income taxes	(308)	(332)	(214)	(1,055)	(1,163)	(1,257)	(1,120)	(760)	(294)
<b>Net earnings</b>	<b>\$ 518</b>	<b>\$ 558</b>	<b>\$ 359</b>	<b>\$ 1,798</b>	<b>\$ 1,979</b>	<b>\$ 2,119</b>	<b>\$ 1,890</b>	<b>\$ 1,269</b>	<b>\$ 401</b>
Weighted average shares outstanding (in thousands)									
Basic									
Diluted									
Earnings per share									
Basic									
Diluted									

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**Condensed Combined Statements of Financial Position Information**

(\$ in millions)	<b>Pro Forma</b>	<b>Historical</b>	<b>Historical</b>				
	<b>At March 31, 2014</b>	<b>At March 31, 2014</b>	<b>At December 31,</b>				
			<b>2013</b>	<b>2012</b>	<b>2011(1)</b>	<b>2010(2)</b>	<b>2009</b>
<b>Assets:</b>							
Cash and equivalents	\$	\$ 5,331	\$ 2,319	\$ 1,334	\$ 1,187	\$ 219	\$ 572
Investment securities	265	265	236	193	198	116	7,261
Loan receivables	54,285	54,285	57,254	52,313	47,741	45,230	22,912
Allowance for loan losses	(2,998)	(2,998)	(2,892)	(2,274)	(2,052)	(2,362)	(1,654)
Goodwill	949	949	949	936	936	938	938
Intangible assets, net	464	464	300	255	252	227	396
Other assets	979	949	919	705	1,853	4,438	7,163
Assets of discontinued operations	—	—	—	—	—	1,847	3,092
<b>Total assets</b>		<b>59,245</b>	<b>59,085</b>	<b>53,462</b>	<b>50,115</b>	<b>50,653</b>	<b>40,680</b>
<b>Liabilities and Equity:</b>							
Total deposits	27,358	27,358	25,719	18,804	17,832	13,798	11,609
Total borrowings	27,142	22,704	24,321	27,815	25,890	30,936	18,069
Accrued expenses and other liabilities	2,988	3,141	3,085	2,261	2,065	1,600	6,192
Liabilities of discontinued operations	—	—	—	—	—	13	6
<b>Total liabilities</b>	<b>57,488</b>	<b>53,203</b>	<b>53,125</b>	<b>48,880</b>	<b>45,787</b>	<b>46,347</b>	<b>35,876</b>
<b>Total equity</b>		<b>6,042</b>	<b>5,960</b>	<b>4,582</b>	<b>4,328</b>	<b>4,306</b>	<b>4,804</b>
<b>Total liabilities and equity</b>	<b>\$</b>	<b>\$ 59,245</b>	<b>\$ 59,085</b>	<b>\$ 53,462</b>	<b>\$ 50,115</b>	<b>\$ 50,653</b>	<b>\$ 40,680</b>

- (1) In 2011, we completed the sale of a discontinued business operation. See Note 3. *Acquisition and Dispositions* to our combined financial statements. The selected earnings information presented above is of continuing operations.
- (2) On January 1, 2010, we adopted FASB Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*, and began consolidating our securitization entities. In 2009, we recognized gains on the sale of loan receivables to the securitization entities and earnings on retained interests which are included in other income within our Combined Statements of Earnings. The adoption of ASC 810, *Consolidation* on January 1, 2010 resulted in an increase to our total assets of \$13.8 billion and an increase to our total liabilities of \$15.2 billion. The increase in total assets primarily included an increase in loan receivables of \$24.0 billion, but was partially offset by an increase in the allowance for loan losses of \$1.6 billion and a decrease in investment securities of \$7.2 billion. The increase in total liabilities primarily included an increase in borrowings of \$18.8 billion.

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**Other Financial and Statistical Data**

	Pro Forma <sup>(1)</sup>	Historical		Pro Forma <sup>(1)</sup>	Historical		
	At and for the Three Months Ended March 31,	At and for the Three Months Ended March 31,		At and for the Year Ended December 31,	At and for the Years Ended December 31,		
	2014	2014	2013	2013	2013	2012	2011
<i>(\$ in millions, except per account data)</i>							
<b>Financial Position Data (Average):</b>							
Loan receivables	\$ 55,495	\$55,495	\$50,843	\$ 52,407	\$52,407	\$47,549	\$44,131
Total assets	\$	\$59,421	\$55,990	\$	\$56,184	\$49,905	\$46,218
Deposits	\$ 26,648	\$26,648	\$22,492	\$ 22,911	\$22,911	\$17,514	\$15,442
Borrowings	\$ 27,554	\$23,116	\$25,440	\$ 28,750	\$25,209	\$25,304	\$24,687
Total equity	\$	\$ 6,475	\$ 5,555	\$	\$ 5,121	\$ 4,764	\$ 4,009
<b>Selected Performance Metrics:</b>							
Purchase volume <sup>(2)</sup>	\$ 21,086	\$21,086	\$19,803	\$ 93,858	\$93,858	\$85,901	\$77,883
Retail Card	\$ 16,713	\$16,713	\$15,719	\$ 75,739	\$75,739	\$69,240	\$62,663
Payment Solutions	\$ 2,687	\$ 2,687	\$ 2,471	\$ 11,360	\$11,360	\$10,531	\$ 9,798
CareCredit	\$ 1,686	\$ 1,686	\$ 1,613	\$ 6,759	\$ 6,759	\$ 6,130	\$ 5,422
Average active accounts (in thousands) <sup>(3)</sup>	59,342	59,342	55,347	56,253	56,253	53,021	51,313
Average purchase volume per active account	\$ 355	\$ 355	\$ 358	\$ 1,668	\$ 1,668	\$ 1,620	\$ 1,518
Average loan receivables balance per active account	\$ 935	\$ 935	\$ 919	\$ 932	\$ 932	\$ 897	\$ 860
Net interest margin <sup>(4)</sup>		18.8%	18.2%		18.8%	19.7%	18.4%
Net charge-offs	\$ 658	\$ 658	\$ 603	\$ 2,454	\$ 2,454	\$ 2,343	\$ 2,560
Net charge-offs as a % of average loan receivables	4.9%	4.9%	4.8%	4.7%	4.7%	4.9%	5.8%
Allowance coverage ratio <sup>(5)</sup>	5.5%	5.5%	5.4%	5.1%	5.1%	4.3%	4.3%
Return on assets <sup>(6)</sup>	%	3.9%	2.6%	%	3.5%	4.2%	4.1%
Return on equity <sup>(7)</sup>	%	35.3%	26.2%	%	38.6%	44.5%	47.1%
Equity to assets <sup>(8)</sup>	%	10.9%	9.9%	%	9.1%	9.5%	8.7%
Other expense as a % of average loan receivables	4.6%	4.5%	4.3%	4.8%	4.7%	4.5%	4.6%
Efficiency ratio <sup>(9)</sup>	27.9%	26.9%	25.0%	29.8%	28.6%	26.3%	27.6%
Effective income tax rate	37.3%	37.3%	37.4%	37.0%	37.0%	37.2%	37.2%
<b>Selected Period End Data:</b>							
Total loan receivables	\$ 54,285	\$54,285	\$49,931	\$ 57,254	\$57,254	\$52,313	\$47,741
Allowance for loan losses	\$ 2,998	\$ 2,998	\$ 2,718	\$ 2,892	\$ 2,892	\$ 2,274	\$ 2,052
30+ days past due as a % of loan receivables	4.1%	4.1%	4.2%	4.3%	4.3%	4.6%	4.9%
90+ days past due as a % of loan receivables	1.9%	1.9%	1.9%	2.0%	2.0%	2.0%	2.2%
Total active accounts (in thousands) <sup>(3)</sup>	57,349	57,349	54,291	61,957	61,957	57,099	56,605
Full time employees	10,034	10,034	8,342	9,333	9,333	8,447	8,203
<b>Capital Ratios<sup>(10)</sup>:</b>							
Tier 1 common ratio	%						
Tier 1 risk-based capital ratio	%						
Total risk-based capital ratio	%						
Tier 1 leverage ratio	%						

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(\$ in millions)	Historical				
	At and for the Three Months Ended March 31,		At and for the Years Ended December 31,		
	2014	2013	2013	2012	2011
<b>Platform Revenue(11)</b>					
Total:					
Interest and fees on loans	\$ 2,928	\$ 2,699	\$11,295	\$10,300	\$ 9,134
Other income	115	132	500	484	497
Retailer share arrangements	(594)	(484)	(2,373)	(1,984)	(1,428)
Platform revenue	\$ 2,449	\$ 2,347	\$ 9,422	\$ 8,800	\$ 8,203
Retail Card:					
Interest and fees on loans	\$ 2,178	\$ 1,990	\$ 8,317	\$ 7,531	\$ 6,536
Other income	96	106	419	400	377
Retailer share arrangements	(584)	(475)	(2,331)	(1,943)	(1,378)
Platform revenue	\$ 1,690	\$ 1,621	\$ 6,405	\$ 5,988	\$ 5,535
Payment Solutions:					
Interest and fees on loans	\$ 372	\$ 368	\$ 1,506	\$ 1,441	\$ 1,389
Other income	8	13	36	40	60
Retailer share arrangements	(9)	(7)	(36)	(35)	(43)
Platform revenue	\$ 371	\$ 374	\$ 1,506	\$ 1,446	\$ 1,406
CareCredit:					
Interest and fees on loans	\$ 378	\$ 341	\$ 1,472	\$ 1,328	\$ 1,209
Other income	11	13	45	44	60
Retailer share arrangements	(1)	(2)	(6)	(6)	(7)
Platform revenue	\$ 388	\$ 352	\$ 1,511	\$ 1,366	\$ 1,262

- (1) The unaudited pro forma financial information for Financial Position Data (Average) and Selected Performance Metrics give effect to the Transactions as if they had occurred at January 1, 2013 for amounts calculated using average financial position data.
- (2) Purchase volume, or net credit sales, represents the aggregate amount of charges incurred on credit cards or other credit product accounts less returns during the period.
- (3) Active accounts represent credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month. Open accounts represent credit card or installment loan accounts that are not closed, blocked or more than 60 days delinquent.
- (4) Net interest margin represents net interest income divided by average interest-earning assets.
- (5) Allowance coverage ratio represents allowance for loan losses divided by total end-of-period loan receivables.
- (6) Return on assets represents net earnings as a percentage of average total assets.
- (7) Return on equity represents net earnings as a percentage of average total equity.
- (8) Equity to assets represents average equity as a percentage of average total assets.
- (9) Efficiency ratio represents (i) other expense, divided by (ii) net interest income, after retailer share arrangements, plus other income.
- (10) Represent Basel I capital ratios calculated for the Company on a pro forma basis. At March 31, 2014, pro forma for the Transactions, the Company would have had a fully phased-in Basel III Tier 1 common ratio of % . The Company's pro forma capital ratios are non-GAAP measures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital."
- (11) Platform revenue is a non-GAAP measure. The table sets forth each component of our platform revenue for the periods presented. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—For the Three Months Ended March 31, 2014 and 2013—Platform Analysis" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—For the Years Ended December 31, 2013, 2012 and 2011—Platform Analysis."

Unaudited Pro Forma Financial Information

**Condensed Combined Statements of Earnings Information**

	Three months ended March 31, 2014			Pro Forma
	Historical	Pro Forma Adjustments	Notes	
<i>(\$ in millions, except per share data)</i>				
Interest and fees on loans	\$ 2,928	\$ —		\$2,928
Interest on investment securities <sup>(a)</sup>	5	—		5
<b>Total interest income</b>	<b>2,933</b>	<b>—</b>		<b>2,933</b>
Interest on deposits	96	—		96
Interest on borrowings of consolidated securitization entities	47	—		47
Interest on third-party debt	—	74	(c)	74
Interest on related party debt	47	(16)	(c)/(d)	31
<b>Total interest expense</b>	<b>190</b>	<b>58</b>		<b>248</b>
<b>Net interest income</b>	<b>2,743</b>	<b>(58)</b>		<b>2,685</b>
Retailer share arrangements	(594)	—		(594)
<b>Net interest income, after retailer share arrangements</b>	<b>2,149</b>	<b>(58)</b>		<b>2,091</b>
Provision for loan losses	764	—		764
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>	<b>1,385</b>	<b>(58)</b>		<b>1,327</b>
Other income	115	—		115
Other expense	610	6	(e)	616
<b>Earnings (loss) before provision for income taxes</b>	<b>890</b>	<b>(64)</b>		<b>826</b>
Provision for income taxes	(332)	24	(f)	(308)
<b>Net earnings</b>	<b>\$ 558</b>	<b>\$ (40)</b>		<b>\$ 518</b>
Weighted average shares outstanding (in thousands)				
Basic			(j)	
Diluted			(j)	
Earnings per share				
Basic			(j)	
Diluted			(j)	

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	Year ended December 31, 2013			
	Historical	Pro Forma Adjustments	Notes	Pro Forma
<i>(\$ in millions, except per share data)</i>				
Interest and fees on loans	\$ 11,295	\$ —		\$ 11,295
Interest on investment securities(b)	18	—		18
<b>Total interest income</b>	<b>11,313</b>	<b>—</b>		<b>11,313</b>
Interest on deposits	374	—		374
Interest on borrowings of consolidated securitization entities	211	—		211
Interest on third-party debt	—	292	(c)	292
Interest on related party debt	157	(29)	(c)/(d)	128
<b>Total interest expense</b>	<b>742</b>	<b>263</b>		<b>1,005</b>
<b>Net interest income</b>	<b>10,571</b>	<b>(263)</b>		<b>10,308</b>
Retailer share arrangements	(2,373)	—		(2,373)
<b>Net interest income, after retailer share arrangements</b>	<b>8,198</b>	<b>(263)</b>		<b>7,935</b>
Provision for loan losses	3,072	—		3,072
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>	<b>5,126</b>	<b>(263)</b>		<b>4,863</b>
Other income	500	—		500
Other expense	2,484	26	(e)	2,510
<b>Earnings (loss) before provision for income taxes</b>	<b>3,142</b>	<b>(289)</b>		<b>2,853</b>
Provision for income taxes	(1,163)	108	(f)	(1,055)
<b>Net earnings</b>	<b>\$ 1,979</b>	<b>\$ (181)</b>		<b>\$ 1,798</b>
Weighted average shares outstanding (in thousands)				
Basic			(j)	
Diluted			(j)	
Earnings per share				
Basic			(j)	
Diluted			(j)	

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**Condensed Combined Statements of Financial Position Information**

	At March 31, 2014			
(\$ in millions, except per share data)	Historical	Pro Forma Adjustments	Notes	Pro Forma
<b>Assets:</b>				
Cash and equivalents <sup>(a)(b)</sup>	\$ 5,331	\$	(c)/(d)/(h)	\$
Investment securities	265	—		265
Loan receivables				
Unsecuritized loans held for investment	29,101	—		29,101
Restricted loans of consolidated securitization entities	25,184	—		25,184
<b>Total loan receivables</b>	<b>54,285</b>	<b>—</b>		<b>54,285</b>
Less: Allowance for loan losses	(2,998)	—		(2,998)
<b>Loan receivables, net</b>	<b>51,287</b>	<b>—</b>		<b>51,287</b>
Goodwill	949	—		949
Intangible assets, net	464	—		464
Other assets	949	30	(c)/(g)	979
<b>Total assets</b>	<b>\$59,245</b>	<b>\$</b>		<b>\$</b>
<b>Liabilities and Equity:</b>				
Deposits:				
Interest bearing deposit accounts	27,123	—		27,123
Non-interest bearing deposit accounts	235	—		235
<b>Total deposits</b>	<b>27,358</b>	<b>—</b>		<b>27,358</b>
Borrowings:				
Borrowings of consolidated securitization entities	14,642	—		14,642
Related party debt	8,062	(5,062)	(c)/(d)	3,000
Third-party debt	—	9,500	(c)	9,500
<b>Total borrowings</b>	<b>22,704</b>	<b>4,438</b>		<b>27,142</b>
Accrued expenses and other liabilities	3,141	(153)	(g)	2,988
<b>Total liabilities</b>	<b>\$53,203</b>	<b>\$ 4,285</b>		<b>\$57,488</b>
<b>Equity:</b>				
Common stock, par share value \$      per share (      shares outstanding)	—	—	(h)/(i)	
Additional paid-in capital	—	145	(g)/(h)/(i)	
Parent's net investment	6,052	—		
Accumulated other comprehensive income	(10)	—		
<b>Total equity</b>	<b>6,042</b>	<b>—</b>		<b>—</b>
<b>Total liabilities and equity</b>	<b>\$59,245</b>	<b>\$</b>		<b>\$</b>

**Notes to unaudited pro forma financial information**

- (a) Cash and equivalents reflects an increase in assets in our liquidity portfolio from \$4.8 billion to \$      billion. We expect that our liquidity portfolio will consist of cash and equivalents (primarily in the form of deposits with the Federal Reserve Board), debt obligations of the U.S. Treasury, certain securities issued by U.S. government sponsored enterprises and other highly rated and highly liquid assets. We have assumed for purposes of this pro forma presentation that assets contained in the liquidity portfolio will consist entirely of cash and equivalents. Interest on investment securities includes interest on interest-bearing cash and equivalents. We estimate that the additional cash and equivalents

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in this liquidity portfolio would have generated incremental interest income of \$            million for the year ended December 31, 2013 and \$            million for the three months ended March 31, 2014, assuming an interest rate of            basis points per annum. This incremental interest income is not reflected in the unaudited pro forma combined financial information. An increase (decrease) in the interest rate of 0.125% would increase (decrease) this estimate by \$            million for the year ended December 31, 2013.

- (b) Cash and equivalents includes \$503 million of cash in transit at March 31, 2014, which is excluded for the purpose of calculating liquidity.
- (c) Reflects an adjustment to record \$12.5 billion of new borrowings in connection with this offering, additional borrowing commitments and related interest expense at an estimated weighted average interest rate of 3.2% per annum, as follows:
  - (1) Prior to the completion of this offering, we will enter into the \$3.0 billion New GECC Term Loan Facility with GECC.
  - (2) Prior to the completion of this offering, we will enter into the \$            billion New Bank Term Loan Facility with third-party lenders.
  - (3) Shortly after the completion of this offering, we plan to issue approximately \$            billion of New Senior Notes under the Planned Debt Offering.
  - (4) We currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity from private lenders under two of our existing securitization programs, the commitment fees for which are included in the adjustment to interest expense.

The unaudited pro forma combined financial information also includes an adjustment to record \$38 million of deferred financing costs related to the New Bank Term Loan Facility and the Planned Debt Offering. The proceeds of the new borrowings will be used to repay all Outstanding Related Party Debt, to increase our capital, to invest in liquid assets to increase the size of our liquidity portfolio, to pay fees and expenses related to the Transactions and for such additional uses as we may determine in the future.

An increase (decrease) in the weighted average interest rate of 0.125% per annum would increase (decrease) pro forma interest expense related to our new borrowings by \$4 million for the three months ended March 31, 2014 and \$16 million for the year ended December 31, 2013.

- (d) Represents the repayment of \$8,062 million of Outstanding Related Party Debt at March 31, 2014. The weighted average interest rate on the Outstanding Related Party Debt for the three months ended March 31, 2014 and the year ended December 31, 2013 was 2.3% and 1.7% per annum, respectively. The amount to be repaid will be the actual amount of Outstanding Related Party Debt on the closing date of this offering.
- (e) Represents an estimated annual incremental compensation expense of \$26 million related to the issuance of a founders' grant of restricted stock units and stock options to a broad group of several hundred employees in connection with this offering, with an estimated total grant date fair value of \$104 million. The grant will be amortized over the four-year cliff vesting period.
- (f) Reflects an adjustment to record the tax impact of other pro forma earnings adjustments at a tax rate of 37.3%.
- (g) Reflects the elimination of assets and liabilities associated with prior period tax returns, which will be the responsibility of GE in accordance with the TSSA.
- (h) Represents the net increase in cash and equity of \$            billion from the proceeds of this offering based on an assumed initial public offering price of \$            per share (the midpoint of the price range set forth on the front cover of this prospectus), assuming the underwriters' option to purchase additional shares of common stock from us is not exercised, and less assumed underwriting discounts and commissions and estimated offering expenses.
- (i) Represents the reclassification of GE's net investment in us, which was recorded in Parent's net investment, into Common stock and Additional paid-in capital at a par value of \$0.001 per share.

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- (j) Basic and diluted earnings per share and the weighted average shares outstanding for the pro forma earnings per share calculation included in our unaudited pro forma Combined Statements of Earnings are calculated as follows:

<i>(\$ in millions, except share and per share data)</i>	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
Pro forma net earnings				
Common stock				
Restricted stock units				
Stock options <sup>(1)</sup>				
Pro forma shares outstanding				
Pro forma earnings per share				

(1) Reflects million shares of common stock available under stock options based on the treasury stock method.

- (k) We have not reflected any adjustments in our unaudited pro forma combined financial information for the following:
- (1) GE and its subsidiaries, including GECC, historically have provided a variety of services to us, including direct costs associated with services provided directly to us and indirect costs related to GE corporate overhead allocation and assessment. Prior to the completion of this offering, we will enter into a number of arrangements with GE governing the Separation and a variety of transition matters. We expect that GE will continue to provide us with some of the services related to certain functions on a transitional basis in exchange for agreed-upon fees, and we expect to incur other costs to replace the services and resources that will not be provided by GE. We currently expect to incur significant additional expenses to operate as a fully independent public company. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Trends and Conditions—Increases in other expense to operate as a fully independent company” and “—Separation from GE and Related Financial Arrangements.”
  - (2) We expect increased payments to partners under our recently extended retailer share arrangements and increased other expense, primarily marketing and other expenses dedicated to promoting the extended programs. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Increases in retailer share arrangement payments and other expense under extended program agreements.”
  - (3) We will transition to our benefit plans under the employee matters agreement we will enter into with GE prior to the completion of this offering. Effective as of the date that GE ceases to own at least 50% of our outstanding common stock, our applicable U.S. employees will cease to participate in the GE plans and will participate in employee benefit plans established and maintained by us. For at least the one-year period following the date that GE ceases to own at least 50% of our outstanding common stock, we will maintain plans that will provide our employees with benefits that are comparable in the aggregate to the value of those benefits provided by the GE plans. See “Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Employee Matters Agreement” for further description of these matters.
  - (4) Certain of our employees have historically been granted GE stock options and GE restricted stock units under GE’s 2007 Long-Term Incentive Plan, and as of the date GE ceases to own at least 50% of our outstanding common stock, all unvested GE stock options that are held by our employees at that time will vest. We have not reflected any adjustment for the expense related to the accelerated vesting of these awards as the date of vesting has not been determined and this expense would be non-recurring.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our combined financial statements and related notes included elsewhere in this prospectus. The discussion below contains forward-looking statements that are based upon current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations. See "Cautionary Note Regarding Forward-Looking Statements."

### Introduction

#### *Business Overview*

We are one of the premier consumer financial services companies in the United States. We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our "partners." During 2013, we financed \$93.9 billion of purchase volume, and at December 31, 2013, we had \$57.3 billion of loan receivables and 62.0 million active accounts. For the three months ended March 31, 2014, we financed \$21.1 billion of purchase volume, and at March 31, 2014, we had \$54.3 billion of loan receivables and 57.3 million active accounts. For the year ended December 31, 2013, we had net earnings of \$2.0 billion, representing a return on assets of 3.5%, and for the three months ended March 31, 2014, we had net earnings of \$558 million, representing a return on assets of 3.9%. See "Summary Historical and Pro Forma Financial Information" for return on assets, return on equity and equity to assets ratios.

We offer our credit products primarily through our wholly-owned subsidiary, the Bank. Through the Bank, we offer a range of direct and brokered deposit products insured by the FDIC. We are expanding our direct banking operations to increase our deposit base as a source of stable and diversified low cost funding for our credit activities. We had \$27.4 billion in deposits at March 31, 2014.

#### *Our Sales Platforms*

We conduct our operations through a single business segment and offer our products through three sales platforms (Retail Card, Payment Solutions and CareCredit). Those platforms are organized by the types of products we offer and the partners we work with, and are measured on platform revenues, loan receivables, new accounts and other sales metrics.

*Retail Card.* Retail Card is a leading provider of private label credit cards, and also provides Dual Cards and small and medium-sized business credit products. We offer one or more of these products primarily through 19 national and regional retailers with which we have program agreements that have an expiration date in 2015 or beyond and which accounted for 95.3% of our Retail Card platform revenue for the year ended December 31, 2013 and 94.9% of our Retail Card loan receivables at March 31, 2014. The average length of our relationship with all of our Retail Card partners is 15 years and collectively they have 34,000 retail locations. Retail Card's platform revenue consists of interest and fees on our loan receivables, plus other income, less retailer share arrangements. Other income primarily consists of interchange fees earned on Dual Card transactions (when the card is used outside of our partners' sales channels) and fees paid to us by customers who purchase our debt cancellation products, less loyalty program payments. Substantially all of the credit extended in this platform is on standard terms. Retail Card accounted for \$6.4 billion, or 68.0%, of our total platform revenue for the year ended December 31, 2013, and \$1.7 billion, or 69.0%, of our total platform revenue for the three months ended March 31, 2014.

*Payment Solutions.* Payment Solutions is a leading provider of promotional financing for major consumer purchases, offering primarily private label credit cards and installment loans. At March 31, 2014, Payment Solutions offered these products through 264 programs with national and regional retailers, manufacturers, buying groups and industry associations, and a total of 62,000 participating partners. Substantially all of the credit extended in this platform is promotional financing. Payment Solutions' platform revenue primarily consists

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of interest and fees on our loan receivables, including “merchant discounts,” which are fees paid to us by our partners in almost all cases to compensate us for all or part of foregone interest revenue associated with promotional financing. Payment Solutions accounted for \$1.5 billion, or 16.0%, of our total platform revenue for the year ended December 31, 2013, and \$371 million, or 15.1%, of our total platform revenue for the three months ended March 31, 2014.

*CareCredit.* CareCredit is a leading provider of promotional financing to consumers for elective healthcare procedures or services, such as dental, veterinary, cosmetic, vision and audiology. At March 31, 2014, we had a network of 152,000 CareCredit providers, the vast majority of which are individual or small groups of independent healthcare providers, through which we offer a CareCredit branded private label credit card. Substantially all of the credit extended in this platform is promotional financing. CareCredit’s platform revenue primarily consists of interest and fees on our loan receivables, including merchant discounts. CareCredit accounted for \$1.5 billion, or 16.0%, of total platform revenue for the year ended December 31, 2013, and \$388 million, or 15.9%, of our total platform revenue for the three months ended March 31, 2014.

### **Our Credit Products**

Through our platforms, we offer three principal types of credit products: credit cards, commercial credit products and consumer installment loans.

The following table sets forth each credit product by type (and within credit cards, by private label and Dual Cards) and indicates the percentage of our total loan receivables that are under standard terms only or pursuant to a promotional financing offer at March 31, 2014.

<b>Credit Product</b>	<b>Standard Terms</b>	<b>Promotional Offer</b>	<b>Total</b>
Private label credit cards	45.4%	28.0%	73.4%
Dual Cards	22.2	0.2	22.4
<b>Total credit cards</b>	<b>67.6</b>	<b>28.2</b>	<b>95.8</b>
Commercial credit products	2.4	—	2.4
Consumer installment loans	—	1.8	1.8
<b>Total</b>	<b>70.0%</b>	<b>30.0%</b>	<b>100.0%</b>

*Credit Cards.* We offer two principal types of credit cards: private label credit cards and Dual Cards:

- *Private label credit cards.* Private label credit cards are partner-branded credit cards (e.g., Lowe’s or Amazon) or program-branded credit cards (e.g., CarCareONE or CareCredit) that are used primarily for the purchase of goods and services from the partner or within the program network. In Retail Card, credit under our private label credit cards typically is extended on standard terms only, and in Payment Solutions and CareCredit, credit under our private label credit cards typically is extended pursuant to a promotional financing offer.
- *Dual Cards.* Our proprietary Dual Cards are credit cards that function as a private label credit card when used to purchase goods and services from our partners and as a general purpose credit card when used elsewhere. Credit extended under our Dual Cards typically is extended under standard terms only. Currently, only Retail Card offers Dual Cards. At March 31, 2014, we offered Dual Cards through 18 of our 24 Retail Card programs.

*Commercial Credit Products.* We offer private label cards and co-branded cards for commercial customers that are similar to our consumer offerings. We also offer a commercial pay-in-full accounts receivable product to a wide range of business customers, and are rolling out an improved customer experience for this product with enhanced functionality. We offer commercial credit products primarily through our Retail Card platform to the commercial customers of our Retail Card partners.

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*Installment Loans.* In Payment Solutions, we originate installment loans to consumers (and a limited number of commercial customers) in the United States, primarily in the power segment. Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. Installment loans are assessed periodic finance charges using fixed interest rates.

### **Business Trends and Conditions**

We believe our business and results of operations will be impacted in the future by various trends and conditions, including the following:

- ***Growth in loan receivables and interest income.*** We believe continuing improvement in the U.S. economy and employment rates will contribute to an increase in consumer credit spending. In addition, we expect the use of credit cards to continue to increase versus other forms of payment such as cash and checks. We anticipate that these trends, combined with our marketing and partner engagement strategies, will contribute to growth in our loan receivables. In the near-to-medium term, we expect our total interest income to continue to grow, driven by the expected growth in average loan receivables. Our historical growth rates in loan receivables and interest income have benefitted from new partner acquisitions (including the significant portfolio acquisitions described in “—Description of Key Combined Statements of Earnings Line Items—Interest Income”) and therefore if we do not continue to acquire new partners, replace the Retail Card programs that are not being extended or otherwise grow our business, our growth rates in loan receivables and interest income in the future will be lower than in recent periods. In addition, we do not expect to make any significant changes to customer pricing or merchant discount pricing in the near term, and therefore we expect yields generated from interest and fees on interest-earning assets will remain relatively stable.
- ***Changing funding mix and increased funding costs.*** Our primary funding sources historically have included cash from operations, deposits (direct and brokered deposits), securitized financings and related party debt provided by GECC and its affiliates. In connection with this offering, we expect to add third-party credit facilities, unsecured debt financing and transitional funding from GECC as funding sources. Over time we expect to raise additional unsecured debt financing and significantly increase our level of direct deposits to refinance, in advance of the Separation, all or a substantial portion of the transitional funding provided by GECC, increase liquidity levels and support growth in our business. We expect the following factors to impact our funding costs:
  - continued growth in our direct deposits as a source of stable and low cost funding;
  - a significant increase in the amount of debt outstanding to fund an increase in the size of our liquidity portfolio;
  - the changing mix in our funding sources, as existing related party debt is replaced by higher cost funding provided by third-party credit facilities, unsecured debt financing and transitional funding from GECC; and
  - a rising interest rate environment.

As a result of these factors, we expect our funding costs in the aggregate following this offering to increase. Pro forma for the Transactions, at March 31, 2014, our debt outstanding would have increased by approximately \$4.4 billion. For the year ended December 31, 2013, our interest expense would have increased by \$263 million, and our cost of funds would have increased from 1.6% to 2.0% per annum, and for the three months ended March 31, 2014, our interest expense would have increased by \$58 million, and our cost of funds would have increased from 1.6% to 1.9% per annum. See “Selected Historical and Pro Forma Financial Information—Unaudited Pro Forma Financial Information.”

- ***Extended duration of program agreements.*** Since January 1, 2012, we have extended the duration of 19 of our 40 largest program agreements with a new expiration date in 2016 or beyond. These extended program agreements represented, in the aggregate, 53.6% of our total platform revenue for the year ended December 31, 2013 and 50.9% of our total loan receivables at March 31, 2014. As a result, we expect to

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continue to benefit from these programs on a long-term basis as indicated by the following expiration schedule, which indicates for each period the number of programs scheduled to expire and the platform revenue and loan receivables that these programs accounted for at the dates and for the periods indicated.

(\$ in millions)	Scheduled Program Expiration at March 31, 2014				
	2014-15	2016	2017-18	2019-2020	2021 and beyond
40 largest programs <sup>(1)</sup>	4	9	12	6	4
Platform revenue (for the year ended December 31, 2013)	\$ 290	\$ 1,283	\$ 1,078	\$ 2,604	\$ 1,560
Loan receivables (at March 31, 2014)	\$1,947	\$10,517	\$6,395	\$ 12,184	\$ 9,786

(1) Excludes five program agreements that will not be extended beyond their current contractual expiration dates in 2014 or 2015.

A total of 31 of our 40 largest program agreements (including the 19 program agreements we have extended since January 2012) now have an expiration date in 2016 or beyond. These 31 program agreements represented in the aggregate, 69.3% of our total platform revenue for the year ended December 31, 2013 and 71.6% of our total loan receivables at March 31, 2014. Five of our 40 largest program agreements will not be extended beyond their contractual expiration dates in 2014 or, in one case, 2015. These five program agreements represented, in the aggregate, 3.3% of our total platform revenue and 5.2% of our retailer share arrangements, in each case for the year ended December 31, 2013, and 3.7% of our total loan receivables at March 31, 2014. In addition, based on discussions to date with another of our 40 largest programs, PayPal, we expect to extend our program agreement for two years beyond its current contractual expiration date in 2014 and do not expect it to extend beyond that date. The extension is expected to eliminate certain exclusivity provisions that exist in the current program agreement which we expect will result in lower platform revenue and loan receivables from our PayPal program during the extended term of the agreement. The PayPal program agreement represented 3.1% of our total platform revenue and 2.5% of our retailer share arrangements, in each case for the year ended December 31, 2013, and 2.6% of our total loan receivables at March 31, 2014. The table and percentages above reflect the expected extended PayPal term expiring in 2016.

- Increases in retailer share arrangement payments and other expense under extended program agreements.** We believe that as a result of both the overall growth of our programs generally as well as amendments we have made to the terms of certain program agreements that we extended during 2013 and to date in 2014, the payments we make to our partners under these extended retailer share arrangements, in the aggregate are likely to increase both in absolute terms and as a percentage of our net earnings. These increases will be offset in part by decreases in retailer share arrangement payments made to those partners whose programs are not being extended.

In addition, under the terms of certain program agreements we have recently extended, we have agreed to dedicate increased marketing expense and other investments to promote these programs. We estimate that the increases in marketing expense and other investments will result in an increase in other expense of approximately \$100 million to \$150 million per year (based on the anticipated performance of these programs).

We also expect to benefit from these increased payments and other expense, as they will create additional incentives for our partners to support their programs and, in the case of increased marketing expense and other investments, directly promote these programs, all of which we expect will have a positive impact on purchase volume and result in higher loan receivables and increased interest and fees on loans. We also expect to benefit from the extended duration of our amended program agreements.

- Stable asset quality and enhancements to allowance for loan loss methodology.** Our credit performance continued to improve through 2013 and the first quarter of 2014. Our net charge-off rates

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decreased from 4.9% for the year ended December 31, 2012 to 4.7% for the year ended December 31, 2013 and our over-30 day delinquency rate decreased from 4.6% at December 31, 2012 to 4.3% at December 31, 2013, which are the lowest year-end levels we have experienced since 2007. Our net charge-off rate for the three months ended March 31, 2014 was 4.9% and our over-30 day delinquency rate at March 31, 2014 was 4.1%. In the near term, we expect the U.S. employment rate to continue to stabilize, and we do not anticipate making significant changes to our underwriting standards. Accordingly, we expect our charge-off rates to remain relatively stable in the near term.

During 2012 and 2013, we enhanced our methodology for determining our allowance for loan losses, and as a result we recognized incremental provisions of \$343 million and \$642 million in 2012 and 2013, respectively. We continue to review and evaluate our methodology and models, and we will implement further enhancements or changes to them, as needed.

- **Increases in other expense to operate as a fully independent company.** We currently estimate incremental other expense of approximately \$300 million to \$400 million per year in order to operate as a fully independent public company. We expect that the largest component of this increase will be a \$90 million to \$100 million increase in our annual advertising and marketing expense to establish a new brand identity and support the growth of our direct banking operations. Other components of this increase include significant increases in our corporate governance, risk management, capital planning, treasury, information technology, compliance, regulatory, internal audit and other control operations and infrastructure that is necessary to enable us to operate as a fully standalone company. We expect this incremental increase in our annual run rate of other expense to be fully incurred by the end of 2015 after giving effect to anticipated savings from the reductions in corporate allocations by GE and transitional service payments to GE following the Separation.

The increase in other expense described above does not include the variable component of our other expense, which we expect to increase in absolute terms in line with the growth of our business unrelated to the Separation. These increases in other expense also do not include the increased marketing expenses and other investments under our extended program agreements, as described above under “—Increases in retailer share arrangement payments and other expense under extended program agreements.”

- **Impact of regulatory developments.** For the year ended December 31, 2013, our other expense included a \$133 million increase in our expenses related to litigation and regulatory matters (primarily an increase to our reserves related to the matters settled with the CFPB and the DOJ in late 2013 and 2014). See “Regulation—Consumer Financial Services Regulation.”
- **Increased capital and liquidity levels.** We expect to maintain sufficient capital and liquidity resources to support our daily operations, our business growth, our credit ratings as well as regulatory and compliance requirements in a cost effective and prudent manner through expected and unexpected market environments. In connection with our application to the Federal Reserve Board described above and the Separation, we expect to continue to increase our capital and liquidity levels by, among other things, retaining net earnings and not paying a dividend or returning capital through stock repurchases until our application to the Federal Reserve Board is approved. Thereafter, our board of directors intends to consider a policy for paying dividends and may consider stock repurchases, in each case consistent with maintaining capital ratios well in excess of regulatory requirements. At March 31, 2014, pro forma for the Transactions, the Company would have had a fully phased-in Basel III Tier 1 common ratio of %.

In addition, to manage liquidity following this offering, we will significantly increase the size of our liquidity portfolio, which will consist of cash and equivalents (primarily in the form of deposits with the Federal Reserve Board), debt obligations of the U.S. Treasury, certain securities issued by U.S. government sponsored enterprises and other highly rated and highly liquid assets. At March 31, 2014, pro forma for the Transactions, we would have had a liquidity portfolio with \$ billion of assets (or % of total assets), which would have been funded by increased debt as described above and the proceeds of this offering. We expect that following the completion of the Transactions, our liquidity portfolio will continue to grow primarily as a result of anticipated increases in our deposits.

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### **Seasonality**

In our Retail Card and Payment Solutions platforms, we experience fluctuations in transaction volumes and the level of loan receivables as a result of higher seasonal consumer spending and payment patterns that typically result in an increase of loan receivables from August through a peak in late December, with reductions in loan receivables occurring over the first quarter of the following year as customers pay their balances down. Loan receivables decreased by \$2,969 million, or 5.2%, to \$54,285 million at March 31, 2014 compared to \$57,254 million at December 31, 2013, reflecting these patterns.

The seasonal impact to transaction volumes and the loan receivables balance results in fluctuations in our results of operations, delinquency metrics and the allowance for loan losses as a percentage of total loan receivables between quarterly periods. For example, in addition to the seasonal increase in loan receivables at year end as a result of higher levels of consumer spending during the fourth quarter of 2013, we also experienced a seasonal increase in delinquency rates and delinquent loan receivables balances during the fourth quarter of 2013 due to lower customer payment rates, consistent with our historical fourth quarter experience. Our delinquency rates and delinquent loan receivables balances then decreased during the subsequent first quarter as customers began to pay down their loan balances and returned to current status. Because customers who were delinquent during the fourth quarter of 2013 had a higher probability of returning to current status during the first quarter of 2014 than customers who were delinquent at the end of the first quarter of 2014, we expected that a higher proportion of delinquent accounts outstanding at the end of the first quarter of 2014 would result in charge-offs as compared to the end of the fourth quarter of 2013. Consistent with historical experience, this resulted in a higher allowance for loan losses as a percentage of total loan receivables at the end of the first quarter of 2014 as compared to the preceding period end. Accordingly, our allowance for loan losses as a percentage of total loan receivables of 5.4% at March 31, 2013 decreased to 5.1% at December 31, 2013 and again increased to 5.5% at March 31, 2014, reflecting the effects of these seasonal trends. Past due balances declined to \$2,220 million at March 31, 2014 from \$2,488 million at December 31, 2013, primarily due to collections from customers that were previously delinquent, resulting in their accounts returning to current status. The increase in the allowance for loans losses at March 31, 2014 compared to December 31, 2013, despite a decrease in our past due balances as a percentage of loan receivables at March 31, 2014 compared to December 31, 2013, reflected these same seasonal trends.

### **Separation from GE and Related Financial Arrangements**

GE and its subsidiaries, including GECC, historically have provided a variety of services and funding to us. Prior to the completion of this offering, we will enter into a transitional services agreement and various other agreements with GE that, together with a number of existing agreements relating to our securitized financings that will remain in effect following this offering, will govern the relationship between GE and us after this offering. We will also enter into the New GECC Term Loan Facility, pursuant to which GECC will provide us with transitional funding. The principal financial implications of these arrangements are discussed below, and the arrangements are described more fully under “Arrangements Among GE, GECC and Our Company” and “Description of Certain Indebtedness—New GECC Term Loan Facility.”

The historical costs and expenses related to the services and funding provided by GE include:

- direct costs associated with services provided directly to us;
- indirect costs related to GE corporate overhead allocation and assessments; and
- interest expense for related party debt.

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The following table sets forth our direct costs, indirect costs, and interest expenses related to services and funding provided by GE for the periods indicated.

(\$ in millions)	Three months ended March 31,		Years ended December 31,		
	2014	2013	2013	2012	2011
Direct costs(1)	\$ 64	\$ 47	\$ 207	\$ 184	\$ 181
Indirect costs(1)	61	53	230	206	183
Interest expense(2)	47	43	157	155	333
<b>Total expenses for services and funding provided by GE</b>	<u>\$ 172</u>	<u>\$ 143</u>	<u>\$ 594</u>	<u>\$ 545</u>	<u>\$ 697</u>

(1) Direct costs and indirect costs are included in the other expense line items in our Combined Statements of Earnings.

(2) Included in the interest expense line item in our Combined Statements of Earnings.

*Direct Costs.* Certain functions and services, such as employee benefits and insurance, are centralized at GE. In addition, certain third-party contracts for goods and services, such as technology licenses and telecommunication contracts, from which we benefit are entered into by GE. GE allocates the costs associated with these goods and services to us using established allocation methodologies (e.g., pension costs are allocated using an actuarially determined percentage applied to the total compensation of employees who participate in such pension plans). Below is a description of the services resulting in the most significant direct costs, and how those services will be impacted by the Separation.

- *Employee benefits and benefit administration.* Historically, we have reimbursed GE for benefits provided to our employees under various U.S. GE employee benefit plans, including costs associated with our employees' participation in GE's retirement plans (pension, retiree health and life insurance, and savings benefit plans) and active health and life insurance benefit plans. We incurred expenses (including administrative costs) associated with these plans of \$41 million and \$28 million for the three months ended March 31, 2014 and 2013, respectively, and \$129 million, \$110 million and \$110 million for the years ended December 31, 2013, 2012 and 2011, respectively. GE will continue to provide these benefits to our employees at our cost as long as GE owns at least 50% of our outstanding common stock. See "Arrangements Among GE, GECC and Our Company" and Note 11. *Employee Benefit Plans* to our combined financial statements.
- *Information technology.* GE provides us with certain information technology infrastructure (e.g., data centers), applications and support services. We have incurred expenses for these services of \$9 million and \$8 million for the three months ended March 31, 2014 and 2013, respectively, and \$32 million, \$30 million and \$31 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- *Telecommunication costs.* GE provides us with telecommunication services. These third-party costs are allocated to our business based on the number of phone lines used by our business. We have incurred expenses for these services of \$10 million and \$8 million for the three months ended March 31, 2014 and 2013, respectively, and \$33 million, \$34 million and \$33 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- *Other including leases for vehicles, equipment and facilities.* GE and GE affiliates provide us with certain vehicle and equipment leases. In addition, we have certain facilities shared with GE and GE affiliates for which we are allocated our share of the cost based on space occupied by our business and employees. We have incurred \$4 million and \$3 million for the three months ended March 31, 2014 and 2013, respectively, and \$13 million, \$10 million and \$7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

In addition to the allocations for the direct costs of the described services, there are expenses for certain items, such as payroll for our employees, corporate credit card bills and freight expenses, which we incur directly but for which GE advances the payment through a centralized payment system on our behalf and we reimburse

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GE in full for amounts paid. These expenses are reflected in the relevant line items of our financial statements, but are not included in the direct costs identified above.

We expect that under the Transitional Services Agreement, direct costs billed to us after the completion of this offering will be at GE's cost in accordance with historic allocation methodologies. We expect the majority of the services provided by GE will be replaced within two years from the completion of this offering.

*Indirect Costs.* GE and GECC allocate costs to us related to corporate overhead that directly or indirectly benefits our business. These assessments relate to information technology, insurance coverage, tax services provided, executive incentive payments, advertising and branding and other functional support. These allocations are determined primarily using our percentage of GECC's relevant expenses. Following this offering, any assessment made by GE will be made under the Transitional Services Agreement in respect of specified services.

We expect to incur incremental advertising and marketing costs, currently estimated to be approximately \$90 million to \$100 million per year, to establish a new brand identity and support the growth of our direct banking operations.

For a discussion of the aggregate impact of the expected changes relating to these costs, see “—Business Trends and Conditions—Increases in other expense to operate as a fully independent company” above.

*Interest Expense.* Historically, we have had access to funding provided by GECC. We used related party debt provided by GECC to meet our funding requirements after taking into account deposits held at the Bank, funding from securitized financings and cash generated from our operations. We incurred borrowing costs for related party debt of \$47 million and \$43 million for the three months ended March 31, 2014 and 2013, respectively, and \$157 million, \$155 million and \$333 million, for the years ended December 31, 2013, 2012 and 2011, respectively. Our average cost of funds for related party debt was 2.3% and 2.1% for the three months ended March 31, 2014 and 2013, respectively, and 1.7%, 1.5% and 2.8% for the years ended December 31, 2013, 2012 and 2011, respectively. In connection with this offering, all of the related party debt outstanding on the closing date of this offering will be repaid, and GECC will provide transitional funding pursuant to the \$3.0 billion New GECC Term Loan Facility.

### **Single Operating Segment**

We conduct our business through a single operating segment. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies—Segment Reporting* to our combined financial statements. Profitability and expenses, including funding costs, loan losses and operating expenses, are managed for the business as a whole. We offer our products through three sales platforms (Retail Card, Payment Solutions and CareCredit), which management measures based on their platform revenues and other revenue-related sales metrics, including purchase volume, loan receivables and new accounts. See “—Results of Operations—For the Three Months Ended March 31, 2014 and 2013—Platform Analysis” and “—Results of Operations—For the Years Ended December 31, 2013, 2012 and 2011—Platform Analysis.”

### **Description of Key Combined Statements of Earnings Line Items**

Below is a summary description of the key line items included in our Combined Statements of Earnings.

#### ***Interest Income***

Interest income is comprised of interest and fees on loans, which includes merchant discounts provided by partners in almost all cases to compensate us for all or part of the promotional financing provided to their customers, and interest on cash and equivalents and investment securities. We include in interest and fees on

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loans any past due interest and fees deemed to be collectible. Direct loan origination costs on credit card loans are deferred and amortized on a straight-line basis over a one-year period and recorded in interest and fees on loans. For non-credit card receivables, direct loan origination costs are deferred and amortized over the life of the loan and recorded in interest and fees on loans.

We analyze interest income as a function of two principal components: average interest-earning assets and yield on average interest-earning assets. Key drivers of average interest-earning assets include:

- purchase volumes, which are influenced by a number of factors including macroeconomic conditions and consumer confidence generally, our partners' sales and our ability to increase our share of those sales;
- payment rates, reflecting the extent to which customers maintain a credit balance;
- charge-offs, reflecting the receivables that are deemed not to be collectible;
- the size of our liquidity portfolio; and
- portfolio acquisitions when we enter into new partner relationships.

Since January 1, 2011, our significant portfolio acquisitions, which in the aggregate accounted for \$1.8 billion of loan receivables at the time of acquisition and \$2.9 billion of loan receivables at March 31, 2014, were as follows:

- Phillips 66—acquired on June 28, 2013;
- Toys “R” Us—acquired on June 21, 2012;
- TJX (including T.J.Maxx, Marshalls and HomeGoods)—acquired on June 15, 2011; and
- Ashley HomeStores—acquired on January 11, 2011.

Key drivers of yield on average interest-earning assets include:

- pricing (contractual rates of interest, late fees and merchant discount rates);
- changes to our mix of loans (e.g., the number of loans bearing promotional rates as compared to standard rates);
- frequency of late fees incurred when account holders fail to make their minimum payment by the required due date;
- credit performance and accrual status of our loans; and
- yield earned on our liquidity portfolio.

### ***Interest Expense***

Interest expense is incurred on our interest-bearing liabilities, which consisted of interest-bearing deposit accounts, borrowings of consolidated securitization entities and related party debt provided by GECC.

Key drivers of interest expense include:

- the amounts outstanding of our borrowings, deposits and other funding sources;
- the interest rate environment and its effect on interest rates paid on our funding sources; and
- the changing mix in our funding sources among deposits, GECC financing and third-party securitization and unsecured borrowings.

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### ***Net Interest Income***

Net interest income represents the difference between interest income and interest expense. We expect net interest income as a percentage of interest-earning assets to be influenced by changes in the interest rate environment, changes in our mix of products, the level of loans bearing promotional rates as compared to our standard rates, credit performance of our loans and changes in the amount and composition of our interest-bearing liabilities.

### ***Retailer Share Arrangements***

Most of our Retail Card program agreements and certain other program agreements contain retailer share arrangements that provide for payments to our partner if the economic performance of the program exceeds a contractually defined threshold. These arrangements are designed to align our interests and provide an additional incentive to our partners to promote our credit products. Although the share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for loan losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. The threshold and economic performance of a program that are used to calculate payments to our partners may be based on, among other things, agreed upon measures of program expenses rather than our actual expenses, and therefore increases in our actual expenses (such as funding costs or operating expenses) may not necessarily result in reduced payments under our retailer share arrangements. These arrangements are typically designed to permit us to achieve an economic return before we are required to make payments to our partners based on the agreed contractually defined threshold. Our payments to partners pursuant to these retailer share arrangements have increased in recent years (both in absolute terms and as a proportion of interest income), partially as a result of the growth of our receivables related to programs with retailer share arrangements and improvements in the credit performance of these receivables. In addition, we have made changes to the terms of certain program agreements that have been re-negotiated in the past few years that have contributed to the increase in payments to partners pursuant to retailer share arrangements.

We believe that our retailer share arrangements have been effective in helping us to grow our business by aligning our partners' interests with ours. We also believe that changes to the terms of certain program agreements that have contributed to the increase in our retailer share arrangement payments will help us to grow our business by providing an additional incentive to the relevant partners to promote our credit products going forward. Payments to partners pursuant to these retailer share arrangements would generally decrease, and mitigate the impact on our profitability, in the event of declines in the performance of the programs or the occurrence of other unfavorable developments that impact the calculation of payments to our partners pursuant to our retailer share arrangements.

### ***Provision for Loan Losses***

Provision for loan losses is the expense related to maintaining the allowance for loan losses at an appropriate level to absorb the estimated probable losses inherent in the loan portfolio at each period end date. Provision for loan losses in each period is a function of net charge-offs (gross charge-offs net of recoveries) and the required level of the allowance for loan losses. During 2012 we began a process to enhance our allowance for loan losses methodology by revising our estimates to determine the incurred loss period for each type of loss (i.e., aged, fraud, deceased, settlement, other non-aged and bankruptcy) by partner. This enhancement resulted in a more granular portfolio segmentation analysis, by loss type, included a qualitative assessment of the adequacy of the portfolio's allowance for loan losses, which compared the allowance for losses to projected net charge-offs over the next 12 months, in a manner consistent with regulatory guidance, and was designed to provide a better estimate of the date of a probable loss event and length of time required for a probable loss event to result in a charge-off. We continue to review and evaluate our methodology, models and the underlying assumptions, estimates and assessments we use, and we will implement further enhancements or changes to them, as needed.

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### **Other Income**

Other income consists of the following components:

*Interchange revenue.* We earn interchange fees on Dual Card transactions outside of our partners' locations, based on a flat fee plus a percent of the purchase amount. We also process general purpose card transactions for some Payment Solutions and CareCredit partners as their acquiring bank, for which we obtain an interchange fee. Growth in interchange revenue has been, and is expected to continue to be, driven primarily by growth in our Dual Card product.

*Debt cancellation fees.* Debt cancellation fees relate to payment protection products purchased by our credit card customers. Customers who choose to purchase these products are charged a monthly fee based on their account balance. In return, we will cancel all or a portion of a customer's credit card balance in the event of certain qualifying life events. In October 2012, we ceased debt cancellation product sales via phone calls to our customer service department and began to only offer the product online and, on a limited basis, by direct mail, which has led to a decrease in new enrollments for this product and is expected to result in a lower level of income generated by this product in the future as the balances of existing accounts enrolled in this program decrease over time.

*Loyalty programs.* We operate a number of loyalty programs in our Retail Card platform that are designed to generate incremental purchase volume per customer, while reinforcing the value of the card and strengthening cardholder loyalty. These programs typically provide cardholders with rewards in the form of merchandise discounts that are earned by achieving a pre-set spending level on their private label or Dual Card. Other programs provide cash back or reward points, which are redeemable for a variety of products or awards. Growth in loyalty program payments has been, and is expected to continue to be, driven by growth in purchase volume related to existing loyalty programs and the rollout of new loyalty programs.

*Other.* Other includes a variety of items including ancillary fees and investment gains/losses.

### **Other Expense**

Other expense consists of the following components:

*Employee costs.* Employee costs primarily consist of employee compensation and benefit costs.

*Professional fees.* Professional fees consist primarily of outsourced provider fees (e.g., collection agencies and call centers), legal, accounting and consulting fees, and recruiting expenses.

*Marketing and business development.* Marketing and business development costs consist of both our contractual and discretionary marketing spend, as well as amortization expense associated with retail partner contract acquisitions and extensions.

*Information processing.* Information processing costs primarily consist of fees related to outsourced information processing providers, credit card associations and software licensing agreements.

*Corporate overhead allocations.* As discussed above under "—Separation from GE and Related Financial Arrangements," GE provides certain services, which we allocate to corporate overhead unless the costs associated with such services are directly billed and included in the appropriate cost categories (e.g., employee benefit costs are included in employee costs above). In our Combined Statements of Earnings presented elsewhere herein, this component is included within the "Other" component of "Other expense" described immediately below.

*Other.* Other primarily consists of postage, fraud expense, litigation and regulatory matters expense and various other smaller cost items such as facilities leases and maintenance, leased equipment and telephone

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charges. Postage is driven primarily by the number of our active accounts and the percentage of customers that utilize our electronic billing option. Fraud is driven primarily by the number of our Dual Card active accounts.

### ***Provision for Income Taxes***

We are included in the consolidated federal and state income tax returns of GE, where applicable, but also file certain separate state and foreign income tax returns. The tax provision is presented on a separate company basis as if we were a separate filer. The effects of tax adjustments and settlements from taxing authorities are presented in our combined financial statements in the period to which they relate as if we were a separate filer. Our current obligations for taxes are settled with our parent on an estimated basis and adjusted in later periods as appropriate and are reflected in our combined financial statements in the periods in which those settlements occur. We are subject to income tax in the United States (federal, state and local) as well as other jurisdictions in which we operate. Our provision for income tax expense is based on our income, the statutory tax rates and other provisions of the tax laws applicable to us in each of these various jurisdictions. These laws are complex, and their application to our facts is at times open to interpretation. The process of determining our consolidated income tax expense includes significant judgments and estimates, including judgments regarding the interpretation of those laws. Our provision for income taxes and our deferred tax assets and liabilities incorporate those judgments and estimates, and reflect management's best estimate of current and future income taxes to be paid. Deferred tax assets and liabilities relate to temporary differences between the financial reporting and income tax bases of our assets and liabilities, as well as the impact of tax loss carryforwards or carrybacks. Deferred income tax expense or benefit represents the expected increase or decrease to future tax payments as these temporary differences reverse over time. Deferred tax assets are specific to the jurisdiction in which they arise, and are recognized subject to management's judgment that realization of those assets is "more likely than not." In making decisions regarding our ability to realize tax assets, we evaluate all positive and negative evidence, including projected future taxable income, taxable income in carryback periods, expected reversal of deferred tax liabilities, and the implementation of available tax planning strategies.

We recognize the financial statement impact of uncertain income tax positions when we conclude that it is more likely than not, based on the technical merits of a position, that the position will be sustained upon audit by the taxing authority. In certain situations, we establish a liability that represents the difference between a tax position taken (or expected to be taken) on an income tax return and the amount of taxes recognized in our financial statements. We recognize accrued interest and penalties related to uncertain income tax positions as interest expense and provision for income taxes, respectively.

### **Results of Operations—For the Three Months Ended March 31, 2014 and 2013**

The discussion below provides an analysis of our combined results of operations for the three months ended March 31, 2014 and 2013.

#### ***2014 First Quarter Highlights***

Below are highlights of our performance for the three months ended March 31, 2014 compared to the three months ended March 31, 2013, except as otherwise noted.

- We had net earnings of \$558 million on total net interest income of \$2,743 million for the three months ended March 31, 2014 compared to net earnings of \$359 million on total net interest income of \$2,511 million for three months ended March 31, 2013. The increase in net earnings was driven by a reduction in our provision for loan losses and an increase in net interest income driven by higher average loan receivables partially offset by an increase in retailer share arrangements and other expenses.
- Average loan receivables increased from \$50,843 million for the three months ended March 31, 2013 to \$55,495 million for the three months ended March 31, 2014. The increase was driven primarily by purchase volume growth of 6.5%.

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- Net interest income increased from \$2,511 million for the three months ended March 31, 2013 to \$2,743 million for the three months ended March 31, 2014 due to higher average loan receivables. Net interest income, after retailer share arrangements, increased from \$2,027 million for the three months ended March 31, 2013 to \$2,149 million for the three months ended March 31, 2014 as the increase in net interest income was offset in part by increased payments to partners under our retailer share arrangements.
- Payments to our partners under our retailer share arrangements increased from \$484 million for the three months ended March 31, 2013 to \$594 million for the three months ended March 31, 2014, primarily as a result of improved performance, including lower provision for loan losses, and the growth of the programs in which we have retailer share arrangements, as well as by changes to the terms of the retailer share arrangements for those partners with whom we extended program agreements in 2013 and 2014.
- Loan delinquencies as a percentage of receivables decreased with the over-30 day delinquency rate decreasing from 4.3% at December 31, 2013 to 4.1% at March 31, 2014. The lower delinquency rates were driven by improvements in the quality of our loan receivables and continued improvement in the U.S. economy and employment rates. Net charge-off rates increased from 4.8% for the three months ended March 31, 2013 to 4.9% for the three months ended March 31, 2014.
- Provision for loan losses decreased from \$1,047 million for the three months ended March 31, 2013 to \$764 million for the three months ended March 31, 2014 primarily as a result of an incremental provision of \$538 million during the first quarter of 2013 relating to the enhancements to our allowance for loan loss methodology, which was not repeated during the three months ended March 31, 2014, partially offset by increased charge-offs and an incremental provision for expected losses due to an increase in loan receivables. The allowance coverage ratio (allowance for loan losses as a percent of end of period loan receivables) increased from 5.4% at March 31, 2013 to 5.5% at March 31, 2014.
- Other expense increased from \$539 million for the three months ended March 31, 2013 to \$610 million for the three months ended March 31, 2014. The increase was driven by business growth, incremental costs associated with building a standalone infrastructure, and increased marketing investments, partially offset by a reduction in our expenses for litigation and regulatory matters.
- We have invested in our direct banking activities to grow our deposit base. Direct deposits have increased from \$10.9 billion at December 31, 2013 to \$13.0 billion at March 31, 2014. As our direct deposits have increased, we have reduced our brokered deposits from \$14.8 billion at December 31, 2013 to \$14.4 billion at March 31, 2014 and decreased our funding from our securitization financings from \$15.4 billion at December 31, 2013 to \$14.6 billion at March 31, 2014.
- During the three months ended March 31, 2014, we entered into new programs with five Payment Solutions partners and added 3,935 new providers to our CareCredit network. We extended three program agreements in Retail Card (American Eagle, Gap, Inc. and Sam's Club) and two in Payment Solutions, representing \$9.7 billion in loan receivables at March 31, 2014. Based on notices received to date, existing program agreements with an aggregate of five Retail Card partners and eight Payment Solutions partners, representing \$2.1 billion in loan receivables at March 31, 2014, will not be extended beyond their current contractual expiration dates, which are primarily in 2014. These programs that were not extended will continue to be reported in our results of operations through their contractual expirations.

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**Summary Earnings**

The following table sets forth our results of operations for the periods indicated.

<i>Three months ended March 31 (\$ in millions)</i>	<u>2014</u>	<u>2013</u>
Interest income	\$2,933	\$2,704
Interest expense	190	193
<b>Net interest income</b>	<u>2,743</u>	<u>2,511</u>
Retailer share arrangements	(594)	(484)
<b>Net interest income, after retailer share arrangements</b>	<u>2,149</u>	<u>2,027</u>
Provision for loan losses	764	1,047
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>	<u>1,385</u>	<u>980</u>
Other income	115	132
Other expense	610	539
<b>Earnings before provision for income taxes</b>	<u>890</u>	<u>573</u>
Provision for income taxes	(332)	(214)
<b>Net earnings</b>	<u>\$ 558</u>	<u>\$ 359</u>

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*Average Balance Sheet*

The following tables set forth information for the periods indicated regarding average balance sheet data, which are used in the discussion of interest income, interest expense and net interest income that follows.

	2014			2013		
	Average Balance(1)	Interest Income / Expense	Average Yield / Rate(2)	Average Balance(1)	Interest Income/Expense	Average Yield / Rate(2)
<i>Three months ended March 31 (\$ in millions)</i>						
<b>Assets</b>						
<b>Interest-earning assets:</b>						
Interest-earning cash and equivalents(3)	\$ 4,001	\$ 2	0.2%	\$ 4,892	\$ 3	0.2%
Securities available for sale	250	3	4.9%	193	2	4.2%
Other short-term investment securities	—	—	0.0%	—	—	0.0%
<b>Loan receivables(4):</b>						
Credit cards(5)	53,211	2,867	22.1%	48,153	2,629	22.1%
Consumer installment loans	959	23	9.8%	1,393	33	9.6%
Commercial credit products	1,311	38	11.9%	1,287	37	11.7%
Other	14	—	0.0%	10	—	0.0%
<b>Total loan receivables</b>	<b>55,495</b>	<b>2,928</b>	<b>21.6%</b>	<b>50,843</b>	<b>2,699</b>	<b>21.5%</b>
<b>Total interest-earning assets</b>	<b>59,746</b>	<b>2,933</b>	<b>20.1%</b>	<b>55,928</b>	<b>2,704</b>	<b>19.6%</b>
<b>Non-interest-earning assets:</b>						
Cash and due from banks	457			523		
Allowance for loans losses	(2,931)			(2,395)		
Other assets	2,149			1,934		
<b>Total non-interest-earning assets</b>	<b>(325)</b>			<b>62</b>		
<b>Total assets</b>	<b>\$ 59,421</b>			<b>\$ 55,990</b>		
<b>Liabilities</b>						
<b>Interest-bearing liabilities:</b>						
Interest-bearing deposit accounts	\$ 26,317	\$ 96	1.5%	\$ 21,959	\$ 94	1.7%
Borrowings of consolidated securitization entities	14,830	47	1.3%	16,986	56	1.3%
Related party debt	8,286	47	2.3%	8,454	43	2.1%
<b>Total interest-bearing liabilities</b>	<b>49,433</b>	<b>190</b>	<b>1.6%</b>	<b>47,399</b>	<b>193</b>	<b>1.7%</b>
<b>Non-interest-bearing liabilities</b>						
Non-interest-bearing deposit accounts	331			533		
Other liabilities	3,182			2,503		
<b>Total non-interest-bearing liabilities</b>	<b>3,513</b>			<b>3,036</b>		
<b>Total liabilities</b>	<b>52,946</b>			<b>50,435</b>		
<b>Equity</b>						
<b>Total equity</b>	<b>6,475</b>			<b>5,555</b>		
<b>Total liabilities and equity</b>	<b>\$ 59,421</b>			<b>\$ 55,990</b>		
<b>Interest rate spread(6)</b>			18.5%			17.9%
<b>Net interest income</b>		<b>\$ 2,743</b>			<b>\$ 2,511</b>	
<b>Net yield on total interest-earning assets(7)</b>			18.8%			18.2%

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- (1) Average balances are based on monthly balances, including beginning of period balances, except where monthly balances are unavailable, quarterly balances are used. Collection of daily averages involves undue burden and expense. We believe our average balance sheet data appropriately incorporates the seasonality in the level of our loan receivables and is representative of our operations.
- (2) Average yields/rates are based on total interest income/expense over average monthly balances.
- (3) Includes average restricted cash balances of \$104 million and \$52 million for the periods ended March 31, 2014 and 2013, respectively.
- (4) Non-accrual loans are included in the average loan receivables balances.
- (5) Interest income on credit cards includes fees on loans of \$528 million and \$482 million for the periods ended March 31, 2014 and 2013, respectively.
- (6) Interest rate spread represents the difference between the yield on total interest-earning assets and the rate on total interest-bearing liabilities.
- (7) Net yield on interest-earning assets represents net interest income divided by average total interest-earning assets.

### ***Interest Income***

Interest income increased from \$2,704 million for the three months ended March 31, 2013 to \$2,933 million for the three months ended March 31, 2014, or by 8.5%. This increase was driven primarily by the increase in average interest-earning assets for the three months ended March 31, 2014.

- *Average interest-earning assets.* Interest-earning assets are comprised primarily of loan receivables. Average loan receivables increased from \$50,843 million for the three months ended March 31, 2013 to \$55,495 million for the three months ended March 31, 2014. This increase in average loan receivables was driven primarily by increased purchase volumes, as average active credit card accounts increased from 55.3 million for the three months ended March 31, 2013 to 59.3 million for the three months ended March 31, 2014. The increase in average loan receivables also reflects the addition of assets related to the acquisition of the Phillips 66 portfolio, which was completed in the second quarter of 2013.
- *Yield on average interest-earning assets.* The yield on interest-earning assets increased from 19.6% for the three months ended March 31, 2013 to 20.1% for the three months ended March 31, 2014 largely driven by a reduction in our average interest-earning cash and equivalents which earn a lower yield than our loan receivables.

### ***Interest Expense***

Interest expense remained relatively flat decreasing from \$193 million for the three months ended March 31, 2013 to \$190 million for the three months ended March 31, 2014. The effect of a lower average cost of funds from 1.7% for the three months ended March 31, 2013 to 1.6% for the three months ended March 31, 2014 was substantially offset by an increase in average interest-bearing liabilities, from \$47,399 million for the three months ended March 31, 2013 to \$49,433 million for the three months ended March 31, 2014.

### ***Net Interest Income***

Net interest income increased from \$2,511 million for the three months ended March 31, 2013 to \$2,743 million for the three months ended March 31, 2014, or by 9.2%. This increase was driven by an increase in average interest-earning receivables and an increase in our yield on interest-earning assets.

### ***Retailer Share Arrangements***

Payments under retailer share arrangements increased from \$484 million for the three months ended March 31, 2013 to \$594 million for the three months ended March 31, 2014. This increase was driven by the

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growth and improved performance of the programs in which we have retailer share arrangements, including lower provision for loan losses, as well as by changes to the terms of the retailer share arrangements for those partners with whom we extended program agreements in 2013 and 2014.

### **Provision for Loan Losses**

Provision for loan losses decreased from \$1,047 million for the three months ended March 31, 2013 to \$764 million for the three months ended March 31, 2014. This decrease was driven primarily as a result of an incremental provision of \$538 million during the first quarter of 2013 relating to the enhancements to our allowance for loan loss methodology, which was not repeated in the three months ended March 31, 2014. This decrease was offset in part by increased provisions relating to loan receivables growth.

### **Other Income**

The following table sets forth our other income for the periods indicated.

<i>Three months ended March 31 (\$ in millions)</i>	<u>2014</u>	<u>2013</u>
Interchange revenue	\$ 76	\$ 72
Debt cancellation fees	70	85
Loyalty programs	(43)	(40)
Other	12	15
<b>Total other income</b>	<u>\$ 115</u>	<u>\$ 132</u>

Other income decreased from \$132 million for the three months ended March 31, 2013 to \$115 million for the three months ended March 31, 2014 primarily due to lower debt cancellation fees driven by fewer customers being enrolled in the product, which reduced the aggregate average balance enrolled.

### **Other Expense**

The following table sets forth our other expense for the periods indicated.

<i>Three months ended March 31 (\$ in millions)</i>	<u>2014</u>	<u>2013</u>
Employee costs	\$ 193	\$ 162
Professional fees	141	102
Marketing and business development	83	45
Information processing	52	46
Corporate overhead allocations and assessments <sup>(1)</sup>	61	53
Other <sup>(1)</sup>	80	131
<b>Total other expense</b>	<u>\$ 610</u>	<u>\$ 539</u>

(1) In our Combined Statements of Earnings, these two items are combined and included under a single line item in other expense under the heading "other."

Other expense increased from \$539 million for the three months ended March 31, 2013 to \$610 million for the three months ended March 31, 2014 primarily due to increases in employee costs, professional fees, marketing and business development and corporate overhead allocations, partially offset by lower other expenses.

Employee costs increased primarily due to additional compensation expenses for new employees and salary increases for existing employees driven by the growth of our business and the building of our standalone infrastructure.

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Professional fees increased due to higher professional and other consulting fees related to the Separation, support of the retail deposit platform and interim servicing for a new program we acquired in 2013.

Marketing and business development costs increased due to increased contractual marketing expenses under our program agreements resulting from growth in the business and increased amortization expense associated with program acquisitions and extensions.

Information processing costs increased driven primarily by the growth of our business.

Corporate overhead allocations and assessments are determined primarily using our percentage of GECC's relevant expenses and increased in the current period as we comprised a greater percentage of GECC's total costs. These amounts do not include services provided by GE where the costs associated with such services are directly billed and included in the appropriate cost categories (e.g., employee benefit costs are included in employee costs above).

Other expenses decreased primarily due to a \$44 million reduction in our estimated reserves for litigation and regulatory matters as a result of developments during the first quarter of 2014.

### ***Provision for Income Taxes***

Our effective tax rate remained relatively flat at 37.4% and 37.3% for the three months ended March 31, 2013 and 2014, respectively. In each period the effective tax rate differs from the U.S. federal statutory tax rate of 35.0% primarily due to state income taxes.

### ***Platform Analysis***

As discussed above under “—Introduction—Our Sales Platforms,” we offer our products through three sales platforms (Retail Card, Payment Solutions and CareCredit), which management measures based on their revenue-generating activities. The following is a discussion of the platform revenue for each of our platforms.

### ***Non-GAAP Measures***

In order to assess and internally report the revenue performance of our three sales platforms, we use a measure we refer to as “platform revenue.” Platform revenue is the sum of three line items in our Combined Statements of Earnings prepared in accordance with GAAP: “interest and fees on loans,” plus “other income,” less “retailer share arrangements.” Platform revenue itself is not a measure presented in accordance with GAAP. We deduct retailer share arrangements but do not deduct other line item expenses, such as interest expense, provision for loan losses and other expense, because those items are managed for the business as a whole. We believe that platform revenue is a useful measure to investors because it represents management's view of the net revenue contribution of each of our platforms. This measure should not be considered a substitute for interest and fees on loans or other measures of performance we have reported in accordance with GAAP. The reconciliation of platform revenue to interest and fees on loans for each platform is set forth in the table included in the discussion of each of our three platforms below. The following table sets forth the reconciliation of total platform revenue to total interest and fees on loans for the periods indicated.

*Three months ended March 31 (\$ in millions)*

	<u>2014</u>	<u>2013</u>
Interest and fees on loans	\$ 2,928	\$ 2,699
Other income	115	132
Retailer share arrangements	(594)	(484)
Platform revenue	<u>\$ 2,449</u>	<u>\$ 2,347</u>

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### *Retail Card*

The following table sets forth supplemental information related to our Retail Card platform for the periods indicated.

<i>Three months ended March 31 (\$ in millions, except per account data)</i>	<u>2014</u>	<u>2013</u>
Purchase volume	\$16,713	\$15,719
Period-end loan receivables	\$37,175	\$33,878
Average loan receivables	\$38,223	\$34,622
Average active accounts (in thousands)	48,168	45,014
Average purchase volume per account	\$ 347	\$ 349
Average loan receivable balance per account	\$ 794	\$ 769
Interest and fees on loans	\$ 2,178	\$ 1,990
Other income	96	106
Retailer share arrangements	(584)	(475)
Platform revenue	<u>\$ 1,690</u>	<u>\$ 1,621</u>

Retail Card platform revenue increased from \$1,621 million for the three months ended March 31, 2013 to \$1,690 million for the three months ended March 31, 2014. This increase was primarily the result of an increase in interest and fees on loans driven by an increase in average loan receivables, offset in part by an increase in retailer share arrangement payments as a result of program growth and improved performance of the programs in which we have retailer share arrangements, as well as changes to the terms of the retailer share arrangements for those partners with whom we extended programs agreements in 2013 and 2014.

### *Payment Solutions*

The following table sets forth supplemental information relating to our Payment Solutions platform for the periods indicated.

<i>Three months ended March 31 (\$ in millions, except per account data)</i>	<u>2014</u>	<u>2013</u>
Purchase volume	\$ 2,687	\$ 2,471
Period-end loan receivables	\$10,647	\$10,088
Average loan receivables	\$10,775	\$10,276
Average active accounts (in thousands)	6,737	6,225
Average purchase volume per account	\$ 399	\$ 397
Average loan receivable balance per account	\$ 1,599	\$ 1,651
Interest and fees on loans	\$ 372	\$ 368
Other income	8	13
Retailer share arrangements	(9)	(7)
Platform revenue	<u>\$ 371</u>	<u>\$ 374</u>

Payment Solutions platform revenue decreased from \$374 million for the three months ended March 31, 2013 to \$371 million for the three months ended March 31, 2014. This decrease was driven by lower debt cancellation fees and increased retailer share arrangements partially offset by an increase in interest and fees on loans driven by an increase in average receivable balances.

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### CareCredit

The following table sets forth supplemental information relating to our CareCredit platform for the periods indicated.

<i>Three months ended March 31 (\$ in millions, except per account data)</i>	<u>2014</u>	<u>2013</u>
Purchase volume	\$ 1,686	\$ 1,613
Period-end loan receivables	\$ 6,463	\$ 5,965
Average loan receivables	\$ 6,497	\$ 5,945
Average active accounts (in thousands)	4,437	4,108
Average purchase volume per account	\$ 380	\$ 393
Average loan receivable balance per account	\$ 1,464	\$ 1,447
Interest and fees on loans	\$ 378	\$ 341
Other income	11	13
Retailer share arrangements	(1)	(2)
Platform revenue	<u>\$ 388</u>	<u>\$ 352</u>

CareCredit platform revenue increased from \$352 million for the three months ended March 31, 2013 to \$388 million for the three months ended March 31, 2014. This increase was primarily the result of an increase in interest and fees on loans driven by an increase in average loan receivables and higher yield on average receivables.

### Results of Operations—For the Years Ended December 31, 2013, 2012 and 2011

The discussion below provides an analysis of our combined results of operations for the years ended December 31, 2013, 2012 and 2011.

#### 2013 Highlights

Below are highlights of our performance in 2013. These highlights generally are based on a comparison between our 2013 and 2012 results, except as otherwise noted.

- We had net earnings of \$1,979 million on total net interest income of \$10,571 million in 2013 compared to net earnings of \$2,119 million on total net interest income of \$9,564 million in 2012. The decrease in net earnings was driven primarily by an increase in our provision for loan losses as a result of enhancements to our allowance for loan loss methodology.
- Loan receivables increased from \$52,313 million at December 31, 2012 to \$57,254 million at December 31, 2013. The increase was driven primarily by purchase volume growth of 9.3% in 2013, which was driven by an increase in active accounts and higher purchase volume per account.
- Net interest income increased from \$9,564 million in 2012 to \$10,571 million in 2013 due to higher average loan receivables. Net interest income, after retailer share arrangements increased from \$7,580 million in 2012 to \$8,198 million in 2013 as net interest income was offset in part by increased payments to partners under our retailer share arrangements.
- Payments to our partners under our retailer share arrangements increased from \$1,984 million in 2012 to \$2,373 million in 2013, primarily as a result of the growth and improved performance of the programs in which we have retailer share arrangements, as well as by changes to the terms of the retailer share arrangements for those partners with whom we extended programs agreements in 2013.
- Loan delinquencies as a percentage of receivables decreased over the prior year with the over 30-day delinquency rate decreasing from 4.6% at December 31, 2012 to 4.3% at December 31, 2013. Reduced delinquency rates were driven by improvements in the quality of our loan receivables and continued

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improvement in the U.S. economy and employment rates. Net charge-off rates decreased from 4.9% in 2012 to 4.7% in 2013.

- Our provision for loan losses decreased from \$2,565 million in 2012 to \$3,072 million in 2013 as a result of enhancements to our allowance for loan loss methodology, offset in part by improved portfolio performance. Our allowance coverage ratio (allowance for loan losses as a percent of end of period loan receivables) increased from 4.3% in 2012 to 5.1% in 2013.
- Other expense increased from \$2,123 million in 2012 to \$2,484 million in 2013. The increase to other expense was driven primarily by a \$133 million increase in our consumer regulatory expenses (primarily related to an increase in our reserves for the matters settled with the CFPB and the DOJ in late 2013 and 2014), \$78 million increase in employee costs, \$61 million increase in marketing expense, \$35 million related to professional fees and \$24 million increase in GE allocations and assessments. These increases (excluding the consumer regulatory expenses) were predominantly driven by the growth in purchase volume, transactions and receivables of our business.
- We acquired MetLife's direct-to-consumer retail banking platform. Primarily as a result of the MetLife acquisition, we increased our deposit funding from 40% at December 31, 2012 to 51% of our total funding at December 31, 2013 (an increase of \$6,915 million) while decreasing funding from securitized financings from 37% to 31% and related party debt from 23% to 18%.
- In 2013, we launched new programs with 16 partners (two in Retail Card (EBates and Phillips 66) and 14 in Payment Solutions) and added 17,000 new providers to our CareCredit network. We extended four program agreements in Retail Card (Belk, Brooks Brothers, JCPenney and Wal-Mart) and 55 program agreements in Payment Solutions, representing \$16.7 billion in loan receivables at December 31, 2013, and did not extend agreements with 34 retailers in Payment Solutions, representing \$0.1 billion in loan receivables at December 31, 2013.

### **2012 Highlights**

Below are highlights of our performance in 2012. These highlights generally are based on a comparison between our 2012 and 2011 results, except as otherwise noted.

- We had net earnings of \$2,119 million on total net interest income of \$9,564 million in 2012 compared to net earnings of \$1,890 million on total net interest income of \$8,209 million in 2011.
- Loan receivables increased from \$47,741 million at December 31, 2011 to \$52,313 million at December 31, 2012. The net increase was driven primarily by purchase volume growth of 10.3% in 2012, which was driven by more active accounts and higher purchase volume per account.
- Net interest income increased from \$8,209 million in 2011 to \$9,564 million in 2012 due to higher average loan receivables and increased yield. Net interest income, after retailer share arrangements, increased from \$6,781 million in 2011 to \$7,580 million in 2012 as net interest income was offset in part by increased payments to partners under our retailer share arrangements.
- Payments to our partners under our retailer share arrangements increased from \$1,428 million in 2011 to \$1,984 million in 2012, primarily as a result of growth and improved performance of the programs in which we have retailer share arrangements, as well as by changes to the terms of the retailer share arrangements for those partners with whom we extended programs agreements in 2012.
- Loan delinquencies as a percentage of receivables decreased over the prior year with the over-30 day delinquency rate decreasing from 4.9% at December 31, 2011 to 4.6% at December 31, 2012. Reduced delinquency rates were driven by improvements in the quality of our loan receivables and continued improvement in the U.S. economy and employment rates. Net charge-off rates decreased from 5.8% in 2011 to 4.9% in 2012.

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- Despite improvement in our loan delinquencies and charge-off rates, we increased our provision for loan losses by \$307 million from \$2,258 million in 2011 to \$2,565 million in 2012 primarily as a result of enhancements to our allowance for loan loss methodology. Our allowance coverage ratio was stable at 4.3% in 2012.
- Other expense increased from \$2,010 million in 2011 to \$2,123 million in 2012. The increase to other expense was driven primarily by a \$60 million increase in fraud expense, a \$24 million increase in employee costs and a \$19 million increase in professional fees.
- Our funding mix continued to shift in 2012 from earlier periods. Our total securitized financings increased from \$14.2 billion in 2011 to \$17.2 billion in 2012; our deposits increased from \$17.8 billion in 2011 to \$18.8 billion in 2012, and related party debt was reduced from \$11.7 billion in 2011 to \$10.6 billion in 2012.
- In 2012, we launched new programs with 21 partners (one in Retail Card (Toys “R” Us) and 20 in Payment Solutions) and added 19,000 new providers to our CareCredit network. We extended three program agreements in Retail Card (Amazon, Gap and Sam’s Club) and 60 program agreements in Payment Solutions, representing \$12.0 billion in loan receivables at December 31, 2012, and did not extend agreements with five retailers in Payment Solutions, representing \$0.3 billion in loan receivables at December 31, 2012.

## Summary Earnings

The following table sets forth our results of operations for the periods indicated.

<i>Years ended December 31 (\$ in millions)</i>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Interest income	\$11,313	\$10,309	\$ 9,141
Interest expense	742	745	932
<b>Net interest income</b>	<b>10,571</b>	<b>9,564</b>	<b>8,209</b>
Retailer share arrangements	(2,373)	(1,984)	(1,428)
<b>Net interest income, after retailer share arrangements</b>	<b>8,198</b>	<b>7,580</b>	<b>6,781</b>
Provision for loan losses	3,072	2,565	2,258
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>	<b>5,126</b>	<b>5,015</b>	<b>4,523</b>
Other income	500	484	497
Other expense	2,484	2,123	2,010
<b>Earnings before provision for income taxes</b>	<b>3,142</b>	<b>3,376</b>	<b>3,010</b>
Provision for income taxes	(1,163)	(1,257)	(1,120)
<b>Net earnings</b>	<b>\$ 1,979</b>	<b>\$ 2,119</b>	<b>\$ 1,890</b>

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### Average Balance Sheet and Volume/Rate Analyses

The following table sets forth information for the periods indicated regarding average balance sheet data and volume/rate variance data, which are used in the discussion of interest income, interest expense and net interest income that follows.

Years ended December 31 (\$ in millions)	2013			2012			2011		
	Average Balance(1)	Interest Income / Expense	Average Yield / Rate(2)	Average Balance(1)	Interest Income / Expense	Average Yield / Rate(2)	Average Balance(1)	Interest Income / Expense	Average Yield / Rate(2)
<b>Assets</b>									
<b>Interest-earning assets:</b>									
Interest-earning cash and equivalents(3)	\$ 3,651	\$ 10	0.3%	\$ 787	\$ 2	0.3%	\$ 130	\$ —	0.0%
Securities available for sale	217	8	3.7%	189	7	3.7%	155	7	4.5%
Other short-term investment securities	—	—	0.0%	50	—	0.0%	188	—	0.0%
<b>Loan receivables(4):</b>									
Credit cards(5)	49,704	11,015	22.2%	44,460	9,967	22.4%	40,219	8,720	21.7%
Consumer installment loans	1,336	129	9.7%	1,705	176	10.3%	2,468	245	9.9%
Commercial credit products	1,355	150	11.1%	1,366	156	11.4%	1,420	168	11.8%
Other	12	1	8.3%	18	1	5.6%	24	1	4.2%
<b>Total loan receivables</b>	<b>52,407</b>	<b>11,295</b>	<b>21.6%</b>	<b>47,549</b>	<b>10,300</b>	<b>21.7%</b>	<b>44,131</b>	<b>9,134</b>	<b>20.7%</b>
<b>Total interest-earning assets</b>	<b>56,275</b>	<b>11,313</b>	<b>20.1%</b>	<b>48,575</b>	<b>10,309</b>	<b>21.2%</b>	<b>44,604</b>	<b>9,141</b>	<b>20.5%</b>
<b>Non-interest-earning assets:</b>									
Cash and due from banks	552			475			457		
Allowance for loans losses	(2,693)			(1,908)			(2,034)		
Other assets	2,050			2,763			3,191		
<b>Total non-interest-earning assets</b>	<b>(91)</b>			<b>1,330</b>			<b>1,614</b>		
<b>Total assets</b>	<b>\$ 56,184</b>			<b>\$ 49,905</b>			<b>\$ 46,218</b>		
<b>Liabilities</b>									
<b>Interest-bearing liabilities:</b>									
Interest-bearing deposit accounts	\$ 22,405	\$ 374	1.7%	\$ 17,039	\$ 362	2.1%	\$ 15,025	\$ 351	2.3%
Borrowings of consolidated securitization entities	16,209	211	1.3%	15,172	228	1.5%	12,958	248	1.9%
Related party debt	9,000	157	1.7%	10,132	155	1.5%	11,729	333	2.8%
<b>Total interest-bearing liabilities</b>	<b>47,614</b>	<b>742</b>	<b>1.6%</b>	<b>42,343</b>	<b>745</b>	<b>1.8%</b>	<b>39,712</b>	<b>932</b>	<b>2.3%</b>
<b>Non-interest-bearing liabilities</b>									
Non-interest-bearing deposit accounts	506			475			417		
Other liabilities	2,943			2,323			2,080		
<b>Total non-interest-bearing liabilities</b>	<b>3,449</b>			<b>2,798</b>			<b>2,497</b>		
<b>Total liabilities</b>	<b>51,063</b>			<b>45,141</b>			<b>42,209</b>		
<b>Equity</b>									
<b>Total equity</b>	<b>5,121</b>			<b>4,764</b>			<b>4,009</b>		
<b>Total liabilities and equity</b>	<b>\$ 56,184</b>			<b>\$ 49,905</b>			<b>\$ 46,218</b>		
<b>Interest rate spread(6)</b>			<b>18.5%</b>			<b>19.4%</b>			<b>18.2%</b>
<b>Net interest income</b>		<b>\$10,571</b>			<b>\$ 9,564</b>			<b>\$ 8,209</b>	
<b>Net yield on total interest-earning assets(7)</b>			<b>18.8%</b>			<b>19.7%</b>			<b>18.4%</b>

(1) Average balances are based on monthly balances, except that where monthly balances are unavailable, quarter end balances are used. Collection of daily averages involves undue burden and expense. We believe our average balance sheet data is representative of our operations.

(2) Average yields/rates are based on total interest income/expense over average monthly balances.

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- (3) Includes average restricted cash balances of \$58 million, \$55 million and \$33 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (4) Non-accrual loans are included in the average loan receivables balances.
- (5) Interest income on credit cards includes fees on loans of \$2,029 million, \$1,928 million and \$1,649 million for the years ended December 31 2013, 2012 and 2011 respectively.
- (6) Interest rate spread represents the difference between the yield on total interest-earning assets and the rate on total interest-bearing liabilities.
- (7) Net yield on interest-earning assets represents net interest income, divided by average total interest-earning assets.

The following table sets forth the amount of changes in interest income and interest expense due to changes in average volume and average yield/rate. Variances due to changes in both average volume and average yield/rate have been allocated between the average volume and average yield/rate variances on a consistent basis based upon the respective percentage changes in average volume and average yield/rate.

(\$ in millions)	2013 vs. 2012			2012 vs. 2011		
	Increase (decrease) due to change in:			Increase (decrease) due to change in:		
	Average Volume	Average Yield / Rate	Net Change	Average Volume	Average Yield / Rate	Net Change
<b>Interest-earning assets:</b>						
Interest-earning cash and equivalents	\$ 8	\$ —	\$ 8	\$ —	\$ 2	\$ 2
Securities available for sale	1	—	1	1	(1)	—
<b>Loan receivables:</b>						
Credit cards	1,163	(115)	1,048	944	303	1,247
Consumer installment loans	(36)	(11)	(47)	(78)	9	(69)
Commercial credit products	(1)	(5)	(6)	(6)	(6)	(12)
Other	—	—	—	—	—	—
<b>Total loan receivables</b>	<b>1,126</b>	<b>(131)</b>	<b>995</b>	<b>860</b>	<b>306</b>	<b>1,166</b>
<b>Change in interest income from total interest-earning assets</b>	<b>\$ 1,135</b>	<b>\$ (131)</b>	<b>\$ 1,004</b>	<b>\$ 861</b>	<b>\$ 307</b>	<b>\$ 1,168</b>
<b>Interest-bearing liabilities:</b>						
Interest-bearing deposit accounts	\$ 99	\$ (87)	\$ 12	\$ 45	\$ (34)	\$ 11
Borrowings of consolidated securitization entities	15	(32)	(17)	38	(58)	(20)
Related party debt	(18)	20	2	(41)	(137)	(178)
<b>Change in interest expense from total interest-bearing liabilities</b>	<b>96</b>	<b>(99)</b>	<b>(3)</b>	<b>42</b>	<b>(229)</b>	<b>(187)</b>
<b>Change in net interest income from total interest-earning assets</b>	<b>\$ 1,039</b>	<b>\$ (32)</b>	<b>\$ 1,007</b>	<b>\$ 819</b>	<b>\$ 536</b>	<b>\$ 1,355</b>

### Interest Income

Interest income increased from \$10,309 million for the year ended December 31, 2012 to \$11,313 million for the year ended December 31, 2013, or by 9.7%. This increase was driven primarily by the increase in average interest-earning assets, which contributed \$1,135 million to interest income for the year ended December 31, 2013, partially offset by the decrease in the yield on interest-earning assets from 21.2% to 20.1%, which reduced interest income by \$131 million. While yield on interest-earning loan receivables was relatively flat, the significant increase in the amount of cash and equivalents in our liquidity portfolio negatively impacted overall yield on interest-earning assets.

- *Average interest-earning assets.* Interest-earning assets are comprised primarily of loan receivables. Average loan receivables increased from \$47,549 million for the year ended December 31, 2012 to \$52,407 million for the year ended December 31, 2013. This increase in average loan receivables was

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driven primarily by increased purchase volumes, as average annual purchase volume per account increased from \$1,620 for the year ended December 31, 2012 to \$1,668 for the year ended December 31, 2013, and the average active credit card accounts increased from 53.0 million for the year ended December 31, 2012 to 56.3 million for the year ended December 31, 2013. Our average account balance increased from \$897 for the year ended December 31, 2012 to \$932 for the year ended December 31, 2013, reflecting the increase in purchase volumes and lower payment rates. The increase in average loan receivables also reflects the addition of the assets related to the acquisition of the Phillips 66 portfolio, which was completed in the second quarter of 2013.

- *Yield on average interest-earning assets.* The yield on interest-earning assets is driven primarily by yield on average interest-earning loan receivables (which decreased from 21.7% for the year ended December 31, 2012 to 21.6% for the year ended December 31, 2013) and the size of our liquidity portfolio (which increased from \$1,037 million for the year ended December 31, 2012 to \$2,103 million for the year ended December 31, 2013). The lower interest yield on interest-earning loan receivables for the year ended December 31, 2013 was largely attributable to a decrease in late fees as a percentage of average interest-earning loan receivables.

Interest income increased from \$9,141 million for the year ended December 31, 2011 to \$10,309 million for the year ended December 31, 2012, or by 12.8%. This increase was driven by the increase in average balances of interest-earning assets, which contributed \$861 million, and the increase in the yield on interest-earning assets from 20.5% for the year ended December 31, 2011 to 21.2% for the year ended December 31, 2012, which contributed \$307 million to the increase in interest income for the year ended December 31, 2012.

- *Average interest-earning assets.* Average loan receivables increased from \$44,131 million for the year ended December 31, 2011 to \$47,549 million for the year ended December 31, 2012. This increase in average loan receivables reflects a \$8,018 million increase in purchase volume and the addition of assets related to the acquisition of the Toys “R” Us portfolio, which was completed in the second quarter of 2012. The growth in purchase volume reflected an increase in average annual purchase volume per account from \$1,518 for the year ended December 31, 2011 to \$1,620 for the year ended December 31, 2012 and an increase in average active credit card accounts from 51.3 million for the year ended December 31, 2011 to 53.0 million for the year ended December 31, 2012.
- *Yield on average interest-earning assets.* Yield on interest-earning assets is driven primarily by yield on average interest-earning loan receivables, which increased from approximately 20.7% for the year ended December 31, 2011 to approximately 21.7% for the year ended December 31, 2012. The higher interest yield in 2012 was largely attributable to higher average annual percentage rate mix and higher late fees as a percentage of average interest-earning loan receivables.

### ***Interest Expense***

Interest expense decreased from \$745 million for the year ended December 31, 2012 to \$742 million for the year ended December 31, 2013. The effect of an increase in average interest-bearing liabilities, from \$42,343 million for the year ended December 31, 2012 to \$47,614 million for the year ended December 31, 2013, was more than offset by a lower average cost of funds (1.8% for the year ended December 31, 2012 versus 1.6% for the year ended December 31, 2013).

Interest expense decreased from \$932 million for the year ended December 31, 2011 to \$745 million for the year ended December 31, 2012. The effect of an increase in average interest-bearing liabilities, from \$39,712 million for the year ended December 31, 2011 to \$42,343 million for the year ended December 31, 2012, was more than offset by a lower average cost of funds (2.3% for the year ended December 31, 2011 versus 1.8% for the year ended December 31, 2012) due to a lower interest rate environment and a reduction of the interest rate assessed by GECC on related party debt.

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### **Net Interest Income**

Net interest income increased from \$9,564 million for the year ended December 31, 2012 to \$10,571 million for the year ended December 31, 2013, or by 10.5%. This increase was driven primarily by an increase in average interest-earning receivables, which contributed \$1,126 million.

Net interest income increased from \$8,209 million for the year ended December 31, 2011 to \$9,564 million for the year ended December 31, 2012, or by 16.5%. This increase was driven primarily by three components: an increase in average interest-earning assets which contributed \$861 million, an increase in the yield on interest-earning assets from 20.5% for the year ended December 31, 2011 to 21.2% for the year ended December 31, 2012, which contributed \$307 million, and a decrease in the yield on interest-bearing liabilities from 2.3% for the year ended December 31, 2011 to 1.8% for the year ended December 31, 2012, which contributed \$229 million.

### **Retailer Share Arrangements**

Payments under retailer share arrangements increased from \$1,984 million for the year ended December 31, 2012 to \$2,373 million for the year ended December 31, 2013. This increase was driven by the growth and improved performance of the programs in which we have retailer share arrangements, as well as by changes to the terms of the retailer share arrangements for those partners with whom we extended program agreements in 2013.

Retailer share arrangements increased from \$1,428 million for the year ended December 31, 2011 to \$1,984 million for the year ended December 31, 2012. This increase was driven by the growth and improved performance of the programs in which we have retailer share arrangements, as well as by changes to the terms of the retailer share arrangements for those partners with whom we extended program agreements in 2012.

### **Provision for Loan Losses**

Provision for loan losses increased from \$2,565 million for the year ended December 31, 2012 to \$3,072 million for the year ended December 31, 2013. This increase was driven primarily by the enhancements to our allowance for loan loss methodology referred to above and loan receivables growth, which was offset in part by lower provisions as a result of improvements to our delinquency and charge-off rates.

Provision for loan losses increased from \$2,258 million for the year ended December 31, 2011 to \$2,565 million for the year ended December 31, 2012. This increase was driven primarily by the enhancements to our allowance for loan loss methodology and loan receivables growth, which was offset in part by lower provisions as a result of improvements to our delinquency and charge-off rates.

### **Other Income**

The following table sets forth our other income for the periods indicated.

<i>Years ended December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interchange revenue	\$ 324	\$ 287	\$ 235
Debt cancellation fees	324	309	319
Loyalty programs	(213)	(199)	(198)
Other	65	87	141
<b>Total other income</b>	<u>\$ 500</u>	<u>\$ 484</u>	<u>\$ 497</u>

Interchange revenue increased from \$287 million for the year ended December 31, 2012 to \$324 million for the year ended December 31, 2013, or by 12.9%.  
Interchange revenue increased from \$235 million for the year

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ended December 31, 2011 to \$287 million for the year ended December 31, 2012, or by 22.1%. These increases were due to increases in Dual Card purchase volume outside of our partners' locations. Debt cancellation fees increased from \$309 million for the year ended December 31, 2012 to \$324 million for the year ended December 31, 2013, driven primarily by higher average account balances of customers that have purchased our debt cancellation product. Debt cancellation fees decreased from \$319 million for the year ended December 31, 2011 to \$309 million for the year ended December 31, 2012, primarily due to reduced pricing. Loyalty programs cost increased from \$199 million for the year ended December 31, 2012 to \$213 million for the year ended December 31, 2013, or by 7.0%, primarily due to increased purchase volume. Loyalty program cost did not change materially from 2011 to 2012. Other decreased from \$87 million for the year ended December 31, 2012 to \$65 million for the year ended December 31, 2013, primarily due to lower ancillary fees. Other decreased from \$141 million for the year ended December 31, 2011 to \$87 million for the year ended December 31, 2012, primarily due to a 2011 gain related to the sale of a portfolio and lower ancillary fees.

### **Other Expense**

The following table sets forth our other expense for the periods indicated.

<i>Years ended December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Employee costs	\$ 698	\$ 620	\$ 596
Professional fees	486	451	432
Marketing and business development	269	208	221
Information processing	193	165	157
Corporate overhead allocations and assessments <sup>(1)</sup>	230	206	183
Other <sup>(1)</sup>	608	473	421
<b>Total other expense</b>	<u>\$2,484</u>	<u>\$2,123</u>	<u>\$2,010</u>

(1) In our Combined Statements of Earnings, these two items are both combined and included under a single line item in other expense under the heading "other."

*Employee costs.* Employee costs increased from \$620 million for the year ended December 31, 2012 to \$698 million for the year ended December 31, 2013, primarily related to additional compensation expenses for new employees and salary increases for existing employees. Employee costs increased from \$596 million for the year ended December 31, 2011 to \$620 million for the year ended December 31, 2012, primarily related to additional compensation expenses for new employees and salary increases for existing employees.

*Professional fees.* Professional fees increased from \$451 million for the year ended December 31, 2012 to \$486 million in 2013. Professional fees increased from \$432 million for the year ended December 31, 2011 to \$451 million for the year ended December 31, 2012. These expense increases were driven primarily by our business growth (e.g., increased active accounts and increased purchase volumes).

*Marketing and business development.* Marketing and business development costs increased from \$208 million for the year ended December 31, 2012 to \$269 million for the year ended December 31, 2013, due to increased contractual marketing expenses under our program agreements resulting from growth in the business. Marketing and business development costs remained relatively flat between 2011 and 2012.

*Information processing.* Information processing costs increased from \$165 million for the year ended December 31, 2012 to \$193 million for the year ended December 31, 2013, due to higher transaction volume and associated outsourcing fees. Information processing costs increased from \$157 million for the year ended December 31, 2011 to \$165 million for the year ended December 31, 2012.

*Corporate overhead allocations.* As discussed above under "—Separation from GE and Related Financial Arrangements," corporate overhead allocations were \$230 million, \$206 million and \$183 million for the years

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ended December 31, 2013, 2012 and 2011, respectively. These amounts do not include services provided by GE where the costs associated with such services are directly billed and included in the appropriate cost categories (e.g., employee benefit costs are included in employee costs above).

*Other.* Other primarily consists of postage (\$223 million, \$214 million and \$213 million for the years ended December 31, 2013, 2012 and 2011, respectively), fraud expense (\$134 million, \$132 million and \$72 million for the years ended December 31, 2013, 2012, and 2011, respectively), litigation and regulatory matters expense described above (\$133 million, \$0 million and \$0 million for the years ended December 31, 2013, 2012 and 2011, respectively) and various other smaller cost items such as facilities leases and maintenance, leased equipment and telephone charges. Our litigation and regulatory matters expense increased in 2013 as we settled a CareCredit investigation pursuant to which we will pay up to \$34.1 million, as well as increased reserves for other regulatory matters.

### **Provision for Income Taxes**

Our effective tax rate remained relatively flat at 37.0%, 37.2% and 37.2% for the years ended December 31, 2013, 2012 and 2011, respectively. In 2013, 2012 and 2011, the effective tax rate differs from the U.S. federal statutory tax rate of 35.0% primarily due to state income taxes.

### **Platform Analysis**

As discussed above under “—Introduction—Our Sales Platforms,” we offer our products through three sales platforms (Retail Card, Payment Solutions and CareCredit), which management measures based on their revenue-generating activities. The following is a discussion of the platform revenue for each of our platforms.

### *Non-GAAP Measures*

In order to assess and internally report the revenue performance of our three sales platforms, we use a measure we refer to as “platform revenue.” Platform revenue is the sum of three line items in our Combined Statements of Earnings prepared in accordance with GAAP: “interest and fees on loans,” plus “other income,” less “retailer share arrangements.” Platform revenue itself is not a measure presented in accordance with GAAP. We deduct retailer share arrangements but do not deduct other line item expenses, such as interest expense, provision for loan losses and other expense, because those items are managed for the business as a whole. We believe that platform revenue is a useful measure to investors because it represents management’s view of the net revenue contribution of each of our platforms. This measure should not be considered a substitute for interest and fees on loans or other measures of performance we have reported in accordance with GAAP. The reconciliation of platform revenue to interest and fees on loans for each platform is set forth in the table included in the discussion of each of our three platforms below. The following table sets forth the reconciliation of total platform revenue to total interest and fees on loans for the periods indicated.

<i>Years Ended December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interest and fees on loans	\$11,295	\$10,300	\$ 9,134
Other income	500	484	497
Retailer share arrangements	(2,373)	(1,984)	(1,428)
Platform revenue	<u>\$ 9,422</u>	<u>\$ 8,800</u>	<u>\$ 8,203</u>

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### *Retail Card*

The following table sets forth supplemental information related to our Retail Card platform for the periods indicated.

<i>Years ended December 31 (\$ in millions, except per account data)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Purchase volume	\$75,739	\$69,240	\$62,663
Period-end loan receivables	\$39,834	\$35,952	\$32,087
Average loan receivables	\$35,716	\$31,907	\$28,743
Average active accounts (in thousands)	45,690	43,223	42,079
Average purchase volume per account	\$ 1,658	\$ 1,602	\$ 1,489
Average loan receivable balance per account	\$ 782	\$ 738	\$ 683
Interest and fees on loans	\$ 8,317	\$ 7,531	\$ 6,536
Other income	419	400	377
Retailer share arrangements	(2,331)	(1,943)	(1,378)
Platform revenue	<u>\$ 6,405</u>	<u>\$ 5,988</u>	<u>\$ 5,535</u>

Retail Card platform revenue increased from \$5,988 million for the year ended December 31, 2012 to \$6,405 million for the year ended December 31, 2013. This increase was primarily the result of an increase in interest and fees on loans driven by an increase in average loan receivables, offset in part by an increase in retailer share arrangement payments as a result of program growth and improved performance of the programs in which we have retailer share arrangements, as well as changes to the terms of the retailer share arrangements for those partners with whom we extended programs agreements in 2013.

Retail Card platform revenue increased from \$5,535 million for the year ended December 31, 2011 to \$5,988 million for the year ended December 31, 2012. This increase was primarily the result of an increase in interest and fees on loans driven by an increase in average loan receivables, offset in part by an increase in retailer share arrangement payments as a result of program growth and improved performance of the programs in which we have retailer share arrangements, as well as changes to the terms of the retailer share arrangements for those partners with whom we extended programs agreements in 2012.

### *Payment Solutions*

The following table sets forth supplemental information relating to our Payment Solutions platform for the periods indicated.

<i>Years ended December 31 (\$ in millions, except per account data)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Purchase volume	\$11,360	\$10,531	\$ 9,798
Period-end loan receivables	\$10,893	\$10,430	\$10,245
Average loan receivables	\$10,469	\$10,000	\$10,208
Average active accounts (in thousands)	6,330	5,969	5,809
Average purchase volume per account	\$ 1,795	\$ 1,764	\$ 1,686
Average loan receivable balance per account	\$ 1,654	\$ 1,675	\$ 1,757
Interest and fees on loans	\$ 1,506	\$ 1,441	\$ 1,389
Other income	36	40	60
Retailer share arrangements	(36)	(35)	(43)
Platform revenue	<u>\$ 1,506</u>	<u>\$ 1,446</u>	<u>\$ 1,406</u>

Payment Solutions platform revenue increased from \$1,446 million for the year ended December 31, 2012 to \$1,506 million for the year ended December 31, 2013. This increase was primarily the result of an increase in interest and fees on loans driven by an increase in average loan receivables.

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Payment Solutions platform revenue increased from \$1,406 million for the year ended December 31, 2011 to \$1,446 million for the year ended December 31, 2012. This increase was driven primarily by an increased yield on interest-earning loan receivables offset in part by lower average loan receivables.

### CareCredit

The following table sets forth supplemental information relating to our CareCredit platform for the periods indicated.

<i>Years ended December 31 (\$ in millions, except per account data)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Purchase volume	\$6,759	\$6,130	\$5,422
Period-end loan receivables	\$6,527	\$5,931	\$5,409
Average loan receivables	\$6,222	\$5,642	\$5,180
Average active accounts (in thousands)	4,233	3,829	3,425
Average purchase volume per account	\$1,597	\$1,601	\$1,583
Average loan receivable balance per account	\$1,470	\$1,474	\$1,512
Interest and fees on loans	\$1,472	\$1,328	\$1,209
Other income	45	44	60
Retailer share arrangements	(6)	(6)	(7)
Platform revenue	<u>\$1,511</u>	<u>\$1,366</u>	<u>\$1,262</u>

CareCredit platform revenue increased from \$1,366 million for the year ended December 31, 2012 to \$1,511 million for the year ended December 31, 2013. This increase was primarily the result of an increase in interest and fees on loans driven by an increase in average loan receivables.

CareCredit platform revenue increased from \$1,262 million for the year ended December 31, 2011 to \$1,366 million for the year ended December 31, 2012. This increase was primarily the result of an increase in interest and fees on loans driven by an increase in average loan receivables.

### Financial Information by Geography

Substantially all of our operations are within the United States. For the years ended December 31, 2013, 2012 and 2011, our U.S. operations accounted for \$11,276 million, \$10,278 million and \$9,101 million of our total interest and fees on loans, respectively, and our non-U.S. operations accounted for \$19 million, \$22 million and \$33 million of our total interest and fees on loans, respectively. At December 31, 2013, 2012 and 2011, our long-lived assets in the United States were \$42 million, \$47 million and \$39 million, respectively, and our long-lived assets outside the United States were \$4 million, \$5 million and \$1 million, respectively.

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### Selected Quarterly Financial Information

The following table sets forth selected unaudited quarterly financial information for the periods indicated.

(\$ in millions)	Quarterly Periods Ended								
	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Interest income	\$ 2,933	\$ 3,037	\$ 2,886	\$ 2,686	\$ 2,704	\$ 2,734	\$ 2,618	\$ 2,465	\$ 2,492
Interest expense	190	188	183	178	193	169	176	191	209
<b>Net interest income</b>	<b>2,743</b>	<b>2,849</b>	<b>2,703</b>	<b>2,508</b>	<b>2,511</b>	<b>2,565</b>	<b>2,442</b>	<b>2,274</b>	<b>2,283</b>
Retailer share arrangements	(594)	(662)	(680)	(547)	(484)	(550)	(498)	(470)	(466)
<b>Net interest income, after retailer share arrangements</b>	<b>2,149</b>	<b>2,187</b>	<b>2,023</b>	<b>1,961</b>	<b>2,027</b>	<b>2,015</b>	<b>1,944</b>	<b>1,804</b>	<b>1,817</b>
Provision for loan losses	764	818	541	666	1,047	818	848	439	460
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>	<b>1,385</b>	<b>1,369</b>	<b>1,482</b>	<b>1,295</b>	<b>980</b>	<b>1,197</b>	<b>1,096</b>	<b>1,365</b>	<b>1,357</b>
Other income	115	130	114	124	132	121	111	125	127
Other expense	610	807	575	563	539	582	540	499	502
<b>Earnings before provision for income taxes</b>	<b>890</b>	<b>692</b>	<b>1,021</b>	<b>856</b>	<b>573</b>	<b>736</b>	<b>667</b>	<b>991</b>	<b>982</b>
Provision for income taxes	(332)	(249)	(380)	(320)	(214)	(270)	(249)	(371)	(367)
<b>Net earnings</b>	<b>\$ 558</b>	<b>\$ 443</b>	<b>\$ 641</b>	<b>\$ 536</b>	<b>\$ 359</b>	<b>\$ 466</b>	<b>\$ 418</b>	<b>\$ 620</b>	<b>\$ 615</b>
Basic earnings per share									
Diluted earnings per share									

### Investment Securities

The following discussion provides supplemental information regarding our investment securities portfolio. All of our investment securities are classified as available-for-sale at March 31, 2014, December 31, 2013, 2012 and 2011, and are held primarily to comply with the Community Reinvestment Act ("CRA"). Investment securities classified as available-for-sale are reported in our Combined Statements of Financial Position at fair value. Our portfolio of investment securities consisted primarily of state and municipal bonds and residential mortgage backed securities.

The following table sets forth the amortized cost and fair value of our investment securities at the dates indicated.

(\$ in millions)	At March 31, 2014		2013		At December 31, 2012		2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt:								
State and municipal	\$ 59	\$ 53	\$ 53	\$ 46	\$ 42	\$ 39	\$ 39	\$ 32
Residential mortgage-backed	203	197	183	175	144	149	157	162
Equity	15	15	15	15	5	5	4	4
<b>Total</b>	<b>\$ 277</b>	<b>\$265</b>	<b>\$ 251</b>	<b>\$236</b>	<b>\$ 191</b>	<b>\$193</b>	<b>\$ 200</b>	<b>\$198</b>

Unrealized gains and losses, net of the related tax effect, on available-for-sale securities that are not other-than-temporarily impaired are excluded from earnings and are reported as a separate component of comprehensive income

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(loss) until realized. At March 31, 2014, our investment securities had gross unrealized gains of \$1 million, and gross unrealized losses of \$13 million. At December 31, 2013, 2012 and 2011, our investment securities had gross unrealized gains of \$1 million, \$6 million and \$6 million, respectively, and gross unrealized losses of \$16 million, \$4 million and \$8 million, respectively.

Our investment securities portfolio had the following maturity distribution at March 31, 2014. Equity securities have been excluded from the table because they do not have a maturity.

(\$ in millions)	Due in 1 Year or Less	Due After 1 through 5 Years	Due After 5 through 10 Years	Due after 10 years	Total
<b>Debt:</b>					
State and municipal	\$ —	\$ 1	\$ 1	\$ 51	\$ 53
Residential mortgage-backed	—	—	—	197	197
<b>Total</b>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 248</u>	<u>\$250</u>
<b>Weighted average yield<sup>(1)</sup></b>	— %	3.7%	3.9%	3.6%	3.6%

(1) Weighted average yield is calculated based on the amortized cost of each security. In calculating yield, no adjustment has been made with respect to any tax exempt obligations.

At March 31, 2014, we did not hold investments in any single issuer with an aggregate book value that exceeded 10% of equity.

## Loan Receivables

The following discussion provides supplemental information regarding our loan receivables portfolio.

Loan receivables are our largest category of assets and represent our primary source of revenues. The following tables set forth the composition of our loan receivables portfolio by product type at the dates indicated.

(\$ in millions)	At March 31, 2014	(%)	At December 31, 2013	(%)
<b>Loans</b>				
Credit cards	\$ 52,008	95.8%	\$ 54,958	96.0%
Consumer installment loans	963	1.8	965	1.7
Commercial credit products	1,299	2.4	1,317	2.3
Other	15	—	14	—
<b>Total loans</b>	<u>\$ 54,285</u>	<u>100.0%</u>	<u>\$ 57,254</u>	<u>100.0%</u>

Loan receivables decreased by \$2,969 million, or 5.2%, to \$54,285 million at March 31, 2014 compared to \$57,254 million at December 31, 2013. The decrease was driven primarily by the seasonality of our business as customers paid their balances down in the first quarter.

At December 31 (\$ in millions)	2013	(%)	2012	(%)	2011	(%)	2010 <sup>(1)</sup>	(%)	2009	(%)
<b>Loans</b>										
Credit cards	\$54,958	96.0%	\$49,572	94.8%	\$44,287	92.7%	\$40,960	90.6%	\$17,574	76.7%
Consumer installment loans	965	1.7	1,424	2.7	2,078	4.4	2,737	6.1	3,544	15.5
Commercial credit products	1,317	2.3	1,307	2.5	1,350	2.8	1,414	3.1	1,533	6.7
Other	14	—	10	—	26	0.1	119	0.2	261	1.1
<b>Total loans</b>	<u>\$57,254</u>	<u>100.0%</u>	<u>\$52,313</u>	<u>100.0%</u>	<u>\$47,741</u>	<u>100.0%</u>	<u>\$45,230</u>	<u>100.0%</u>	<u>\$22,912</u>	<u>100.0%</u>

(1) On January 1, 2010, we adopted ASC 810, *Consolidation*, pursuant to which we consolidated the assets and liabilities of certain previously unconsolidated securitization entities.

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Our loan receivables portfolio had the following maturity distribution at March 31, 2014.

<i>(\$ in millions)</i>	<u>Within 1 Year(1)</u>	<u>1-5 Years</u>	<u>After 5 Years</u>	<u>Total</u>
<b>Loans</b>				
Credit cards	\$52,008	\$ —	\$ —	\$52,008
Consumer installment loans	28	542	393	963
Commercial credit products	1,299	—	—	1,299
Other	3	5	7	15
<b>Total loans</b>	<u>\$53,338</u>	<u>\$ 547</u>	<u>\$ 400</u>	<u>\$54,285</u>
Loans due after one year at fixed interest rates	N/A	\$ 547	\$ 400	\$ 947
Loans due after one year at variable interest rates	N/A	—	—	—
<b>Total loans due after one year</b>	<u>N/A</u>	<u>\$ 547</u>	<u>\$ 400</u>	<u>\$ 947</u>

(1) Credit card loans have minimum payment requirements but no stated maturity and therefore are included in the due within one year category. However, many of our credit card holders will revolve their balances, which may extend their repayment period beyond one year for balances at March 31, 2014.

Our loan receivables portfolio had the following geographic concentration at March 31, 2014 (based on customer March 2014 statement-end balances (our statement cut-off dates vary within the month) extrapolated to our March 31, 2014 total customer balances because actual March 31, 2014 individual customer balances are not available without undue burden and expense).

<i>(\$ in millions)</i>	<u>Loan Receivables Outstanding</u>	<u>% of Total Loan Receivables Outstanding</u>
<b>State</b>		
Texas	\$ 5,556	10.2%
California	5,248	9.7%
Florida	4,127	7.6%
New York	3,086	5.7%
Pennsylvania	2,351	4.3%

### *Impaired Loans and Troubled Debt Restructurings*

Our loss mitigation strategy is intended to minimize economic loss and at times can result in rate reductions, principal forgiveness, extensions or other actions, which may cause the related loan to be classified as a Troubled Debt Restructuring (“TDR”) and also be impaired. We use short term (3 to 12 months) or long term (12 to 60 months) modification programs for borrowers experiencing financial difficulty as a loss mitigation strategy to improve long-term collectability of the loans that are classified as TDRs. For our credit card customers, the short term program primarily consists of a reduced minimum payment and an interest rate reduction, both lasting for a period no longer than 12 months. The long term program involves changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months and reducing the interest rate on the loan. The long term program does not normally provide for the forgiveness of unpaid principal, but may allow for the reversal of certain unpaid interest or fee assessments. We also make loan modifications for some customers who request financial assistance through external sources, such as a consumer credit counseling agency program. The loans that are modified typically receive a reduced interest rate but continue to be subject to the original minimum payment terms and do not normally include waiver of unpaid principal, interest or fees. The determination of whether these changes to the terms and conditions meet the TDR criteria includes our consideration of all relevant facts and circumstances.

Loans classified as TDRs are recorded at their present value with impairment measured as the difference between the loan balance and the discounted present value of cash flows expected to be collected. Consistent with our measurement of impairment of modified loans on a collective basis, the discount rate used for credit card loans is the original effective interest rate.

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Interest income from loans accounted for as TDRs is accounted for in the same manner as other accruing loans. The following table presents the amount of loan receivables that are not accruing interest, loans that are 90 days or more past-due and still accruing interest, and earning TDRs.

(\$ in millions)	At March 31,	At December 31,				
	2014	2013	2012	2011	2010	2009
Non-accrual loan receivables(1)	\$ 2	\$ 2	\$1,042	\$1,003	\$1,216	\$900
Loans contractually 90 days past-due and still accruing interest	1,044	1,119	15	36	53	—
Earning TDRs(2)	719	741	866	1,082	—	—
Non-accrual past due and restructured loan receivables	\$ 1,765	\$1,862	\$1,923	\$2,121	\$1,269	\$900

- (1) Beginning in the fourth quarter of 2013, we revised our methods of classifying loan receivables as non-accrual to more closely align with regulatory guidance. As a result we continue to accrue interest on credit card balances until they reach 180 days past due.
- (2) At March 31, 2014 and December 31, 2013 balances exclude \$67 million and \$70 million, respectively, of TDRs which are included in loans contractually 90 days past-due and still accruing interest balance.

(\$ in millions)	Three months ended	Year ended
	March 31, 2014	December 31, 2013
Gross amount of interest income that would have been recorded in accordance with the original contractual terms	\$ 36	\$ 180
Interest income actually recognized	15	81
Total interest income foregone	\$ 21	\$ 99

Non-accrual loan receivables totaled \$2 million (less than 0.1% of outstanding loan receivables) at March 31, 2014 and at December 31, 2013, compared with \$1,042 million (2% of outstanding loan receivables) at December 31, 2012. Non-accrual loan receivables decreased from December 31, 2012, primarily due to the revision of our method of classifying loan receivables as non-accrual which was made in the fourth quarter of 2013. We now continue to accrue interest on credit cards until the accounts are charged-off in the period the accounts become 180 days past due. Previously, we stopped accruing interest on credit cards when the accounts became 90 days past due. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our combined financial statements for further information, including a description of our accrual policies.

Net charge-offs consist of the unpaid principal balance of loans held for investment that we determine are uncollectible, net of recovered amounts. We exclude accrued and unpaid finance charges and fees and third-party fraud losses from charge-offs. Charged-off and recovered accrued and unpaid finance charges and fees are included in interest and fees on loans while third party fraud losses are included in other expense. Charge-offs are recorded as a reduction to the allowance for loan losses and subsequent recoveries of previously charged off amounts are credited to the allowance for loan losses. Costs incurred to recover charged-off loans are recorded as collection expense and included in other expense in our Combined Statements of Earnings.

The allowance for loan losses totaled \$2,998 million at March 31, 2014 compared with \$2,892 million at December 31, 2013. Our assessment of our allowance for loans losses at each date represents our best estimate of probable losses inherent in the portfolio as of each such date and is not directly correlated with the seasonal movements in our loan receivables balance. The increase in the allowance for loan losses at March 31, 2014 compared to December 31, 2013, despite a decrease in our balance of loan receivables outstanding at March 31, 2014 compared to December 31, 2013, reflected among other things our expectation that a higher proportion of the seasonally high level of delinquent accounts outstanding at December 31, 2013 would return to current status during the first quarter without resulting in loan losses and that a higher proportion of delinquent accounts

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outstanding at March 31, 2014 would result in charge-offs as compared to December 31, 2013, in each case taking into account the seasonal trends in delinquent customer payment patterns described above under the heading “—Seasonality.” The allowance for losses totaled \$2,892 million at December 31, 2013 compared with \$2,274 million at December 31, 2012. The increase of \$618 million was primarily attributable to the methodology enhancement discussed in the sections “—Results of Operations—Results of Operations—For the Three Months Ended March 31, 2014 and 2013—Provision for Loan Losses” and “—Results of Operations—Results of Operations—For the Years Ended December 31, 2013, 2012 and 2011—Provision for Loan Losses” above.

The following tables provide changes in our allowance for loan losses for the periods presented:

	Balance at January 1, 2014	Provision Charged to Operations	Other(1)	Gross Charge- Offs(2)	Recoveries(2)	Balance at March 31, 2014
<i>(\$ in millions)</i>						
Credit cards	\$ 2,827	\$ 752	\$ —	\$ (781)	\$ 137	\$ 2,935
Consumer installment loans	19	2	—	(7)	3	17
Commercial credit products	46	10	—	(12)	2	46
Other	—	—	—	—	—	—
<b>Total</b>	<u>\$ 2,892</u>	<u>\$ 764</u>	<u>\$ —</u>	<u>\$ (800)</u>	<u>\$ 142</u>	<u>\$ 2,998</u>

	Balance at January 1, 2013	Provision Charged to Operations	Other(1)	Gross Charge- Offs(2)	Recoveries(2)	Balance at March 31, 2013
<i>(\$ in millions)</i>						
Credit cards	\$ 2,174	\$ 1,016	\$ —	\$ (732)	\$ 148	\$ 2,606
Consumer installment loans	62	8	—	(13)	6	63
Commercial credit products	38	23	—	(15)	3	49
Other	—	—	—	—	—	—
<b>Total</b>	<u>\$ 2,274</u>	<u>\$ 1,047</u>	<u>\$ —</u>	<u>\$ (760)</u>	<u>\$ 157</u>	<u>\$ 2,718</u>

	Balance at January 1, 2013	Provision Charged to Operations	Other(1)	Gross Charge- Offs(2)	Recoveries(2)	Balance at December 31, 2013
<i>(\$ in millions)</i>						
Credit cards	\$ 2,174	\$ 2,970	\$ —	\$ (2,847)	\$ 530	\$ 2,827
Consumer installment loans	62	49	—	(111)	19	19
Commercial credit products	38	53	—	(53)	8	46
Other	—	—	—	—	—	—
<b>Total</b>	<u>\$ 2,274</u>	<u>\$ 3,072</u>	<u>\$ —</u>	<u>\$ (3,011)</u>	<u>\$ 557</u>	<u>\$ 2,892</u>

	Balance at January 1, 2012	Provision Charged to Operations	Other(1)	Gross Charge- Offs(2)	Recoveries(2)	Balance at December 31, 2012
<i>(\$ in millions)</i>						
Credit cards	\$ 1,902	\$ 2,438	\$ —	\$ (2,680)	\$ 514	\$ 2,174
Consumer installment loans	113	54	—	(130)	25	62
Commercial credit products	37	69	—	(76)	8	38
Other	—	4	—	(4)	—	—
<b>Total</b>	<u>\$ 2,052</u>	<u>\$ 2,565</u>	<u>\$ —</u>	<u>\$ (2,890)</u>	<u>\$ 547</u>	<u>\$ 2,274</u>

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	Balance at January 1, 2011	Provision Charged to Operations	Other(1)	Gross Charge- Offs(2)	Recoveries(2)	Balance at December 31, 2011
<i>(\$ in millions)</i>						
Credit cards	\$ 2,137	\$ 2,130	\$ (8)	\$ (2,850)	\$ 493	\$ 1,902
Consumer installment loans	176	54	—	(151)	34	113
Commercial credit products	49	74	—	(99)	13	37
Other	—	—	—	—	—	—
<b>Total</b>	<b>\$ 2,362</b>	<b>\$ 2,258</b>	<b>\$ (8)</b>	<b>\$ (3,100)</b>	<b>\$ 540</b>	<b>\$ 2,052</b>

	Balance at January 1, 2010(3)	Provision Charged to Operations	Other(1)	Gross Charge- Offs(2)	Recoveries(2)	Balance at December 31, 2010
<i>(\$ in millions)</i>						
Credit cards	\$ 3,058	\$ 2,899	\$ 3	\$ (4,263)	\$ 440	\$ 2,137
Consumer installment loans	135	135	—	(131)	37	176
Commercial credit products	64	116	—	(142)	11	49
Other	—	1	—	(1)	—	—
<b>Total</b>	<b>\$ 3,257</b>	<b>\$ 3,151</b>	<b>\$ 3</b>	<b>\$ (4,537)</b>	<b>\$ 488</b>	<b>\$ 2,362</b>

	Balance at January 1, 2009	Provision Charged to Operations	Other(4)	Gross Charge- Offs(2)	Recoveries(2)	Balance at December 31, 2009(3)
<i>(\$ in millions)</i>						
Credit cards	\$ 1,249	\$ 2,321	\$ (211)	\$ (2,166)	\$ 143	\$ 1,336
Consumer installment loans	314	387	—	(479)	34	256
Commercial credit products	61	168	—	(180)	10	59
Other	2	7	—	(6)	—	3
<b>Total</b>	<b>\$ 1,626</b>	<b>\$ 2,883</b>	<b>\$ (211)</b>	<b>\$ (2,831)</b>	<b>\$ 187</b>	<b>\$ 1,654</b>

(1) Other primarily included the effects of foreign currency exchange.

(2) Net charge-offs (gross charge-offs less recoveries) in certain portfolios may exceed the beginning allowance for loan losses as our revolving credit portfolios turn over more than once per year or, in all portfolios, can reflect losses that are incurred subsequent to the beginning of the year due to information becoming available during the year, which may identify further deterioration of existing loan receivables.

(3) Differences between December 31, 2009 and January 1, 2010 reflect the effects of our adoption of ASC 810, *Consolidation*, on January 1, 2010 and the consolidation of assets and liabilities of certain previously unconsolidated securitization entities.

(4) Other primarily included \$217 million of transfers of allowance for loan losses relating to the sales of loan receivables to unconsolidated securitization entities and \$6 million of effects of foreign currency exchange.

The table below sets forth the ratio of net charge-offs to average loan receivables outstanding for the periods indicated.

	At March 31,		At December 31,				
	2014	2013	2013	2012	2011	2010	2009
Ratio of net charge-offs to average loan receivables outstanding <sup>(1)</sup>	4.9%	4.8%	4.7%	4.9%	5.8%	9.3%	11.3%

(1) Calculated based on monthly average loan receivables outstanding, except that where monthly balances are unavailable, quarter-end balances are used.

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### Liquidity and Capital Resources

We maintain a strong focus on liquidity and capital. Our funding, liquidity and capital policies are designed to ensure our business has the liquidity and capital resources to support our daily operations, our business growth, our credit ratings and our regulatory and compliance requirements, in a cost effective and prudent manner through expected and unexpected market environments.

#### Funding Sources

Our primary funding sources historically have included cash from operations, deposits (direct and brokered deposits), securitized financings and related party debt provided by GECC and its affiliates. In connection with this offering, we expect to add third-party credit facilities, unsecured debt financing and transitional funding from GECC as funding sources. In addition to these components of our funding plan, we currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity, subject to customary borrowing conditions, under two of our existing securitization programs.

The following tables summarize information concerning our funding sources during the periods indicated:

<i>Three months ended March 31 (\$ in millions)</i>	2014			2013		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate
Deposits <sup>(1)</sup>	\$26,317	53%	1.5%	\$21,959	46%	1.7%
Securitized financings	14,830	30	1.3	16,986	36	1.3
Related party debt	8,286	17	2.3	8,454	18	2.1
<b>Total</b>	<b>\$49,433</b>	<b>100%</b>	<b>1.6%</b>	<b>\$47,399</b>	<b>100%</b>	<b>1.7%</b>

(1) Excludes \$331 million and \$533 million average balance of non-interest bearing deposits for the three months ended March 31, 2014 and March 31, 2013, respectively. Non-interest bearing deposits comprise less than 10% of total deposits for the three months ended March 31, 2014, and 2013.

<i>Years ended December 31 (\$ in millions)</i>	2013			2012			2011		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate	Average Balance	%	Average Rate
Deposits <sup>(1)</sup>	\$22,405	47%	1.7%	\$17,039	40%	2.1%	\$15,025	38%	2.3%
Securitized financings	16,209	34	1.3	15,172	36	1.5	12,958	33	1.9
Related party debt	9,000	19	1.7	10,132	24	1.5	11,729	29	2.8
<b>Total</b>	<b>\$47,614</b>	<b>100%</b>	<b>1.6%</b>	<b>\$42,343</b>	<b>100%</b>	<b>1.8%</b>	<b>\$39,712</b>	<b>100%</b>	<b>2.3%</b>

(1) Excludes \$506 million, \$475 million, and \$417 million average balance of non-interest bearing deposits for the years ended December 31, 2013, 2012 and 2011, respectively. Non-interest bearing deposits comprise less than 10% of total deposits for the years ended December 31, 2013, 2012 and 2011.

Each of our historical funding sources and our funding sources following this offering are discussed below.

#### Deposits

We obtain deposits directly from retail and commercial customers (“direct deposits”) or through third-party brokerage firms that offer our deposits to their customers (“brokered deposits”). At March 31, 2014, we had \$13.0 billion in direct deposits (which includes deposits from banks and financial institutions and deposits related to prepaid cards) and \$14.4 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger who channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to significantly expand our direct deposits base as a source of stable and diversified low cost funding.

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Our direct deposits include a range of FDIC-insured deposit products, including certificates of deposit, IRAs, money market accounts and savings accounts, which we offer under our Optimizer<sup>+</sup>Plus brand. In January 2013, we acquired the deposit business of MetLife, which is a direct banking platform that had \$6.4 billion in deposits at the time of the acquisition.

Brokered deposits are primarily from retail customers of large brokerage firms. We have relationships with eight brokers that offer our deposits through their networks. Our brokered deposits consist primarily of certificates of deposit that bear interest at a fixed rate and at March 31, 2014 had a weighted average remaining life of 3.0 years. These deposits generally are not subject to early withdrawal.

Our ability to attract deposits is sensitive to, among other things, the interest rates we pay, and therefore we bear funding and interest rate risk if we fail, or are required to pay higher rates, to attract new deposits or retain existing deposits. To mitigate these risks, we pursue a funding strategy that seeks to match our assets and liabilities by interest rate and expected maturity characteristics, and we seek to maintain access to multiple other funding sources, including securitized financings (including our undrawn committed capacity) and unsecured debt.

Following this offering, over the next several years we are seeking to increase our direct deposits. The growth of direct deposits will be supported by a significant investment in marketing and brand awareness. See “—Separation from GE and Related Financial Arrangements—Indirect Costs” above.

The following tables summarize certain information regarding our interest bearing deposits by type (all of which constitute U.S. deposits) for the periods indicated.

<i>Three months ended March 31 (\$ in millions)</i>	2014			2013		
	Average Balance(1)	% of Total	Average Rate	Average Balance(1)	% of Total	Average Rate
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	\$ 8,796	33%	1.1%	\$ 3,611	16%	0.8%
Savings accounts (including money market accounts)	2,827	11	0.9	1,500	7	1.0
Brokered deposits	14,694	56	1.8	16,848	77	2.0
<b>Total interest-bearing deposits</b>	<b>\$ 26,317</b>	<b>100%</b>	<b>1.5%</b>	<b>\$ 21,959</b>	<b>100%</b>	<b>1.7%</b>

<i>Years ended December 31 (\$ in millions)</i>	2013			2012			2011		
	Average Balance(1)	% of Total	Average Yield	Average Balance(1)	% of Total	Average Yield	Average Balance(1)	% of Total	Average Yield
Direct deposits:									
Certificates of deposit (including IRA certificates of deposit)	\$ 5,889	26%	0.9%	\$ 284	2%	0.7%	\$ —	— %	— %
Savings accounts (including money market accounts)	2,193	10	0.7	—	—	—	—	—	—
Brokered deposits	14,323	64	2.1	16,755	98	2.1	\$ 15,025	100	2.3
<b>Total interest-bearing deposits</b>	<b>\$ 22,405</b>	<b>100%</b>	<b>1.7%</b>	<b>\$ 17,039</b>	<b>100%</b>	<b>2.1%</b>	<b>\$ 15,025</b>	<b>100%</b>	<b>2.3%</b>

(1) Average balances are based on monthly balances. Calculation of daily averages at this time involves undue burden and expense. We believe our average balance data is representative of our operations.

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At March 31, 2014, the weighted average maturity of our certificates of deposit was 26.1 months. See Note 8, *Deposits and Borrowings* to our condensed combined financial statements.

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The following table summarizes deposits by contractual maturity at March 31, 2014.

<i>(\$ in millions)</i>	<u>3 Months or Less</u>	<u>Over 3 Months but within 6 Months</u>	<u>Over 6 Months but within 12 Months</u>	<u>Over 12 Months</u>	<u>Total</u>
<b>U.S. deposits (\$100,000 or more)</b>					
Direct deposits:					
Certificates of deposit (including IRA certificates of deposit)	\$ 1,065	\$ 1,196	\$ 2,471	\$ 2,023	\$ 6,755
Savings accounts (including money market accounts)	2,195	—	—	—	2,195
Brokered deposits:					
Certificates of deposit	1,232	1,063	1,085	9,860	13,240
Sweep accounts	484	—	—	—	484
<b>Total</b>	<u>\$ 4,976</u>	<u>\$ 2,259</u>	<u>\$ 3,556</u>	<u>\$ 11,883</u>	<u>\$22,674</u>

### Securitized Financings

We have been engaged in the securitization of our credit card receivables since 1997. We access the asset-backed securitization market using the GE Capital Credit Card Master Note Trust (“MNT”), through which we issue asset-backed securities through both public transactions and private transactions funded by financial institutions and commercial paper conduits. In addition, we issue asset-backed securities in private transactions through the GE Sales Finance Master Trust (“SFT”) and the GE Money Master Trust (“GMT”).

At March 31, 2014, we had \$7.5 billion of outstanding public asset-backed securities and \$7.1 billion of outstanding private asset-backed securities, in each case held by unrelated third parties.

The following table summarizes expected contractual maturities of the investors’ interests in securitized financings at March 31, 2014.

<i>(\$ in millions)</i>	<u>Less Than One Year</u>	<u>One Year Through Three Years</u>	<u>Four Years Through Five Years</u>	<u>After Five Years</u>	<u>Total</u>
Scheduled maturities of long-term borrowings—owed to securitization investors:					
MNT <sup>(1)</sup>	\$ 4,958	\$ 3,428	\$ 3,376	\$ 563	\$12,325
SFT	117	1,483	400	—	2,000
GMT	91	226	—	—	317
<b>Total long-term borrowings—owed to securitization investors</b>	<u>\$ 5,166</u>	<u>\$ 5,137</u>	<u>\$ 3,776</u>	<u>\$ 563</u>	<u>\$14,642</u>

(1) Excludes subordinated classes of MNT notes that we own.

We retain exposure to the performance of trust assets through: (i) in the case of MNT, SFT and GMT, subordinated retained interests in the receivables transferred to the trust in excess of the principal amount of the notes for a given series to provide credit enhancement for a particular series, as well as pari passu seller’s interest in each trust and (ii) subordinated classes of MNT notes that we own.

All of our securitized financings include early repayment triggers, referred to as early amortization events, including one that occurs if the excess spread as it relates to a particular series falls below zero. No early amortization event has occurred with respect to any of the securitized financings in MNT, SFT or GMT. See “Description of Certain Indebtedness—Securitized Financings.”

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The following table summarizes for each of our trusts the three-month rolling average excess spread at March 31, 2014.

	Note Principal Balance (S in millions)	# of Series Outstanding	3-Month Rolling Average Excess Spread(1)
MNT	\$ 13,595	19	14.6% to 18.6%
SFT	2,000	4	12.8%
GMT	317	1	31.4%

- (1) Represents the excess spread (generally calculated as interest income collected from the applicable pool of loan receivables less applicable net charge-offs, interest expense and servicing costs, divided by the aggregate principal amount of loan receivables in the applicable pool) for each trust (or, in the case of MNT, represents a range of the excess spreads relating to particular series issued within the trust), in each case calculated in accordance with the applicable trust or series documentation, for the three securitization monthly periods ending prior to March 31, 2014.

### Funding Provided by GECC

Prior to this offering, GECC provided funding to us. The balance outstanding at March 31, 2014 and at December 31, 2013, 2012 and 2011 was \$8.1 billion, \$9.0 billion, \$10.6 billion and \$11.7 billion, respectively. The average amount of funding provided by GECC as a percentage of our total average funding sources has continued to decline in each of the last three years (19%, 24% and 29% in 2013, 2012 and 2011, respectively) and declined further to 17% in the three months ended March 31, 2014. The aggregate interest and fees paid to GECC with respect of funding provided was \$47 million for the three months ended March 31, 2014, and \$157 million, \$155 million and \$333 million for the years ended December 31, 2013, 2012 and 2011, respectively.

In connection with this offering, all of our related party debt owed to GECC outstanding at the time of the closing of this offering will be repaid, and we will enter into the New GECC Term Loan Facility pursuant to which GECC will provide \$3.0 billion principal amount of unsecured term loans maturing in 2019. See “Description of Certain Indebtedness—New GECC Term Loan Facility.” In connection with our application to the Federal Reserve Board and Separation, we intend to prepay part or substantially all of the New GECC Term Loan Facility.

### New Bank Term Loan Facility

Prior to the completion of this offering, we will enter into the New Bank Term Loan Facility with third-party lenders that will provide \$ billion principal amount of unsecured term loans maturing in 2019. See “Description of Certain Indebtedness—New Bank Term Loan Facility.”

### Planned Debt Offering

We currently intend to issue approximately \$ billion of senior unsecured debt securities in the Planned Debt Offering shortly after the completion of this offering. We cannot assure you that the Planned Debt Offering will be completed or, if completed, on what terms it will be completed. See “Description of Certain Indebtedness—New Senior Notes.”

### Short-Term Borrowings

Except as described above, there were no material short-term borrowings for the periods presented.

### Additional Available Funding Capacity

*Existing unsecured revolving credit lines.* The Bank is a party to two separate revolving credit agreements, each with a different lender, and each providing us with an unsecured revolving line of credit of up to \$500 million. GECC has guaranteed our payment obligations under these agreements. There were no borrowings for the periods presented. We currently anticipate that these agreements will be terminated in connection with or shortly after the completion of the Transactions. See “Description of Certain Indebtedness—Existing Unsecured Credit Lines.”

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*Undrawn securitized financings.* At March 31, 2014, we had \$450 million of undrawn committed capacity on our securitized financings. We currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity, subject to customary borrowing conditions, from private lenders under two of our existing securitization programs.

*Other.* At March 31, 2014, we had more than \$25.0 billion of unencumbered assets in the Bank available to be used to generate additional liquidity through secured borrowings or asset sales or to be pledged to the Federal Reserve Board for credit at the discount window.

### Contractual Obligations

In the normal course of business, we enter into various contractual obligations that require future cash payments. Our future cash payments associated with our contractual obligations at December 31, 2013 are summarized below.

(\$ in millions)	Payments Due by Period				
	Total	2014	2015 – 2016	2017 – 2018	2019 and Thereafter
Deposits <sup>(1)(2)</sup>	\$25,719	\$14,279	\$ 6,665	\$ 3,110	\$ 1,665
Securitized financings <sup>(3)</sup>	15,362	5,143	6,423	2,634	1,162
Capital lease obligations	3	3	—	—	—
Operating leases	79	24	35	14	6
<b>Total contractual obligations<sup>(4)</sup></b>	<b>\$41,163</b>	<b>\$19,449</b>	<b>\$ 13,123</b>	<b>\$ 5,758</b>	<b>\$ 2,833</b>

- (1) Savings accounts (including money market accounts), brokered network deposits sweeps, and non-interest bearing deposits are assumed for purposes of this table to be due in 2014 because they may be withdrawn at any time without payment of any penalty.
- (2) Deposits do not include interest payments because the amount and timing of these payments cannot be reasonably estimated as certain deposits have early withdrawal rights and also the option to roll interest payments into the balance. The average interest rate on our interest bearing deposits for the year ended December 31, 2013 was 1.7%. See Note 8. *Deposits and Borrowings* to our combined financial statements.
- (3) The amounts shown exclude interest as the majority of our securitized financing require payments of interest based on floating rates. The average interest rate for the year ended December 31, 2013 was 1.3%. See Note 8. *Deposits and Borrowings* to our combined financial statements.
- (4) Related party debt is excluded from the table above because it is being repaid in connection with the closing of this offering. See “—Funding Provided by GECC.” This table does not include debt to be incurred in connection with this offering. See “Description of Certain Indebtedness.”

### Off-Balance Sheet Items—Guarantees

We do not have any significant off-balance sheet items, including guarantees. Guarantees are contracts or indemnification agreements that contingently require us to make a guaranteed payment or perform an obligation to a third-party based on certain trigger events. At December 31, 2013, we had not recorded any contingent liabilities in our Combined Statements of Financial Position related to any guarantees.

### Covenants

Our credit facilities include various covenants, including financial covenants that require performance measures and ratios to be met. If we do not satisfy the covenants in our credit facilities, the credit facilities may be terminated and the maturity of amounts outstanding thereunder may be accelerated and become payable. Our real estate leases also include various covenants, but typically do not include financial covenants. If we do not satisfy the covenants in the real estate leases, the leases may be terminated and we may be liable for damage claims. At March 31, 2014, we were not in default under any of our credit facilities and had not received any notices of default under any of our real estate leases.

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### **Credit Ratings**

Our borrowing costs and capacity in certain funding markets, including securitizations and senior and subordinated debt, may be affected by the credit ratings of the Company, the Bank and the ratings of our asset-backed securities.

We expect our senior unsecured debt to be rated by one or more rating agencies prior to the closing of this offering. In addition, certain of the asset-backed securities issued by our publicly registered securitization trust are also rated by Fitch, S&P and/or Moody's. A credit rating is not a recommendation to buy, sell or hold securities, may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. Downgrades in these credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.

See "Risk Factors—Risks Relating to Our Business—A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets."

### **Liquidity**

We seek to ensure that we have adequate liquidity to sustain business operations, fund asset growth and satisfy debt obligations under normal and stress conditions.

We maintain policies outlining the overall framework and general principles for managing liquidity risk across our business, which is the responsibility of our Asset and Liability Management Committee (the "ALCO"), a subcommittee of our Enterprise Risk Management Committee. We employ a variety of metrics to monitor and manage liquidity. We perform regular liquidity stress testing and contingency planning as part of our liquidity management process. We evaluate a range of stress scenarios including Company specific and systemic events that could impact funding sources and our ability to meet liquidity needs.

Historically, we have relied on GECC as our primary source of liquidity under related party funding arrangements. In addition, we maintain a liquidity portfolio, which at March 31, 2014 had \$4.8 billion of liquid assets, primarily consisting of cash and equivalents, less cash in transit which is not considered to be liquid, compared to a \$2.1 billion liquidity portfolio at December 31, 2013. The increase in liquid assets was primarily due to higher cash collections from the seasonal pay down of fourth quarter loan receivables. We retained this excess cash and equivalents within our Company, as we prepare for the completion of this offering.

In connection with this offering, we expect to increase the size of our liquidity portfolio significantly. At March 31, 2014, pro forma for the Transactions, we would have had a liquidity portfolio with \$ billion of liquid assets (or % of total assets). We expect our liquidity portfolio will consist of cash and equivalents (primarily in the form of deposits with the Federal Reserve Board), debt obligations of the U.S. Treasury, certain securities issued by U.S. government sponsored enterprises and other highly rated and highly liquid assets. As a general matter, investments included in our liquidity portfolio are expected to be highly liquid, giving us the ability to raise cash by pledging certain of these investments to access the secured funding markets or selling them. The level and composition of our liquidity portfolio may fluctuate based upon the level of expected maturities of our funding sources as well as operational requirements and market conditions.

As additional sources of liquidity, we currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity, subject to customary borrowing conditions, from private lenders under two of our existing securitization program, and at March 31, 2014, we had more than \$25.0 billion of unencumbered assets in the Bank available to be used to generate additional liquidity through secured borrowings or asset sales or to be pledged to the Federal Reserve Board for credit at the discount window. Over time we expect to raise additional unsecured debt financing and significantly increase our level of direct deposits to refinance, in advance of the Separation, all or a substantial portion of the transitional funding provided by GECC, increase liquidity levels and support growth in our business.

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If during the first three months following this offering we issue senior unsecured debt securities in excess of \$3 billion, the net proceeds of such debt (subject to certain limited exceptions) shall be applied, first, to prepay of the New GECC Term Loan Facility until the outstanding principal amount thereunder equals \$1.5 billion and, second, to prepay outstanding principal amounts of the New GECC Term Loan Facility and New Bank Term Loan Facility on a pro rata basis. For any debt securities we issue thereafter, the net proceeds of such debt (depending on the amount and timing of receipt and subject to certain limited exceptions) shall be applied to prepay outstanding principal amounts of the New GECC Term Loan Facility and the New Bank Term Loan Facility (or may otherwise be retained by us for other purposes) as set forth in the prepayment provisions described in “Description of Certain Indebtedness—New Bank Term Loan Facility.”

The following table sets forth our liquidity portfolio and undrawn capacity information at March 31, 2014, pro forma for the Transactions.

	<u>Pro Forma</u> <u>At March 31,</u> <u>2014</u>
<b>Liquidity portfolio</b>	
Cash and equivalents	\$ _____
Total liquidity portfolio	\$ _____
<b>Undrawn credit facilities</b>	
Undrawn committed securitization financings	_____
<b>Total liquidity portfolio and undrawn credit facilities</b>	<u>\$ _____</u>

We will rely significantly on dividends and other distributions and payments from the Bank for liquidity; however, bank regulations, contractual restrictions and other factors limit the amount of dividends and other distributions and payments that the Bank may pay to us. For a discussion of regulatory restrictions on the Bank’s ability to pay dividends, see “Risk Factors—Risks Relating to Regulation—We and the Bank are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock” and “Regulation—Savings Association Regulation—Dividends and Stock Repurchases.” For a discussion of the financial covenants contained in the New Bank Term Loan Facility and the New GECC Term Loan Facility that limit our and the Bank’s ability to pay dividends, see “Description of Certain Indebtedness—New Bank Term Loan Facility” and “—New GECC Term Loan Facility.”

## **Capital**

Our primary sources of capital have been earnings generated by our businesses and existing equity capital. The proceeds of this offering will increase our equity capital significantly. We seek to manage capital to a level and composition sufficient to support the risks of our businesses, meet regulatory requirements, adhere to rating agency targets and support future business growth. The level, composition and utilization of capital are influenced by changes in the economic environment, strategic initiatives and legislative and regulatory developments. Within these constraints, we are focused on deploying capital in a manner that will provide attractive returns to our stockholders. At March 31, 2014, pro forma for the Transactions, we had \$ \_\_\_\_\_ billion of capital.

In connection with our application to the Federal Reserve Board described above and the Separation, we expect to continue to increase our capital and liquidity levels by, among other things, retaining net earnings and by not paying a dividend or returning capital through stock repurchases until our application to the Federal Reserve Board is approved. As part of our capital plan, thereafter, our board of directors intends to consider our policy for paying dividends and may consider stock repurchases. We are targeting Tier 1 common ratios well in excess of regulatory “well capitalized” levels. We measure capital ratios under the Basel I framework and believe we are well positioned to manage our capital ratios as we transition to Basel III requirements in 2015.

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The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including the financial condition, earnings, capital and liquidity requirements of us and the Bank, regulatory restrictions, corporate law and contractual restrictions and other factors that our board of directors deems relevant. In addition, banking laws and regulations and our banking regulators may limit our ability to pay dividends and make repurchases of our stock. For a discussion of regulatory restrictions on our and the Bank's ability to pay dividends and repurchase stock, see "Risk Factors—Risks Relating to Regulation—We and the Bank are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock." There can be no assurance that we will declare and pay any dividends or repurchase any stock in the future.

Under the Bank's Operating Agreement with the OCC, which it entered into on January 11, 2013 in connection with its acquisition of the deposit business of MetLife, and regulatory capital requirements adopted by the OCC, the Bank must maintain minimum levels of capital.

The following table sets forth the composition of the Bank's capital ratios at the dates indicated.

<i>At March 31, 2014 (\$ in millions)</i>	<b>Bank</b>		<b>Operating Agreement Requirement</b>	
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>
Total risk-based capital	\$ 5,927	17.6%	\$ 3,698	11.0%
Tier 1 risk-based capital	\$ 5,488	16.3%	\$ 2,353	7.0%
Tier 1 leverage	\$ 5,488	14.0%	\$ 2,352	6.0%

<i>At December 31, 2013 (\$ in millions)</i>	<b>Bank</b>		<b>Operating Agreement Requirement</b>	
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>
Total risk-based capital	\$ 6,010	17.3%	\$ 3,828	11.0%
Tier 1 risk-based capital	\$ 5,559	16.0%	\$ 2,436	7.0%
Tier 1 leverage	\$ 5,559	14.9%	\$ 2,243	6.0%

<i>At December 31, 2012 (\$ in millions)</i>	<b>Bank</b>		<b>Operating Agreement Requirement</b>	
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>
Total risk-based capital	\$ 5,608	15.1%	N/A	N/A
Tier 1 risk-based capital	\$ 5,134	13.8%	N/A	N/A
Tier 1 leverage	\$ 5,134	17.2%	N/A	N/A

As a savings and loan holding company, we historically have not been required to maintain any specific amount of minimum capital. Beginning as early as 2015, however, we expect that we will be subject to capital requirements similar to those applicable to the Bank. For more information, see "Regulation—Savings and Loan Holding Company Regulation."

The following table sets forth at March 31, 2014, on a pro forma basis for the Transactions, the composition of our capital ratios under Basel I.

<i>At March 31, 2014 (\$ in millions)</i>	<b>Pro Forma</b>		<b>Minimum to be Well-Capitalized under Prompt Corrective Action Provisions</b>	
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>
Total risk-based capital	\$	%	\$	10.0%
Tier 1 risk-based capital		%		6.0%
Tier 1 leverage		%		5.0%
Tier 1 common equity		%		—

At March 31, 2014, pro forma for the Transactions, we would have had a fully phased-in Basel III Tier 1 common ratio of %.

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As a new savings and loan holding company, the Company historically has not been required by regulators to disclose capital ratios, and therefore these capital ratios are non-GAAP measures. We believe these capital ratios are useful measures to investors because they are widely used by analysts and regulators to assess the capital position of financial services companies, although our pro forma Basel I Tier 1 common ratio is not a Basel I defined regulatory capital ratio, and our pro forma Basel I and Basel III Tier 1 common ratios may not be comparable to similarly titled measures reported by other companies. Our pro forma Basel I Tier 1 common ratio is the ratio of Tier 1 common equity (as calculated below) to total risk-weighted assets as calculated in accordance with the U.S. Basel I capital rules. Our pro forma Basel III Tier 1 common ratio is the ratio of common equity Tier 1 capital to total risk-weighted assets, each as calculated in accordance with the U.S. Basel III capital rules (on a fully phased-in basis). Our pro forma Basel III Tier 1 common ratio is a preliminary estimate reflecting management's interpretation of the final Basel III capital rules adopted in July 2013 by the Federal Reserve Board, which have not been fully implemented, and our estimate and interpretations are subject to, among other things, ongoing regulatory review and implementation guidance. The following table sets forth a reconciliation of each component of our pro forma capital ratios set forth above to the comparable pro forma GAAP component at March 31, 2014.

	Basel I Pro Forma at March 31, 2014	Basel III Pro Forma at March 31, 2014
<b>Equity to Tier 1 capital, Tier 1 common equity and Risk-based capital</b>		
Total equity		
Unrealized gains / losses on investment securities <sup>(1)</sup>		
Disallowed goodwill and other disallowed intangible assets <sup>(2)</sup>		
Disallowed servicing assets and purchased credit card relationships		
Tier 1 capital		
Non qualifying preferred stock	—	—
Noncontrolling interests	—	—
Tier 1 common equity (Basel I)/common equity Tier 1 capital (Basel III)		
Allowance for loan losses includible in risk-based capital		
Risk-based capital		
<b>Total assets to leveraged assets</b>		
Total assets		
Disallowed goodwill and other disallowed intangible assets <sup>(2)</sup>		
Disallowed servicing assets		
Other additions to assets for leverage capital purposes		
Total assets for leverage capital purposes		
<b>Risk-weighted assets<sup>(3)</sup></b>		

(1) Amounts are presented net of tax.

(2) Amounts are net of related deferred tax liabilities. Adjustments to the Basel I Tier 1 common equity calculation to estimate the Basel III common equity Tier 1 capital calculation include corresponding adjustments to purchased credit card receivable intangibles.

(3) Adjustments to Basel I risk-weighted assets to estimate Basel III risk-weighted assets include corresponding adjustments to purchased credit card receivable intangibles, deferred tax assets and certain other assets.

Failure to meet minimum capital requirements can result in the initiation of certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our business, results of operations and financial condition. See "Risk Factors—Risks Relating to Regulation—Failure by Synchrony, the Bank and, until the GE SLHC Deregistration, GECC to meet applicable capital adequacy rules could have a material adverse effect on us."

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### **Critical Accounting Estimates**

Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. Many of these estimates include determining fair value. All of these estimates reflect our best judgment about current, and for some estimates future, economic and market conditions and their effects based on information available as of the date of these financial statements. If these conditions change from those expected, it is reasonably possible that the judgments and estimates described below could change, which may result in incremental losses on loan receivables, future impairments of investment securities, goodwill, intangible assets establishment of valuation allowances on deferred tax assets and increased tax liabilities, among other effects. See Note 2. *Basis of Presentation and Summary Significant Accounting Policies* to our combined financial statements, which discusses the significant accounting policies that we have selected from acceptable alternatives.

#### ***Allowance for Loan Losses***

Losses on loan receivables are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. The method for calculating the best estimate of probable losses takes into account our historical experience adjusted for current conditions with each product and customer type and our judgment concerning the probable effects of relevant observable data, trends and market factors.

We evaluate each portfolio quarterly. For credit card receivables, our estimation process includes analysis of historical data and there is a significant amount of judgment applied in selecting inputs and analyzing the results produced by the models to determine the allowance. Our risk process includes standards and policies for reviewing major risk exposures and concentrations, and evaluates relevant data either for individual loans or on a portfolio basis, as appropriate. More specifically, we use a migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. The migration analysis considers uncollectible principal, interest and fees reflected in the loan receivables. We use other analyses to estimate losses incurred on non-delinquent accounts. The considerations in these analyses include past performance, risk management techniques applied to various accounts, historical behavior of different account vintages, current economic conditions, recent trends in delinquencies, bankruptcy filings, account collection management, policy changes, account seasoning, loan volume and amounts, payment rates, forecasting uncertainties and a qualitative assessment of the adequacy of the allowance for losses, which compares this allowance for losses to projected net charge-offs over the next 12 months, in a manner consistent with regulatory guidance. We do not evaluate credit card loans for impairment on an individual basis, but instead estimate its allowance for credit card loan losses on a portfolio basis. Further, experience is not available for new portfolios; therefore, while we are developing that experience, we set loss allowances based on our experience with the most closely analogous products in our portfolio. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible that we will experience credit losses that are different from our current estimates.

#### ***Asset Impairment***

*Investments.* We regularly review investment securities for impairment using both quantitative and qualitative criteria. For debt securities, if we do not intend to sell the security, and it is not more likely than not that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether a credit loss exists, such as the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. Quantitative criteria include determining whether there has been an adverse change in expected future cash flows. For equity securities, our criteria include the length of time and magnitude of the amount that each security is in an unrealized loss position.

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*Goodwill and Intangible Assets.* We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is defined under GAAP as the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. Our operating segment consists of a single reporting unit, based on the level at which management regularly reviews and measures the business operating results.

Goodwill impairment risk is first assessed under FASB Accounting Standards Update (“ASU”) 2011-08, *Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment* by performing a qualitative review of entity-specific, industry, market and general economic factors for our reporting unit. If potential goodwill impairment risk exists that indicates that it is more likely than not that the carrying value of our reporting unit exceeds its fair value, we apply a two-step quantitative test. The first step compares the reporting unit’s estimated fair value with its carrying value. If the carrying value of our reporting unit’s net assets exceeds its fair value, the second step is applied to measure the difference between the carrying value and implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, the goodwill is considered impaired and reduced to its implied fair value. The qualitative assessment for each period presented in the combined financial statements was performed without hindsight, assuming only factors and market conditions existing as of those dates, and resulted in no potential goodwill impairment risk for our reporting unit. Consequently, goodwill was not deemed to be impaired for any of the periods presented.

Definite-lived intangible assets principally consist of customer-related assets, including contract acquisitions and purchased credit card relationships. These assets are amortized over their estimated useful lives and evaluated for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The evaluation compares the cash inflows expected to be generated from each intangible asset to its carrying value. If cash flows attributable to the intangible asset are less than the carrying value, the asset is considered impaired and written down to its estimated fair value. No impairments of definite-lived intangible assets have been recognized in the periods presented in the combined financial statements.

### ***Income Taxes***

We are subject to income tax in the United States (federal, state and local) as well as other jurisdictions in which we operate. Our provision for income tax expense is based on our income, the statutory tax rates and other provisions of the tax laws applicable to us in each of these various jurisdictions. These laws are complex, and their application to our facts is at times open to interpretation. The process of determining our combined income tax expense includes significant judgments and estimates, including judgments regarding the interpretation of those laws. Our provision for income taxes and our deferred tax assets and liabilities incorporate those judgments and estimates, and reflect management’s best estimate of current and future income taxes to be paid. We review our tax positions quarterly and adjust the balances as new information becomes available.

Deferred tax assets and liabilities relate to temporary differences between the financial reporting and income tax bases of our assets and liabilities, as well as the impact of tax loss carryforwards or carrybacks. Deferred income tax expense or benefit represents the expected increase or decrease to future tax payments as these temporary differences reverse over time, based upon currently enacted income tax laws and rates that will be in effect when such differences are expected to reverse. Deferred tax assets are specific to the jurisdiction in which they arise, and are recognized subject to management’s judgment that realization of those assets is “more likely than not.” In making decisions regarding our ability to realize tax assets, we evaluate all positive and negative evidence, including projected future taxable income, taxable income in carryback periods, expected reversal of deferred tax liabilities, and the implementation of available tax planning strategies. These decisions rely heavily on estimates. We use our historical experience and our short- and long-range business forecasts to provide insight.

FASB interpretation No. 48, “*Accounting for Uncertainty in Income Taxes*” (“FIN 48”) (now part of ASC 740, *Income Taxes*), establishes the framework by which we determine the appropriate level of tax reserves to be

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maintained for uncertain income tax positions. Applying this framework, we recognize the financial statement impact of uncertain income tax positions when we conclude that it is more likely than not, based on the technical merits of a position, that the position will be sustained upon audit by the taxing authority. In certain situations, we establish a liability that represents the difference between a tax position taken (or expected to be taken) on an income tax return and the amount of taxes recognized in our financial statements. We recognize accrued interest and penalties related to uncertain income tax positions as interest expense and provision for income taxes, respectively.

### ***Fair Value Measurements***

Assets and liabilities measured at fair value every reporting period include investments in debt and equity securities. Assets that are not measured at fair value every reporting period, but that are subject to fair value measurements in certain circumstances primarily include loans that have been reduced to fair value when they are held for sale, impaired loans that have been reduced based on the fair value of the underlying collateral, and cost method investments that are written down to fair value when they are impaired.

Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. A fair value measurement is determined as the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to our asset being valued.

### **Quantitative and Qualitative Disclosures About Market Risk**

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, correlations or other market factors will result in losses for a position or portfolio. We are exposed to market risk primarily from changes in interest rates. See “Risk Factors—Risks Relating to Our Business—Changes in market interest rates could have a material adverse effect on our net earnings, funding and liquidity” and “—A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.”

*Interest Rate Risk.* We borrow money from a variety of depositors and institutions in order to provide loans to our customers. Changes in market interest rates cause our net interest income and our interest expense to increase or decrease, as certain of our assets and liabilities carry interest rates that fluctuate with market benchmarks. The interest rate benchmark for our floating rate assets is the prime rate and the interest rate benchmark for our floating rate liabilities is generally either LIBOR or the federal funds rate. The prime rate and the LIBOR or federal funds rate could reset at different times or could diverge, leading to mismatches in the interest rates on our floating rate assets and floating rate liabilities.

Competitive factors may limit, and future regulatory reform may limit or restrict, our ability to raise interest rates, fixed or floating, on our loans. In addition, some of our program agreements limit the rate of interest we can charge to customers under those agreements. If interest rates were to rise materially over a sustained period of time, and we are unable to sufficiently raise our interest rates in a timely manner, our net interest margin could be adversely impacted, which could have a material adverse effect on our net earnings.

Interest rates may also adversely impact our customers’ spending levels and ability and willingness to pay outstanding amounts owed to us. Our floating rate products bear interest rates that fluctuate with the prime rate.

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Higher interest rates often lead to higher payment obligations by customers to us and other lenders under mortgage, credit card and other consumer loans, which may reduce our customers' ability to remain current on their obligations to us and therefore lead to increased delinquencies, charge-offs and allowances for loan losses which could have a material adverse effect on our net earnings.

Changes in interest rates and competitor responses to these changes may also impact customer decisions to maintain deposits with us, and reductions in deposits could materially adversely affect our funding costs and liquidity.

To manage interest rate risk we generally pursue a match funding strategy pursuant to which we seek to match the interest rate repricing characteristics of our assets and liabilities. At March 31, 2014, 57.4% of our loans bore a fixed interest rate to the customer, and we have historically funded these assets with fixed rate certificates of deposit, securitized financing and unsecured debt. At March 31, 2014, 42.6% of our loans bore a floating interest rate to the customer, and we generally fund these assets with floating rate deposits, securitized financing and unsecured debt. Historically, we have not used interest rate derivative contracts to manage interest rate risk. To the extent we are unable to effectively match the interest rates on our assets and liabilities (including, in the future, potentially through the use of derivatives), our net earnings could be materially adversely affected.

We assess our interest rate risk by estimating the effect on our net earnings of various scenarios that differ based on assumptions about the direction and the magnitude of interest rate changes.

For purposes of presenting the possible earnings effect of a hypothetical, adverse change in interest rates over the 12-month period from our reporting date, we assume that all interest rate sensitive assets and liabilities will be impacted by a hypothetical, immediate 100 basis point increase in interest rates as of the beginning of the period. The sensitivity is based upon the hypothetical assumption that all relevant types of interest rates that affect our results would increase instantaneously, simultaneously and to the same degree.

Our interest rate sensitive assets include our variable rate loan receivables and the assets that make up our liquidity portfolio. At March 31, 2014, 42.6% of our receivables bore a floating interest rate. Assets with rates that are fixed at period end but which will mature, or otherwise contractually reset to a market-based indexed rate or other fixed rate prior to the end of the 12-month period, are considered to be rate sensitive. The latter category includes certain loans that may be offered at below-market rates for an introductory period, such as balance transfers and special promotional programs, after which the loans will contractually reprice under standard terms in accordance with our normal market-based pricing structure. For purposes of measuring rate sensitivity for such loans, only the effect of the hypothetical 100 basis point change in the underlying market-based indexed rate or other fixed rate has been considered rather than the full change in the rate to which the loan would contractually reprice. For assets that have a fixed interest rate at the period end but which contractually will, or are assumed to, reset to a market-based indexed rate or other fixed rate during the next 12 months, earnings sensitivity is measured from the expected repricing date.

Interest rate sensitive liabilities are assumed to be those for which the stated interest rate is not contractually fixed for the next 12-month period. Thus, liabilities that vary with changes in a market-based index, such as the federal funds rate or LIBOR, which will reset before the end of the 12-month period, or liabilities whose rates are fixed at the period end but which will mature and are assumed to be replaced with a market-based indexed rate prior to the end of the 12-month period, also are considered to be rate sensitive. For these fixed rate liabilities, earnings sensitivity is measured from the expected repricing date.

Assuming an immediate 100 basis point increase in the interest rates affecting all interest rate sensitive assets and liabilities at March 31, 2014, we estimate that net interest income over the following 12-month period would decrease by approximately \$27 million.

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*Limitations of Market Risk Measures.* The interest rate risk models that we use in deriving these measures incorporate contractual information, internally-developed assumptions and proprietary modeling methodologies, which project borrower and deposit behavior patterns in certain interest rate environments. Other market inputs, such as interest rates, market prices and interest rate volatility, are also critical components of our interest rate risk measures. We regularly evaluate, update and enhance these assumptions, models and analytical tools as we believe appropriate to reflect our best assessment of the market environment and the expected behavior patterns of our existing assets and liabilities.

There are inherent limitations in any methodology used to estimate the exposure to changes in market interest rates. The sensitivity analysis provided above contemplates only certain movements in interest rates at a particular point in time based on the existing balance sheet. It does not attempt to estimate the effect of a more significant interest rate increase over a sustained period of time, which as described in “—Interest Rate Risk” above, could adversely affect our net interest margin. In addition, the strategic actions that management may take to manage our balance sheet may differ from our projections, which could cause our actual earnings to differ from the above sensitivity analysis. Furthermore, the sensitivity analysis provided above is based on our historical financial position and does not give pro forma effect to the additional financings contemplated as part of the Transactions.

## CORPORATE REORGANIZATION

### History, Formation and Regulation of Synchrony

Our roots in consumer finance trace back to 1932, when GE began providing financing for consumers to help meet demand for GE appliances. The predecessor of the Bank, GE Capital Consumer Card Co., was established in 1988 under a previous name, Monogram Bank, USA, a limited purpose credit card bank, and was converted to a federally chartered savings association in 2003. On February 7, 2005, Monogram Credit Card Bank of Georgia (a subsidiary of GE Capital Consumer Card Co.) merged into GE Capital Consumer Card Co. and the surviving entity changed its name to GE Money Bank. GE Money Bank changed its name to GE Capital Retail Bank on October 1, 2011.

Synchrony is a holding company for the legal entities that historically conducted GE's North American retail finance business. Synchrony was incorporated in Delaware on September 12, 2003, but prior to April 1, 2013 conducted no business. During the period from April 1, 2013 to September 30, 2013, as part of a regulatory restructuring, substantially all of the assets and operations of GE's North American retail finance business, including the Bank, were transferred to Synchrony. The remaining assets and operations of that business have been or will be transferred to Synchrony prior to the completion of this offering.

As a savings and loan holding company, Synchrony is subject to extensive regulation, supervision and examination by the Federal Reserve Board. Prior to the GE SLHC Deregistration, we will be required to file an application with, and receive approval from, the Federal Reserve Board to continue to be a savings and loan holding company and to retain ownership of the Bank following the GE SLHC Deregistration. We will also need to submit to the Federal Reserve Board a request to become a financial holding company in order to engage in activities that are permissible only for savings and loan holding companies that are treated as financial holding companies (including to continue to obtain financing through our securitization programs). In addition, as a large provider of consumer financial services, we are subject to extensive regulation, supervision and examination by the CFPB.

The Bank is a federally chartered savings association. As such, the Bank is subject to extensive regulation, supervision and examination by the OCC, which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC.

For a discussion of regulation of our Company and the Bank, see "Regulation."

## BUSINESS

### Our Company

We are one of the premier consumer financial services companies in the United States. Our roots in consumer finance trace back to 1932, and today we are the largest provider of private label credit cards in the United States based on purchase volume and receivables. We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our “partners.” Through our partners’ 329,000 locations across the United States and Canada, and their websites and mobile applications, we offer their customers a variety of credit products to finance the purchase of goods and services. During 2013 and the first quarter of 2014, we financed \$93.9 billion and \$21.1 billion of purchase volume, respectively, and at March 31, 2014, we had \$54.3 billion of loan receivables and 57.3 million active accounts. Our active accounts represent a geographically diverse group of both consumers and businesses, with an average FICO score of 710 for consumer active accounts at March 31, 2014. Our business has been profitable and resilient, including through the recent U.S. financial crisis and ensuing years. For the year ended December 31, 2013, we had net earnings of \$2.0 billion, representing a return on assets of 3.5%, and for the three months ended March 31, 2014, we had net earnings of \$558 million, representing a return on assets of 3.9%.

Our business benefits from longstanding and collaborative relationships with our partners, including some of the nation’s leading retailers and manufacturers with well-known consumer brands, such as Lowe’s, Wal-Mart, Amazon and Ethan Allen. We believe our partner-centric business model has been successful because it aligns our interests with those of our partners and provides substantial value to both our partners and our customers. Our partners promote our credit products because they generate increased sales and strengthen customer loyalty. Our customers benefit from instant access to credit, discounts and promotional offers. We seek to differentiate ourselves through deep partner integration and our extensive marketing expertise. We have omni-channel (in-store, online and mobile) technology and marketing capabilities, which allow us to offer and deliver our credit products instantly to customers across multiple channels. For example, the purchase volume in our Retail Card platform from our online and mobile channels increased by \$3.0 billion, or 39.5%, from \$7.6 billion in 2011 to \$10.6 billion in 2013.

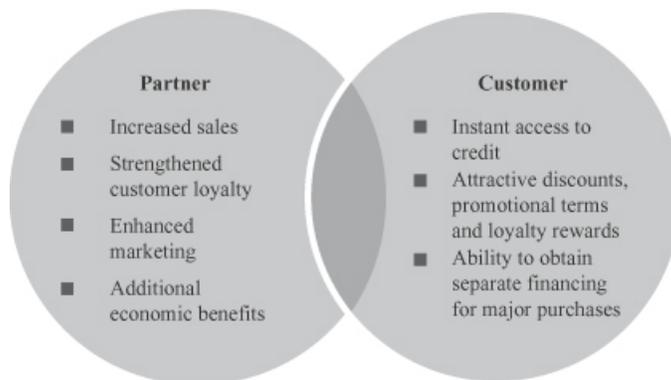
We offer our credit products primarily through our wholly-owned subsidiary, the Bank. Through the Bank, we offer, directly to retail and commercial customers, a range of deposit products insured by the FDIC, including certificates of deposit, IRAs, money market accounts and savings accounts, under our Optimizer+Plus brand. We also take deposits at the Bank through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. We are expanding our online direct banking operations to increase our deposit base as a source of stable and diversified low cost funding for our credit activities. We had \$27.4 billion in deposits at March 31, 2014.

Retail Card is a leading provider of private label credit cards, and also provides Dual Cards and small and medium-sized business credit products. Payment Solutions is a leading provider of promotional financing for major consumer purchases, offering primarily private label credit cards and installment loans. CareCredit is a leading provider of promotional financing to consumers for elective healthcare procedures or services, such as dental, veterinary, cosmetic, vision and audiology.

## Our Value Proposition

We offer strong value propositions to both our partners and our customers.

### Our Value Proposition



### *Value to Our Partners*

Our consumer finance programs deliver the following benefits to our partners:

- **Increased sales.** Our programs drive increased sales for our partners by providing instant credit with an attractive value proposition (which may include discounts, promotional financing and customized loyalty rewards). Based on our research and experience in our Retail Card and Payment Solutions platforms, we believe average sales per customer in these platforms are generally higher for customers who use our cards compared to consumers who do not. In Payment Solutions, the availability of promotional financing is important to the consumer’s decision to make purchases of “big-ticket” items and a driver of retailer selection. In CareCredit, the availability of credit can also have a substantial influence over consumer spending with a significant number of consumers indicating in our research that they would postpone or forego all or a portion of their desired healthcare procedures or services if credit was not available through their healthcare providers.
- **Strengthened customer loyalty.** Our programs benefit our partners through strengthened customer loyalty. Our Retail Card customers have had their cards an average of 7.9 years at March 31, 2014. We believe customer loyalty drives repeat business and additional sales. In the year ended December 31, 2013, our 50.8 million active Retail Card accounts made an average of more than 12 purchases per account. Our CareCredit customers can use their card at any provider within our provider network, which we believe is an important source of new business to our providers, and 69% of CareCredit transactions in 2013 were from existing customers reusing their card at one or more providers.
- **Enhanced marketing.** We have developed significant marketing expertise that we share with our partners, including through dedicated on-site teams, a national field sales force and experts who reside in our marketing centers of excellence. We believe this expertise is of substantial value to our partners in increasing sales and profitability. Our omni-channel capabilities allow us to market our credit products wherever our partners offer their products. Our CRM and data analytics capabilities allow us to track customer responsiveness to different marketing strategies, which helps us target marketing messages and promotional offers to our partners’ customers. In Payment Solutions, our dedicated

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industry-focused sales and marketing teams bring substantial retailer marketing expertise to our smaller retailer and merchant partners. These partners benefit from our research on how to increase store traffic with various promotional offerings. We also provide them with website and e-commerce capabilities that many could not afford to develop on their own.

- **Additional economic benefits.** Our programs provide economic benefits to our partners in addition to increasing sales. Our Retail Card partners typically benefit from retailer share arrangements that provide for payments to them once the economic performance of the program exceeds a contractually-defined threshold. These shared economics enhance our partners' engagement with us and provide an incentive for partners to support our programs. In addition, for most of our partners, our credit programs reduce costs by eliminating the interchange fees for in-store purchases that would otherwise be paid when general purpose credit cards or debit cards are used. Our programs also allow our partners to avoid the risks and administrative costs associated with carrying an accounts receivable balance for their customers, and this is particularly attractive to many of our CareCredit partners.

### **Value to Our Customers**

Our consumer finance programs deliver the following benefits to our customers:

- **Instant access to credit.** We offer qualified customers instant access to credit at the point of sale and across multiple channels. Annual applications for our credit products increased by 24.7%, from 37.7 million applications in 2011 to 47.0 million in 2013. In addition, our applications from online and mobile channels increased by 42.6%, from 9.4 million in 2011 to 13.4 million in 2013. Our Retail Card programs provide financing for frequent purchases with attractive program benefits, including, in the case of our Dual Card, the convenience of a general purpose credit card. Payment Solutions and CareCredit offer promotional financing that enables qualified customers to make major purchases, including, in the case of CareCredit, elective healthcare procedures or services that typically are not covered by insurance.
- **Attractive discounts, promotional terms and loyalty rewards.** We believe our programs provide substantial value to our customers through attractive discounts, promotional terms and loyalty rewards. Retail Card customers typically benefit from first purchase discounts (e.g., 10% or more off the purchase price when a new account is opened) and discounts or loyalty rewards when their card is used to make subsequent purchases from our partners. Our Retail Card customers typically earn rewards based on the amount of their purchases from our partners at a rate which is generally higher than the reward rate on general purpose cash back credit cards. Our Payment Solutions and CareCredit customers typically benefit from promotional financing such as interest-free periods on purchases. These types of promotions typically are not available to consumers when they use a general purpose credit card outside of introductory offer periods.
- **Ability to obtain separate financing for major purchases.** We believe many consumers prefer to obtain separate financing for major purchases or category expenditures rather than accessing available borrowing capacity under their general purpose credit cards or using cash. We believe our customers also value the ability to compartmentalize, budget and track their spending and borrowing through separate financing for a major purchase.

### **Our Industry**

We believe our business is well positioned to benefit from the following favorable industry trends:

- **Improvements in consumer spending and credit utilization.** Consumer spending has increased as U.S. economic conditions and consumer confidence continue to recover from the recent financial crisis. The U.S. consumer payments industry, which consists of credit, debit, cash, check and electronic payments, is projected to grow by 25% from 2012 to 2017 (from \$8.7 trillion in 2012 to \$10.9 trillion in 2017) according to The Nilson Report (December 2013). According to that report, credit card payments are

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expected to account for the majority of the growth of the U.S. consumer payments industry. Credit card payments accounted for \$2.3 trillion or 26.7% of U.S. consumer payments volume in 2012 and are expected to grow to \$3.8 trillion or 34.9% of U.S. consumer payments volume in 2017. Credit card spending is growing as a percentage of total consumer spending, driven in part by the growth of online and mobile purchases.

- **Improvements in U.S. household finances.** U.S. household finances have recovered substantially since the financial crisis. According to the Federal Reserve Board, the average U.S. household's debt service ratio is better than pre-crisis levels, having improved to 9.9% for the three months ended March 31, 2014 from 13.1% for the three months ended September 30, 2007. According to the Federal Reserve Board, aggregate U.S. household net worth also has increased, from \$68.0 trillion at December 31, 2007 to \$81.8 trillion at March 31, 2014.
- **Growth of direct banking and deposit balances.** According to 2012 and 2013 American Bankers Association surveys, the percentage of customers who prefer to do their banking via direct channels (internet, mail, phone and mobile) increased from 53% to 61% between 2010 and 2013, while those who prefer branch banking declined from 25% to 18% over the same period. This preference for direct banking has been evidenced by robust growth in direct deposits. U.S. direct deposits increased by 41%, from \$346.1 billion at December 31, 2010 to \$488.4 billion at December 31, 2013, according to data for 17 surveyed banks from SNL Financial, a financial institutions data and analysis provider.

## Competitive Strengths

Our business has a number of competitive strengths, including the following:

- **Large, diversified and well established consumer finance franchise.** Our business is large and diversified with 57.3 million active accounts at March 31, 2014 and a partner network with 329,000 locations across the United States and in Canada. At March 31, 2014, we had \$54.3 billion in total loan receivables, and we are the largest provider of private label credit cards in the United States based on purchase volume and receivables according to The Nilson Report (April 2014). We have built large scale operations that support each of our sales platforms, and we believe our extensive partner network, with its broad geographic reach and diversity by industry, provides us with a distribution capability that is difficult to replicate. We believe the scale of our business and resulting operating efficiencies also contribute significantly to our success and profitability. In addition, we believe our partner-centric model, including our distribution capability, could lend itself to geographic expansion.
- **Partner-centric model with long-standing and stable relationships.** Our business is based on a partner-centric, business-to-business model. Our ability to establish and maintain deep, collaborative relationships with our partners is a core skill that we have developed through decades of experience, and we have more than 1,000 dedicated employees, most of whom are co-located with our partners, to help drive the growth of our partners' sales and our share of their sales. At December 31, 2013, the average length of our relationship for our 40 largest programs across all platforms, which accounted in aggregate for 75.6% of our platform revenue for the year ended December 31, 2013 is 15 years. From these same 40 programs, 55.6% of our platform revenue for the year ended December 31, 2013 was generated under programs with current contractual terms that continue through at least January 1, 2017. A diverse and growing group of more than 200,000 partners accounted for the remaining 24.4% of our platform revenue for the year ended December 31, 2013.
- **Deeply integrated technology across multiple channels.** Our proprietary technology is deeply integrated with our partners' systems and processes, which enables us to provide customized credit products to their customers at the point of sale across multiple channels. Our technologies enable customers to apply for credit at the point of sale in store, online or on a mobile device and, if approved, purchase instantly. Our online and mobile technologies are capable of being seamlessly integrated into our partners' systems to enable our customers to check their available credit line, manage their account, access our eChat online customer service and participate in the relevant partners' loyalty rewards programs online and using mobile devices. In addition, in CareCredit, we have developed what we

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believe is one of the largest healthcare provider locators of its kind, helping to connect customers to our 177,000 healthcare provider locations. This online locator received an average of 560,000 hits per month in 2013, helping to drive incremental business for our provider partners. We believe that our continued investment in technology and mobile offerings will help us deepen our relationships with our existing partners, as well as provide a competitive advantage when seeking to win new business.

- **Strong operating performance.** Over the three years ended December 31, 2013, we have grown our purchase volume and loan receivables at 9.8% and 8.2% compound annual growth rates, respectively. For the years ended December 31, 2013, 2012 and 2011, our net earnings were \$2.0 billion, \$2.1 billion and \$1.9 billion, respectively, and our return on assets was 3.5%, 4.2% and 4.1%, respectively. For the three months ended March 31, 2014, our net earnings were \$558 million, and our return on assets was 3.9%. We were profitable throughout the recent U.S. financial crisis. We believe our ability to maintain profitability through various economic cycles is attributable to our rigorous underwriting process, strong pricing discipline, low cost to acquire new accounts, operational expertise and retailer share arrangements with our largest partners.
- **Strong balance sheet and capital base.** We have a strong capital base and a diversified and stable funding profile with access to multiple sources of funding, including a growing deposit platform at the Bank, securitized financings under well-established programs, the New GECC Term Loan Facility and the New Bank Term Loan Facility. In addition, following this offering, we intend to access the public unsecured debt markets as a source of funding. At March 31, 2014, pro forma for the Transactions (as defined under “—Summary Historical and Pro Forma Financial Information”), we would have had a fully phased-in Basel III Tier 1 common ratio of %, and our business would have been funded with \$27.4 billion of deposits at the Bank, \$14.6 billion of securitized financings, \$3.0 billion of transitional funding from the New GECC Term Loan Facility, \$ billion from the New Bank Term Loan Facility, and \$ billion of additional unsecured debt from a planned debt offering. At March 31, 2014, on a pro forma basis, we would have had \$ billion of cash and short-term liquid investments (or % of total assets). We also had, at the same date and on the same basis, more than \$25.0 billion of unencumbered assets in the Bank available to be used to generate additional liquidity through secured borrowings or asset sales. In addition, we currently have an aggregate of approximately \$5.6 billion of undrawn committed capacity under our securitization programs.
- **Experienced and effective risk management.** We have an experienced risk management team and an enterprise risk management infrastructure that we believe enable us to effectively manage our risk. Our enterprise risk management function is designed to identify, measure, monitor and control risk, including credit, market, liquidity, strategic and operational risks. Our focus on the credit process is evidenced by the success of our business through multiple economic cycles. We control the credit criteria for all of our programs and issue credit only to consumers who qualify under those credit criteria. Our systems are integrated with our partners’ systems, and therefore we can use our proprietary credit approval processes to make credit decisions instantly at the point of sale and across all application channels in accordance with our underwriting guidelines and risk appetite. Our risk management strategies are customized by industry and partner, and we believe our proprietary decisioning systems and customized credit scores provide significant incremental predictive capabilities over standard credit bureau-based scores alone. In addition, we have an extensive compliance program, and we have invested, and will continue to invest, in enhancing our regulatory compliance capabilities.
- **High quality and diverse asset base.** The quality of our loan receivables portfolio is high. Our consumer active accounts had an average FICO score of 710, and our total loan receivables had a weighted average consumer FICO score of 694, in each case at March 31, 2014. In addition, 70.4% of our portfolio’s loan receivables are from consumers with a FICO score of greater than 660 at March 31, 2014. Our over-30 day delinquency rate at March 31, 2014 is below 2007 pre-financial crisis levels. We have a seasoned customer base with 37.9% of our loan receivables at March 31, 2014 associated with accounts that have been open for more than five years. Our portfolio is also diversified by geography, with receivables balances broadly reflecting the U.S. population distribution.

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- **Experienced management team and business built on GE culture.** Our senior management team, including key members who helped us successfully navigate the financial crisis, will continue to lead our Company following this offering. We have operated as a largely standalone business within GECC, with our own sales, marketing, risk management, operations, collections, customer service and compliance functions. Our business has been built on GE's culture and heritage, with a strong emphasis on our partners and customers, a rigorous use of metrics and analytics, a disciplined approach to risk management and compliance and a focus on continuous improvement and strong execution.

### **Our Business and Growth Strategy**

We intend to grow our business and increase our profitability by building on our financial and operating strengths and capitalizing on projected favorable industry trends, as well as by pursuing a number of important growth strategies for our business, including the following:

**Increase customer penetration at our existing partners.** We believe there is a significant opportunity to grow our business by increasing the usage of our cards in each of our sales platforms. In Retail Card, based on sales data provided by our partners, we have increased penetration of our partners' aggregate sales in each of the last three years. For the year ended December 31, 2013, penetration of our Retail Card partners' sales ranged from 1% to 49%, and the aggregate sales of all Retail Card partners were \$555.6 billion, which we believe represents a significant opportunity for potential growth. We believe there is also a significant market opportunity for us to increase our penetration in Payment Solutions and CareCredit.

**Attract new partners.** We seek to attract new partners by both launching new programs and acquiring existing programs from our competitors. In Retail Card, which is typically characterized by longer-term, exclusive relationships, we added four new Retail Card partners from January 1, 2011 through March 31, 2014, which accounted for \$2.1 billion of receivables at March 31, 2014. In Payment Solutions, where a significant portion of our programs include independent dealers and merchants that enter into separate arrangements with us, we established 52 new Payment Solutions programs from January 1, 2011 through March 31, 2014, which accounted for \$1.3 billion of loan receivables at March 31, 2014, and we increased our total partners from 57,000 at December 31, 2010 to 62,000 at March 31, 2014. In CareCredit, where we attract new healthcare provider partners largely by leveraging our endorsements from professional associations and healthcare consultants, we increased the number of partners with which we had agreements from 122,000 at December 31, 2010 to 152,000 at March 31, 2014. We believe there is a significant opportunity to attract new partners in each of our platforms, including by adding additional merchants, dealers and healthcare providers under existing programs.

Our strategies to both increase penetration among our current partners and attract new partners include the following elements:

- **Leverage technology to support our partners.** Our business model is focused on supporting our partners by offering credit wherever they offer their products and services (i.e., in-store, online and on mobile devices). We intend to continue to make significant investments in online and mobile technologies, which we believe will lead to new accounts, increased sales and deeper relationships with our existing partners and will give us an advantage when competing for new partners. We intend to continue to roll out the capability for consumers to apply for our products via their mobile devices, receive an instant credit decision and obtain immediate access to credit, and to deliver targeted rewards and promotions to our customers via their mobile devices for immediate use.
- **Capitalize on our advanced data, analytics and customer relationship management capabilities.** We believe that our ongoing efforts to expand our data and analytics capabilities help differentiate us from our competitors. We have access to a vast amount of data (such as our customers' purchase patterns and payment histories) from our 110.7 million open accounts at March 31, 2014 and the hundreds of millions of transactions our customers make each year. Consistent with applicable privacy rules and regulations, we are developing new tools to assess this data to develop and deliver valuable insights

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and actionable analysis that can be used to improve the effectiveness of marketing strategies leading to incremental growth for both our partners and our business. Our recently enhanced CRM platform will utilize these insights and analysis to drive more relevant and timely offers to our customers via their preferred channels of communication. We believe the combination of our analytics expertise and extensive data access will drive greater partner engagement and increased sales, strengthen customer loyalty, and provide us a competitive advantage.

- **Launch our integrated multi-tender loyalty programs.** We are leveraging our extensive data analytics, loyalty experience and broad retail presence to launch multi-tender loyalty programs that enable customers to earn rewards from a partner, regardless of how they pay for their purchases (e.g., cash, private label or general purpose credit cards). By expanding our loyalty program capabilities beyond private label credit cards we can provide deeper insights to our partners about their customers, including spending patterns and shopping behaviors. Multi-tender loyalty programs will also provide us with access to non-cardholders, giving us the opportunity to grow our customer base by marketing our credit products to them and delivering a more compelling value proposition.
- **Increase focus on small and mid-sized businesses.** We currently offer private label credit cards and Dual Cards for small to mid-sized commercial customers that are similar to our consumer offerings. We are increasing our focus on marketing our commercial pay-in-full accounts receivable product to a wide range of business customers and are rolling out an improved customer experience for this product with enhanced functionality. Our loan receivables from business customers were \$1.3 billion at March 31, 2014, and we believe our strategic focus on business customers will enable us to continue to attract new business customers and increase the diversity of our loan receivables.
- **Expand our direct banking activities.** In January 2013, we acquired the deposit business of MetLife, which is a direct banking platform that at the time of the acquisition had \$6.0 billion in U.S. direct deposits and \$0.4 billion in brokered deposits. Our U.S. direct deposits grew from \$0.9 billion at December 31, 2012 to \$13.0 billion at March 31, 2014 (including the MetLife acquisition). The acquisition of this banking platform is a key part of our strategy to increase our deposit base as a source of stable and diversified low cost funding. The platform is highly scalable, allowing us to expand without the overhead expenses of a traditional “brick and mortar” branch network. We believe we are well-positioned to benefit from the consumer-driven shift from branch banking to direct banking. According to 2012 and 2013 American Bankers Association surveys, the percentage of customers who prefer to do their banking via direct channels (i.e., internet, mail, phone and mobile) increased from 53% to 61% between 2010 and 2013, while those who prefer branch banking declined from 25% to 18% over the same period. To attract new deposits and retain existing ones, we are increasing our advertising and marketing, enhancing our loyalty program and expanding mobile banking offerings. We also intend to introduce new deposit and credit products and enhancements to our existing products. These new and enhanced products may include the introduction of checking accounts, overdraft protection lines of credit, a bill payment account feature and Synchrony-branded debit and general purpose credit cards, as well as enhanced small business deposit accounts and expanded affinity offers.

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### Our Sales Platforms

We offer our credit products through three sales platforms: Retail Card, Payment Solutions and CareCredit. Set forth below is a summary of certain information relating to our Retail Card, Payment Solutions and CareCredit platforms at or for the three months ended March 31, 2014:

<i>(\$ in millions, except for average loan receivable balance)</i>	<u>Retail Card</u>	<u>Payment Solutions</u>	<u>CareCredit</u>
Partner locations (at December 31, 2013)	34,000	118,000	177,000
Period end active accounts (in millions)	46.2	6.7	4.4
Average loan receivable balance	\$ 794	\$ 1,599	\$ 1,464
Average FICO for consumer active accounts	713	708	683
Period end loan receivables	\$ 37,175	\$ 10,647	\$ 6,463

### Retail Card

Retail Card is a leading provider of private label credit cards, and also provides Dual Cards and small and medium-sized business credit products. Retail Card accounted for \$6.4 billion, or 68.0%, of our total platform revenue for the year ended December 31, 2013, and \$1.7 billion, or 69.0%, of our total platform revenue for the three months ended March 31, 2014. Substantially all of the credit extended in this platform is on standard (i.e., non-promotional) terms.

Retail Card's platform revenue consists of interest and fees on our loan receivables, plus other income, less retailer share arrangements. Other income primarily consists of interchange fees earned on Dual Card transactions (when the card is used outside of our partners' sales channels) and fees paid to us by customers who purchase our debt cancellation products, less loyalty program payments.

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### *Retail Card Partners*

At March 31, 2014, we had Retail Card programs with 19 national and regional retailers with which we have program agreements that have an expiration date in 2015 or beyond. We also have Retail Card programs with five national and regional retailers with which we have program agreements that will not extend beyond their current contractual expiration dates in 2014 or 2015. These 24 partners include department stores, specialty retailers, mass merchandisers, multi-channel electronic retailers, online retailers and oil and gas retailers and have 34,000 retail locations. Set forth below is certain information regarding our Retail Card partners:

	<u>Category</u>	<u>Length of relationship<sup>(1)</sup></u>
Amazon	Online retailer	6
American Eagle	Specialty retailer—apparel	17
Belk	Department store	8
Brooks Brothers <sup>(2)</sup>	Specialty retailer—apparel	17
Chevron (Chevron USA and Chevron Canada)	Oil and gas retailer	6
Dick's Sporting Goods	Specialty retailer—sporting goods	10
Dillard's <sup>(2)</sup>	Department store	9
Ebates	Online retailer	1
Gap (including Old Navy and Banana Republic)	Specialty retailer—apparel	16
JCPenney	Department store	14
Lord & Taylor <sup>(2)</sup>	Department store	6
Lowe's	Mass merchandiser—home improvement	35
Meijer <sup>(2)</sup>	Mass merchandiser	11
Men's Wearhouse	Specialty retailer—apparel	16
Modell's <sup>(2)</sup>	Specialty retailer—sporting goods	6
PayPal (including eBay)	Online retailer	9
Phillips 66	Oil and gas retailer	1
QVC	Multi-channel electronic retailer	8
Sam's Club	Mass merchandiser	20
ShopHQ	Multi-channel electronic retailer	7
Stein Mart	Department store	7
TJX (including T.J.Maxx, Marshalls and HomeGoods)	Specialty retailer—apparel and home goods	2
Toys "R" Us (including Babies "R" Us)	Specialty retailer—toys	1
Wal-Mart	Mass merchandiser	14

(1) In years, at March 31, 2014. See text following the table below under "—Term" for information with respect to the future status of our relationship with three of these partners.

(2) Our program agreements with these partners will not be extended beyond their contractual expiration dates in 2014 or, in the case of Brooks Brothers, 2015.

Our ten largest Retail Card programs accounted in aggregate for 59.6% of our total platform revenue for the year ended December 31, 2013. Our programs with JCPenney and Wal-Mart each accounted for more than 10% of our total platform revenue and JCPenney, Lowe's and Wal-Mart each accounted for more than 10% of our total platform interest and fees and other income, in each case for the year ended December 31, 2013. We also have programs with Sam's Club, a subsidiary of Wal-Mart, pursuant to separate program agreements. For purposes of the information provided in this paragraph with respect to Wal-Mart, the platform revenue and interest and fees and other income from the Sam's Club program has not been included.

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Our Retail Card programs are governed by program agreements that are each negotiated separately with our partners. Although the terms of the agreements are partner-specific, and may be amended from time to time, under a typical program agreement our partner agrees to support and promote the program to its customers, but we control credit criteria and issue credit cards to customers who qualify under those criteria. We generally own the underlying accounts and all loan receivables generated under the program from the time of origination. Other key provisions in the Retail Card program agreements include:

*Term.* Retail Card program agreements typically have contract terms ranging from approximately five to ten years. Most program agreements have renewal clauses that provide for automatic renewal for one or more years until terminated by us or our partner. We typically seek to renew the program agreements well in advance of their termination dates. Since January 1, 2012, we have extended the duration of nine of our 24 Retail Card program agreements with a new expiration date in 2016 or beyond. These extended program agreements represented, in the aggregate, 49.3% of our total platform revenue for the year ended December 31, 2013 and 44.9% of our total loan receivables at March 31, 2014. Set forth below is certain information regarding the scheduled expiration dates of our partner programs, including the number of programs scheduled to expire during each indicated period and the platform revenue and loan receivables attributable to those programs at the dates and for the periods indicated:

(\$ in millions)	Scheduled Program Expiration at March 31, 2014			
	2015-16	2017-18	2019-20	2021 and beyond
Partner programs(1)	3	8	4	4
Platform revenue (for the year ended December 31, 2013)	\$ 1,172	\$ 834	\$ 2,537	\$ 1,562
Loan receivables (at March 31, 2014)	\$ 9,429	\$ 4,437	\$ 11,631	\$ 9,785

(1) Excludes five program agreements that will not be extended beyond their current contractual expiration dates in 2014 or 2015.

A total of 19 of our 24 Retail Card program agreements (including the nine program agreements we have extended since January 1, 2012) now have an expiration date in 2015 or beyond. These 19 program agreements represented, in the aggregate, 64.8% of our total platform revenue for the year ended December 31, 2013 and 65.0% of our total loan receivables at March 31, 2014.

The program agreements for five of our 24 current Retail Card partners will not be extended beyond their contractual expiration dates in 2014 or, in one case, 2015. These five program agreements represented, in the aggregate, 3.2% of our total platform revenue for the year ended December 31, 2013 and 3.5% of our total loan receivables at March 31, 2014. In addition, based on discussions to date with another of our 24 current Retail Card partners, PayPal, we expect to extend our program agreement with that partner for two years beyond its current contractual expiration date in 2014. The extension is expected to eliminate certain exclusivity provisions that exist in the current program agreement which we expect will result in lower platform revenue and loan receivables from our PayPal program during the extended term of the agreement and do not expect it to extend beyond that date. The PayPal program agreement represented 3.1% of our total platform revenue for the year ended December 31, 2013 and 2.6% of our total loan receivables at March 31, 2014. The table above reflects the expected extended PayPal term expiring in 2016.

*Exclusivity.* The program agreements typically are exclusive for the products we offer and limit our partners' ability to originate or promote other private label or co-branded credit cards during the term of the agreement.

*Retailer share arrangements.* Most of our Retail Card program agreements contain retailer share arrangements that provide for payments to our partner if the economic performance of the program exceeds a contractually-defined threshold. Economic performance for the purposes of these arrangements is typically measured based on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and

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operating expenses). We may also provide additional economic benefits to our partners such as a signing bonus, royalties on purchase volume or payments for new accounts. All of these arrangements align our interests and provide an additional incentive to our partners to promote our credit products.

*Other economic terms.* In addition to the retailer share arrangements, the program agreements typically provide that the parties will develop a marketing plan to support the program, it sets the terms by which a joint marketing budget is funded, the basic terms of the rewards program linked to the use of our product (such as opportunities to receive double rewards point for purchases made on a Retail Card product), and the allocation of costs related to the rewards program.

*Termination.* The program agreements set forth the circumstances in which a party may terminate the agreement prior to expiration. Our program agreements generally permit us and our partner to terminate the agreement prior to its scheduled termination date for various reasons, including if the other party materially breaches its obligations. Some program agreements also permit our partner to terminate the program if we fail to meet certain service levels, change certain key cardholder term, fail to achieve certain approval rate targets with respect to approvals of new customers, elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds, are not adequately capitalized, certain force majeure events occur or certain changes in our ownership (which we do not believe include this offering or the Split-off) occur. Certain of these program agreements are also subject to early termination by a party if the other party has a material adverse change in its financial condition. Historically, these rights have not typically been triggered or exercised. Some of our program agreements provide that, upon termination or expiration, our partner may purchase or designate a third party to purchase the accounts and loan receivables generated with respect to its program at fair market value or a stated price, including all related customer data.

### *Acquiring New Retail Card Partners*

We seek to partner with medium to large, financially strong retailers who have a national or regional footprint and a desire to grow their business through effective consumer financing programs. Our business development team proactively targets and engages with potential partners that either do not have a card program or may be receptive to an opportunity for us to acquire their existing program. The team responds to competitive requests for proposals (“RFPs”) and informal inquiries initiated by retailers. From January 1, 2011 through March 31, 2014, we added four new Retail Card partners, which accounted for \$2.1 billion of loan receivables at March 31, 2014.

### *Acquiring and Marketing to Retail Card Customers*

We work directly with our partners—using their distribution network, communication channels and customer interactions—to market our products to their customers and potential customers. We believe our presence at our partners’ points of sale and our ability to make credit decisions instantly for a customer that is already predisposed to make a purchase enables us to acquire new customer accounts at significantly lower costs than general purpose card issuers, who typically market directly to consumers through mass mailings.

To acquire new customers, we collaborate with our partners and leverage our marketing expertise to create marketing programs that promote our products for creditworthy customers. Frequently, our partners market the availability of credit as part of (and with little incremental cost to) the advertising for their goods and services. Our marketing programs include marketing offers (e.g., 10% off the customer’s first purchase) and consumer communications that are delivered through a variety of channels, including in-store signage, online advertising, retailer website placement, associate communication, emails and text messages, direct mail campaigns, advertising circulars, and outside marketing via television, radio and print. We also employ our proprietary Quickscreen and eQuickscreen acquisition methods to make targeted pre-approved credit offers at the point-of-sale both in-store and online. Our Quickscreen and eQuickscreen technology allows us to run customer information we have obtained from our partners through our risk models in advance so that when these customers seek to make payment for goods and services at our partners in-store or online point of sale we can make a credit offer instantly, if appropriate. Based on our experience, due to the personalized and immediate nature of the

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offer, Quickscreen and eQuickscreen significantly outperform traditional direct-to-consumer pre-approved channels such as direct mail or email in response rate and dollar spending.

After a customer obtains one of our Retail Card products, our marketing programs encourage card utilization by continuing to communicate our products' value propositions (such as, depending on the program, promotional financing offers, cardholder events, product discounts, dollar-off certificates, account holder sales, reward points and offers, new product announcements and previews, and free or reduced cost gift wrapping, alteration or delivery services) through our partners' distribution channels.

Through our CRM and data analytics teams, we track cardholder responsiveness to our marketing programs and use this research to target marketing messages and promotional offers to cardholders based on their individual characteristics, such as length of relationship and spending pattern. For example, if a cardholder responds positively to a coupon sent by text message, we will tailor future marketing messages so that they are delivered by text message. Our ability to target marketing messages and promotions is enhanced for Dual Card programs because we receive, collect and analyze data on in-store and all other spending.

We also manage retail loyalty programs. These programs typically provide cardholders with rewards in the form of merchandise discounts that are earned by achieving a pre-set spending level on their private label or Dual Card. The merchandise discounts can be mailed to the cardholder, accessed online, or may be immediately redeemable at the partner's store. Other programs provide cash back or reward points, which are redeemable for a variety of products or awards. These loyalty programs are designed to generate incremental purchase volume per customer, while reinforcing the value of the card to the customer and strengthening customer loyalty. In the future, we intend to offer loyalty programs to customers that utilize non-credit payment types such as cash, debit or check. These multi-tender loyalty programs will allow our partners to market to an expanded customer base, and allow us access to additional prospective cardholders.

In addition to our efforts to acquire and promote consumer cardholders, we are increasing our focus on small to mid-sized commercial customers. We offer these customers private label credit cards and Dual Cards that can be used at our Retail Card partners and are similar to our consumer offerings. We are also increasing our focus on marketing our commercial pay-in-full accounts receivable product that supports a wide range of business customers.

### **Payment Solutions**

Payment Solutions is a leading provider of promotional financing for major consumer purchases, offering private label credit cards and installment loans. Payment Solutions accounted for \$1.5 billion, or 16.0%, of our total platform revenue for the year ended December 31, 2013, and \$371 million, or 15.1%, of our total platform revenue for the three months ended March 31, 2014. Substantially all of the credit extended in Payment Solutions is promotional financing.

Payment Solutions' platform revenue primarily consists of interest and fees on our loan receivables, including "merchant discounts," which are fees paid to us by our partners in almost all cases to compensate us for all or part of the foregone interest revenue associated with promotional financing. We offer three types of promotional financing: deferred interest (interest accrues during a promotional period and becomes payable if the full purchase amount is not paid off during the promotional period), no interest (no interest on a promotional purchase) and reduced interest (interest is assessed monthly at a promotional interest rate during the promotional period). As a result, during the promotional period we do not generate interest revenue or generate it at a lower rate, although we continue to generate fee income relating to late fees on required minimum payments.

### **Payment Solutions Partners**

In Payment Solutions, we create customized credit programs for national and regional retailers, manufacturers, buying groups, industry associations and our own individually-branded industry programs, which are available to participating merchants, dealers and retail outlets to provide financing offers to their customers. Our programs include:

- programs with national and regional retailers and their related retail outlets;

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- programs with manufacturers and the merchants and dealers (including franchisees) that sell the manufacturers' products;
- programs with buying groups or industry associations and their participating member merchants and dealers; and
- individually-branded industry programs that we create and the networks of individual, unrelated merchants and dealers who participate in these programs.

At March 31, 2014, we had 264 Payment Solutions programs and a total of 62,000 participating partners. These partners collectively have 118,000 retail locations. During 2013, 67,000 of these retail locations either processed a credit application or made a Payment Solutions credit sale.

Set forth below is certain information regarding our ten largest Payment Solutions programs by platform revenue for the year ended December 31, 2013:

	<u>Category</u>	<u>Length of Relationship(1)</u>
Ashley HomeStores	Furniture retailer and manufacturer	3
Discount Tire	Tire retailer	15
Haverty's Furniture	Furniture retailer	3
h.h.gregg	Electronics and appliances retailer	15
North American Home Furnishings Association	Furniture industry association	4
P.C. Richard & Son	Electronics and appliances retailer	15
Rooms To Go	Furniture retailer	11
Select Comfort	Bedding retailer	10
Sleepy's	Bedding retailer	14
Yamaha Motor Corp. USA	Powersports manufacturer	10

(1) In years, at March 31, 2014.

The average length of our relationship for our 10 largest Payment Solutions programs is 10 years.

Payment Solutions' platform revenue for the year ended December 31, 2013 is diversified across seven retail markets: home furnishings/flooring (39.3%), electronics/appliances (19.9%), home specialty (13.9%), other retail (7.9%), power (motorcycles, ATVs and lawn and garden) (8.0%), automotive (7.5%), and jewelry and other luxury items (3.5%). Payment Solutions is also diversified by program, with no one Payment Solutions program accounting for more than 1.0% of our total platform revenue for the year ended December 31, 2013.

*National and Regional Retailers and Manufacturers.* For the Payment Solutions programs we have established with national and regional retailers and manufacturers, the terms of our program agreements typically are similar to the terms of our Retail Card program agreements in that we are the exclusive program provider of financing for the national or regional retailer or manufacturer with respect to the financing products we offer. The term of the program agreements generally run from three to five years and are subject to termination prior to the scheduled termination date by us or our partner for various reasons, including if the other party materially breaches its obligations. Some of these programs also permit our partner to terminate the program if we change certain key cardholder terms, elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds, certain force majeure events occur, certain changes in our ownership occur, or there is a material adverse change in our financial condition. A few of these programs also may be terminated at will by the partner on specified notice to us (e.g., several months). Many of these program agreements have renewal clauses which allow the program agreement to be renewed for successive one or more year terms until terminated by us or our partner. We typically negotiate with program participants to renew the program agreements well in advance of their termination dates.

We control credit criteria and issue credit cards or provide installment loans to customers who qualify under those credit criteria. We own the underlying accounts and all loan receivables generated under the program from

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the time of origination. Our Payment Solutions program agreements set forth the program's economic terms, including the merchant discount applicable to each promotional finance offering. We typically do not pay fees to our Payment Solutions partners pursuant to any retailer share arrangements, but in some cases we pay a sign-up fee to a partner or provide volume based rebates on the merchant discount paid by the partner. In addition to the credit programs, we also process general purpose card transactions for some merchants and dealers under programs with manufacturers as their acquiring bank within most of the credit card network associations, for which we receive an interchange fee.

*Buying Groups and Industry Associations.* For the Payment Solutions programs we have established with buying groups and industry associations, such as the North American Home Furnishings Association, Jewelers of America and MEGA Group USA, the programs are governed by program agreements under which we make our credit products available to their respective members or dealers, but these agreements generally do not require the members or dealers to offer our products to their customers. Under the terms of the program agreements, buying groups and industry associations generally agree to support and promote the respective programs. These arrangements may include sign-up fees and volume based incentives paid by us to the groups and their members. In addition to these credit programs, we also process general purpose card transactions for some merchants and dealers as their acquiring bank within most of the credit card network associations, for which we receive an interchange fee.

*Individually-branded Programs.* Our individually-branded Payment Solutions programs are focused on specific industries, where we create either company branded or company and partner branded private label credit cards that are usable across all participating locations within the industry-specific network. For example, our CarCareONE program, comprised of merchants selling automotive parts, repair services and tires, covers 17,000 locations across the United States, and cards issued may be dual branded with CarCareONE and partners such as Midas, Michelin Tires or Pep Boys. Under the terms of these programs, we establish merchant discounts applicable to each financing offer, and, in some cases, the fees we charge partners for their membership in the network.

*Dealer Agreements.* For the Payment Solutions programs we have established with manufacturers, buying groups, industry associations and individually-branded programs described above, we enter into individual agreements with the merchants and dealers that offer our credit products under these programs. These agreements generally are not exclusive and some parties who offer our financing products also offer financing from our competitors. Our agreements generally continue until terminated by either party, with termination typically available to either party at will on 15 days' written notice. Our dealer agreements set forth the economic terms associated with the program, including the fees charged to dealers to offer promotional financing, and in some cases allow us to periodically change the fees we charge.

### *Acquiring New Payment Solutions Partners*

Attracting new partners is a key element to the continued growth of our Payment Solutions platform. In Payment Solutions, we seek to partner with, and proactively target, sellers of "big-ticket" products or services (generally priced from \$500 to \$25,000) to consumers where our financing products provide strong incremental value to sellers and their customers. Our business development team also responds to RFPs initiated by retailers, manufacturers, industry groups and other organizations, and works within our existing programs to increase the number of partners participating in these programs. We also promote all of our programs through direct marketing activities such as industry trade publications, trade shows and sales efforts by dedicated internal and external sales teams, leveraging our existing partner network or through endorsements from manufacturers, buying groups and industry associations. Our broad array of point of sale technologies and quick enrollment process allow us to quickly and cost-effectively integrate new partners. From January 1, 2011 through March 31, 2014, we established 52 new Payment Solutions programs, which accounted for \$1.3 billion of loan receivables at March 31, 2014, and we increased our total partners from 57,000 at December 31, 2010 to 62,000 at March 31, 2014.

### *Acquiring and Marketing to Payment Solutions Customers*

Our Payment Solutions products are generally deeply embedded in our partners' product offerings and our financing offers are therefore a key component of our partners' marketing and growth strategies. Our breadth and

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scale enable us to bring substantial retailer marketing expertise to our smaller retailer and merchant partners. Similar to Retail Card, we help our partners acquire new customers by leveraging our significant marketing expertise to help them develop marketing programs that promote our products for customers through a variety of channels, including in-store signage, online advertising, retailer website placement, emails and text messages, direct mail campaigns, advertising circulars and print media/outside marketing via television, radio and print. In Payment Solutions, we also use our CRM and data analytics capabilities as described above for Retail Card.

### **CareCredit**

CareCredit is a leading provider of promotional financing to consumers for elective healthcare procedures or services, such as dental, veterinary, cosmetic, vision and audiology. CareCredit accounted for \$1.5 billion, or 16.0%, of our total platform revenue for the year ended December 31, 2013 and \$388 million, or 15.9%, of our total platform revenue for the three months ended March 31, 2014. Substantially all of the credit extended in CareCredit is promotional financing.

We offer customers a CareCredit-branded private label credit card that may be used across our network of CareCredit providers. We generate revenue in CareCredit primarily from interest and fees on our credit products and from merchant discounts provided by partners to compensate us for all or part of the cost of this promotional financing. We also process general purpose card transactions for some providers as their acquiring bank within most of the credit card network associations, for which we obtain an interchange fee.

### ***CareCredit Partners***

The vast majority of our partners are individual and small groups of independent healthcare providers. The remainder are national and regional healthcare providers and manufacturers such as LCA-Vision, Heartland Dental, Starkey Laboratories and the Veterinary Centers of America (VCA Antech). At March 31, 2014, we had CareCredit agreements with 152,000 healthcare providers. These partners collectively have 177,000 locations. During 2013, 132,000 of these locations either processed a CareCredit application or made a sale on a CareCredit credit card. No one CareCredit partner accounted for more than 0.4% of our total platform revenue for the year ended December 31, 2013. CareCredit's platform revenue for the year ended December 31, 2013 is diversified across five major specialties: dental (63.9%), veterinary (14.2%), cosmetic and dermatology (9.8%), vision (5.7%), audiology (2.8%) and other markets (3.6%).

We enter into provider agreements with individual healthcare providers who become part of our CareCredit network. These provider agreements are similar to the dealer agreements that govern our relationships with the merchants and dealers offering our Payment Solutions products in that the agreements are not exclusive and typically may be terminated at will on 15 days' notice. There typically are no retailer share arrangements with partners in CareCredit.

### ***Acquiring New CareCredit Partners***

CareCredit includes a network of healthcare practitioners that provide elective procedures that generally are not covered by insurance. We screen potential partners using a variety of criteria, including whether the potential provider specializes in one of our approved specialties, carries the appropriate licensing and certifications, and has a strong credit history. We also screen potential partners for reputational issues. We work with professional and other associations, manufacturers, buying groups, industry associations and healthcare consultants to educate their constituents about the products and services we offer. At March 31, 2014, we had relationships with 107 professional and other associations (including the American Dental Association and the American Animal Hospital Association), manufacturers and buying groups, which endorse and promote our credit products to their members. Of these relationships, 63 were paid endorsements linked to member enrollment in, and volume under, the relevant program. We believe our ability to attract new partners is aided by our customer satisfaction rate, which our research in 2013 shows is 89%. We also approach individual healthcare service providers through direct mail and advertising, and at trade shows. We have increased the number of our CareCredit partners from 122,000 at December 31, 2010 to 152,000 at March 31, 2014.

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### *Acquiring and Marketing to CareCredit Customers*

We market our products through our provider network by training our network providers on the advantages of CareCredit products and by making marketing materials available for providers to use to promote the program and educate customers. Our training helps our providers learn to discuss payment options during the pre-treatment consultation phase, including the option to apply for a CareCredit credit card and the offer of promotional credit. According to a 2014 survey of our CareCredit customers, 47% indicated that they would have postponed or reduced treatment if financing was not offered by their provider. Consumers can apply for our CareCredit products in the provider's office, or on-line via the web or mobile device.

We also market our products to potential and existing customers directly through our web-based partner locator, which allows customers to search for healthcare service providers that accept the CareCredit credit card by desired geography and provider type. According to our records, our CareCredit partner locator averaged 560,000 hits per month during the year ended December 31, 2013. We believe our partners recognize the locator as an important source of new customer acquisition. Our extensive marketing activities targeted to existing customers have yielded high levels of CareCredit card re-use across the network, with 69% of the transactions across our CareCredit network during the year ended December 31, 2013 resulting from repeat use at one or more providers.

### **Our Credit Products**

We offer three principal types of credit products: credit cards, commercial credit products and consumer installment loans. We also offer a debt cancellation product.

The following table sets forth each credit product by type (and within credit cards, by private label credit cards and Dual Cards) and indicates the percentage of our total loan receivables that are under standard terms only or pursuant to a promotional financing offer at March 31, 2014.

<b>Credit Product</b>	<b>Standard Terms Only</b>	<b>Promotional Offer</b>	<b>Total</b>
Private label credit cards	45.4%	28.0%	73.4%
Dual Cards	22.2	0.2	22.4
Total credit cards	67.6	28.2	95.8
Commercial credit products	2.4	—	2.4
Consumer installment loans	—	1.8	1.8
<b>Total</b>	<b>70.0%</b>	<b>30.0%</b>	<b>100.0%</b>

### *Credit Cards*

Our credit card products are loans we extend through open-ended revolving credit card accounts. We offer two principal types of credit cards: private label credit cards and Dual Cards.

#### *Private Label Credit Cards*

Private label credit cards are partner-branded credit cards (e.g., Lowe's or Amazon) or program-branded credit cards (e.g., CarCareONE or CareCredit) that are used primarily for the purchase of goods and services from the partner or within the program network. In addition, in some cases, cardholders may be permitted to access their credit card accounts for cash advances.

Credit under a private label credit card typically is extended on either standard terms only, which means accounts are assessed periodic interest charges using an agreed non-promotional fixed and/or variable interest rate, or pursuant to a promotional financing offer, involving deferred interest, no interest or reduced interest during a set promotional period. Promotional periods typically range between six and 48 months, but we may agree to longer terms with the partner. In almost all cases we receive a merchant discount from our partners to

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compensate us for all or part of the cost of providing the promotional financing feature. The terms of these promotions vary by partner, but generally the longer the deferred interest, reduced interest or interest-free period, the greater the partner's merchant discount. Some offers permit customers to pay for a purchase in equal monthly payments with no interest or at a reduced interest rate, rather than deferring or delaying interest charges.

In Retail Card, credit under our private label credit cards typically is extended on standard terms only, and in Payment Solutions and CareCredit, credit under our private label credit cards typically is extended pursuant to a promotional financing offer. In CareCredit, standard rate financing generally applies to charges under \$200.

We typically do not charge interchange or other fees to our partners when a customer uses a private label credit card to purchase our partners' goods and services through our payment system.

Most of our private label credit card business is in the United States. For some of our partners who have locations in Canada, we also support the issuance and acceptance of private label credit cards at their locations in Canada and from customers in Canada.

### *Dual Cards*

Our proprietary Dual Cards are Visa, MasterCard, American Express or Discover general purpose credit cards that are co-branded with our partner's own brand and may be used to make purchases of goods or services from our partner (functioning as a private label credit card) or purchases from others wherever cards from those card networks are accepted (functioning as a general purpose credit card) or cash advance transactions.

We have been granted two U.S. patents relating to the process by which our Dual Cards function as a private label credit card when used to make purchases from our partners and function as a general purpose credit card when used on the systems of other credit card associations.

Credit extended under our Dual Cards typically is extended on standard terms only. Currently, only Retail Card offers Dual Cards. At March 31, 2014, we offered Dual Cards through 18 of our 24 Retail Card programs. We expect to continue to increase the number of partner programs that offer Dual Cards and seek to increase the portion of our loan receivables attributable to Dual Cards.

Charges using a Dual Card generate interchange income for us in connection with purchases made by cardholders other than in store or online from the partner.

We currently do not issue Dual Cards in Canada.

### *Loyalty Programs*

We operate a number of loyalty programs in our Retail Card platform that are designed to generate incremental purchase volume per customer, while reinforcing the value of the card and strengthening cardholder loyalty. These programs typically provide cardholders with rewards in the form of merchandise discounts that are earned by achieving a pre-set spending level on their private label credit card or Dual Card. Other programs provide cash back or reward points, which are redeemable for a variety of products or awards.

### *Terms and Conditions*

As a general matter, the financial terms and conditions governing our credit card products vary by program and product type and change over time, although we seek to standardize the non-financial provisions consistently across all products. The terms and conditions of our credit card products are governed by a cardholder agreement and applicable laws and regulations.

We assign each card account a credit limit when the account is initially opened. Thereafter, we may increase or decrease individual credit limits from time to time, at our discretion, based primarily on our evaluation of the

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customer's creditworthiness and ability to pay. To the extent required by law or regulation, we send a monthly billing statement to each customer who has an outstanding debit or credit balance.

For the vast majority of accounts, periodic interest charges are calculated using the daily balance method, which results in daily compounding of periodic interest charges, subject to, at times, a grace period on new purchases. Cash advances are not subject to a grace period, and some credit card programs do not provide a grace period for promotional purchases. In addition to periodic interest charges, we may impose other charges and fees on credit card accounts, including, as applicable and provided in the cardholder agreement, cash advance transaction fees and late fees where a customer has not paid at least the minimum payment due by the required due date.

Typically, each customer with an outstanding debit balance on his or her credit card account must make a minimum payment each month. A customer may pay the total amount due at any time without penalty. We also may enter into arrangements with delinquent customers to extend or otherwise change payment schedules, and to waive interest charges and/or fees.

### ***Commercial Credit Products***

We offer private label cards and co-branded cards for commercial customers that are similar to our consumer offerings. We also offer a commercial pay-in-full accounts receivable product to a wide range of business customers, and are rolling out an improved customer experience for this product with enhanced functionality. We offer commercial credit products primarily through our Retail Card platform to the commercial customers of our Retail Card partners.

### ***Installment Loans***

In Payment Solutions, we originate installment loans to consumers (and a limited number of commercial customers) in the United States, primarily in the power segment. Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. The terms of our installment loans are governed by customer agreements and applicable laws and regulations.

Installment loans are assessed periodic interest charges using fixed interest rates. In addition to periodic interest charges, we may impose other charges and fees on loan accounts, including late fees where a customer has not made the required payment by the required due date and returned payment fees.

### ***Debt Cancellation Products***

We offer a debt cancellation product to our credit card customers. Customers who choose to purchase this product are charged a monthly fee based on their ending balance on each billing statement. In return, the Bank will cancel all or a portion of a customer's credit card balance in the event of certain qualifying life events. In October 2012, we ceased telesales of debt cancellation protection products and only offer a debt cancellation product online and, on a limited basis, by direct mail.

### ***Direct Banking***

Through the Bank, we offer our customers a range of FDIC-insured deposit products directly through our Optimizer+<sup>plus</sup> platform. The Bank also takes deposits through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. At March 31, 2014, we had \$27.4 billion in deposits, \$13.0 billion of which were direct deposits (which includes deposits from banks and financial institutions and deposits related to prepaid cards) and \$14.4 billion of which were brokered deposits. Direct deposits were received from 109,000 customers that had a total of 168,000 accounts. 4% of our direct deposits (by volume) and 1% of these accounts (by number) were from commercial customers and all the others were from retail customers. The Bank had an 84% retention rate on certificates of deposit balances up for renewal for the three months ended March 31, 2014. FDIC insurance is provided for our deposit products up to applicable limits.

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In January 2013, we acquired the deposit business of MetLife, which is a direct banking platform that at the time had \$6.4 billion in deposits (\$6.0 billion in direct deposits). The acquisition of this direct-to-consumer retail banking platform is a key part of our strategy to increase our deposit base as a source of stable and diversified low cost funding going forward. Our online platform is highly scalable allowing us to expand without having to rely on a traditional “brick and mortar” branch network. We expect growth in our direct banking platform to come primarily from retail deposits.

We are growing our direct banking operations and believe we are well-positioned to benefit from the consumer driven-shift from branch banking to direct banking. According to 2012 and 2013 American Bankers Association surveys, the percentage of customers who prefer to do their banking via direct channels (internet, mail, phone and mobile) increased from 53% to 61% between 2010 and 2013, while those who prefer branch banking declined from 25% to 18% over the same period.

Our deposit products include certificates of deposit, IRAs, money market accounts and savings accounts. We market our deposit products through multiple channels including our online, print and radio advertising. Customers can apply for, fund, and service their deposit accounts online or via phone. We have a dedicated staff within our call centers to service deposit accounts. Historically, we also offered a partner-branded prepaid re-loadable card product to the customers of a few of our Retail Card partners. We had an aggregate of \$172.1 million of deposits in the Bank at December 31, 2013 attributable to this product. In the first quarter of 2014, we sold substantially all of these deposits and no longer offer this product, because the program through which we offered the product did not provide satisfactory returns.

To attract new deposits and retain existing ones, we intend to introduce new deposit and credit products and enhancements to our existing products. These new and enhanced products may include the introduction of checking accounts, overdraft protection lines of credit, a bill payment account feature and Synchrony-branded debit and general purpose credit cards, as well as enhanced small business deposit accounts and expanded affinity offers. Our focus on deposit-taking and related branding efforts will also enable us to offer other branded direct-banking products more efficiently in the future.

FIS provides our platform for online retail deposits including a customer-facing servicing platform that customers can access via our marketing site. FIS also provides supplemental back office, IT production and IT development support for our direct banking operations.

We seek to differentiate our deposit product offerings from our competitors on the basis of brand, reputation, convenience, customer service and value. We have launched a subbrand for our deposit products called Optimizer+plus, which emphasizes reliability, trust, security, convenience and attractive rates. Optimizer+plus Perks offers rewards to customers based on their tenure or balance amounts, including reduced fees, travel offers and concierge telephone support.

### **Credit Risk Management**

Credit risk management is a critical component of our management and growth strategy. Credit risk refers to the risk of loss arising from customer default when customers are unable or unwilling to meet their financial obligations to us. Our credit risk arising from consumer credit products is generally highly diversified across 110.7 million open accounts at March 31, 2014, without significant individual exposures. We manage credit risk primarily according to customer segments and product types.

#### *Customer Account Acquisition*

We have developed programs to promote credit with each of our partners and have developed varying credit decision guidelines for the different partners. We originate credit accounts through several different channels, including in-store, mail, internet, mobile, telephone and pre-approved solicitations. In addition, we have and may in the future acquire accounts that were originated by third parties in connection with establishing programs with new partners.

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Regardless of the channel, in making the initial credit approval decision to open a credit card or other account or otherwise grant credit, we follow a series of credit risk and underwriting procedures. In most cases, when applications are made in-store or by internet or mobile, the process is fully automated and applicants are notified of our credit decision immediately. We generally obtain certain information provided by the applicant and obtain a credit bureau report from one of the major credit bureaus. The credit report information we obtain is electronically transmitted into industry scoring models and our proprietary scoring models developed to calculate a credit score. The risk management team determines in advance the qualifying credit scores and initial credit line assignments for each portfolio and product type. We periodically analyze performance trends of accounts originated at different score levels as compared to projected performance, and adjust the minimum score or the opening credit limit to manage risk. Different scoring models may be used depending upon bureau type and account source.

We also apply additional application screens based on various inputs, including credit bureau information, to help identify potential fraud and prior bankruptcies before qualifying the application for approval. We compare applicants' names against the Specially Designated Nationals list maintained by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury, as well as screens that account for adherence to USA PATRIOT Act of 2001 (the "Patriot Act") and CARD Act requirements, including ability to pay requirements.

We occasionally use pre-approved account solicitations for certain programs. Potential applicants are pre-screened using information provided by our partner or obtained from outside lists, and qualified individuals receive a pre-approved credit offer by mail or email.

### *Acquired Portfolio Evaluation*

Our risk management team evaluates each portfolio we acquire in connection with establishing programs with new partners to ensure the portfolio satisfies our credit risk guidelines. As part of this review, we receive data on the third-party accounts and loans, which allows us to assess the portfolio on the basis of certain core characteristics, such as historical performance of the assets and distributions of credit and loss information. In addition, we benchmark potential portfolio acquisitions against our existing programs to assess relative current and projected risks. Finally, our risk management team must approve the acquisition, taking into account the results of our risk assessment process. Once assets are migrated to our systems, our account management protocols will apply immediately as described below under "—Customer Account Management," "—Credit Authorizations of Individual Transactions" and "—Collections."

### *Customer Account Management*

We regularly assess the credit risk exposure of our customer accounts. This ongoing assessment includes information relating to the customer's performance with respect to its account with us, as well as information from credit bureaus relating to the customer's broader credit performance. To monitor and control the quality of our loan portfolio (including the portion of the portfolio originated by third parties), we use behavioral scoring models that we have developed to score each active account on its monthly cycle date. Proprietary risk models, together with the FICO scores obtained on each active account no less than quarterly, are an integral part of our credit decision-making process. Depending on the duration of the customer's account, risk profile and other performance metrics, the account may be subject to a range of account actions, including limits on transaction authorization and increases or decreases in purchase and cash credit limits.

### *Credit Authorizations of Individual Transactions*

Once an account has been opened, when a credit card is used to make a purchase in-store at one of our partners' locations or on-line, point-of-sale terminals or on-line sites have an on-line connection with our credit authorization system, which allows for real-time updating of accounts. Each potential sales transaction is passed through a transaction authorization system, which takes into account a variety of behavior and risk factors to determine whether the transaction should be approved or declined, and whether a credit limit adjustment is warranted.

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### *Fraud Investigation*

We provide follow up and research with respect to different types of fraud such as fraud rings, new account fraud and transactional fraud. We have developed a proprietary fraud model to identify new account fraud and deployed tools that help identify transaction purchase behavior outside a customer's established pattern. Our proprietary model is also complemented by externally sourced models and tools used across the industry to better identify fraud and protect our customers. We also are continuously implementing new and improved technologies to detect and prevent fraud. For example we intend to begin implementing EMV chips with some of our partners in 2014.

### *Collections*

All monthly billing statements of accounts with past due amounts include a request for payment of these amounts. Collections personnel generally initiate contact with customers within 30 days after any portion of their balance becomes past due. The nature and the timing of the initial contact, typically a personal call, e-mail, text message or letter, are determined by a review of the customer's prior account activity and payment habits.

We re-evaluate our collection efforts and consider the implementation of other techniques, including internal collection activities and use of external vendors, as a customer becomes increasingly delinquent. We limit our exposure to delinquencies through controls within the transaction authorization processes, the imposition of credit limits and criteria-based account suspension and revocation processes. In certain situations, we may enter into arrangements to extend or otherwise change payment schedules, decrease interest rates and/or waive fees to aid customers experiencing financial difficulties in their efforts to become current on their obligations to us.

### **Customer Service**

Customer service is an important feature of our relationship with our partners. Our customers can contact us via phone, mail, email, eService and eChat. During the year ended December 31, 2013, we handled approximately 174 million calls.

We assign a dedicated toll-free customer service phone number to each of our Retail Card programs. Our Payment Solutions customers access customer service through one general purpose toll-free customer service phone number (except for a few large Payment Solutions programs, which have dedicated toll-free numbers). Our CareCredit platform has its own, dedicated toll-free customer service phone number. We also have dedicated toll-free customer service phone numbers for our deposit business.

We service all programs through our nine domestic and two off-shore call centers. We also provide phone-based customer service through a third party vendor. Our off-shore facilities are located in Hyderabad, India and Manila, Philippines. We blend domestic and off-shore locations and seek optimal cost as an important part of our servicing strategy. Customer service for cards issued to customers in Canada is supported through agents based in the United States.

Given the nature of our business and the high volume of calls, we maintain several centers of excellence to ensure the quality of our customer service across all of our sites. These centers of excellence consist of quality assurance, customer experience, training, workforce and capacity planning, surveillance and process control, tactical operations center, business solutions and technology support.

### **Production Services**

Our production services organization oversees a number of services, including:

- payment processing (more than 413 million paper and electronic payments in 2013);
- embossing and mailing credit cards (approximately 43 million cards in 2013);
- printing and mailing and eService delivery of credit card statements (more than 598 million paper and electronic statements in 2013); and
- other letters mailed or sent electronically (more than 92 million in 2013).

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All United States customer payments received by mail are processed at one of two centers located in Atlanta, Georgia and Longwood, Florida, both of which are operated by the Bank. United States credit card statement printing and mailing, card embossing and mailing and letter production and mailing for customers is provided through outsourced services with First Data. While these services are outsourced, we monitor and maintain oversight of these other services. First Data also produces our statements and other mailings for deposit customers.

Card production embossing and mailing and statement printing and mailing services related to cards issued to customers in Canada are outsourced to Canadian suppliers.

### **Technology**

We leverage information technology and deliver products and services that meet the needs of our partners and enable us to operate our business efficiently. The integration of our technology with our partners is at the core of our value proposition, enabling, among other things, customers to “apply and buy” at the point of sale, and many of our partners to settle transactions directly with us without an interchange fee. A key part of our strategic focus is the continued development of innovative, efficient, flexible technology and operational platforms to support marketing, risk management, account acquisition and account management, customer service, and new product development. We believe that the continued investment in and development of these platforms is an important part of our efforts to increase our competitive capabilities, reduce costs, improve quality and provide faster, more flexible technology services. Consequently, we continuously review capabilities and develop or acquire systems, processes and competencies to meet our business needs.

As part of our continuous efforts to enhance our technologies, we may either develop these capabilities internally or rely on third-party providers. We rely on third-party providers to help us deliver systems and operational infrastructure based on strategies and, in some cases, architecture, designed by us. These relationships include: First Data for our credit card transaction processing and production, and FIS for retail banking.

To protect our systems and technologies, and the consumer information stored on our systems, we employ security, backup and recovery systems and generally require the same of our most significant third-party service providers. Our information security policy and supporting standards and procedures (including multiple layers of security controls), are designed to ensure the confidentiality, integrity and availability of consumer data and ensure that access is limited to those with a business need. We evaluate the effectiveness of the key security controls through ongoing assessment and measurement. We have implemented a security program that is designed to provide oversight of third parties who store, process or have access to material consumer data.

In addition, we perform, or cause to be performed, a variety of vulnerability and penetration testing on the platforms, systems and applications used to provide our products and services in an effort to reduce the risk that any attacks on these platforms, systems and applications are successful. We also perform periodic test and validation of our disaster recovery plans and require certain of our third parties to do so as well. In connection with the Separation, we must migrate, and in some cases, establish with third parties, key parts of our technology infrastructure, including our data centers.

### **Competition**

Our industry is highly competitive and is becoming more competitive. We compete for relationships with partners in connection with retaining existing or establishing new consumer credit programs. Our primary competitors for partners include major financial institutions such as Alliance Data, American Express, Capital One, Chase, Citibank, TD Bank and Wells Fargo, and to a lesser extent, potential partners’ own in-house financing capabilities. We compete for partners on the basis of a number of factors, including program financial and other terms, underwriting standards, marketing expertise, service levels, product and service offerings (including incentive and loyalty programs), technological capabilities and integration, brand and reputation. In

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addition, some of our competitors for partners have a business model that allows for their partners to manage underwriting (e.g., new account approval), customer service and collections, and other core banking responsibilities that we retain.

We also compete for customer usage of our products. Consumer credit provided, and credit card payments made, using our cards constitute only a small percentage of overall consumer credit provided and credit card payments in the United States. Consumers have numerous financing and payment options available to them. As a form of payment, our products compete with cash, checks, debit cards, Visa and MasterCard credit cards, as well as American Express, Discover Card, other private-label card brands, and, to a certain extent prepaid cards. We also compete with non-traditional providers such as PayPal. In the future, we expect our products will face increased competition from new emerging payment technologies, such as Google Wallet, ISIS Mobile Wallet, Square, as well as consortia of merchants that are expected to combine payment systems to reduce interchange and other costs (e.g., MCX). We may also face increased competition from current competitors or others who introduce or embrace disruptive technology that significantly changes the consumer credit and payment industry. We compete for customers and their usage of our products, and to minimize transfers to competitors of our customers' outstanding balances, based on a number of factors, including pricing (interest rates and fees), product offerings, credit limits, incentives (including loyalty programs) and customer service. Some of our competitors provide a broader selection of services, including home and automobile loans, debit cards and bank branch ATM access, which may position them better among customers who prefer to use a single financial institution to meet all of their financial needs. In addition, some of our competitors are substantially larger than we are, may have substantially greater resources than we do or may offer a broader range of products and services than we do. Moreover, some of our competitors, including new and emerging competitors in the digital and mobile payments space, are not subject to the same regulatory requirements or legislative scrutiny to which we are subject, which also could place us at a competitive disadvantage.

In our retail deposits business, we have acquisition and servicing capabilities similar to other direct banking competitors. We compete for deposits with traditional banks, and in seeking to grow our direct banking business we compete with other banks that have direct banking models similar to ours, such as Ally Financial, American Express, Capital One 360 (ING), Discover, Nationwide, Sallie Mae and USAA. Competition among direct banks is intense because online banking provides customers the ability to quickly and easily deposit and withdraw funds and open and close accounts in favor of products and services offered by competitors.

### **Intellectual Property**

We use a variety of methods, such as trademarks, patents, copyrights and trade secrets, to protect our intellectual property. We also place appropriate restrictions on our proprietary information to control access and prevent unauthorized disclosures. Our brands are important assets, and we take steps to protect the value of these assets and our reputation. Following this offering, we are launching our new brand, "Synchrony," and expect to spend significant amounts over the next few years promoting our new brand.

We have two patents for proprietary methods related to our Dual Cards. The patents were issued in 2005 and 2010 and expire in 2023 and 2027, respectively.

We recently filed trademark applications to protect our new name in the United States and certain other countries, and the applications are pending.

### **Employees**

At December 31, 2013, we had 9,333 full time employees including 2,856 employees in global services (which is responsible for customer service and other administrative functions), 2,665 employees in operations, 1,163 employees in collections, 691 employees in risk management (including fraud), 623 employees in client development, 363 employees in marketing, 311 employees in information technology and 661 other employees in other functions. At December 31, 2013, our workforce consisted of 6,477 full time employees in the United States, 1,558 in India and 1,298 in the Philippines. None of our employees is represented by a labor union or is

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covered by a collective bargaining agreement. We have not experienced any material employment-related work stoppages and consider relations with our employees to be good. We also have relationships with third-party call center providers in the United States and other countries that provided us with additional contractors for customer service, collections and other functions.

### Facilities

The table below sets out selected information on our principal facilities at December 31, 2013.

<u>Location</u>	<u>Owned/Leased<sup>(1)</sup></u>
<b>Corporate Headquarters:</b>	
Stamford, CT	Leased
<b>Bank Headquarters:</b>	
Draper, UT	Leased
<b>Payment Processing Centers:</b>	
Atlanta, GA	Leased
Longwood, FL	Leased
<b>Customer Service Centers:</b>	
Canton, OH	Leased
Charlotte, NC	Leased
Frisco, TX	Leased
Hyderabad, India	Leased
Kettering, OH	Leased
Manila, Philippines	Leased
Manila, Philippines (Alabang)	Leased
Merriam, KS	Owned
Phoenix, AZ	Leased
Rapid City, SD	Leased
San Juan, PR	Leased
<b>Other Support Centers:</b>	
Alpharetta, GA	Leased
Bellevue, WA	Leased
Bentonville, AR	Leased
Costa Mesa, CA	Leased
San Francisco, CA	Leased
San Jose, CA	Leased
St. Paul, MN	Leased
Walnut Creek, CA	Leased
<b>Bank Retail Branch Location:</b>	
Bridgewater, NJ	Leased

(1) All the leased properties in this table are either currently leased by us or, in connection with the completion of this offering, GECC will assign the leases or sublease the facilities to us. In some cases GECC will continue to have liability for obligations under the leases and subleases, and we will indemnify GECC for any costs or expenses related to those obligations. In addition, in connection with this offering, GECC will transfer ownership of the Merriam, KS facility to us.

Our corporate headquarters are located on a site in Stamford, Connecticut that is leased by GECC from a third party. The site contains three buildings, one of which we currently occupy completely and another which we occupy partially, with the remaining space occupied by other GE businesses. In connection with the completion of this offering, we intend to enter into an arms-length sublease agreement with GECC for our current facilities on this site

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and to expand our space by an additional 51,000 square feet, after which we will fully occupy two of the three buildings on the site. Our physical space and the technology services in Stamford are separate from the other GE businesses that operate there. GECC's current lease agreement expires September 30, 2016, and contains two remaining five year renewal options.

We maintain small offices at a few of our United States partner locations pursuant to servicing, lease or license agreements. We also have several locations (in addition to those set forth above) where we use space leased or owned by GE or GECC and we intend to either exit or relocate these operations to other space to be leased directly by us.

We believe our space is adequate for our current needs and that suitable additional or substitute space will be available to accommodate the foreseeable expansion of our operations.

### **Legal Proceedings**

For a discussion concerning our legal proceedings, see Note 16. *Legal Proceedings and Regulatory Matters* to our combined financial statements and Note 13. *Legal Proceedings and Regulatory Matters* to our condensed combined financial statements.

### **Risk Management**

Strong risk management is at the core of our business strategy and we have developed processes to manage the major categories of risk we encounter, namely credit, market, liquidity, operational and strategic risk. Historically, the risk function for substantially all of our operations has been managed through the risk management function at the Bank level. We are currently establishing an overall risk management function at the Synchrony level, building on our extensive, well-established risk management experience and processes at the Bank. The Bank will maintain a substantial risk management function that will be coordinated with our overall risk management. The following is a description of our overall risk management function, which we expect will be substantially in place immediately after the closing of this offering.

As described in greater detail below under “—Risk Management Roles and Responsibilities,” we will manage our enterprise risk using an integrated framework that will include board-level oversight, administration by a group of cross-functional management committees, and day-to-day implementation by a dedicated risk management team led by the Chief Risk Officer (“CRO”). The Risk Committee of our board of directors will have responsibility for the oversight of our risk management program, and three other board committees will have other oversight roles with respect to risk management. Several management committees and subcommittees will have important roles and responsibilities in administering our risk management program, including the Enterprise Risk Management Committee (the “ERMC”), the ALCO and the Investment Committee. This committee-focused governance structure will provide a forum through which risk expertise will be applied cross-functionally to all major decisions, including development of processes, policies and controls used by the CRO and risk management team to execute our risk management philosophy.

Our enterprise risk management philosophy is to ensure that all relevant risks in our business activities are appropriately identified, measured, monitored and controlled. Our approach in executing this philosophy focuses on leveraging our strong credit risk culture to drive enterprise risk management using a strong governance framework, a comprehensive enterprise risk assessment program and an effective risk appetite framework.

### **Risk Categories**

Our risk management is, and will continue to be, organized around five major risk categories: credit risk, market risk, liquidity risk, operational risk and strategic risk. We evaluate, and will continue to evaluate, the potential impact of a risk event on us (including the Bank and other subsidiaries) by assessing the partner and customer, financial, reputational, and legal and regulatory impacts.

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### *Credit Risk*

Credit risk is the risk of loss that arises when an obligor fails to meet the terms of an obligation. Credit risk includes exposure to consumer credit risk from customer loans as well as institutional credit risk, principally from our partners. Consumer credit risk is one of the most significant risks we face. See “—Credit Risk Management” for a description of our customer credit risk management procedures.

### *Market Risk*

Market risk is the risk of loss due to changes in external market variables such as interest rates and asset values. Our principal market risk exposures arise from volatility in interest rates and their impact on our economic value, capitalization levels and earnings. Market risk will be managed through our ALCO processes, and will be subject to policy and risk appetite limits for both earnings at risk and the economic value of equity sensitivity analysis. The ALCO will review market risk scenario results on a monthly basis, and interest rate risk appetite metrics will be reviewed on a quarterly basis by the ERM and our board of directors.

### *Liquidity Risk*

Liquidity risk is the risk that an institution’s financial condition or overall safety and soundness are adversely affected by a real or perceived inability to meet contractual obligations and support planned growth. Our primary liquidity objective is to maintain a liquidity profile that will enable us, even in times of stress or market disruption, to fund our existing assets and meet all of our liabilities in a timely manner and at an acceptable cost. Policy and risk appetite limits will require us and the Bank (and other entities within our business, as applicable) to ensure that sufficient liquid assets are available to survive liquidity stresses over a specified time period. Our risk appetite policies will also call for funding diversification, monitoring early warning indicators in the capital markets, and limits on the amounts of certificates of deposit maturities in any one month. Our ALCO will review liquidity exposures continuously in the context of approved policy and risk appetite limits and report results quarterly to the ERM and our board of directors.

### *Operational Risk*

Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (i.e. natural disasters) or compliance, reputational or legal matters, and includes any of those risks as they relate directly to us and our subsidiaries, including the Bank, as well as to third parties with whom we contract or otherwise do business. Compliance risk arises from the failure to adhere to applicable laws, rules, regulations and internal policies and procedures. Operational risk also includes model risk relating to various financial and other models used by us and our subsidiaries, including the Bank, and will be subject to a formal governance process.

### *Strategic Risk*

Strategic risk consists of the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. Our operational risk team will conduct a formal strategic risk assessment at least annually, and establish risk mitigation plans for top strategic risks. The Bank’s New Product Innovation Council will assess the strategic viability and consistency of each new Bank product or service. New initiatives will require the approval of the ERM and our board of directors, in the case of projects deemed more risky or critical to the mission of the business.

### ***Risk Management Roles and Responsibilities***

Responsibility for risk management will flow to individuals and entities throughout our Company, including our board of directors, various board and management committees and senior management. We believe our credit risk culture has facilitated, and will continue to facilitate, the evolution of an effective risk presence across the Company. Set forth below is a description of the expected roles and responsibilities related to the key elements of our risk management framework.

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### *Board of Directors*

Our board of directors, among other things, will approve the enterprise-wide risk appetite statement and framework for the Company, as well as certain other risk management policies and oversee the Company's strategic plan and enterprise-wide risk management program. Our board of directors may assign certain risk management activities to applicable committees and management.

### *Board Committees*

Our board of directors has established, effective at the completion of this offering, four committees that will assist the board in its oversight of our risk management. These committees and their expected risk-related roles are described below.

*Audit Committee.* In coordination with the Risk Committees of the Company and the Bank, the Audit Committee, among other things, will review: (i) the Company's major financial risk exposures and the steps management has taken to monitor and control these risks; (ii) the Company's risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management; (iii) the organization, performance and audit findings of our internal audit function; (iv) our disclosure and internal controls and (v) the Company's risk guidelines and policies relating to financial statements, financial systems, financial reporting processes, compliance and auditing, and allowance for loan losses.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee, among other things, will: (i) review and approve certain transactions with related persons; (ii) review and resolve any conflict of interest involving directors or executive officers; (iii) oversee the risks, if any, related to corporate governance structure and practices; and (iv) identify and discuss with management the risks, if any, related to social responsibility actions and public policy initiatives.

*Management Development and Compensation Committee.* The Management Development and Compensation Committee, among other things, will: (i) review our incentive compensation arrangements with a view to appropriately balancing risk and financial results in a manner that does not encourage employees to expose us or any of our subsidiaries to imprudent risks, and are consistent with safety and soundness; and (ii) review (with input from our CRO and the Bank's CRO) the relationship between risk management policies and practices, corporate strategies and senior executive compensation.

*Risk Committee.* The Risk Committee, among other things, will: (i) assist our board of directors in its oversight of the Company's enterprise-wide risk-management framework, including as it relates to credit, market, liquidity, strategic and operational risks; (ii) review and, at least annually, approve the Company's risk governance framework and risk assessment and risk management practices, guidelines and policies (including significant policies that management uses to manage credit and investment, market, liquidity, operational, compliance and strategic risks); (iii) review and, at least annually, recommend to our board of directors for approval the Company's enterprise-wide risk appetite (including the Company's liquidity risk tolerance), and review and approve the Company's strategy relating to managing key risks and other policies on the establishment of risk limits as well as the guidelines, policies and processes for monitoring and mitigating such risks; (iv) meet separately on a regular basis with our CRO and (in coordination with the Bank's Risk Committee, as appropriate) the Bank's CRO; (v) receive periodic reports from management on metrics used to measure, monitor and manage known and emerging risks, including management's view on acceptable and appropriate levels of exposure; (vi) receive reports from our internal audit, risk management and independent liquidity review functions on the results of risk management reviews and assessments; (vii) review and approve, at least annually, the Company's enterprise-wide capital and liquidity framework (including its contingency funding plan) and, in coordination with the Bank's Risk Committee, review, at least quarterly, the Bank's allowance for loan losses, liquidity policy and risk appetite, regulatory capital policy and ratios and internal capital adequacy assessment processes and, at least annually, the Bank's annual capital plan and recovery and resolution plan; (viii) review, at least semi-annually, information from senior management regarding whether the Company is operating within its established risk appetite; (ix) review the status of financial services regulatory examinations; (x) review the independence,

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authority and effectiveness of the Company's risk management function and independent liquidity review function; (xi) approve the appointment of, evaluate and, when appropriate, replace, the CRO; and (xii) review disclosure regarding risk contained in the Company's annual and quarterly reports.

### *Management Committees*

Upon completion of this offering, we will establish two management committees with important roles and responsibilities in our risk management function: the ERM (of which ALCO will be a subcommittee) and the Investment Committee. These committees and their expected risk-related roles are described below.

*ERM.* A management committee that will be under the oversight of the Risk Committee, the ERM will be comprised of our senior executives and chaired by the CRO. The ERM will have responsibility for identifying, assessing, monitoring and mitigating risks across the Company and for reporting on material risks to our Risk Committee. The responsibilities of the ERM will include the day-to-day management of risks impacting the Company and ensuring compliance across the Company with the overall risk appetite. The ERM will also oversee establishment of risk management policies, the performance and functioning of the relevant overall risk management function, and the implementation of appropriate governance activities and systems that support control of risks.

*ALCO.* A subcommittee of the ERM, the ALCO will be comprised of our senior executives and chaired by the Treasurer. It will oversee asset and liability management activities, including monitoring of asset and liability maturity distributions, reviewing interest rate risk profiles over the range of assets and liabilities in the portfolio, and reviewing liquidity risks and opportunities. The ALCO will also review and evaluate funding sources and associated costs of funds, evaluate new product introductions from an interest rate and liquidity exposure perspective, and assess asset and liability pricing strategies as well as current economic and market conditions and asset and liability management model outputs.

*Investment Committee.* A management committee under the oversight of the Risk Committee, the Investment Committee will be comprised of our senior executives and chaired by the CRO. The Investment Committee will have responsibility for reviewing, approving and recommending proposed new programs, the proposed acquisitions of existing programs and changes to the terms of existing programs, and will also be responsible for monitoring existing programs to ensure they are operating in compliance with their terms.

### *Chief Executive Officer, Chief Risk Officer and Other Senior Officers*

Our Chief Executive Officer has, and will continue to have, ultimate responsibility for ensuring the management of the Company's risk in accordance with the Company's approved risk appetite statement. The Chief Executive Officer also provides leadership in communicating the risk appetite to internal and external stakeholders so as to help embed appropriate risk taking into the overall risk culture.

The CRO manages, and will continue to manage our risk management team and, as chairperson of the ERM, will be responsible for establishing and implementing standards for the identification, management and measurement of risk on an enterprise-wide basis, as well as for monitoring and reporting such risks. In collaboration with our Chief Executive Officer and the Chief Financial Officer, the CRO will be responsible for developing an appropriate risk appetite with corresponding limits which will be approved by our board of directors and align with supervisory expectations. The CRO will regularly report to our board of directors and the Risk Committee on risk management matters.

Our senior executive officers are, and will continue to be, responsible for ensuring that their respective functions operate within established risk limits, in accordance with the Company's enterprise risk management policy. As members of the ERM, they will also be responsible for identifying risks, considering risk when developing strategic plans, budgets and new products and implementing appropriate risk controls when pursuing business strategies and objectives. In addition, senior executive officers will be responsible for deploying sufficient financial resources and qualified personnel to manage the risks inherent in the Company's business activities.

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### *Risk Management Team*

Our risk management team is, and will continue to be, led by the CRO and provide oversight of our risk profile and the risk profiles of our subsidiaries. This will provide a “second line of defense” to the functional organizations’ primary role in creating an appropriate control environment for each functional process.

### *Compliance Team*

Our compliance team is, and will continue to be, responsible for establishing and maintaining a compliance program that includes compliance risk identification, assessment, policy development, and monitoring, testing, training and reporting activities.

### *Internal Audit Team*

The internal audit team is, and will continue to be, responsible for performing periodic, independent reviews and testing of compliance with Company’s and the Bank’s risk management policies and standards, as well as with regulatory guidance and industry best practices. The internal audit team will also assess the design and operating effectiveness of these policies and standards and validates risk management controls.

### ***Enterprise Risk Assessment Program***

Enterprise risk assessments play an important role in directing our risk management activities to prioritize and focus on appropriate risks. We will conduct assessments at least annually for each risk category and update those assessments periodically. The risk leader for each risk category will direct the assessment process, reviewing not only the current type and level of risks, but also compliance with regulatory guidance and industry best practices as well as policy and procedural compliance. Progress against any action plans that have been put into place to manage key risks will be tracked and reported to the ERMC.

Stress testing efforts as part of the risk assessment process continue to evolve as we model scenarios exploring multi-risk impacts on profitability, liquidity and capital levels. Stress testing activities provide a forward-looking assessment of risks and losses. We seek to integrate the results of our stress testing into our strategic, capital and liquidity planning processes, and will use the results to identify portfolio vulnerabilities and develop risk mitigation strategies or contingency plans across a range of stressed conditions.

### ***Effective Risk Appetite Framework***

We currently operate in accordance with a risk appetite statement setting forth our objectives, statements and limits, and expressing our preferences with respect to risk-taking activities in the context of our overall business goals. We intend to submit a substantially similar risk appetite statement for approval by the ERMC, the Risk Committee and our board of directors, with delegated authority to the CRO for implementation throughout the Company. The risk appetite statement will serve as a tool to preclude activities that are inconsistent with our business and risk strategy. The risk appetite statement will be reviewed and modified at least annually as part of our business planning process, to include updated risk tolerances by risk category, enabling us to meet prescribed goals while continuing to operate within our established risk boundaries.

## REGULATION

### General

Our business, including our relationships with our customers, is subject to extensive regulation, supervision and examination under U.S. federal, state and foreign laws and regulations. These laws and regulations cover all aspects of our business, including lending practices, treatment of our customers, safeguarding deposits, customer privacy and information security, capital structure, liquidity, dividends and other capital distributions, transactions with affiliates, and conduct and qualifications of personnel.

As a savings and loan holding company, Synchrony is subject to extensive regulation, supervision and examination by the Federal Reserve Board. Prior to July 21, 2011, savings and loan holding companies, such as the Bank's parent before Synchrony, were subject to regulation by the OTS. As a large provider of consumer financial services, we are also subject to extensive regulation, supervision and examination by the CFPB. Until the GE SLHC Deregistration, we will be controlled by GECC, which is also a savings and loan holding company and is subject to extensive regulation, supervision and examination by the Federal Reserve Board.

The Bank is a federally chartered savings association. As such, the Bank is subject to extensive regulation, supervision and examination by the OCC, which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC.

### The Dodd-Frank Wall Street Reform and Consumer Protection Act

The Dodd-Frank Act, which was enacted in July 2010, significantly restructured the financial regulatory regime in the United States. As discussed further throughout this section, certain aspects of the Dodd-Frank Act are subject to further rulemaking that will take effect over several years, making it difficult to anticipate the overall financial impact on us or across the industry. See also "Risk Factors—Risks Relating to Regulation—The Dodd-Frank Act has had, and may continue to have, a significant impact on our business, financial condition and results of operations."

### Savings and Loan Holding Company Regulation

#### *Overview*

As a savings and loan holding company, we are required to register and file periodic reports with, and are subject to extensive regulation, supervision and examination by, the Federal Reserve Board. The Federal Reserve Board has adopted guidelines establishing safety and soundness standards on such matters as liquidity risk management, securitizations, operational risk management, internal controls and audit systems, business continuity, and compensation and other employee benefits. We are regularly reviewed and examined by the Federal Reserve Board, which results in supervisory comments and directions relating to many aspects of our business that require our response and attention. Our parent, GECC, as a savings and loan holding company, is also regularly reviewed and examined by the Federal Reserve Board, which results in supervisory comments and directions relating to many aspects of GECC's business generally and our business specifically, that require response and attention. The Federal Reserve Board has broad enforcement authority over us and our subsidiaries (other than the Bank and its subsidiaries). Under the Dodd-Frank Act, we are required to serve as a source of financial strength for any insured depository institution that we control, such as the Bank. In addition, until the GE SLHC Deregistration, we will be controlled by GECC, which has its own regulatory obligations as a savings and loan holding company. We may be affected by those obligations of GECC.

#### *Capital*

As a savings and loan holding company, Synchrony historically has not been required to maintain any specific amount of minimum capital. Beginning as early as 2015, however, we expect that Synchrony will be subject to capital requirements similar to those applicable to the Bank. In addition, until the GE SLHC

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Deregistration, we will be controlled by GECC, which itself is expected to be subject to capital requirements similar to those which apply to the Bank. These capital requirements have recently been substantially revised, including as a result of Basel III and the requirements of the Dodd-Frank Act. Moreover, these requirements are supplemented by outstanding regulatory proposals by the federal banking agencies, based on, and in addition to, changes recently adopted by the Basel Committee to increase the amount and scope of the leverage capital requirement by increasing the assets included in the denominator of the leverage ratio calculation and by potentially decreasing the capital that may be included in the numerator. Although we cannot predict the final form or the effects of these leverage ratio regulatory proposals under the Dodd-Frank Act and the newly adopted rules implementing Basel III (even independent of any potentially increased and expanded leverage capital requirement), Synchrony and GECC expect to be subject to increasingly stringent capital adequacy standards in the future.

The following are the minimum capital ratios to which we and GECC expect to be subject starting as early as 2015:

- under the Basel III standardized approach, a Tier 1 common equity to risk-weighted assets ratio of 7% (the minimum of 4.5% plus a mandatory conservation buffer of 2.5%), a Tier 1 capital to risk-weighted assets ratio of 8.5% (the minimum of 6% plus a mandatory conservation buffer of 2.5%), and a total capital to risk-weighted assets ratio of 10.5% (a minimum of 8% plus a mandatory conservation buffer of 2.5%);
- stress-tested minimum capital ratios described above of 5% Tier 1 common equity to risk weighted assets, 6% Tier 1 capital to risk-weighted assets and 8% total capital to risk-weighted assets;
- a leverage ratio of Tier 1 capital to total exposures of 4%; and
- in the case of GECC, a stress-tested minimum supplemental leverage ratio of 3%.

For a discussion of our capital ratios, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital.”

When we and GECC become subject to capital requirements, we and GECC will also be required to conduct stress tests on an annual basis. Under the Federal Reserve Board’s stress test regulations, we and GECC will each be required to utilize stress-testing methodologies providing for results under at least three different sets of conditions, including baseline, adverse and severely adverse conditions. In addition, as part of meeting our minimum capital requirements, we and GECC may be required to comply with the Federal Reserve Board’s CCAR process, or some modified version of the CCAR process, which would measure our minimum capital requirement levels under various stress scenarios. In connection with such a process, we and GECC may be required to develop for the Federal Reserve Board’s review and approval a capital plan that will include how we and GECC will meet our minimum capital requirements under specified stress scenarios.

### ***Dividends and Stock Repurchases***

We are limited in our ability to pay dividends or repurchase our stock by the Federal Reserve Board, including on the basis that doing so would be an unsafe or unsound banking practice. If we intend to declare or pay a dividend, we generally will be required to inform and consult with the Federal Reserve Board in advance to ensure that such dividend does not raise supervisory concerns. It is the policy of the Federal Reserve Board that a savings and loan holding company like us should generally pay dividends on common stock only out of earnings, and only if prospective earnings retention is consistent with the company’s capital needs and overall current and prospective financial condition.

According to guidance from the Federal Reserve Board, our dividend policies will be assessed against, among other things, our ability to achieve applicable Basel III capital ratio requirements. If we do not achieve applicable Basel III capital ratio requirements when they are fully phased-in, we may not be able to pay dividends. Although we currently expect to meet the applicable final Basel III capital ratio requirements,

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inclusive of any applicable capital conservation buffer, when they are fully phased in by the Federal Reserve Board, we cannot be sure that we will meet those requirements or even if we do, if we will be able to pay dividends. In addition, as discussed above, the federal banking agencies have recently proposed significant changes to their rules regarding the way in which both the numerator and the denominator of the leverage capital ratio is to be calculated, based on, and in addition to, changes recently adopted by the Basel Committee. As proposed, these changes would result in higher leverage capital requirements for many institutions that are subject to the leverage capital requirement. We cannot predict what effect, if any, such revised leverage capital rules will have on us, but adoption of the proposed rule revisions could increase our need to raise and hold additional capital and limit our ability to pay dividends.

We also will be required to inform and consult with the Federal Reserve Board in advance of redeeming or repurchasing our stock if the result will be a net reduction in our equity compared to our equity as of the beginning of the quarter in which the redemption or repurchase occurs. In evaluating the appropriateness of a proposed redemption or repurchase of stock, the Federal Reserve Board will consider, among other things, the potential loss that we may suffer from the prospective need to increase reserves and write down assets as a result of continued asset deterioration, and our ability to raise additional common equity and other capital to replace the stock that will be redeemed or repurchased. The Federal Reserve Board also will consider the potential negative effects on our capital structure of replacing common stock with any lower-tier form of regulatory capital issued. Moreover, the approval process for any capital plan we are required to submit could result in restrictions on our ability to pay dividends or make other capital distributions.

Until the GE SLHC Deregistration, we will be controlled by GECC, which as a savings and loan holding company is subject to all of the same regulatory requirements regarding dividends and stock repurchases and redemptions to which we are subject. Accordingly, until the GE SLHC Deregistration, our ability to pay dividends and repurchase our shares may be affected by GECC's ability to meet the same requirements to which we are subject. In addition, the FSOC has designated GECC as a nonbank SIFI under the Dodd-Frank Act. As a nonbank SIFI, GECC may be required to provide a capital plan for Federal Reserve Board approval that includes proposed capital distributions (including dividends and stock redemptions or repurchases) not only by GECC but also by entities controlled by GECC, such as us. As long as we are controlled by GECC for bank regulatory purposes, any such capital plan requirement imposed on GECC by the Federal Reserve Board could affect our ability to pay dividends and to repurchase our shares.

### *Activities*

In general, savings and loan holding companies may only conduct, or acquire control of companies engaged in, financial activities specified in the relevant provisions of the Bank Holding Company Act and Savings and Loan Holding Company Act. We and each of our current parent companies are not subject to these activity restrictions and therefore are permitted to engage in non-financial activities, because we are grandfathered unitary savings and loan holding companies. This grandfathered status is based on the fact that our parent companies, GE and GECC, became grandfathered unitary savings and loan holding companies through the conversion of GE Capital Retail Bank from a state bank to a federal savings bank under an application pending with the OTS before May 4, 1999. We succeeded to our parent companies' grandfathered status upon becoming a savings and loan holding company on April 1, 2013.

In an effort to ensure that we preserve our status as a grandfathered unitary savings and loan holding company following this offering, we and the underwriters have agreed that we and the underwriters will not knowingly make a stock allocation in this offering to any investor (including any known subsidiary and affiliate) that results in an investor owning or controlling more than 4.99% of our capital stock entitled to vote generally in the election of directors that is outstanding following this offering. Further, our certificate of incorporation will provide that until the earlier to occur of: (i) the time immediately prior to the Split-off and (ii) the GE SLHC Deregistration, no stockholder or group (other than GE or its affiliates and certain other exempt persons) shall have the right to vote more than 4.99% of our capital stock entitled to vote generally in the election of directors.

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However, assuming the GE SLHC Deregistration occurs, and possibly at the Separation if it occurs prior to the GE SLHC Deregistration, we expect we will then no longer qualify to be a grandfathered unitary savings and loan holding company. See “Risk Factors—Risks Relating to Our Separation from GE—We need Federal Reserve Board approval to continue to be a savings and loan holding company following the GE SLHC Deregistration. We may not receive this approval in a timely manner or at all, and additional approval conditions beyond what we are anticipating may be imposed that prevent or delay the Separation or the GE SLHC Deregistration or require us to incur significant additional expense.” If we were no longer to qualify to be a grandfathered unitary savings and loan holding company, we would be subject to the activity restrictions. In that event, although we are not currently engaged in non-financial activities, we will also need to submit to the Federal Reserve Board a request to become a financial holding company in order to engage in activities that are permissible only for savings and loan holding companies that are treated as financial holding companies (including to continue to obtain financing through our securitization programs).

Even as a grandfathered unitary savings and loan holding company (and, until the GE SLHC Deregistration, as a subsidiary of GECC, which is also a savings and loan holding company), we and the Bank are subject to banking laws and regulations that limit in certain respects the types of acquisitions and investments that we can make. For example, certain acquisitions of and investments in depository institutions or their holding companies that we undertake are subject to the prior review and approval of our banking regulators, including the Federal Reserve Board, the OCC and the FDIC. Our banking regulators have broad discretion on whether to approve such acquisitions and investments. In deciding whether to approve a proposed acquisition or investment, federal bank regulators may consider, among other factors: (i) the effect of the acquisition or investment on competition, (ii) our (and, until the GE SLHC Deregistration, GECC’s) financial condition and future prospects, including current and projected capital ratios and levels, (iii) the competence, experience and integrity of our (and, until the GE SLHC Deregistration, GECC’s) management and its (and their) record of compliance with laws and regulations, (iv) the convenience and needs of the communities to be served, including our (and, until the GE SLHC Deregistration, GECC’s) record of compliance under the CRA, (v) our (and, until the GE SLHC Deregistration, GECC’s) effectiveness in combating money laundering and (vi) any risks that the proposed acquisition poses to the U.S. banking or financial system.

Certain acquisitions of our voting stock may be subject to regulatory approval or notice under federal law. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of our stock in excess of the amount that can be acquired without regulatory approval under the Change in Bank Control Act and the Savings and Loan Holding Company Act, which prohibit any person or company from acquiring control of us without, in most cases, the prior written approval of the Federal Reserve Board.

### **Savings Association Regulation**

#### ***Overview***

The Bank is required to file periodic reports with the OCC and is subject to extensive regulation, supervision and examination by the OCC and the FDIC. The OCC has adopted guidelines establishing safety and soundness standards on such matters as loan underwriting and documentation, asset quality, earnings, internal controls and audit systems, interest rate risk exposure and compensation and other employee benefits. The Bank is periodically reviewed and examined by the OCC and the FDIC, which results in supervisory comments and directions relating to many aspects of the Bank’s business that require the Bank’s response and attention. In addition, the OCC and the FDIC have broad enforcement authority over the Bank.

#### ***Capital***

The Bank is required by OCC regulations to maintain specified levels of regulatory capital. The OCC may impose capital requirements on individual institutions in excess of these requirements on a case-by-case basis. Institutions that are not well-capitalized are subject to certain restrictions on brokered deposits and interest rates on deposits. The OCC is authorized and, under certain circumstances, required to take certain actions against an institution that fails to meet the minimum ratios for an adequately capitalized institution. At March 31, 2014, the Bank met or exceeded all applicable requirements to be deemed well-capitalized under OCC regulations.

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The capital requirements to which the Bank is subject have recently been substantially revised, including as a result of Basel III and the requirements of the Dodd-Frank Act. The following are the minimum capital ratios to which the Bank expects to be subject starting as early as 2015:

- under the Basel III standardized approach, a Tier 1 common equity to risk-weighted assets ratio of 7% (the minimum of 4.5% plus a mandatory conservation buffer of 2.5%), a Tier 1 capital to risk-weighted assets ratio of 8.5% (the minimum of 6% plus a mandatory conservation buffer of 2.5%), and a total capital to risk-weighted assets ratio of 10.5% (a minimum of 8% plus a mandatory conservation buffer of 2.5%); and
- a leverage ratio of Tier 1 capital to total exposures of 5%.

For a discussion of the Bank's capital ratios, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital."

The Bank will also be required to conduct stress tests on an annual basis. Under the OCC's stress test regulations, the Bank will be required to utilize stress-testing methodologies providing for results under at least three different sets of conditions, including baseline, adverse and severely adverse conditions.

As an insured depository institution, the Bank is also subject to the FDIA that requires, among other things, the federal banking agencies to take "prompt corrective action" in respect of depository institutions that do not meet minimum capital requirements. The FDIA sets forth the following five capital tiers: "well-capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." A depository institution's capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors that are established by regulation. At March 31, 2014, the Bank met or exceeded all applicable requirements to be deemed well-capitalized for purposes of the FDIA. As described above, recently-issued rules of the federal banking agencies regarding the implementation of Basel III will alter the capital adequacy framework applicable to the Bank when they are fully phased in beginning in 2015. In addition, proposals by federal banking agencies and the Basel Committee to increase the amount and scope of the leverage capital requirement by increasing the assets included in the denominator of the leverage ratio calculation and by potentially decreasing the capital that can be included in the numerator could alter the capital adequacy framework applicable to the Bank if they are finally adopted. In addition, the Bank is subject to enhanced capital and liquidity requirements under the operating agreement with the OCC described below under "—Activities."

### ***Dividends and Stock Repurchases***

OCC regulations limit the ability of savings associations to make distributions of capital, including payment of dividends, stock redemptions and repurchases, cash-out mergers and other transactions charged to the capital account. The Bank must obtain the OCC's approval or give the OCC prior notice before making a capital distribution in certain circumstances, including if the Bank proposes to make a capital distribution when it does not meet certain capital requirements (or will not do so as a result of the proposed capital distribution) or certain net income requirements. In addition, the Bank must file a prior written notice of a planned or declared dividend or other distribution with the Federal Reserve Board. The Federal Reserve Board or the OCC may object to a capital distribution if: among other things, (i) the Bank is, or as a result of such distribution would be, undercapitalized, significantly undercapitalized or critically undercapitalized, (ii) the regulators have safety and soundness concerns or (iii) the distribution violates a prohibition in a statute, regulation, agreement between us and the OCC, or a condition imposed on us in an application or notice approved by the OCC. Additional restrictions on dividends apply if the Bank fails the QTL test (described below under "—Activities").

The FDIA also prohibits any depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be "undercapitalized." If a depository institution is less than adequately capitalized, it must prepare and submit a capital restoration plan to its primary federal regulator for approval. For a capital restoration

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plan to be acceptable, among other things, the depository institution's parent holding company must guarantee that the institution will comply with the capital restoration plan. If a depository institution fails to submit an acceptable capital restoration plan, it is treated as if it is "significantly undercapitalized." A "significantly undercapitalized" depository institution may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become "adequately capitalized," elect a new board of directors, reduce total assets or cease taking deposits from correspondent banks. A "critically undercapitalized" institution may be subject to the appointment of a conservator or receiver which could sell or liquidate the institution.

### *Activities*

Under the Home Owners' Loan Act ("HOLA"), the OCC requires the Bank to comply with the qualified thrift lender, or "QTL" test. Under the QTL test, the Bank is required to maintain at least 65.00% of its "portfolio assets" (total assets less: (i) specified liquid assets up to 20.00% of total assets, (ii) intangibles, including goodwill and (iii) the value of property used to conduct business) in certain "qualified thrift investments" (primarily residential mortgages and related investments (including certain mortgage-backed securities, credit card loans, student loans and small business loans) in at least nine months of the most recent 12-month period. The Bank currently meets that test. A savings association that fails to meet the QTL test is subject to certain operating restrictions and may be required to convert to a national bank charter. Also, if the Bank fails to meet the QTL test, Synchrony, as well as GE, GECC and GECCI, would no longer qualify to be grandfathered unitary savings and loan holding companies.

Savings associations, including the Bank, are subject as well to limitations on their lending and investments. These limitations include percentage of asset limitations on various types of loans the Bank may make. In addition, there are similar limitations on the types and amounts of investments the Bank may make.

Insured depository institutions, including the Bank, are subject to restrictions under Sections 23A and 23B of the Federal Reserve Act (as implemented by Federal Reserve Board Regulation W), which govern transactions between an insured depository institution and any affiliate, including an entity that is the institution's direct or indirect holding company and a non-bank subsidiary of such a holding company. Restrictions in Sections 23A and 23B of the Federal Reserve Act apply to "covered transactions" such as extensions of credit, issuance of guarantees or asset purchases. In general, these restrictions require that any extensions of credit made by the insured depository institution to an affiliate must be fully secured with qualifying collateral and are limited, as to any one affiliate of the Bank, to 10% of the Bank's capital stock and surplus, and, as to all of the Bank's affiliates in the aggregate, to 20% of the Bank's capital stock and surplus. In addition, transactions between the Bank and its affiliates must be on terms and conditions that are, or in good faith would be, offered by the Bank to non-affiliated companies (i.e., at arm's length).

The CRA is a federal law that generally requires an insured depository institution to identify the communities it serves and to make loans and investments, offer products and provide services, in each case designed to meet the credit needs of these communities. The CRA also requires an institution to maintain comprehensive records of CRA activities to demonstrate how it is meeting the credit needs of communities. These records are subject to periodic examination by the responsible federal banking agency of the institution. Based on these examinations, the agency rates the institution's compliance with CRA as "Outstanding," "Satisfactory," "Needs to Improve" or "Substantial Noncompliance." The CRA requires the agency to take into account the record of an institution in meeting the credit needs of the entire communities served, including low- and moderate- income neighborhoods, in determining such rating. Failure of an institution to receive at least a "Satisfactory" rating could inhibit the institution or its holding company from undertaking certain activities, including acquisitions. The Bank received a CRA rating of "Outstanding" as of its most recent CRA examination.

The FDIA prohibits insured banks from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank's normal market area or nationally (depending upon where the deposits are solicited) unless it is "well-capitalized," or it is "adequately capitalized" and receives a waiver from the FDIC. A bank that is "adequately capitalized" and that accepts brokered deposits

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under a waiver from the FDIC may not pay an interest rate on any deposit in excess of 75 basis points over certain prevailing market rates. There are no such restrictions under the FDIA on a bank that is “well-capitalized.” Further, “undercapitalized” institutions are subject to growth limitations. At March 31, 2014, the Bank met or exceeded all applicable requirements to be deemed well-capitalized for purposes of the FDIA. An inability to accept brokered deposits in the future could materially adversely impact our funding costs and liquidity.

In connection with the OCC’s December 12, 2012 approval of the Bank’s assumption of certain deposits and related liabilities of MetLife and acquisition of certain assets of MetLife, the Bank entered into an Operating Agreement with the OCC (the “Operating Agreement”) and also into a Capital Assurance and Liquidity Maintenance Agreement with GECC, GECFI and Synchrony (the “CALMA”) on January 11, 2013. The material terms of the Operating Agreement and the CALMA are summarized below, and the Operating Agreement and the CALMA have been filed as exhibits to the registration statement of which this prospectus forms a part.

The Operating Agreement requires, among other things, that the Bank: (i) maintain a total risk-based capital ratio of at least 11%, a Tier 1 risk-based capital ratio of at least 7% and a leverage ratio of at least 6%, (ii) maintain liquid assets at least equal to the greater of \$500 million or 90 days’ coverage of the Bank’s operating expenses, (iii) not materially change or significantly deviate from a business plan for 2013 and 2014 that was submitted to the OCC without first giving the OCC notice and obtaining its supervisory non-objection, (iv) must meet certain conditions to declare or pay a dividend (including being in compliance with the Operating Agreement), (v) maintain a board with at least 40% independent directors and (vi) for three years immediately after the date of the Operating Agreement, not appoint any new director or senior executive officer or enter into a material services contract with an affiliate without providing prior notice to the OCC.

The Operating Agreement provides that, if the OCC determines there is an existing or imminent material breach of the Bank’s obligation to maintain the required amounts of capital or liquidity or GECC, GECFI and Synchrony are likely to be unable to fulfill their obligations under the CALMA due to a material adverse change in the financial condition of GECC, GECFI or Synchrony, or in certain other circumstances, the Bank must submit to the OCC a plan for the sale, merger or dissolution of the Bank and must implement such plan upon obtaining the OCC’s non-objection and written direction to begin implementation (subject to a right on the Bank’s part to cure the basis for such direction within 15 days of its issuance). The Operating Agreement also provides that the OCC may require the Bank to immediately cease extending new or additional credit under certain circumstances, including if the OCC determines there is an existing or imminent material breach of the Bank’s obligation to maintain the required amounts of capital or liquidity or GECC, GECFI and Synchrony are likely to be unable to fulfill their obligations under the CALMA due to a material adverse change in the financial condition of GECC, GECFI or Synchrony, the OCC deems that breach or change likely to pose an imminent threat to the financial condition of the Bank, and such breach or change has not been cured or remedied, as the case may be, within five days of receiving written notice from the OCC. The Operating Agreement imposes certain monitoring and reporting obligations, including, among other things, notification to the OCC regarding material changes to the financial condition of the Bank, GECC, GECFI and Synchrony. The Operating Agreement will remain in effect until it is terminated in writing by the OCC, the Bank ceases to be a federal savings association or the consummation of a merger, consolidation or other business combination in which the Bank is not the resulting entity.

The CALMA requires, among other things, that GECC, GECFI and Synchrony shall: (i) make capital infusions as requested by the Bank to ensure that the Bank remains in compliance with the capital requirements of the Operating Agreement, (ii) provide such financial support as requested by the Bank to ensure that the Bank remains in compliance with the liquidity requirements of the Operating Agreement, and (iii) provide certain information to the Bank and the OCC relevant to their financial condition and ability to fulfill their obligations under the CALMA. We currently expect that the CALMA’s obligations will terminate as to GECC and GECFI once GE no longer controls the Bank as defined in the CALMA or as otherwise determined by the OCC. We expect that Synchrony will continue to be subject to the CALMA’s obligations after the Bank and we are no longer controlled by GE.

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### *Deposit Insurance*

The FDIA requires the Bank to pay deposit insurance assessments. Deposit insurance assessments are affected by the minimum reserve ratio with respect to the DIF. The Dodd-Frank Act increased the minimum reserve ratio with respect to the DIF to 1.35% and removed the statutory cap on the reserve ratio. The FDIC subsequently set a reserve ratio of 2% and may increase that ratio in the future. Under the FDIC's current deposit insurance assessment methodology, the Bank is required to pay deposit insurance assessments based on its average consolidated total assets, less average tangible equity, and various other regulatory factors included in an FDIC assessment scorecard.

The FDIA creates a depositor preference regime for the resolution of all insured depository institutions, including the Bank. If any such institution is placed into receivership, the FDIC will pay (out of the remaining net assets of the failed institution and only to the extent of such assets) first secured creditors (to the extent of their security), second the administrative expenses of the receivership, third all deposits liabilities (both insured and uninsured), fourth any other general or senior liabilities, fifth any obligations subordinated to depositors or general creditors, and finally any remaining net assets to shareholders in that capacity.

The Bank may be held liable by the FDIC for any loss incurred, or reasonably expected to be incurred by the DIF, due to the default of another commonly controlled FDIC-insured institution or for any assistance provided by the FDIC to another commonly controlled FDIC-insured institution that is in danger of default. As long as we are directly or indirectly controlled by GE, the Bank will be commonly controlled with another FDIC-insured institution, GE Capital Bank, an industrial bank chartered under the laws of Utah.

### **Consumer Financial Services Regulation**

The relationship between us and our U.S. customers is regulated extensively under federal and state consumer protection laws. Federal laws include the Truth in Lending Act, the Equal Credit Opportunity Act, HOLA, the Fair Credit Reporting Act (the "FCRA"), the GLBA, the CARD Act and the Dodd-Frank Act. These and other federal laws, among other things, require disclosures of the cost of credit, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, require safe and sound banking operations, prohibit unfair, deceptive and abusive practices, restrict our ability to raise interest rates, and subject us to substantial regulatory oversight. State and, in some cases, local laws also may regulate the relationship between us and our U.S. customers in these areas, as well as in the areas of collection practices, and may provide other additional consumer protections. Moreover, we and our U.S. subsidiaries are subject to the Servicemembers Civil Relief Act, which protects persons called to active military service and their dependents from undue hardship resulting from their military service. The Servicemembers Civil Relief Act applies to all debts incurred prior to the commencement of active duty (including credit card and other open-end debt) and limits the amount of interest, including service and renewal charges and any other fees or charges (other than bona fide insurance) that is related to the obligation or liability.

Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal banking regulators, as well as state attorneys general and other state and local consumer protection agencies, also may seek to enforce consumer protection requirements and obtain these and other remedies, including civil money penalties and fines.

The CARD Act was enacted in 2009 and most of the requirements became effective in 2010. The CARD Act made numerous amendments to the Truth in Lending Act, requiring us to make significant changes to many of our business practices, including marketing, underwriting, pricing and billing. The CARD Act's restrictions on our ability to increase interest rates on existing balances to respond to market conditions and credit risk ultimately limits our ability to extend credit to new customers and provide additional credit to current customers. Other CARD Act restrictions, such as limitations on late fees, have resulted and will continue to result in reduced interest income and loan fee income.

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The FCRA regulates the Bank's and our use of credit reports and the reporting of information to credit reporting agencies, and also provides a standard for lenders to share information with affiliates and certain third parties and to provide firm offers of credit to consumers. The FCRA also places further restrictions on the use of information shared between affiliates for marketing purposes, requires the provision of disclosures to consumers when risk-based pricing is used in a credit decision, and requires safeguards to help protect consumers from identity theft.

Under HOLA, the Bank is prohibited from engaging in certain tying or reciprocity arrangements with its customers. In general, the Bank may not extend credit, lease, sell property, or furnish any services or fix or vary the consideration for these on the condition that: (i) the customer obtain or provide some additional credit, property, or services from or to the Bank or Synchrony or their subsidiaries or (ii) the customer may not obtain some other credit, property, or services from a competitor, except in each case to the extent reasonable conditions are imposed to assure the soundness of the credit extended. Certain arrangements are permissible. For example, the Bank may offer more favorable terms if a customer obtains two or more traditional bank products.

The Durbin Amendment in the Dodd-Frank Act requires the Federal Reserve Board to promulgate certain rules related to debit transaction interchange fees. On June 29, 2011, the Federal Reserve Board adopted a final rule with respect to the Durbin Amendment effective on October 1, 2011, which, among other things, established a regulatory cap for many types of debit interchange transactions that is no more than 21 cents plus five basis points of the value of the transaction. The Federal Reserve Board's rule also allows a debit card issuer to recover 1% per transaction for fraud prevention purposes if the issuer complies with certain fraud-related requirements. In addition, the rule prohibits the imposition of restrictions on a merchant's ability to direct the routing of electronic debit transactions over a network for which the issuer has enabled processing. These rules were challenged by retailers claiming that the interchange fee and network non-exclusivity provisions of the rule are arbitrary, capricious, an abuse of discretion, and otherwise not in accordance with the law. The Federal Reserve Board's regulation was upheld by the U.S. Court of Appeals for the D.C. Circuit, on March 21, 2014. The court of appeals found that the Federal Reserve Board's final rule was based on a reasonable interpretation of the Dodd-Frank Act. The court of appeals remanded the case to the lower court for further proceedings consistent with its opinion, and those lower court proceedings are currently ongoing.

The Dodd-Frank Act established the CFPB, which regulates consumer financial products and services and certain financial services providers. The CFPB is authorized to prevent "unfair, deceptive or abusive acts or practices" and ensure consistent enforcement of laws so that all consumers have access to markets for consumer financial products and services that are fair, transparent and competitive. The CFPB has rulemaking and interpretive authority under the Dodd-Frank Act and other federal consumer financial services laws, as well as broad supervisory, examination and enforcement authority over large providers of consumer financial products and services, such as us. In addition, the CFPB has an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the products we offer. The system could inform future agency decisions with respect to regulatory, enforcement or examination focus. There continues to be uncertainty as to how the CFPB's strategies and priorities will have an impact on our businesses and our results of operations going forward. Although we have been subject to various matters with the CFPB as described below, neither we nor the Bank has had its first comprehensive examination by the CFPB, and we cannot predict when such examination will occur or what the results will be. See "Risk Factors—Risks Relating to Regulation—The Consumer Financial Protection Bureau is a new agency and there continues to be uncertainty as to how the agency's actions will impact our business; the agency's actions have had and may continue to have an adverse impact on our business."

In July 2012, the CFPB issued an industry bulletin regarding marketing practices with respect to credit card add-on products, including debt cancellation products. The Bank has made a number of changes, including changes in response to the CFPB bulletin, with respect to its marketing and sale of debt cancellation products to credit card customers, including ceasing all telesales of such products, and the Bank has also enhanced the disclosures associated with its website sales of such products. See "Risk Factors—Risks Relating to Our Business—Litigation,

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regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.”

In October 2013 the CFPB published its first biennial report reviewing the impact of the CARD Act on the consumer credit card market. In the report, the CFPB identified practices that may warrant further scrutiny by it, including add-on products (such as debt protection, identity theft protection, credit score monitoring, and other products that are supplementary to the extension of credit), cards that charge substantial application fees, and deferred interest offers and products (which could include our promotional financing products). The report further identified concerns regarding the adequacy of online disclosures as well as of the disclosures associated with rewards products and grace periods. Separately, the CFPB is also studying pre-dispute arbitration clauses, and our litigation exposure could increase if the CFPB exercises its authority to limit or ban pre-dispute arbitration clauses.

On December 10, 2013, we entered into the 2013 CFPB Consent Order relating to our CareCredit platform, which requires us to pay up to \$34.1 million to customers, to provide additional training and monitoring of our CareCredit partners, to include provisions in agreements with our CareCredit partners prohibiting charges for certain services not yet rendered, to make changes to certain consumer disclosures, application procedures and procedures for resolution of customer complaints, and to terminate CareCredit partners that have chargeback rates in excess of certain thresholds. Some of the changes required by the 2013 CFPB Consent Order are similar to requirements in the Assurance that we entered with the Attorney General for the State of New York on June 3, 2013. The Bank expects to be in full compliance with the business practice changes required by the 2013 CFPB Consent Order and the Assurance by the third quarter of 2014, subject to ongoing reporting obligations and will complete the additional provider training by the fourth quarter of 2015. In addition to the costs of remediation, which were not material for the Assurance and will be up to \$34.1 million for the 2013 CFPB Consent Order, the Company estimates it will incur one-time costs of approximately \$3 million to implement these changes, and ongoing annual costs of approximately \$3 million. We do not believe that the 2013 CFPB Consent Order or the Assurance will have a material impact on our results of operations going forward.

On June 19, 2014, we entered into a consent order with the CFPB (the “2014 CFPB Consent Order”) that requires us to refund \$56 million to cardholders who enrolled in a debt cancellation product over the telephone from January 2010 to October 2012 (\$11 million of which was refunded prior to the 2014 CFPB Consent Order), pay civil money penalties of \$3.5 million, and implement a compliance plan related to the sale of “add-on” products to the extent the Bank restarts telesales of such products (which were discontinued in October 2012).

In addition to resolving the CFPB’s concerns regarding our debt cancellation sales practices, the 2014 CFPB Consent Order resolved an unrelated issue that arose from the Bank’s self-identified omission of certain Spanish-speaking customers and customers residing in Puerto Rico from two offers that were made to certain delinquent customers. We discovered this issue through an audit of our collection operations in 2012, reported it to the CFPB and initiated a voluntary remediation program, which resulted in payments, balance credits and balance waivers of \$132 million. The CFPB conducted a review of the collection offer omissions and also referred the matter to DOJ, which commenced an investigation in March 2014. At the same time we entered into the 2014 CFPB Consent Order, we entered into a consent order with the DOJ (the “2014 DOJ Consent Order,” and together with the 2014 CFPB Consent Order, the “2014 Consent Orders”) to settle a complaint filed by the DOJ on June 19, 2014 in the United States District Court for the District of Utah alleging claims under the Equal Credit Opportunity Act related to our collections offer omissions. The 2014 DOJ Consent Order is subject to court approval, which was received on June 26, 2014. The 2014 DOJ Consent Order is similar to the 2014 CFPB Consent Order and does not impose any additional requirements on us. The 2014 Consent Orders require us to complete our remediation program by providing additional payments, balance credits and balance waivers of \$37 million and to update our credit bureau reporting relating to the affected accounts. Of the approximately \$169 million in total consumer remediation (including the \$132 million completed prior to the 2014 Consent Orders and the \$37 million that remains to be completed), \$158 million consists of balance credits and waivers to previously charged-off accounts. In addition to the consumer remediation, the 2014 Consent Orders require us to

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implement a fair lending compliance plan (including fair lending reviews, audits and training), which will, in part, be satisfied by our existing compliance processes. Although we do not believe that the 2014 Consent Orders themselves will have a material adverse effect on results of operations going forward, we cannot be sure whether the settlement will have an adverse impact on our reputation or whether any similar actions will be brought by state attorney generals or others, all of which could have a material adverse effect on us.

### **GECC's Regulatory Status**

GECC is a regulated savings and loan holding company and therefore is subject to all of the regulatory obligations to which we are subject. Until the GE SLHC Deregistration, GECC's regulatory obligations as a savings and loan holding company may, for reasons related or unrelated to us, materially and adversely affect us, including restricting our ability to initiate, pay dividends or repurchase stock or continue various business activities or practices.

As a nonbank SIFI, GECC is subject to enhanced prudential standards under the Dodd-Frank Act and regulation by the Federal Reserve Board, which is expected to include regulatory capital requirements. Nonbank SIFIs, such as GECC, currently are subject to some, but not all, of the enhanced prudential standards under the Dodd-Frank Act. The Federal Reserve Board has issued regulations implementing certain of the enhanced prudential standards of the Dodd-Frank Act for bank holding companies and foreign banking organizations, but not for nonbank SIFIs. In connection with these regulations, the Federal Reserve Board has indicated that it will apply enhanced prudential standards to an individual nonbank SIFI, such as GECC, by rule or order. Although the enhanced prudential standards currently applicable to GECC in its capacity as a nonbank SIFI do not have the effect of imposing direct regulatory obligations on us, we cannot be certain that standards imposed by rule or order on GECC as a nonbank SIFI by the Federal Reserve Board in the future will not have the effect of directly or indirectly imposing obligations or restrictions on us so long as we are controlled by GECC for bank regulatory purposes.

### **Privacy**

We, along with the Bank, are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification. For example, in the United States, certain of our businesses are subject to the GLBA and implementing regulations and guidance. Among other things, the GLBA: (i) imposes certain limitations on the ability of financial institutions to share consumers' nonpublic personal information with nonaffiliated third parties, (ii) requires that financial institutions provide certain disclosures to consumers about their information collection, sharing and security practices and affords customers the right to "opt out" of the institution's disclosure of their personal financial information to nonaffiliated third parties (with certain exceptions) and (iii) requires financial institutions to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities, and the sensitivity of customer information processed by the financial institution as well as plans for responding to data security breaches. Federal and state laws also require us to respond appropriately to data security breaches. We, along with the Bank have a program to comply with applicable privacy, information security, and data protection requirements imposed by federal, state, and foreign laws, including the GLBA. See also "Risk Factors—Risks Relating to Regulation—Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities."

### **GE Transfer of Unrelated Bank**

As part of the Separation (assuming it is accomplished by the Split-off), GE intends to transfer ownership of GE Capital Bank (a bank that is and will be separate from and unrelated to Synchrony and the Bank) from one of its subsidiaries to another. GE has indicated to us that it does not believe that this transfer requires an application

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to, or an approval or non-objection by, any bank regulatory authorities. However, if those authorities disagree and were to require an application or other opportunity for approval or non-objection, we cannot predict what action the authorities might take on such an application or notice, or what conditions or restrictions, if any, the regulators might impose in connection with any such action. Any such action, or any conditions or restrictions in connection with such action, could have a material adverse effect on GE's ability to retain that bank and could affect GE's willingness to proceed with the Separation as currently planned.

### **Money Laundering and Terrorist Financing Prevention Program**

We maintain an enterprise-wide program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations, including the Bank Secrecy Act and the Patriot Act. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering or terrorist financing posed by our products, services, customers and geographic locale. These controls include procedures and processes to detect and report suspicious transactions, perform customer due diligence, respond to requests from law enforcement, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. The program is coordinated by a compliance officer, undergoes an annual independent audit to assess its effectiveness, and requires training of employees.

### **Sanctions Programs**

We have a program designed to comply with applicable economic and trade sanctions programs, including those administered and enforced by the United States Department of the Treasury's Office of Foreign Assets Control. These sanctions are usually targeted against foreign countries, terrorists, international narcotics traffickers and those believed to be involved in the proliferation of weapons of mass destruction. These regulations generally require either the blocking of accounts or other property of specified entities or individuals, but they may also require the rejection of certain transactions involving specified entities or individuals. We maintain policies, procedures and other internal controls designed to comply with these sanctions programs.

### **Environmental and Health and Safety Matters**

We are subject to various environmental, health and safety laws and regulations.

**MANAGEMENT****Directors and Executive Officers**

The following table sets forth certain information concerning our directors and executive officers as of the completion of this offering:

<u>Name</u>	<u>Age</u>	<u>Positions</u>
Margaret M. Keane	55	President, Chief Executive Officer and Director
Brian D. Doubles	39	Executive Vice President, Chief Financial Officer and Treasurer
Henry F. Greig	51	Executive Vice President, Chief Risk Officer
Jonathan S. Mothner	50	Executive Vice President, General Counsel and Secretary
David P. Melito	49	Senior Vice President, Chief Accounting Officer and Controller
Thomas M. Quindlen	51	Executive Vice President and Chief Executive Officer—Retail Card
Glenn P. Marino	58	Executive Vice President and Chief Executive Officer—Payment Solutions and Chief Commercial Officer
David Fasoli	56	Executive Vice President and Chief Executive Officer—CareCredit
William H. Cary	55	Director
Daniel O. Colao	48	Director
Alexander Dimitrief	55	Director
Anne Kennelly Kratky	53	Director
Dmitri L. Stockton	50	Director
Roy A. Guthrie	61	Director Nominee
Richard C. Hartnack	68	Director Nominee
Jeffrey G. Naylor	55	Director Nominee

The following sets forth certain biographical information with respect to our executive officers, directors and nominees for director.

Margaret M. Keane has been our President, Chief Executive Officer since February 2014 and has served as Chief Executive Officer and President of GE's North American retail finance business since April 2011. She has also been a member of our board of directors since 2013 and a member of the board of directors of the Bank since 2009. From June 2004 to April 2011, Ms. Keane served as President and Chief Executive Officer of the Retail Card platform of GE's North American retail finance business. From January 2002 to May 2004, Ms. Keane served as Senior Vice President of Operations of the Retail Card platform of GE's North American retail finance business. From January 2000 to December 2001, Ms. Keane served as Chief Quality Leader of GECC. From October 1999 to December 1999, Ms. Keane served as Shared Services Leader for GECC's Mid-Market Leasing Businesses. Prior to that, Ms. Keane served in various operations and quality leadership roles at GECC and Citibank. Ms. Keane was named a GE Officer in 2005 and a GECC Officer in 1996. Ms. Keane received a B.A. in Government and Politics and an M.B.A. from St. John's University. Ms. Keane was designated to our board of directors by GE. We believe that Ms. Keane should serve as a member of our board of directors due to her extensive experience in the retail finance business and the perspective she brings as our Chief Executive Officer and President.

Brian D. Doubles has been our Executive Vice President, Chief Financial Officer and Treasurer since February 2014 and has served as Chief Financial Officer of GE's North American retail finance business since January 2009 and a member of the board of directors of the Bank since 2009. From July 2008 to January 2009, Mr. Doubles served as Vice President of Financial Planning and Analysis of GE's global consumer finance business. From March 2007 to July 2008, Mr. Doubles led the winddown of GE's U.S. mortgage business (WMC Mortgage) as Chief Financial Officer and subsequently Chief Executive Officer. From May 2006 to March 2007, Mr. Doubles served as Vice President Financial Planning and Analysis of GE's North American retail finance business. From January 2001 to May 2006, Mr. Doubles served in roles of increasing responsibility for GE's

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internal audit staff. From February 1997 to January 2001, Mr. Doubles held various roles as part of a GE management leadership program. Mr. Doubles was named a GECC Officer in 2009. Mr. Doubles received a B.S. in Engineering from Michigan State University.

Henry F. Greig has been our Executive Vice President, Chief Risk Officer since February 2014 and has served as Chief Risk Officer of GE's North American retail finance business since October 2010 and the Bank since May 2011 and a member of the board of directors of the Bank since 2011. From June 2004 to October 2010, Mr. Greig served as Chief Risk Officer of the Retail Card platform of GE's North American retail finance business. From December 2002 to June 2004, Mr. Greig served as Vice President of Risk for GE's North American retail finance business. From June 2000 to December 2002, Mr. Greig served as Vice President of Information & Customer Marketing of GE's North American retail finance business. Prior to that, Mr. Greig served in various business and risk positions with GE affiliates. Mr. Greig was named a GECC Officer in 2010. Mr. Greig received an A.B. in Mathematics from Bowdoin College and an M.S. in Applied Mathematics from Rensselaer Polytechnic Institute.

Jonathan S. Mothner has been our Executive Vice President, General Counsel and Secretary since February 2014 and has served as General Counsel for GE's North American retail finance business since January 2009 and the Bank since September 2011. From December 2005 to July 2009, Mr. Mothner served as Chief Litigation Counsel and Chief Compliance Officer of GE's global consumer finance business. From June 2004 to December 2005, Mr. Mothner served as Chief Litigation Counsel and head of the Litigation Center of Excellence of GE Commercial Finance. From May 2000 to June 2004, Mr. Mothner served as Litigation Counsel of GE's global consumer finance business. Mr. Mothner was named a GECC Officer in 2005. Prior to joining GECC, Mr. Mothner served in various legal roles in the U.S. Department of Justice and a private law firm. Mr. Mothner received a B.A. in Economics from Hobart College and a J.D. from New York University School of Law.

David P. Melito has been our Senior Vice President, Chief Accounting Officer and Controller since February 2014 and has served as Controller for GE's North American retail finance business since March 2009. From January 2008 to March 2009, Mr. Melito served as Global Controller, Technical Accounting for GE Capital Aviation Services. From January 2001 to January 2008, Mr. Melito served as Global Controller, Technical Accounting for GE Capital Commercial Finance. Prior to that, Mr. Melito worked in public accounting. Mr. Melito holds a B.A. in Accounting from Queens College, City University of New York and is a member of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants.

Thomas M. Quindlen has been our Executive Vice President and Chief Executive Officer of our Retail Card platform since February 2014 and has served as Vice President of the Retail Card platform for GE's North American retail finance business since December 2013. From January 2009 to December 2013, Mr. Quindlen served as Vice President and Chief Executive Officer of GECC Corporate Finance. From November 2005 to January 2009, Mr. Quindlen served as President of GECC Corporate Lending, North America. From March 2005 to November 2005, Mr. Quindlen served as Vice President and Chief Marketing Officer of GECC Commercial Financial Services. From May 2002 to March 2005, Mr. Quindlen served as President and Chief Executive Officer of GECC Franchise Finance. From September 2001 to May 2002, Mr. Quindlen served as Senior Vice President of GECC Global Six Sigma for Commercial Equipment Financing. Prior to that, Mr. Quindlen served in various sales, marketing, business development and financial positions with GE affiliates. Mr. Quindlen was named a GE Officer in 2005 and a GECC Officer in 2001. Mr. Quindlen received a B.S. in Accounting from Villanova University.

Glenn P. Marino has been our Executive Vice President and Chief Executive Officer of our Payment Solutions platform and our Chief Commercial Officer since February 2014 and has served as Chief Executive Officer of the Payment Solutions platform and as Chief Commercial Leader of GE's North American retail finance business since December 2011. From July 2002 to December 2011 Mr. Marino served as Chief Executive Officer of the Sales Finance platform of GE's North American retail finance business. From

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March 1999 to July 2002, Mr. Marino served as Chief Executive Officer of Monogram Credit Services, a joint venture between GE and BankOne (now JPMorgan Chase & Co.). From February 1996 to March 1999, Mr. Marino served as Chief Risk Officer of the Visa/MasterCard division of GE's North American retail finance business. Prior to that, Mr. Marino served as Vice President of Risk within Citigroup's U.S. retail banking business. Mr. Marino was named a GE Officer in 2006 and a GECC Officer in 1999. Mr. Marino received a B.S. in Biology from Syracuse University and an M.B.A. from the University of Michigan.

David Fasoli has been our Executive Vice President and Chief Executive Officer of our CareCredit platform since February 2014 and has served as President and Chief Executive Officer of the CareCredit platform of GE's North American retail finance business since March 2008. From June 2003 to March 2008, he served as General Manager of Home and Recreational Products Business of GE's North American retail finance business. Prior to June 2003, Mr. Fasoli served as Vice President of Client Development of GE's North American retail finance business and held several positions of increasing responsibility within GE and GE's North American retail finance business in Finance, Client Development, Business Integration and Quality. Mr. Fasoli was named a GECC Officer in 2007. Mr. Fasoli received a B.S. in Business and Economics from the State University of New York at Albany.

William H. Cary has been a member of our board of directors since February 2014. Mr. Cary has served as President and Chief Operating Officer of GECC since November 2008. From February 2008 to November 2008, Mr. Cary served as President and Chief Executive Officer of GE's global consumer finance business. From January 2006 to February 2008, Mr. Cary served as President and Chief Executive Officer of GE's European consumer finance business. From February 2004 to January 2006, Mr. Cary served as Corporate Vice President, Investor Relations of GE Corporate Finance. From October 2002 to February 2004, Mr. Cary served as Corporate Vice President, Financial Planning and Analysis. From January 2001 to October 2002, Mr. Cary served as President and Chief Executive Officer of GE Capital Vendor Financial Services. From April 1996 to January 2001, Mr. Cary served as Vice President and Manager, Financial Planning and Analysis of GECC. Mr. Cary was named a GE Officer in 1999 and a GECC Officer in 1999. Mr. Cary received a B.A. in Finance from San Jose State University. Mr. Cary was designated to our board of directors by GE. We believe that Mr. Cary should serve as a member of our board of directors due to his extensive background in finance (including consumer finance) and his experience as a leader in both financial and operational roles.

Daniel O. Colao has been a member of our board of directors since February 2014. Mr. Colao has served as Vice President, Financial Planning and Analysis of GECC since January 2011. From July 2008 to January 2011, Mr. Colao served as Chief Financial Officer of GE Asset Management. From March 2007 to July 2008, Mr. Colao served as Managing Director and as Chief Financial Officer for two divisions of Lehman Brothers. From September 1999 to March 2007, Mr. Colao served in various Chief Financial Officer roles in several GECC businesses including Real Estate, Consumer Auto Finance, Fleet Services, Vendor Financial Services and Aviation Services. Prior to that, Mr. Colao served in various financial roles at GE and GECC. Mr. Colao was named a GE Officer in 2013 and a GECC Officer in 2004. Mr. Colao received a B.S. in Finance from Boston College. Mr. Colao was designated to our board of directors by GE. We believe that Mr. Colao should serve as a member of our board of directors due to his extensive background in finance and leadership experience, including more than 10 years served as a chief financial officer of various businesses.

Alexander Dimitrief has been a member of our board of directors since February 2014. Mr. Dimitrief has served as Senior Vice President and General Counsel of GECC since October 2012. From November 2011 to October 2012, Mr. Dimitrief served as Vice President and General Counsel of GE Energy. From February 2007 to November 2011, Mr. Dimitrief served as Vice President for Litigation and Legal Policy at GE. Mr. Dimitrief was named a GE Officer in 2007 and a GECC Officer in 2012. Prior to February 2007, Mr. Dimitrief was a senior partner at Kirkland & Ellis LLP. Mr. Dimitrief received a B.A. in Economics and Political Science from Yale College and a J.D. from Harvard Law School. Mr. Dimitrief was designated to our board of directors by GE. We believe that Mr. Dimitrief should serve as a member of our board of directors due to his extensive experience in the areas of law and compliance spanning many industries and subject areas, including the financial services industry.

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Anne Kennelly Kratky has been a member of our board of directors since February 2014. Ms. Kratky has served as Deputy Treasurer and Chief Risk Officer of GE Corporate Treasury since August 2011. From October 2006 to August 2011, Ms. Kratky served as Chief Risk Officer of GECC Aviation Financial Services. From November 2005 to October 2006, Ms. Kratky served as Chief Risk Officer of Global Media and Communications for GE Capital Americas. From January 2004 to November 2005, Ms. Kratky served as Chief Risk Officer of Commercial and Industrial for GE Capital Solutions and from July 1998 to January 2004, served as Managing Director of GE Capital Structured Finance Group. Ms. Kratky was named a GE Officer in 2012 and a GECC Officer in 2006. Ms. Kratky received a B.S. in Systems Analysis from Miami University in Ohio. Ms. Kratky was designated to our board of directors by GE. We believe that Ms. Kratky should serve as a member of our board of directors due to her extensive background and leadership experience in risk management, including more than 10 years served as a chief risk officer of various businesses and treasury.

Dmitri L. Stockton has been a member of our board of directors since February 2014. Mr. Stockton has served as President and Chief Executive Officer of GE Asset Management since May 2011. From November 2008 to April 2011, Mr. Stockton served as Chief Executive Officer of GE Capital Global Banking. From October 2004 to December 2008, Mr. Stockton served as President and Chief Executive Officer of GE's Central and Eastern European consumer finance business. From September 2001 to October 2004, Mr. Stockton served as Chief Executive Officer of GE's Swiss consumer finance business. From August 1999 to September 2001, Mr. Stockton served as Senior Vice President of GE Mortgage Insurance. Mr. Stockton was named a GE Officer in 2005. Mr. Stockton received a B.S. in Accounting from North Carolina Agricultural Technical State University School of Business and Economics. Mr. Stockton was designated to our board of directors by GE. We believe that Mr. Stockton should serve as a member of our board of directors due to his extensive background in finance (including consumer finance), banking and asset management and leadership experience in various businesses.

Roy A. Guthrie has agreed to join our board effective as of the date of this prospectus. From July 2005 to January 2012, Mr. Guthrie served as Executive Vice President, and from July 2005 to May 2011 as Chief Financial Officer, of Discover Financial Services, Inc. From September 2000 to July 2004, Mr. Guthrie served as President and Chief Executive Officer of various businesses of Citigroup Inc., including CitiFinancial International from 2000 to 2004 and CitiCapital from 2000 to 2001. From April 1978 to September 2000, Mr. Guthrie served in various roles of increasing responsibility at Associates First Capital Corporation. Mr. Guthrie serves on the board of directors of Nationstar Mortgage Holdings, Inc., an originator and servicer of real estate mortgage loans, Springleaf Holdings, LLC, a financial services company, LifeLock, Inc., a company offering identity theft protection and detection services, Garrison Capital, Inc., a closed-end management investment company, and Bluestem Brands, Inc., a multi-brand retailer, and served on the board of directors of Discover Bank. Mr. Guthrie received a B.A. in Economics from Hanover College and an M.B.A. from Drake University. We believe that Mr. Guthrie should serve as a member of our board of directors due to his leadership experience and extensive background in consumer finance (including the private label credit card industry), including more than 30 years of experience in finance and/or operating roles.

Richard C. Hartnack has agreed to join our board effective as of the date of this prospectus. From April 2005 to February 2013, Mr. Hartnack served as Vice Chairman and Head, Consumer and Small Business Banking of U.S. Bancorp. From June 1991 to March 2005, Mr. Hartnack served in various leadership roles at Union Bank, N.A. (formerly known as Union Bank of California, N.A.), including Vice Chairman, Director and Head, Community Banking and Investment Services from 1999 to 2005. From June 1982 to May 1991, Mr. Hartnack served in various leadership roles at First Chicago Corporation, including Executive Vice President and Head, Community Banking. Mr. Hartnack serves on the board of directors of Federal Home Loan Mortgage Corporation and has served on the board of directors of MasterCard International, Inc. and UnionBanCal Corporation. Mr. Hartnack received a B.A. in Economics from the University of California, Los Angeles and a M.B.A. from Stanford University. We believe that Mr. Hartnack should serve as a member of our board of directors due to his leadership experience and extensive background in consumer finance and banking accumulated over the course of a 40 year career in the banking industry.

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Jeffrey G. Naylor has agreed to join our board effective as of the date of this prospectus. Mr. Naylor has served as Founder and Managing Director of Topaz Consulting, LLC, a financial consulting firm, since April 2014. From February 2013 to April 2014, Mr. Naylor served as Senior Corporate Advisor of the TJX Companies, Inc. From January 2012 to February 2013, Mr. Naylor served as Senior Executive Vice President and Chief Administrative Officer of the TJX Companies, Inc., from February 2009 to January 2012, he served as its Senior Executive Vice President, Chief Financial and Administrative Officer, from June 2007 to February 2009, he served as its Senior Executive Vice President, Chief Administrative and Business Development Officer, from September 2006 to June 2007, he served as its Senior Executive Vice President, Chief Financial and Administrative Officer, and from February 2004 to September 2006, he served as its Chief Financial Officer. From September 2001 to January 2004, Mr. Naylor served as Senior Vice President and Chief Financial Officer of Big Lots, Inc. From September 2000 to September 2001, Mr. Naylor served as Senior Vice President, Chief Financial and Administrative Officer of Dade Behring, Inc. From November 1998 to September 2000, he served as Vice President, Controller of The Limited, Inc. Mr. Naylor serves on the board of directors of The Fresh Market, Inc., a grocery retailer, and Emerald Expositions, which conducts business and consumer trade shows. Mr. Naylor received a B.A. in Economics and Political Science and an M.B.A. from the J.L. Kellogg Graduate School of Management, Northwestern University. We believe that Mr. Naylor should serve as a member of our board of directors due to his executive management and leadership experience, his extensive financial and accounting background and his considerable experience in the retail industry.

### **Status as a “Controlled Company” under NYSE Listing Standards**

Our common stock will be listed on the NYSE and, as a result, we will be subject to the NYSE’s corporate governance listing standards. However, a listed company that meets the NYSE’s definition of “controlled company” (i.e., a company of which more than 50% of the voting power is held by a single entity or group), may elect not to comply with certain of these requirements. Consistent with this, the Master Agreement will provide that, so long as GE owns more than 50% of our outstanding common stock and we are therefore a “controlled company,” we will elect not to comply with the corporate governance standards of the NYSE requiring: (i) a majority of independent directors on the board of directors, (ii) a fully independent corporate governance and nominating committee and (iii) a fully independent compensation committee. As discussed below, upon completion of this offering, we expect that six of our nine directors, including one member of the board of directors’ Nominating and Corporate Governance Committee and one member of the board of directors’ Management Development and Compensation Committee, will not qualify as “independent directors” under the applicable rules of the NYSE.

### **Board Leadership Structure**

Following completion of this offering, our board of directors will be led by an independent director serving as non-executive Chairman. We believe that having an independent director serve as the non-executive Chairman of the board of directors will be in the best interests of our stockholders in light of the fact that we are a newly public company as well as a “controlled company” with GE as our majority stockholder. The separation of roles will allow our Chairman to focus on the organization and effectiveness of our board of directors and any potential conflicts of interest with GE that require review by the independent members of the board of directors. At the same time, it will allow our Chief Executive Officer to focus on executing our strategy and managing our operations, performance and risk.

### **Composition of the Board of Directors**

Following completion of this offering, our board of directors will have nine members, consisting of our Chief Executive Officer (who is an officer of GE), five other officers of GE and three directors who will be “independent” under the listing standards of the NYSE. Messrs. Guthrie, Hartnack and Naylor, who will serve as independent directors, were selected by GE following an extensive search conducted with the assistance of a third party search firm and a review by GE and Synchrony of these individuals’ experience, qualifications, attributes, skills and independence from both companies.

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Under our certificate of incorporation, the number of directors constituting our entire board of directors will be fixed from time to time by resolution of our board of directors. The Master Agreement will provide that, until GE's beneficial ownership of our common stock decreases below 20%, we cannot change the size of our board of directors without GECC's prior written approval.

Under our bylaws, our directors will be elected annually by plurality vote. As discussed under "Committees of the Board of Directors" below, our Nominating and Corporate Governance Committee will be responsible for recommending to our board of directors, for their approval, the director nominees to be presented for stockholder approval at the annual meeting. Until the GE SLHC Deregistration, the Master Agreement will give GECC the right to designate a specified number of persons for nomination by our board of directors at any stockholder meeting at which directors are to be elected. The number will vary with the level of GE's beneficial ownership of our outstanding common stock, as follows:

- when GE beneficially owns more than 50% of our outstanding common stock, GECC will be entitled to designate five persons for nomination (a majority of the board of directors' nominees for election);
- when GE beneficially owns at least 33% and no more than 50% of our outstanding common stock, GECC will be entitled to designate four persons for nomination;
- when GE beneficially owns at least 20% but less than 33% of our outstanding common stock, GECC will be entitled to designate three persons for nomination;
- when GE beneficially owns at least 10% but less than 20% of our outstanding common stock, GECC will be entitled to designate two persons for nomination; and
- when GE beneficially owns less than 10% of our outstanding common stock, GE will be entitled to designate one person for nomination.

In the event that (with GECC's approval) the size of our board of directors is changed, GECC will have the right to designate a proportional number of persons for nomination for election to the board of directors (rounded up to the nearest whole number).

Under the Master Agreement, our Nominating and Corporate Governance Committee or our board of directors must consider for approval in good faith each person designated by GECC for nomination for election to the board of directors, applying the same standards as shall be applied for the consideration of other proposed nominees for election as directors. We are required to recommend and solicit proxies in favor of, and to otherwise use our best efforts to cause the election of, each person designated by GECC whose nomination has been approved. In the event that the committee or the board of directors does not approve the nomination of any person designated by GECC, GECC shall have the right to designate an alternative person for consideration.

The holders of any outstanding series of our preferred stock may have the right to elect certain directors under certain limited circumstances.

### **Unaffiliated Director Compensation**

Our compensation program for independent directors and other non-management directors who are not employees of the GE Group (collectively, "Unaffiliated Directors") is designed to achieve the following goals: (a) fairly pay directors for work required at a company of our size and scope; (b) align directors' interests with the long-term interests of our stockholders; and (c) have a compensation structure that is simple, transparent and easy for stockholders to understand. Our Nominating and Corporate Governance Committee will review director compensation annually.

Each Unaffiliated Director will receive annual compensation of \$160,000, of which \$50,000 will be paid in cash and \$110,000 will be paid in RSUs. The RSUs will be subject to a three-year vesting period and will be credited with amounts equivalent to any regular quarterly dividends paid on our common stock, which amounts

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will be reinvested in additional RSUs. In light of the workload and broad responsibilities of their positions, certain Unaffiliated Directors will receive additional compensation as follows: the Chairman of our board of directors will receive an additional \$90,000 in annual cash compensation, the chairs of the Audit Committee and Risk Committee will each receive an additional \$35,000 in annual cash compensation and the chairs of the Nominating and Corporate Governance Committee, the Management Development and Compensation Committee and any other board committees will each receive an additional \$20,000 in annual compensation. Separately, for each board committee meeting attended, an Unaffiliated Director will receive \$2,000 in cash. Unaffiliated Directors can defer some or all of their annual cash compensation and RSUs into deferred stock units which will be paid out after they leave our board.

We intend to require each Unaffiliated Director to own at least \$250,000 in our common stock, RSUs or deferred stock units while a member of our board. Each Unaffiliated Director will have four years to satisfy this requirement. Individual and joint holdings of our common stock with immediate family members, including unvested time-based restricted stock, RSUs and deferred stock units will count toward this requirement.

### **Committees of the Board of Directors**

Upon completion of this offering, the standing committees of our board of directors will consist of an Audit Committee, a Nominating and Corporate Governance Committee, a Management Development and Compensation Committee, and a Risk Committee. These committees are described below. Our board of directors may also establish various other committees to assist it in its responsibilities. However, the Master Agreement provides that, until the GE SLHC Deregistration, without GECC's prior written approval, our board of directors will not establish an executive committee or any other committee having powers typically delegated to an executive committee.

*Audit Committee.* The primary responsibilities of this committee will include:

- selecting, evaluating, compensating and overseeing the independent registered public accounting firm;
- reviewing the audit plan, changes in the audit plan, and the scope and results of the audit to be conducted by the independent registered public accounting firm;
- overseeing our financial reporting activities, including our annual report, and the accounting standards and principles followed;
- as required by NYSE listing standards, reviewing our major financial risk exposures (and the steps management has taken to monitor and control these risks) and the Company's risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management;
- in conjunction with the Risk Committee, overseeing our risk guidelines and policies relating to financial statements, financial systems, financial reporting processes, compliance and auditing, and allowance for loan losses;
- approving audit and non-audit services provided by the independent registered public accounting firm;
- meeting with management and the independent registered public accounting firm to review and discuss our financial statements and other matters;
- establishing and overseeing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters;
- overseeing our internal audit function, including reviewing its organization, performance and audit findings, and reviewing our disclosure and internal controls; and
- overseeing the Company's compliance with applicable legal, ethical and regulatory requirements.

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The Audit Committee will be comprised of three directors, all of whom will be “independent” under the listing standards of the NYSE and the Company’s independence guidelines, and meet the SEC’s independence requirements for audit committee membership. The Audit Committee will be comprised of at least one “audit committee financial expert” as defined in the SEC’s rules. We intend to appoint these directors to serve on our board of directors and the Audit Committee as soon as practicable after completion of this offering. Initially the Audit Committee will be comprised of Messrs. Naylor (chair), Guthrie and Hartnack.

*Nominating and Corporate Governance Committee.* The primary responsibilities of this committee will include:

- developing, and recommending to our board of directors for approval, qualifications for director candidates, taking into account applicable regulatory or legal requirements regarding experience, expertise or other qualifications for service on certain of our board’s committees;
- reviewing GE’s designees for nomination for election to our board of directors pursuant to the Master Agreement, considering potential director nominees properly recommended by other stockholders, leading the search for other individuals qualified to become members of the board of directors, and recommending to our board of directors for approval the director nominees to be presented for stockholder approval at the next annual meeting;
- reviewing and making recommendations to our board of directors, taking into account the Master Agreement as appropriate, with respect to the board’s leadership structure and the size and composition of the board of directors and the board committees;
- developing and annually reviewing our governance principles;
- annually reviewing director compensation and benefits;
- overseeing the annual self-evaluation of our board of directors and its committees;
- reviewing and, if appropriate, approving or ratifying transactions with related persons required to be disclosed under SEC rules;
- reviewing our policies and procedures with respect to political spending;
- reviewing actions in furtherance of our corporate social responsibility;
- reviewing and resolving any conflict of interest involving directors or executive officers;
- overseeing the risks, if any, related to our corporate governance structure and practices; and
- identifying and discussing with management the risks, of any, related to our social responsibility actions and public policy initiatives.

Under the Master Agreement, so long as GE beneficially owns more than 50% of our outstanding common stock, the Nominating and Corporate Governance Committee will be comprised of three directors, one of whom will be designated by GECC from among the directors it has designated for nomination and two of whom will be “independent” under the listing standards of the NYSE and the Company’s independence guidelines. When GE beneficially owns 50% or less of our outstanding common stock, the Nominating and Corporate Governance Committee will be comprised of three directors, each of whom will be “independent” under the listing standards of the NYSE and the Company’s independence guidelines. Initially the Nominating and Corporate Governance Committee will be comprised of Messrs. Hartnack (chair), Guthrie and Dimitrief.

*Management Development and Compensation Committee.* The primary responsibilities of this committee will include:

- assisting our board of directors in developing and evaluating potential candidates for executive positions, including the Chief Executive Officer, and overseeing our management resources, structure, succession planning, development and selection process;

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- evaluating the Chief Executive Officer’s performance and recommending for approval by the independent members of our board of directors and by GE, the Chief Executive Officer’s annual compensation;
- evaluating the performance of other senior executives and recommending for approval by our board of directors and, where required, by GE, each senior executive’s annual compensation based on initial recommendations from the Chief Executive Officer;
- reviewing incentive compensation arrangements with a view to appropriately balancing risk and financial results in a manner that does not encourage employees to expose us or any of our subsidiaries to imprudent risks, and are consistent with safety and soundness, and reviewing (with input from our CRO and the Bank’s CRO) the relationship between risk management policies and practices, corporate strategies and senior executive compensation; and
- overseeing incentive compensation plans and programs, including any equity-based compensation plans.

Under the Master Agreement, so long as GE beneficially owns more than 50% of our outstanding common stock, the Management Development and Compensation Committee will be comprised of three directors, one of whom will be designated by GECC from among the directors it has designated for nomination, and two of whom will be “independent” under the listing standards of the NYSE and the Company’s independence guidelines. When GE beneficially owns 50% or less of our outstanding common stock, the Management Development and Compensation Committee will be comprised of three directors, each of whom will be “independent” under the listing standards of the NYSE and the Company’s independence guidelines within the time period permitted for such a transition by the NYSE. At all times, at least two members of the Management Development and Compensation Committee will qualify as both an “outside director” for purposes of Section 162(m) of the Code and a “non-employee director” for purposes of Rule 16b-3 under the Exchange Act. Initially the Management Development and Compensation Committee will be comprised of Messrs. Cary (chair), Hartnack and Naylor.

*Risk Committee.* The primary responsibilities of this committee will include:

- assisting our board of directors in its oversight of our enterprise-wide risk management framework, including as it relates to credit, market, liquidity, operational and strategic risks;
- reviewing and, at least annually, approving our risk governance framework, and our risk assessment and risk management practices, guidelines and policies, including significant policies that management uses to manage credit and investment, market, liquidity, operational, compliance and strategic risks;
- reviewing and, at least annually, recommending to our board of directors for approval, our enterprise-wide risk appetite, including our liquidity risk tolerance, and reviewing and approving our strategy relating to managing key risks and other policies on the establishment of risk limits as well as the guidelines and policies for monitoring and mitigating such risks;
- meeting separately on a regular basis with our CRO and (in coordination with the Bank’s Risk Committee, as appropriate) the Bank’s CRO;
- receiving periodic reports from management on the metrics used to measure, monitor and manage known and emerging risks, including management’s view on acceptable and appropriate levels of exposure;
- receiving reports from our internal audit, risk management and independent liquidity review functions on the results of risk management reviews and assessments;
- reviewing and approving, at least annually, the Company’s enterprise-wide capital and liquidity framework (including our contingency funding plan) and, in coordination with the Bank’s Risk Committee, reviewing, at least quarterly, the Bank’s allowance for loan losses, liquidity policy and risk appetite, regulatory capital policy and ratios, and internal capital adequacy assessment processes, and, at least annually, the Bank’s annual capital plan and recovery and resolution plan;

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- reviewing, at least semi-annually, information from senior management regarding whether we are operating within our established risk appetite;
- reviewing the status of financial services regulatory examinations;
- reviewing the independence, authority and effectiveness of our risk management function and independent liquidity review function;
- approving the appointment of, evaluating and, when appropriate, replacing the CRO; and
- reviewing the disclosure regarding risk contained in our annual and quarterly reports.

Under the Master Agreement, until the GE SLHC Deregistration, the Risk Committee will be comprised of three directors, one of whom will be designated by GECC from among the directors it has designated for nomination and two of whom will be “independent” under the listing standards of the NYSE and the Company’s independence guidelines. Initially the Risk Committee will be comprised of Mr. Guthrie (chair), Ms. Kratky and Mr. Naylor.

### ***Related Person Transaction Approval Policy***

Prior to the completion of this offering, our board of directors will adopt a written policy for the review, approval or ratification of transactions (known as “related person transactions”) between us or any of our subsidiaries and any related person, in which the amount involved since the beginning of our last completed fiscal year will or may be expected to exceed \$120,000 and in which one of our executive officers, directors, director nominees or stockholders beneficially owning more than 5% of any class of our voting stock (or their immediate family members) has a direct or indirect material interest.

The policy will call for related person transactions to be reported to, and reviewed and, if deemed appropriate, approved or ratified by, the Nominating and Corporate Governance Committee. In determining whether or not to approve or ratify a related person transaction, the Nominating and Corporate Governance Committee will take into account, among other factors it deems important, whether the related person transaction is in our best interests and whether the transaction is on terms no less favorable than terms generally available to us from an unaffiliated third party under the same or similar circumstances. In the event a member of the Nominating and Corporate Governance Committee is not disinterested with respect to the related person transaction under review, that member may not participate in the review, approval or ratification of that related person transaction.

Certain decisions and transactions are not subject to the related person transaction approval policy, including: (i) decisions on compensation or benefits relating to our directors or executive officers or the hiring or retention of our executive officers, (ii) decisions relating to pro rata distributions to all our stockholders, (iii) indebtedness transactions with the Bank made in the ordinary course of business, on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable loans with persons not related to the lender and not presenting more than the normal risk of collectability or other unfavorable features and (iv) deposit transactions with the Bank made in the ordinary course of business and not paying a greater rate of interest on the deposits of a related person than the rate paid to other depositors on similar deposits with the Bank.

The transactions described in the section “Arrangements Among GE, GECC and Our Company” (collectively, the “GE Contemplated Transactions”) will be entered into prior to the adoption of our related person transaction approval policy and therefore will not be approved under the policy. However, the policy will apply to (i) amendments, modifications, terminations, extensions, or exercises of discretion outside the ordinary course of business, with respect to the agreements constituting GE Contemplated Transactions, (ii) negotiation, execution, modification, termination or extension, or exercises of discretion outside the ordinary course of business, with respect to any new agreements with GE (“New Agreements”) and (iii) the assertion, handling or resolution of any disputes arising under the agreements related to the GE Contemplated Transactions or any New Agreements, in each case involving amounts that will or may be expected to exceed \$120,000. Any executive

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officer of the Company who is also an officer, director or employee of GE may participate in these activities provided that he or she does so solely on behalf of the Company and under the direction of, and subject to the approval of, the Nominating and Corporate Governance Committee. Any director of the Company who is also an officer, director or other affiliate of GE may participate in these activities provided that he or she does so solely on behalf of GE, GECC or their affiliates, as applicable, and provided that the Nominating and Corporate Governance Committee has received advance notice of his or her participation. At any time at which a director of the Company who is also an officer, director or employee of GE is a member of the Nominating and Corporate Governance Committee, that director shall recuse himself or herself from all activities of the Nominating and Corporate Governance Committee relating to related person transactions with GE.

## **Compensation Discussion and Analysis**

### ***Introduction***

The executive officers whose compensation we discuss in this Compensation Discussion and Analysis and whom we refer to as our named executive officers (“NEOs”) are Margaret M. Keane, President and Chief Executive Officer; Brian D. Doubles, Executive Vice President, Chief Financial Officer and Treasurer; Glenn P. Marino, Executive Vice President, Chief Executive Officer – Payment Solutions and Chief Commercial Leader; Jonathan S. Mothner, Executive Vice President, General Counsel and Secretary; and Thomas M. Quindlen, Executive Vice President and Chief Executive Officer – Retail Card.

We currently operate as a business unit of GECC and, at least for a period following this offering, will continue to operate as a majority-owned subsidiary of GECC. As a result, in 2013, our NEOs participated in GE and GECC compensation and benefit plans, and their compensation was subject to the oversight and approval of the Compensation Committee of GECC’s board of directors, as well as the Development and Compensation Committee of the Bank’s board of directors (except in the case of Mr. Quindlen, who joined us from another GECC business unit in December 2013), as our executive officers are also executive officers of the Bank. Their incentive compensation and equity awards were also subject to the approval of the Chief Executive Officer of GE and the Management Development and Compensation Committee of GE’s board of directors. These historical compensation arrangements are discussed below.

Following the completion of this offering, the Management Development and Compensation Committee of our board of directors, as well as the Bank’s Development and Compensation Committee, will oversee our compensation plans, policies and programs for our NEOs. Until such time as GE ceases to own at least 50% of our outstanding common stock, these board committees will also consult with GE’s Management Development and Compensation Committee and GECC’s Compensation Committee, as our NEOs’ compensation will continue to be subject to their oversight and approval; and so long as GE beneficially owns more than 50% of our outstanding common stock, GECC can designate one of the three members on our Management Development and Compensation Committee. During the period in which we operate as a majority-owned subsidiary of GECC, our employees generally will continue to participate in GE and GECC compensation and benefit plans, but they will no longer receive equity awards under the GE 2007 Long-Term Incentive Plan. Rather, following the completion of this offering, our employees will receive equity awards based on our common stock under the Synchrony Financial 2014 Long-Term Incentive Plan. See “Management—Compensation Plans Following This Offering—Synchrony 2014 Long-Term Incentive Plan” for more information about this plan. When GE ceases to own at least 50% of our outstanding common stock, we anticipate that our U.S. employees will be covered by benefit plans that we expect to establish.

### ***Compensation Framework***

#### *Goals*

The goal of GECC’s 2013 executive compensation program for its business units, including our Company, was aligned with GE’s compensation goal, which was to retain and reward leaders who create long-term value.

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GE's executive compensation program is designed to reward sustained financial and operating performance and leadership excellence, align executives' long-term interests with those of GE's shareowners and motivate executives to remain with GE for long and productive careers built on expertise.

### *Program Principles*

GECC's executive compensation program for its business units, including our Company, is designed to be consistent with GECC's and our company's safety and soundness and to identify, measure, monitor and control incentive compensation arrangements so that such arrangements do not encourage excessive or imprudent risk-taking. The key principles guiding this program and underlying the oversight of this program by GECC's Compensation Committee and the Bank's Development and Compensation Committee are:

- Performance – rewards should be linked to business and individual performance against both qualitative and quantitative goals and objectives;
- Growth Values – rewards should be linked to the employee's demonstration of the behaviors and values expected of employees;
- Market Competitiveness – reward opportunities should be competitive with the external labor markets in which GECC and its business units compete;
- Internal Equity – reward opportunities should be internally equitable, subject to the individual's experience, performance and other relevant factors; and
- Prudent Risk – rewards, particularly incentive compensation, must not encourage excessive risk-taking and should be based in part on the long-term performance outcomes of risks taken.

### *Key Considerations in Setting Compensation*

GECC has adopted the following key considerations in setting compensation for its business units, including our Company. These considerations are consistent with the framework established by GE in setting compensation.

*Consistent and sustainable performance.* GECC's executive compensation program provides the greatest pay opportunity for executives who demonstrate superior performance for sustained periods of time. It also rewards executives for executing our Company's strategy through business cycles, so that the achievement of long-term strategic objectives is not compromised by short-term considerations. The emphasis on consistent performance affects the annual cash bonus and equity incentive compensation. With the prior year's award or grant serving as an initial basis for consideration, such awards are determined based on an assessment of an executive's past performance and expected future contributions. Because current-year, past and sustainable performance are incorporated into compensation decisions, any percentage increase or decrease in the amount of annual compensation tends to be more gradual than in a framework that is focused solely or largely on current-year performance.

*Future pay opportunity versus current pay.* GECC strives to provide an appropriate mix of compensation elements to achieve a balance between current versus long-term, deferred compensation, cash versus equity incentive compensation, and other features that cause the amounts ultimately received by the NEOs to appropriately reflect risk and risk outcomes. Cash payments primarily, but not exclusively, reward more recent performance, whereas equity awards encourage our NEOs to continue to deliver results over a longer period of time, and serve as a retention tool. GECC believes that the compensation paid or awarded to our NEOs should be more heavily weighted towards rewards based on our Company's sustained operating performance as well as GE's stock price performance over the long-term.

*Qualitative and quantitative factors.* Except with respect to payouts under GE's Long-Term Performance Awards ("LTPAs"), which are tied to achieving specific quantitative performance objectives, quantitative

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formulas are not used exclusively in determining the amount and mix of compensation. Instead, a broad range of both quantitative and qualitative factors are evaluated to avoid excessive weight being placed on any one performance measure. These factors include, but are not necessarily limited to, reliability in delivering financial growth and operating targets, performance in the context of the economic environment relative to other companies, a track record of integrity, good judgment, the vision and ability to create further growth, the ability to lead others, and other considerations that cause the amounts ultimately received by the NEOs to appropriately reflect risk and risk outcomes.

*Consideration of risk.* GECC's compensation program is balanced, focused on the long term and takes into consideration the full range and duration of risks associated with a NEO's activities. Under this structure, the highest amount of compensation can be achieved through consistent superior performance within the limits of GECC's stated risk appetite. In addition, significant portions of compensation are earned only over the longer term and may be adjusted during the vesting period for risk outcomes. This provides strong incentives for executives to manage our Company for the long term while avoiding excessive risk-taking in the short term. As discussed further below, both GECC's Compensation Committee and the Bank's Development and Compensation Committee review the relationship between our risk management policies and practices and the incentive compensation provided to our NEOs.

### **2013 Compensation Elements**

The following summarizes the compensation elements used in 2013 to reward and retain our NEOs.

#### *Base Salary*

Base salaries for our NEOs depend on a number of factors, including the size, scope and impact of their role, the market value associated with their role, leadership skills and values, length of service, and individual performance and contributions. Decisions regarding salary increases are affected by the NEOs' current salary and the amounts paid to their peers within and outside our Company.

#### *Annual Bonus*

Annual cash bonuses to our NEOs are made under the GECC Executive Incentive Compensation Plan, which is funded based on an assessment of GE's and GECC's overall performance and is designed to reward executives for sustained financial and operating performance, effective risk management and overall leadership excellence. Bonus amounts are based on achieving specific performance goals for each executive and are driven by the executive's success in achieving these goals. The prior year's award serves as an initial basis for consideration. After an assessment of a NEO's ongoing performance and current year contributions to our Company's results, as well as the performance of any business or function he or she leads, judgment is used in determining the bonus amount, if any, and the resulting percentage change from the prior year. Because GE and GECC emphasize consistent performance over time, the relative size of our NEOs' bonuses is driven by current year, past and sustainable performance, and percentage increases or decreases in the amount of annual compensation therefore tend to be more gradual than in a framework that is focused solely or largely on current year performance. Our NEOs will continue to participate in the GECC Executive Incentive Compensation Plan until the date on which GE ceases to own at least 50% of our outstanding common stock.

#### *GE Equity Awards*

As part of GE's equity compensation program for 2013, our NEOs received GE stock options in the amounts set forth in the "—2013 Grants of GE Plan-Based Awards Table." No grants of equity awards based on our common stock were made in 2013. Important factors in determining the amount of GE stock options awarded to each NEO include the size of past grant amounts, individual performance and expected future contributions to GE. GE's equity compensation program is designed to recognize scope of responsibilities, reward demonstrated performance and leadership, align the interests of award recipients with those of GE's shareholders and retain award

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recipients. GE uses grants of stock options to focus its executives on delivering long-term value to its shareowners because options have value only to the extent that the price of GE stock on the date of exercise exceeds the stock price on the grant date, as well as to retain its executives, as stock options generally vest 20% per year while employed. In prior years, GE has also used grants of RSUs to reward and retain executives by offering them the opportunity to receive shares of GE stock on the date the restrictions lapse as long as they continue to be employed by GE. Although our NEOs have received grants of GE RSUs in prior years and currently hold GE RSUs, they did not receive any grants of GE RSUs in 2013. Following this offering, the equity awards previously granted to our NEOs will continue to relate to GE equity, and service with us will be counted as service with GE for all purposes. As of the date GE ceases to own at least 50% of our outstanding common stock, all unvested GE stock options that are held by our employees will vest, and all unexercised GE stock options held by our employees will remain exercisable for GE common stock for five years or until the expiration of the stock option, whichever is earlier. GE's Management Development and Compensation Committee has determined that the GE RSUs held by our employees will remain outstanding and vest in accordance with their terms.

### *GE LTPAs*

In early 2013, as part of a broader GE program, GE granted contingent LTPAs to our NEOs, which will be payable if GE achieves, on an overall basis for a three-year period (2013 through 2015), specified goals based on four equally weighted GE-specific performance metrics. These performance metrics are: (i) cumulative operating earnings per share, (ii) cumulative total cash generation, (iii) 2015 industrial earnings as a percentage of total GE earnings and (iv) 2015 return on total capital. The awards are payable in cash (or, at the discretion of GE's Management Development and Compensation Committee, in GE common stock), based on achieving threshold, target or maximum levels for any of the performance metrics, with payments prorated for performance between the established levels. As was the case with the awards granted under GE's prior long-term performance award programs, the target levels of the 2013-2015 LTPA performance metrics are challenging but achievable with good performance, whereas maximum levels represent stretch goals. For each NEO, the award is based on a multiple (e.g., in the case of Ms. Keane, 0.5x at threshold, 0.75x at target and 1.5x at maximum) of base salary and incentive compensation, and will be subject to forfeiture if the individual's employment terminates for any reason other than disability, death, retirement or in connection with a business disposition prior to the settlement of the award. Assuming the date on which GE ceases to own at least 50% of our outstanding common stock will occur prior to the LTPA 2016 payment date, our NEOs who remain employed by us until the 2016 payment date will remain eligible to receive a pro rata portion of their award from GE, based on their service from the LTPA's grant date to the date on which GE ceases to own at least 50% of our outstanding common stock and based on their annual salary then in effect on such date and the last annual bonus received prior to such date. These awards are not based on our performance, except to the extent that the results of our performance are included in GE's results.

### *GE Deferred Compensation*

GE periodically offers both a deferred salary plan and a deferred bonus plan, with only the deferred salary plan providing for payment of an "above-market" rate of interest as defined by the SEC. These plans are available to approximately 3,600 eligible employees in GE's executive band and above, including our NEOs. These plans are described in further detail in the narrative accompanying the "—2013 Nonqualified Deferred Compensation Table." Payouts for our NEOs will begin to occur in the year following the date on which GE ceases to own at least 50% of our outstanding common stock and in accordance with participants' payout elections.

### *GE Pension Plans*

During 2013, our NEOs were eligible to participate in the same GE Pension Plan, GE Supplementary Pension Plan and GE Excess Benefits Plan in which other eligible executives and employees participate. The GE Pension Plan is a broad-based tax-qualified plan under which eligible employees may retire at age 60 or later. Unlike the GE Pension Plan, the GE Supplementary Pension Plan and the GE Excess Benefits Plan are unfunded,

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unsecured obligations of GE and are not qualified for tax purposes. These plans are described in further detail in the narrative accompanying the “—2013 GE Pension Benefits Table.” Pursuant to the terms of the Employee Matters Agreement, we will reimburse GE for the payment of pension benefits under the GE Supplementary Pension Plan and the GE Excess Benefits Plan when our NEOs are entitled to receive them. Our NEOs’ benefits under these plans will continue to accrue until the date on which GE ceases to own at least 50% of our outstanding common stock. We do not intend to establish our own tax-qualified defined benefit pension plan for our employees, including our NEOs.

### *Transaction Awards*

We have entered into transaction award agreements with certain of our employees, including each of the NEOs. These agreements are intended to provide an incentive to our management team to remain dedicated to, and to continue their employment with, our Company. Under these agreements, each of the NEOs is eligible to receive a transaction award equal to 100% of their base salary in effect as of the date they enter into the agreement plus their 2012 bonus, with 50% of the transaction award payable within 60 days following the completion of this offering and the remaining 50% payable within 60 days following the date on which GE ceases to own at least 50% of our outstanding common stock. The transaction award will be forfeited in its entirety if a NEO voluntarily resigns or is terminated by us for “cause” (as determined by us). Each of the NEOs will also be subject to a non-compete/non-solicit provision for eighteen months from the date of termination of employment. These transaction award agreements are discussed in further detail under “—2013 Potential Payments Upon Termination at Fiscal Year-End.”

### *Other Compensation*

Our NEOs received other benefits, reflected in “—2013 All Other Compensation Table,” consistent with those provided to certain GE executives, such as a leased car. In addition, as officers of GE, Ms. Keane, Mr. Marino and Mr. Quindlen received benefits provided to GE officers, such as financial counseling and tax preparation. We do not expect to provide our executive officers with all of the same types of benefits as provided to GE executives.

### ***Performance Objectives and Evaluations for Our Named Executive Officers for 2013***

At the beginning of 2013, Ms. Keane developed the objectives that she believed should be achieved for our Company to be successful, which were based on the 2013 objectives established for GE and for GECC and tailored to our business. These objectives include both quantitative financial measurements and qualitative strategic, operational and risk management considerations and are focused on the factors that Ms. Keane, the Chief Executive Officer of GE and the Chief Executive Officer of GECC believe create long-term shareowner value. Ms. Keane’s 2013 performance was evaluated and measured against these goals by the Chief Executive Officer of GECC, GECC’s Compensation Committee and the Bank’s Development and Compensation Committee to develop a recommendation as to the appropriate incentive compensation awards for her. The amount of her incentive compensation was ultimately approved by the Chief Executive Officer of GE and GE’s Management Development and Compensation Committee, based on their discretion and judgment. Ms. Keane did not participate in the determination of her compensation.

During 2013, our other NEOs – other than Mr. Quindlen, who joined us in December 2013 – reported directly to Ms. Keane, who developed their objectives based on our Company’s objectives. Each of our other NEOs’ objectives include both quantitative financial measurements and qualitative strategic, operational and risk management considerations affecting our Company and the businesses or functions that they lead. Each of our other NEOs’ 2013 performance was evaluated and measured against their respective goals by the Chief Executive Officer of GECC, GECC’s Compensation Committee and the Bank’s Development and Compensation Committee, as well as by Ms. Keane, in the case of Mr. Marino, and by the heads of GECC’s Finance and Legal functions, with input from Ms. Keane, in the case of Mr. Doubles and Mr. Mothner, respectively, to develop

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recommendations as to the appropriate incentive compensation awards for each of them. The amount of their incentive compensation was ultimately approved by the Chief Executive Officer of GE and GE's Management Development and Compensation Committee, based on their discretion and judgment. None of our other named executive officers participated in the determination of their compensation.

### *2013 Performance Objectives and Achievements*

Under Ms. Keane's leadership, management delivered the following results on the qualitative and quantitative performance goals set for our Company by Ms. Keane with respect to 2013:

- *Prepare our Company for an initial public offering in 2014.* To prepare for the initial public offering, we took a number of actions including: (i) the preparation of carve-out financial statements, (ii) the preparation of regulatory filings, including drafts of the S-1 Registration Statement, (iii) significant financial planning activity, (iv) substantial corporate governance activity and (v) various actions to enable us to operate as a stand-alone entity, including hiring key talent and putting retention plans in place.
- *Drive growth and invest in new capabilities.* During 2013, we achieved 10.2% average loan receivables growth with all three sales platforms growing year over year. In January 2013, we acquired MetLife's deposit business, which is a key part of our strategy to increase our deposit base as a source of stable and diversified low cost funding. We also launched new programs with 14 partners and added more than 17,000 new partners in 2013.
- *Execute world-class compliance and enterprise risk management.* During 2013, we meaningfully increased headcount in our regulatory and compliance groups to further invest in our compliance and enterprise risk management capabilities and to enhance our ability to work with our regulators. The Bank also achieved an "outstanding" rating on the publicly released examination under the Community Reinvestment Act.
- *Drive simplification and operational efficiencies.* We significantly simplified our operating and organizational structure in 2013, which resulted in costs being in line with our goals, as adjusted for the incremental costs associated with preparing for this offering.
- *Operationalize commercial excellence.* For 2013, our purchase volume increased 9.3% and average active accounts increased 6.1%, as compared to 2012. We renewed three contracts through 2017-2020 with partners representing, in the aggregate, 23% of 2013 loan receivables.
- *Develop leadership and talent.* We invested more than \$6 million in leadership development activities in 2013, including sending more than 550 employees through GE Crotonville development courses and sponsoring a pre-executive leadership program for our senior professional level employees.
- *Strong financial results.* Our financial performance in 2013 was strong, with purchase volume of \$93.9 billion, as compared to \$85.9 billion in 2012, and loan receivables of \$57.3 billion, as compared to \$52.3 billion in 2012. Moreover, we had net earnings of \$2.0 billion in 2013, as compared to \$2.1 billion in 2012. This decrease was driven primarily by an increase in our provision for loan losses as a result of enhancements to our allowance for loan loss methodology.

### *2013 Compensation Decisions*

#### *Ms. Keane*

GECC's Compensation Committee and the Bank's Development and Compensation Committee believe that Ms. Keane performed very well in 2013 in executing on the performance framework and 2013 financial objectives outlined above. Ms. Keane's base salary, which was last increased in October 2012, was unchanged for 2013. In light of the assessment of Ms. Keane's performance by GECC's Compensation Committee and the Bank's Development and Compensation Committee, she received a \$1,150,000 cash bonus, an increase of 15% from 2012. In addition, Ms. Keane received a stock option grant to purchase 250,000 shares of GE common stock.

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### *Mr. Doubles*

In addition to his contributions toward our Company's objectives described above, the head of GECC's Finance function specifically recognized that, as the leader of our finance organization, Mr. Doubles led several key processes in preparation for this offering, continued to maintain strong controllership of the business while simplifying accounting and legal entity structures, and reorganized the finance organization to operate more efficiently. Based on his performance, Mr. Doubles's base salary was increased by 11% to \$555,000, effective July 1, 2013. In light of the assessment of Mr. Doubles's performance by GECC's Compensation Committee and the Bank's Development and Compensation Committee, he received a \$330,000 cash bonus, an increase of 10% from 2012. In addition, Mr. Doubles received a stock option grant to purchase 75,000 shares of GE common stock.

### *Mr. Marino*

In addition to his contributions toward our Company's objectives described above, Ms. Keane specifically recognized that Mr. Marino provided strong leadership of the Payment Solutions sales platform, increasing platform revenue, executing renewals of significant programs, and developing important new products and digital marketing capabilities. In addition, his leadership of sales teams across our sales platforms resulted in the expansion of a key partner marketing effort and the launch of a comprehensive digital sales tool. Based on his performance, Mr. Marino's base salary was increased by 6% to \$675,000, effective April 1, 2013. In light of the assessment of Mr. Marino's performance by GECC's Compensation Committee and the Bank's Development and Compensation Committee, he received a \$530,000 cash bonus, an increase of 10% from 2012. In addition, Mr. Marino received a stock option grant to purchase 75,000 shares of GE common stock.

### *Mr. Mothner*

In addition to his contributions toward our Company's objectives described above, the head of GECC's Legal function specifically recognized that, as the leader of our legal organization, Mr. Mothner led a team that provided critical legal support for the negotiation of key program agreements, an important disposition, the resolution of significant regulatory and enforcement matters and the reorganization and simplification of our legal entity structure, all while controlling legal costs. In addition, he played a lead role in preparing the legal organization for this offering. Based on his performance, Mr. Mothner's base salary was increased by 9% to \$600,000, effective October 1, 2013. In light of the assessment of Mr. Mothner's performance by GECC's Compensation Committee and the Bank's Development and Compensation Committee, he received a \$300,000 cash bonus, an increase of 20% from 2012. Mr. Mothner also received an award of \$75,000 under GECC's Extraordinary Performance Program, which rewards a small number of executives who demonstrated truly extraordinary performance over the year. Although this award is subject to the same approval process as for the annual bonus and will be reported in the "Bonus" column in the "—2013 Summary Compensation Table," this award is distinct and separate from the annual bonus. In addition, Mr. Mothner received a stock option grant to purchase 35,000 shares of GE common stock.

### *Mr. Quindlen*

As Mr. Quindlen joined us as Chief Executive Officer – Retail Card, effective December 23, 2013, his 2013 incentive compensation was determined by GECC's Compensation Committee and was awarded primarily for his service as Chief Executive Officer and President of GE Capital Corporate Finance (a business separate from our Company). GECC's Compensation Committee specifically recognized that Mr. Quindlen, in his prior GE role, met or exceeded his goals for net income, total volume and on-book volume, while still reducing key cost drivers. In addition, he led his prior business in the implementation of a new risk framework, the evolution of the organization to a specialty finance company, and key simplification efforts. Based on his performance, Mr. Quindlen's base salary was increased by 6% to \$680,000, effective April 1, 2013. In light of the assessment of Mr. Quindlen's performance by GECC's Compensation Committee, he received a \$760,000 cash bonus, an increase of 7% from 2012. In addition, Mr. Quindlen received a stock option grant to purchase 110,000 shares of GE common stock.

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### ***Other Compensation Practices***

#### *Role of GE, GECC, the Bank and Executives in Establishing and Implementing Compensation Goals*

As noted above, in 2013, each of GECC's Compensation Committee and the Bank's Development and Compensation Committee had responsibility for overseeing and approving the compensation of our NEOs. GECC's Compensation Committee is comprised of GECC's Chairman and Chief Executive Officer, Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, Chief Regulatory and Compliance Officer, Vice President and General Counsel, Vice President – Human Resources, and Compensation and Benefits Leader. The Bank's Development and Compensation Committee is comprised of three independent members of the Bank's Board of Directors, Ms. Keane and the Bank's Executive Vice President, Human Resources.

All incentive and equity awards require the approval of the Chief Executive Officer of GE and GE's Management Development and Compensation Committee, based on the recommendations of GECC's Compensation Committee and the Bank's Development and Compensation Committee. In addition, each year, the Chief Executive Officer of GE and GE's Senior Vice President, Human Resources determine the annual bonus pool under the GECC Executive Incentive Compensation Plan within the overall funding limits of GE's overall incentive compensation program, as approved by GE's Management Development and Compensation Committee. Once the annual bonus pool for GECC has been approved, GECC's Compensation Committee apportions to us our bonus pool.

#### *Review of Compensation Policies and Practices Related to Risk Management*

In 2013, both GECC's Compensation Committee and the Bank's Development and Compensation Committee reviewed the relationship between our risk management policies and practices and the incentive compensation provided to our NEOs to confirm that their incentive compensation appropriately balances risk and reward and determined that our compensation policies and practices are not reasonably likely to have a material adverse effect on our Company. The Bank's Development and Compensation Committee met with the Bank's Chief Risk Officer to discuss the annual risk assessment conducted with respect to incentive compensation plans in which all employees (including the NEOs) participate, including whether these arrangements had any features that might encourage excessive risk-taking that could threaten the value of the Bank. The Bank's Chief Risk Officer also discussed the risk mitigation factors reviewed in the annual risk assessment, including the balance between financial and non-financial measures as well as the short-term and long-term oriented measures. GECC's Compensation Committee and the Bank's Development and Compensation Committee also continue to monitor a separate, ongoing risk assessment by senior management of our broader employee compensation practices consistent with the federal banking regulators' guidance on sound incentive compensation policies.

#### *Equity Grant Practices*

The exercise price of each GE stock option granted to our NEOs in 2013 was the closing price of GE stock on the date of grant, which was the date of GE's Management Development and Compensation Committee meeting at which equity awards for the NEOs were determined. GE's board and board committee meetings are generally scheduled at least a year in advance and without regard to anticipated earnings or other major announcements by GE. GE prohibits the repricing of its stock options.

#### *Potential Impact on Compensation from Executive Misconduct*

If it is determined that an executive officer has engaged in conduct detrimental to GECC or the Bank, GECC's Compensation Committee or the Bank's Development and Compensation Committee may take a range of actions to remedy the misconduct, prevent its recurrence, and impose such discipline as would be appropriate. Discipline would vary depending on the facts and circumstances, and may include, without limitation: (i) termination of employment, (ii) initiating an action for breach of fiduciary duty, (iii) reducing, cancelling or seeking reimbursement of any paid or awarded compensation and (iv) if the conduct resulted in a material inaccuracy in GE's or GECC's financial statements or performance metrics that affects the executive officer's

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compensation, seeking reimbursement of any portion of incentive compensation paid or awarded to the executive that is greater than what would have been paid or awarded if calculated based on the accurate financial statements or performance metrics. If it is determined that an executive engaged in fraudulent misconduct, GECC's Compensation Committee or the Bank's Development and Compensation Committee will seek such reimbursement. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

**2013 Summary Compensation**

The following table contains 2013 compensation information for our NEOs.

*2013 Summary Compensation Table*

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Option Awards(1)</u>	<u>Change in Pension Value and Nonqualified Deferred Compensation Earnings(2)</u>	<u>All Other Compensation(3)</u>	<u>Total</u>
<b>Margaret M. Keane</b> President and Chief Executive Officer	2013	\$825,000	\$1,150,000	\$1,130,000	\$ 563,573	\$ 95,255	\$3,763,828
<b>Brian D. Doubles</b> Executive Vice President, Chief Financial Officer and Treasurer	2013	\$527,500	\$ 330,000	\$ 339,000	\$ 57,570	\$ 29,657	\$1,283,727
<b>Glenn P. Marino</b> Executive Vice President, Chief Executive Officer –Payment Solutions and Chief Commercial Leader	2013	\$665,000	\$ 530,000	\$ 339,000	\$ 277,460	\$ 120,309	\$1,931,769
<b>Jonathan S. Mothner</b> Executive Vice President, General Counsel and Secretary	2013	\$562,500	\$ 375,000(4)	\$ 158,200	\$ 51,290	\$ 29,868	\$1,176,858
<b>Thomas M. Quindlen</b> Executive Vice President and Chief Executive Officer – Retail Card	2013	\$670,000	\$ 760,000	\$ 497,200	\$ 31,623	\$ 67,155	\$2,025,978

(1) This column represents the aggregate grant date fair value of stock options granted in 2013 in accordance with SEC rules. These amounts reflect GE's accounting expense and do not correspond to the actual value that will be realized by the NEOs. GE measures the fair value of each stock option grant at the date of grant using a Black-Scholes option pricing model. The weighted average grant-date fair value of options granted during 2013 was \$4.52. GE used the following assumptions in arriving at the fair value of options granted during 2013: risk-free interest rate of 2.5%, dividend yield of 4.0%, expected volatility of 28% and expected life of 7.5 years. See the "—2013 Grants of GE Plan-Based Awards Table" for further information on stock options granted in 2013.

(2) This column represents the sum of the change in pension value and nonqualified deferred compensation earnings for each of the NEOs. The change in pension value in 2013 was \$556,095, \$56,882, \$257,064 and \$51,290 for Ms. Keane and Messrs. Doubles, Marino and Mothner, respectively. There was no change in pension value reported for Mr. Quindlen because the present value of his pension benefits decreased, which resulted from the effect of the higher discount rate assumption exceeding the effect of his benefit growth. See "—2013 GE Pension Benefits" for additional information.

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including the present value assumptions used in this calculation. In 2013, the above-market earnings on the executive deferred salary plans in which the NEOs participated were \$7,478, \$688, \$20,396 and \$31,623 for Ms. Keane and Messrs. Doubles, Marino and Quindlen, respectively. Above-market earnings represent the difference between market interest rates calculated pursuant to SEC rules and the 8.5% to 12% interest contingently credited by GE on salary deferred by the NEOs under various executive deferred salary plans in effect between 1987 and 2013. See “—2013 Nonqualified Deferred Compensation” for additional information.

- (3) See the “—2013 All Other Compensation Table” for additional information.  
 (4) This amount includes an award of \$75,000 under GECC’s Extraordinary Performance Program.

### 2013 All Other Compensation

In 2013, our NEOs received additional benefits, reflected in the table below, for 2013 and included in the “All Other Compensation” column in “—2013 Summary Compensation Table” that GE and GECC believed to be reasonable, competitive and consistent with their overall executive compensation programs. The incremental costs of these benefits, which are shown below after giving effect to any reimbursements by the NEOs, constitute only a small percentage of each NEO’s total compensation.

### 2013 All Other Compensation Table

Name of Executive	Perquisites & Other Personal Benefits(1)	Leased Cars(2)	Value of Supplementary Life Insurance Premium(3)	Payments Relating to Employer Savings Plan(4)	Total
Margaret M. Keane	\$ 18,397	\$ 25,042	\$ 42,891	\$ 8,925	\$ 95,255
Brian D. Doubles	—	\$ 19,090	\$ 1,642	\$ 8,925	\$ 29,657
Glenn P. Marino	\$ 51,794	\$ 20,028	\$ 39,562	\$ 8,925	\$120,309
Jonathan S. Mothner	—	\$ 14,874	\$ 6,069	\$ 8,925	\$ 29,868
Thomas M. Quindlen	\$ 5,155	\$ 24,909	\$ 28,166	\$ 8,925	\$ 67,155

- (1) Amounts in this column include financial counseling and tax preparation services for Ms. Keane and Messrs. Marino and Quindlen, and participation in the GE Executive Products and Lighting Program for Ms. Keane and Mr. Quindlen pursuant to which executives can receive GE appliances or other products with the incremental cost calculated based on the fair market value of the products received. For Mr. Marino, this column also includes \$37,594 in personal use of GE aircraft. The calculation of incremental cost for personal use of GE aircraft includes the variable costs incurred as a result of personal flight activity: a portion of ongoing maintenance and repairs, aircraft fuel, satellite communications and any travel expenses for the flight crew. It excludes non-variable costs, such as exterior paint, interior refurbishment and regularly scheduled inspections, which would have been incurred regardless of whether there was any personal use of aircraft. Aggregate incremental cost, if any, of travel by the executive’s family or other guests when accompanying the executive on both business and non-business occasions is also included.
- (2) This column includes expenses associated with GE’s leased cars program, such as leasing and management fees, administrative costs, maintenance fees and gas allowance.
- (3) This column reports taxable payments made to the NEOs to cover premiums for universal life insurance policies owned by the executives. These policies include: (i) Executive Life for Ms. Keane and Messrs. Marino and Quindlen, which provides universal life insurance policies for the NEOs totaling \$3 million in coverage at the time of enrollment, increased 4% annually thereafter and (ii) Leadership Life for each of the NEOs, which provides universal life insurance policies for the NEOs with coverage of two times their annual pay (salary plus 100% of their latest bonus payments).
- (4) This column reports company matching contributions to the NEOs’ 401(k) savings accounts of 3.5% of pay up to the limitations imposed under IRS rules.

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**2013 Grants of GE Plan-Based Awards**

The following table provides information about awards granted to the NEOs in 2013: (i) the grant date, (ii) the estimated future payouts under non-equity incentive plan awards, which consist of potential payouts under the LTPA granted in 2013 for the 2013-2015 performance period, (iii) the number of shares underlying stock options granted to the NEOs under the GE 2007 Long-Term Incentive Plan, (iv) the exercise price of the stock option grants, which reflects the closing price of GE stock on the date of grant and (v) the grant date fair value of each option grant computed in accordance with applicable SEC rules. Our NEOs did not receive any other GE stock-based awards in 2013.

*2013 Grants of GE Plan-Based Awards Table*

Name of Executive	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			All Other Option Awards: Number of Securities Underlying Options <sup>(2)</sup>	Exercise or Base Price of Option Awards	Grant Date Fair Value of Option Awards <sup>(3)</sup>
		Threshold	Target	Maximum			
Margaret M. Keane	3/14/13	\$ 912,500	\$ 1,368,750	\$ 2,737,500	—	—	—
	9/13/13	—	—	—	250,000	\$ 23.78	\$ 1,130,000
Brian D. Doubles	3/14/13	\$ 200,000	\$ 400,000	\$ 800,000	—	—	—
	9/13/13	—	—	—	75,000	\$ 23.78	\$ 339,000
Glenn P. Marino	3/14/13	\$ 278,750	\$ 557,500	\$ 1,115,000	—	—	—
	9/13/13	—	—	—	75,000	\$ 23.78	\$ 339,000
Jonathan S. Mothner	3/14/13	\$ 200,000	\$ 400,000	\$ 800,000	—	—	—
	9/13/13	—	—	—	35,000	\$ 23.78	\$ 158,200
Thomas M. Quindlen	3/14/13	\$ 337,500	\$ 675,000	\$ 1,350,000	—	—	—
	9/13/13	—	—	—	110,000	\$ 23.78	\$ 497,200

- (1) These columns show the potential value of the payout for each NEO under the 2013-2015 LTPA if the threshold, target or maximum goals are satisfied for all four performance measures, based on the executive's 2013 salary and bonus at the time of grant. The potential payouts are performance-driven and therefore completely at risk. The performance metrics, performance goals and salary and bonus multiples for determining the payout are described in "—Compensation Discussion and Analysis—2013 Compensation Elements." As reflected in the "—2013 Summary Compensation Table," no amounts were paid with respect to these LTPA awards for 2013. Assuming the date on which GE ceases to own at least 50% of our outstanding common stock will occur prior to the LTPA 2016 payment date, our NEOs who remain employed by us through the 2016 payment date will remain eligible to receive a pro rata portion of their award from GE, based on their service from the LTPA's grant date to the date on which GE ceases to own at least 50% of our outstanding common stock and based on their annual salary then in effect on such date and the last annual bonus received prior to such date, on the same basis as GE employees who receive LTPAs.
- (2) This column shows the number of stock options granted, which will vest and become exercisable ratably in five equal annual installments beginning one year from the date of grant and each year thereafter. Following this offering, the equity awards previously granted to our NEOs will continue to relate to GE equity, and service with us will be counted as service with GE for all purposes. When GE ceases to own at least 50% of our outstanding common stock, each outstanding, unvested GE stock option will vest and will be exercisable for GE common stock until the expiration of the award or, if earlier, five years from the vesting date.
- (3) This column shows the aggregate grant date fair value of stock options under applicable SEC rules granted to the NEOs in 2013. Generally, the aggregate grant date fair value is the expected accounting expense that will be recognized over the award's vesting schedule. For stock options, fair value is calculated using the Black-Scholes value of an option on the grant date. See the "—2013 Summary Compensation Table" for additional information.

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**2013 Outstanding GE Equity Awards at Fiscal Year-End**

The following table provides information on the holdings of GE equity awards by the NEOs at fiscal year-end. This table includes unexercised (both vested and unvested) option grants and unvested RSUs with vesting conditions that were not satisfied at December 31, 2013. Each equity grant is shown separately for each NEO. The vesting schedule for each outstanding award is shown following this table.

*2013 Outstanding GE Equity Awards at Fiscal Year-End Table*

Name of Executive	Option Awards					Stock Awards		
	Option Grant Date	Number of Securities Underlying Unexercised Options (Exercisable)	Number of Securities Underlying Unexercised Options (Unexercisable)	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested(1)
Margaret M. Keane	9/17/04	16,800	—	\$ 34.22	9/17/14	7/28/05	3,750	\$ 105,113
	9/16/05	18,600	—	\$ 34.47	9/16/15			
	9/8/06	17,500	—	\$ 34.01	9/8/16			
	9/7/07	22,500	—	\$ 38.75	9/7/17			
	9/9/08	30,000	—	\$ 28.12	9/9/18			
	3/12/09	—	24,000	\$ 9.57	3/12/19			
	7/23/09	—	28,000	\$ 11.95	7/23/19			
	6/10/10	120,000	80,000	\$ 15.68	6/10/20			
	6/9/11	110,000	165,000	\$ 18.58	6/9/21			
	9/7/12	60,000	240,000	\$ 21.59	9/7/22			
	9/13/13	—	250,000	\$ 23.78	9/13/23			
<b>Total</b>		<b>395,400</b>	<b>787,000</b>				<b>3,750</b>	<b>\$ 105,113</b>
Brian D. Doubles	5/10/04	480	—	\$ 30.03	5/10/14	9/3/10	8,000	\$ 224,240
	4/21/06	2,400	—	\$ 33.97	4/21/16			
	9/7/07	2,500	—	\$ 38.75	9/7/17			
	9/9/08	3,750	—	\$ 28.12	9/9/18			
	3/12/09	—	3,000	\$ 9.57	3/12/19			
	7/23/09	—	4,000	\$ 11.95	7/23/19			
	6/10/10	—	20,000	\$ 15.68	6/10/20			
	6/9/11	24,000	36,000	\$ 18.58	6/9/21			
	9/7/12	15,000	60,000	\$ 21.59	9/7/22			
	9/13/13	—	75,000	\$ 23.78	9/13/23			
	<b>Total</b>		<b>48,130</b>	<b>198,000</b>				
Glenn P. Marino	9/17/04	12,000	—	\$ 34.22	9/17/14			
	9/16/05	15,000	—	\$ 34.47	9/16/15			
	9/8/06	17,500	—	\$ 34.01	9/8/16			
	9/7/07	22,500	—	\$ 38.75	9/7/17			
	9/9/08	22,500	—	\$ 28.12	9/9/18			
	3/12/09	—	18,000	\$ 9.57	3/12/19			
	7/23/09	—	18,000	\$ 11.95	7/23/19			
	6/10/10	75,000	50,000	\$ 15.68	6/10/20			
	6/9/11	54,000	81,000	\$ 18.58	6/9/21			
	9/7/12	25,000	100,000	\$ 21.59	9/7/22			
	9/13/13	—	75,000	\$ 23.78	9/13/23			
<b>Total</b>		<b>243,500</b>	<b>342,000</b>					

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Name of Executive	Option Awards					Stock Awards					
	Option Grant Date	Number of Securities Underlying Unexercised Options (Exercisable)	Number of Securities Underlying Unexercised Options (Unexercisable)	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested(1)			
Jonathan S. Mothner	5/10/04	1,620	—	\$ 30.03	5/10/14	6/8/06	1,250	\$ 35,038			
	9/16/05	2,880	—	\$ 34.47	9/16/15						
	9/8/06	4,800	—	\$ 34.01	9/8/16						
	9/7/07	7,500	—	\$ 38.75	9/7/17						
	9/9/08	10,000	—	\$ 28.12	9/9/18						
	3/12/09	—	8,000	\$ 9.57	3/12/19						
	7/23/09	—	8,000	\$ 11.95	7/23/19						
	6/10/10	9,000	18,000	\$ 15.68	6/10/20						
	6/9/11	15,000	33,000	\$ 18.58	6/9/21						
	9/7/12	10,000	40,000	\$ 21.59	9/7/22						
	9/13/13	—	35,000	\$ 23.78	9/13/23						
	<b>Total</b>		<b>60,800</b>	<b>142,000</b>						<b>1,250</b>	<b>\$ 35,038</b>
	Thomas M. Quindlen	9/17/04	13,800	—	\$ 34.22				9/17/14		
9/16/05		18,000	—	\$ 34.47	9/16/15						
9/8/06		17,500	—	\$ 34.01	9/8/16						
9/7/07		25,000	—	\$ 38.75	9/7/17						
9/9/08		32,500	—	\$ 28.12	9/9/18						
3/12/09		—	26,000	\$ 9.57	3/12/19						
7/23/09		13,000	26,000	\$ 11.95	7/23/19						
6/10/10		105,000	70,000	\$ 15.68	6/10/20						
6/9/11		70,000	105,000	\$ 18.58	6/9/21						
9/7/12		35,000	140,000	\$ 21.59	9/7/22						
9/13/13		—	110,000	\$ 23.78	9/13/23						
<b>Total</b>		<b>329,800</b>	<b>477,000</b>								

(1) The market value of the stock awards represents the product of the closing price of GE stock at December 31, 2013, which was \$28.03, and the number of shares underlying each such award.

*2013 Outstanding GE Equity Awards Vesting Schedule*

Name of Executive	Option Awards		Stock Awards	
	Grant Date	Option Awards Vesting Schedule(1)	Grant Date	Stock Awards Vesting Schedule(2)
Margaret M. Keane	3/12/09	100% vests 2014	7/28/05	100% vests 7/28/15
	7/23/09	100% vests 2014		
	6/10/10	50% vests 2014 and 2015		
	6/9/11	33% vests 2014, 2015 and 2016		
	9/7/12	25% vests 2014, 2015, 2016 and 2017		
	9/13/13	20% vests 2014, 2015, 2016, 2017 and 2018		

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Name of Executive	Option Awards		Stock Awards	
	Grant Date	Option Awards Vesting Schedule(1)	Grant Date	Stock Awards Vesting Schedule(2)
Brian D. Doubles	3/12/09	100% vests 2014	9/3/10	50% vests 9/3/14 and 9/3/15
	7/23/09	100% vests 2014	11/4/11	33% vests 11/4/14, 11/4/15 and 11/4/16
	6/10/10	50% vests 2014 and 2015		
	6/9/11	33% vests 2014, 2015 and 2016		
	9/7/12	25% vests 2014, 2015, 2016 and 2017		
	9/13/13	20% vests 2014, 2015, 2016, 2017 and 2018		
Glenn P. Marino	3/12/09	100% vests 2014		
	7/23/09	100% vests 2014		
	6/10/10	50% vests 2014 and 2015		
	6/9/11	33% vests 2014, 2015 and 2016		
	9/7/12	25% vests 2014 and 2015 and 50% vests 2016		
	9/13/13	20% vests 2014 and 2015 and 60% vests 2016		
Jonathan S. Mothner	3/12/09	100% vests 2014	6/8/06	100% vests 6/8/16
	7/23/09	100% vests 2014		
	6/10/10	50% vests 2014 and 2015		
	6/9/11	33% vests 2014, 2015 and 2016		
	9/7/12	25% vests 2014, 2015, 2016 and 2017		
	9/13/13	20% vests 2014, 2015, 2016, 2017 and 2018		
Thomas M. Quindlen	3/12/09	100% vests 2014		
	7/23/09	100% vests 2014		
	6/10/10	50% vests 2014 and 2015		
	6/9/11	33% vests 2014, 2015 and 2016		
	9/7/12	25% vests 2014, 2015, 2016 and 2017		
	9/13/13	20% vests 2014, 2015, 2016, 2017 and 2018		

- (1) This column shows the vesting schedule of unexercisable or unearned options reported in the “Number of Securities Underlying Unexercised Options (Unexercisable)” column of the “—2013 Outstanding GE Equity Awards at Fiscal Year-End Table.” The stock options generally vest on the anniversary of the grant date in the years shown in the table above.
- (2) This column shows the vesting schedule of unvested stock awards reported in the “Number of Shares or Units of Stock That Have Not Vested” column of the “—2013 Outstanding GE Equity Awards at Fiscal Year-End Table.” The stock awards generally vest on the anniversary of the grant date in the years shown in the table above.

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### **2013 GE Option Exercises and Stock Vested**

The following table provides information for the NEOs on (i) stock option awards exercised during 2013, including the number of shares acquired upon exercise and the value realized at such time and (ii) the number of shares acquired upon the vesting of RSUs and the value realized at such time, each before payment of any applicable withholding tax and brokerage commission.

*2013 GE Option Exercises and Stock Vested Table*

<u>Name</u>	<u>Option Awards</u>		<u>Stock Awards</u>	
	<u>Number of Shares Acquired on Exercise (#)</u>	<u>Value Realized on Exercise (\$)</u>	<u>Number of Shares Acquired on Vesting (#)</u>	<u>Value Realized on Vesting (\$)</u>
Margaret M. Keane	186,000	\$ 2,542,803	2,000	\$ 46,640
Brian D. Doubles	53,500	\$ 669,919	9,250	\$ 230,800
Glenn P. Marino	90,000	\$ 1,153,805	1,500	\$ 34,980
Jonathan S. Mothner	32,000	\$ 390,900	1,917	\$ 45,192
Thomas M. Quindlen	123,000	\$ 1,669,808	6,167	\$ 144,094

### **2013 GE Pension Benefits**

The table below sets forth information on the pension benefits for the NEOs under each of the following pension plans:

#### *GE Pension Plan*

The GE Pension Plan is a funded and tax-qualified retirement program that covers eligible employees. As applicable to the NEOs, the plan provides benefits based primarily on a formula that takes into account the NEO's earnings for each fiscal year. Since 1989, the formula has provided an annual benefit accrual equal to 1.45% of the NEO's earnings for the year up to "covered compensation" and 1.9% of his or her earnings for the year in excess of "covered compensation." "Covered compensation" was \$45,000 for 2013 and has varied over the years based in part on changes in the average of the Social Security taxable wage bases. The NEO's annual earnings taken into account under this formula include base salary and up to one-half of his or her bonus payments, but may not exceed an IRS-prescribed limit applicable to tax-qualified plans (\$255,000 for 2013). As a result, for service in 2013, the maximum incremental annual benefit a NEO could have earned toward his or her total pension payments under this formula was \$4,642.50 (\$386.88 per month), payable after retirement, as described below.

The accumulated benefit an employee earns over his or her career with GE is payable starting after retirement on a monthly basis for life with a guaranteed minimum term of five years. The normal retirement age as defined in this plan is 65. For employees who commenced service prior to 2005, including the NEOs, retirement may occur at age 60 without any reduction in benefits. Employees vest in the GE Pension Plan after five years of qualifying service. In addition, the plan provides for Social Security supplements and spousal joint and survivor annuity options, and requires employee contributions.

Section 415 of the Code limits the benefits payable under the GE Pension Plan. For 2013, the maximum single life annuity a NEO could have received under these limits was \$205,000 per year. This ceiling is actuarially adjusted in accordance with IRS rules to reflect employee contributions, actual forms of distribution and actual retirement dates.

Our NEOs' benefits under the GE Pension Plan will continue to accrue until the date on which GE ceases to own at least 50% of our outstanding common stock. We have no obligation to reimburse GE for the payment of benefits under the GE Pension Plan.

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### *GE Supplementary Pension Plan*

GE offers the GE Supplementary Pension Plan to approximately 3,600 eligible employees in the executive band and above, including the NEOs, to provide for retirement benefits above amounts available under GE's tax-qualified and other pension programs. The Supplementary Pension Plan is unfunded and not qualified for tax purposes. A NEO's annual supplementary pension, when combined with certain amounts payable under GE's tax-qualified and other pension programs and Social Security, will equal 1.75% of his "earnings credited for retirement benefits" multiplied by the number of his years of credited service, up to a maximum of 60% of such earnings credited for retirement benefits. The "earnings credited for retirement benefits" are the NEO's average annual compensation (base salary and bonus) for the highest 36 consecutive months out of the last 120 months prior to retirement. Employees are generally not eligible for benefits under the Supplementary Pension Plan if they leave GE prior to reaching age 60. The normal retirement age as defined in this plan is 65. For employees who commenced service prior to 2005, including the NEOs, retirement may occur at age 60 without any reduction in benefits. The Supplementary Pension Plan provides for spousal joint and survivor annuities. Benefits under this plan would be available to the NEOs only as monthly payments and could not be received in a lump sum.

Our NEOs' benefits under the GE Supplementary Pension Plan will continue to accrue until the date on which GE ceases to own at least 50% of our outstanding common stock. We will reimburse GE for the payment of benefits under the GE Supplementary Pension Plan.

### *GE Excess Benefits Plan*

GE offers the GE Excess Benefits Plan to employees whose benefits under the GE Pension Plan are limited by Section 415 of the Code. The GE Excess Benefits Plan is unfunded and not qualified for tax purposes. Benefits payable under this program are equal to the excess of (i) the amount that would be payable in accordance with the terms of the GE Pension Plan disregarding the limitations imposed pursuant to Section 415 of the Code over (ii) the pension actually payable under the GE Pension Plan taking such Section 415 limitations into account. Benefits under the GE Excess Benefits Plan for the NEOs are generally payable at the same time and in the same manner as the GE Pension Plan benefits.

Our NEOs' benefits under the GE Excess Benefits Plan will continue to accrue until the date on which GE ceases to own at least 50% of our outstanding common stock. We will reimburse GE for the payment of benefits under the GE Excess Benefits Plan.

The amounts reported in the table below equal the present value of the accumulated benefit at December 31, 2013 for the NEOs under each plan based upon the assumptions described in note 1 to that table.

### *2013 GE Pension Benefits Table*

<u>Name of Executive</u>	<u>Plan Name</u>	<u>Number of Years Credited Service</u>	<u>Present Value of Accumulated Benefit(1)</u>
Margaret M. Keane	GE Pension Plan	17.751	\$ 822,050
	GE Supplementary Pension Plan	17.751	\$ 5,010,746
	GE Excess Benefits Plan	17.751	\$ 577
Brian D. Doubles	GE Pension Plan	13.855	\$ 261,095
	GE Supplementary Pension Plan	13.855	\$ 631,697
	GE Excess Benefits Plan	13.855	—
Glenn P. Marino	GE Pension Plan	17.847	\$ 927,803
	GE Supplementary Pension Plan	17.847	\$ 3,261,294
	GE Excess Benefits Plan	17.847	—

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Name of Executive	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit(1)
Jonathan S. Mothner	GE Pension Plan	13.669	\$ 535,745
	GE Supplementary Pension Plan	13.669	\$ 1,058,768
	GE Excess Benefits Plan	13.669	—
Thomas M. Quindlen	GE Pension Plan	28.950	\$ 853,032
	GE Supplementary Pension Plan	28.950	\$ 5,318,274
	GE Excess Benefits Plan	28.950	—

(1) The accumulated benefit is based on service and earnings (base salary and bonus, as described above) considered by the plans for the period through December 31, 2013. Our NEOs' benefits under the plans will continue to accrue until the date on which GE ceases to own at least 50% of our outstanding common stock. The accumulated benefit includes the value of contributions made by the NEOs throughout their careers. The present value has been calculated assuming the NEOs will remain in service until age 60, the age at which their retirement may occur without any reduction in benefits, and assuming that the benefit is payable under the available forms of annuity consistent with the assumptions used by GE, as set forth below. Although illustration of a present value is required under SEC rules, the NEOs are not entitled to receive the present values of their accumulated benefits shown above in a lump sum. The postretirement mortality assumption used for present value calculations is the RP-2000 mortality table projected to 2024.

Discount rates of 4.85% and 3.96% at December 31, 2013 and 2012, respectively, are used by GE to measure the year-end benefit obligations and the pension costs for the GE Pension Plan, the GE Supplementary Pension Plan and the GE Excess Benefits Plan for the subsequent year.

**2013 Nonqualified Deferred Compensation**

The table below provides information on the nonqualified deferred compensation of the NEOs in 2013, including:

*Bonus deferrals*

GE's executive-band and above employees, including our NEOs, are able to defer all or a portion of their bonus payments in either: (i) GE stock ("GE Stock Units"), (ii) an index based on the S&P 500 ("S&P 500 Index Units") or (iii) cash units. The participants may change their election among these options four times per year. If a participant elects to defer bonus payments in either GE Stock Units or the S&P 500 Index Units, GE credits a number of such units to the participant's deferred bonus plan account based on the respective average price of GE stock and the S&P 500 Index for the 20 trading days preceding the date GE's board of directors approves GE's total bonus allotment.

Deferred cash units earn interest income on the daily outstanding balance in the account based on the prior calendar month's average yield for U.S. Treasury Notes and Bonds issued with maturities of 10 years and 20 years. The interest income does not constitute an "above-market interest rate" as defined by the SEC and is credited to the participant's account monthly. Deferred GE Stock Units and S&P 500 Index Units earn dividend-equivalent income on such units held as of the start of trading on the NYSE ex-dividend date equal to: (i) for GE Stock Units, the quarterly dividend declared by the Board of Directors of GE or (ii) for S&P 500 Index Units, the quarterly dividend as declared by Standard & Poor's for the S&P 500 Index for the preceding calendar quarter. Participants are permitted to receive their deferred compensation balance upon termination of employment either through a lump-sum payment or in annual installments over 10 to 20 years.

*Salary deferrals*

GE's executive-band and above employees are able to defer their salary payments under executive deferred salary plans. These plans have been offered periodically (the last such plan was offered in 2010 with respect to 2011 salary) and are available to approximately 3,600 eligible employees in the executive band and above, including our NEOs. The deferred salary plans in which our NEOs participate pay accrued interest, including an above-market interest rate as defined by the SEC, ranging from 8.5% to 12%, compounded annually. Early

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termination before the end of the five-year vesting period will result in a payout of the deferred amount with no interest income paid, with exceptions for events such as retirement, death and disability. With respect to distributions under all deferred salary plans, participants elected at the time of deferral to receive either a lump-sum payment or 10 to 20 annual installments.

GE makes all decisions with respect to the measures for calculating interest or other earnings on the nonqualified deferred compensation plans. Payouts for our NEOs and continuing employees will begin to occur in the year following the date on which GE ceases to own at least 50% of our outstanding common stock, and in accordance with participants' payout elections.

### *2013 Nonqualified Deferred Compensation Table*

<u>Name of Executive</u>	<u>Type of Deferred Compensation Plan</u>	<u>Executive Contributions in Last Fiscal Year(1)</u>	<u>Aggregate Earnings in Last Fiscal Year(2)</u>	<u>Aggregate Balance at Last Fiscal Year-End</u>
Margaret M. Keane	Deferred bonus plans	—	\$ 17,147	\$ 100,135
	Deferred salary plans	—	\$ 23,340	\$ 248,598
Brian D. Doubles	Deferred salary plans	—	\$ 1,905	\$ 24,313
Glenn P. Marino	Deferred bonus plans	—	\$ 46,635	\$1,809,342
	Deferred salary plans	—	\$ 63,465	\$ 677,927
Jonathan S. Mothner	Deferred bonus plans	—	\$ 7,970	\$ 31,822
Thomas M. Quindlen	Deferred bonus plans	—	\$ 55,963	\$ 243,631
	Deferred salary plans	—	\$ 88,779	\$1,001,403

- (1) The amounts reported are limited to deferred compensation contributed during 2013. They do not include any amounts reported as part of 2013 compensation in the “— 2013 Summary Compensation Table,” which were credited to the NEO's deferred account plan, if any, in 2014, and are described in the notes to that table.
- (2) Reflects earnings on each type of deferred compensation listed in this section. The earnings on deferred bonus payments are calculated based on: (a) the total number of deferred units in the account multiplied by the GE common stock or S&P 500 Index price at December 31, 2013; less (b) the total number of deferred units in the account multiplied by the GE common stock or S&P 500 Index price at December 31, 2012; and less (c) any NEO contributions during the year. The earnings on the executive deferred salary plans are calculated based on the total amount of interest earned. See the “—2013 Summary Compensation Table” for the above-market portion of those interest earnings in 2013.

### *2013 Potential Payments Upon Termination At Fiscal Year-End*

The information below describes and quantifies certain compensation that would have become payable under existing plans and arrangements if the NEO's employment had terminated on December 31, 2013, given the NEO's compensation and service levels as of such date and, if applicable, based on GE's closing stock price on December 31, 2013. These benefits are in addition to benefits available generally to salaried employees who joined GE prior to 2005, such as distributions under the GE Retirement Savings Plan, subsidized retiree medical benefits, disability benefits and accrued vacation pay. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any amounts actually paid or distributed may be different. Factors that could affect these amounts include the time during the year of any such event, GE's stock price and the executive's age.

#### *GE Equity Awards*

With respect to their grants of GE equity awards, as of the date GE ceases to own at least 50% of our outstanding common stock, our NEOs' employment with GE will be deemed to be terminated due to transfer of a business to a successor employer, Synchrony Financial. As a result, as discussed below, the unvested GE stock options held by our NEOs will vest, and all unexercised GE stock options will remain exercisable for GE common stock for five years or until the expiration of the stock options, whichever is earlier. GE RSUs will remain outstanding and vest in accordance with their terms.

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If one of the NEOs were to die or become disabled, any unexercisable stock options become exercisable and remain exercisable until their expiration date. In the event of disability, this provision applies only to options that have been held for at least one year. Remaining restrictions on RSUs that were awarded prior to death or disability may lapse immediately in some cases, depending on the terms of the particular award. In addition, any unvested options or RSUs held for at least one year become fully vested upon either becoming retirement-eligible (reaching the applicable retirement age) or retiring at age 60 or thereafter, depending on the terms of the particular award, and provided the award holder has at least five years of service with GE. Each of the NEOs was below the applicable retirement age as of December 31, 2013. For these purposes, “disability” generally means disability resulting in the NEO being unable to perform his job.

The following table provides the intrinsic value (that is, the value based upon GE’s stock price, and, in the case of stock options, minus the exercise price) of equity awards that would become exercisable or vested if the NEO had died or become disabled at December 31, 2013, or if GE ceased to own at least 50% of our outstanding common stock at December 31, 2013, thereby terminating our NEOs’ employment with GE for purposes of their GE equity awards.

### Potential Equity Benefits upon Termination Table

Name of Executive	Upon Death		Upon Disability		Upon Termination of Employment with GE	
	Stock Options	RSUs	Stock Options	RSUs	Stock Options	RSUs
Margaret M. Keane	\$ 6,048,630	\$ 105,113	\$ 4,986,130	—	\$ 6,048,630	—
Brian D. Doubles	\$ 1,412,050	\$ 644,690	\$ 1,093,300	—	\$ 1,412,050	—
Glenn P. Marino	\$ 2,967,420	—	\$ 2,648,670	—	\$ 2,967,420	—
Jonathan S. Mothner	\$ 1,216,820	\$ 35,038	\$ 1,068,070	—	\$ 1,216,820	—
Thomas M. Quindlen	\$ 4,123,890	—	\$ 3,656,390	—	\$ 4,123,890	—

### Transaction Awards

As discussed in “—Compensation Discussion and Analysis,” in November 2013, we entered into transaction award agreements with certain of our employees, including each of the NEOs. These agreements are intended to provide an incentive to our management team to remain dedicated to, and to continue their employment with, our Company. Under these award transaction agreements, each of the NEOs is eligible to receive a transaction award equal to 100% of their base salary in effect as of the date they enter into the agreement plus their 2012 bonus, with 50% of the transaction award payable within 60 days following this offering and the remaining 50% payable within 60 days following the date on which GE ceases to own at least 50% of our outstanding common stock. The transaction award will be forfeited in its entirety if a NEO voluntarily resigns or is terminated by us for “cause” (as determined by us). Each of the NEOs will also be subject to a non-compete/non-solicit provision for eighteen months from the date of termination of employment. Under the terms of the transaction award agreements, award recipients are eligible to receive (i) a prorated award in the event of his or her retirement prior to the payment of the award and (ii) a full award payout in the event of his or her death or termination by us without cause prior to the payment of the award. For purposes of the NEOs’ transaction awards, a participant becomes retiree eligible upon attaining age 60. At December 31, 2013, none of our NEOs were retiree eligible. Assuming the NEOs’ termination without cause or death on December 31, 2013, the NEOs would have been eligible to receive the following payments under the transaction award agreements: Ms. Keane – \$1,825,000, Mr. Doubles – \$855,000, Mr. Marino – \$1,155,000, Mr. Mothner – \$850,000 and Mr. Quindlen – \$1,460,000.

### Deferred Compensation

The NEOs are entitled to receive the amount in their deferred compensation accounts in the event of termination of employment. The account balances continue to be credited with increases or decreases reflecting changes in the value of the GE Stock Units or S&P 500 Index Units and to accrue interest income or dividend payments, as applicable, between the termination event and the date that distributions are made. Therefore,

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amounts received by the NEOs will differ from those shown in the “—2013 Nonqualified Deferred Compensation Table.” See the narrative accompanying that table for information on the available types of distribution under each deferral plan.

*Pension Benefits*

In “—2013 GE Pension Benefits,” we describe the general terms of each pension plan in which the NEOs participate, the years of credited service and the present value of each NEO’s accumulated pension benefit, assuming payment begins at age 60. The table below provides the pension benefits that would have become payable if the NEOs had died, become disabled or voluntarily terminated at December 31, 2013.

In the event of death before retirement, the surviving spouse may receive a benefit based upon the accrued pension benefits under the GE Pension Plan and GE Excess Benefits Plan either: (i) in the form of an annuity as if the NEO had retired and elected the spousal 50% joint and survivor annuity option prior to death, or (ii) as an immediate lump-sum payment based on five years of pension distributions. The surviving spouse of a NEO who meets certain age and service criteria may also receive a lump-sum payment under the GE Supplementary Pension Plan based on the greater of the value of: (i) the 50% survivor annuity that the spouse would have received under that plan if the NEO had retired and elected the spousal 50% joint and survivor annuity option prior to death or (ii) five years of pension distributions under that plan. The amounts payable depend on several factors, including employee contributions and the ages of the NEO and the surviving spouse. If the named executive does not meet the age and service criteria for a lump sum death benefit from the GE Supplementary Pension Plan, the surviving spouse would receive an annuity payment when the employee would have turned 60. The survivors of each of the NEOs who are at least age 50 at December 31, 2013 would have been entitled to receive any annuity distributions promptly following death.

In the event a disability occurs before retirement, the NEOs who have at least 15 years of pension qualification service may receive an annuity payment of accrued pension benefits, payable immediately.

The table below shows, for the NEOs, the lump sum payable to the surviving spouse in the case of the NEO’s death on December 31, 2013. It also reflects the annual annuity payment payable: (i) for the life of the surviving spouse in the case of the NEO’s death on December 31, 2013, (ii) as a 50% joint and survivor annuity to the NEO in the case of disability on December 31, 2013 and (iii) as a 50% joint and survivor annuity to the NEO payable after age 60 upon voluntary termination on December 31, 2013. The annuity payments upon voluntary termination do not include any payments under the GE Supplementary Pension Plan because such payments are forfeited upon voluntary termination before age 60. Payments would be made on a monthly basis.

*Potential Pension Benefits upon Termination Table*

<u>Name of Executive</u>	<u>Lump Sum upon Death(1)</u>	<u>Annual Annuity upon Death</u>	<u>Annual Annuity upon Disability(2)</u>	<u>Annual Annuity Payable at Age 60 after Voluntary Termination</u>
Margaret M. Keane	\$ 3,920,986	\$ 37,213	\$ 519,868	\$ 71,403
Brian D. Doubles	\$ —	\$ 83,680	\$ —	\$ 47,370
Glenn P. Marino	\$ 2,468,463	\$ 36,742	\$ 315,342	\$ 70,248
Jonathan S. Mothner	\$ —	\$ 80,509	\$ —	\$ 57,041
Thomas M. Quindlen	\$ 5,225,675	\$ 42,658	\$ 649,624	\$ 86,408

- (1) At December 31, 2013, Messrs. Doubles and Mothner did not have 15 years of pension qualification service, which is the service requirement for a lump sum death benefit to a surviving spouse under the GE Supplementary Pension Plan. The GE Supplementary Pension benefit payable to the surviving spouse (when the executive would have turned 60) is included in the annual annuity upon death column.
- (2) At December 31, 2013, Messrs. Doubles and Mothner did not have 15 years of pension qualification service, which is the service requirement for disability pension. Therefore they would not have been eligible to receive immediate payments if they had become disabled at December 31, 2013. They would be entitled to receive a GE Pension Plan benefit at age 60 in the same amount as shown in the voluntary termination column.

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### *Life Insurance Benefits*

For a description of the supplemental life insurance plans that provide coverage to the named executive officers, see the “—2013 All Other Compensation Table.” If the NEOs had died on December 31, 2013, the survivors of Ms. Keane and Messrs. Doubles, Marino, Mothner, and Quindlen would have received \$4,965,932, \$1,600,000, \$3,495,324, \$1,600,000 and \$4,015,924, respectively, under these arrangements.

### **Compensation Plans Following This Offering**

The following section summarizes the compensation plans we anticipate implementing for our executive officers, including our named executive officers, and other employees following the completion of this offering.

#### ***Benefit Plans—Transition from GE to Synchrony Plans***

Prior to this offering, our employees have been covered under GE benefit plans. These GE benefit plans include the GE 2007 Long-Term Incentive Plan providing stock options, stock appreciation rights (“SARs”), restricted stock units (“RSUs”) and long-term performance awards, the GECC Executive Incentive Compensation Plan providing annual incentive compensation, retirement benefits, health, life and disability insurance benefits, and severance. We have reimbursed GE for benefits it has provided to our employees under these benefit plans.

After the completion of this offering, and for so long as GE owns 50% or more of our outstanding common stock, we will be part of the GE group, and our employees generally will continue to be eligible to participate in GE benefit plans, except as noted below. When GE ceases to own at least 50% of our outstanding common stock, we anticipate that U.S. employees will be covered by the benefit plans that we expect to establish.

Prior to this offering, some of the employees of our business received certain awards under the GE 2007 Long-Term Incentive Plan. As of the date GE ceases to own at least 50% of our outstanding common stock, all unvested GE stock options that are held by our employees will vest and all unexercised GE stock options will remain exercisable for GE common stock for five years or until the expiration of the stock options, whichever is earlier. In addition, GE’s RSUs will remain outstanding and vest in accordance with their terms, and service with us will be taken into account for vesting purposes. After the completion of this offering, our employees will no longer be eligible to receive awards under the GE 2007 Long-Term Incentive Plan.

Prior to the completion of this offering, we will establish, adopt and maintain plans for our selected employees providing for stock options, SARs, restricted stock, RSUs, performance awards and other stock-based awards. See “—Synchrony 2014 Long-Term Incentive Plan” for information concerning this plan. However, we expect that certain of our employees will continue to participate in the GECC Executive Incentive Compensation Plan until the date that GE ceases to own at least 50% of our outstanding common stock. We expect that our corresponding plan providing for annual cash or other bonus awards will not become effective until the date that GE ceases to own at least 50% of our outstanding common stock.

From the completion of this offering until GE ceases to own at least 50% of our outstanding common stock, we will reimburse GE for the costs incurred by GE and its affiliates for continuing coverage of our employees in the GE benefit plans, consistent with applicable regulatory requirements and the practices and procedures established and uniformly applied to GE businesses. See “Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Employee Matters Agreement” for information concerning our benefit plans, our reimbursement obligations to GE, and other employment matters after the completion of this offering.

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### ***Synchrony 2014 Long-Term Incentive Plan***

In connection with the completion of this offering, we intend to establish the Synchrony Financial 2014 Long-Term Incentive Plan, which we refer to as the “Incentive Plan.” The Incentive Plan will permit us to issue stock-based, stock-denominated and other awards to officers, employees, consultants and non-employee directors providing services to Synchrony and our participating affiliates. Available awards under the Incentive Plan will include stock options and SARs, restricted stock and RSUs, performance awards and other awards valued in whole or in part by reference to or otherwise based on our common stock (other stock-based awards), and dividend equivalents.

The following is a description of the Incentive Plan and the treatment of those awards to be made in connection with and after this offering.

*Effective date and term.* The Incentive Plan will become effective prior to the completion of this offering and will authorize the granting of awards for a term of up to 10 years.

*Administration.* The Incentive Plan will be administered by the Management Development and Compensation Committee of Synchrony’s board of directors (“Committee”). The Committee has the authority to make any determination or take any action that the Committee deems necessary or desirable for the administration of the Incentive Plan, including, for example: (i) the authority to establish rules and guidelines for the administration of the Incentive Plan, (ii) select the participants to whom awards are granted, (iii) determine the types of awards to be granted and the number of shares covered by such awards, (iv) set the terms and conditions of such awards and (v) cancel, suspend and amend awards. The Committee has the sole discretion to make determinations with respect to and interpret the Incentive Plan and award agreements. The Committee may delegate its authority under the Incentive Plan to the chairman of the Committee, a subcommittee of the Committee or to one or more officers or managers of the Company, provided, however, that the Committee may not delegate to officers or managers of the Company its authority to grant awards and to cancel or suspend awards for executive officers and directors of the Company who file reports under Section 16 of the Exchange Act.

*Eligibility.* Officers, employees, consultants and non-employee directors of the Company and its affiliates are eligible to participate in the Incentive Plan.

*Number of shares available for issuance.* Subject to adjustment as described below, \_\_\_\_\_ shares of our common stock (including authorized and unissued shares and treasury shares) will be available for granting awards under the Incentive Plan. If any shares covered by an award under the Incentive Plan are forfeited or otherwise terminated without delivery of shares or other consideration, then the shares covered by such an award shall again be available for granting awards under the Incentive Plan. In an acquisition, any awards made and any of the shares delivered upon the assumption of or in substitution for outstanding grants made by the acquired company will not be counted against the shares available for granting awards under the Incentive Plan. Dividend equivalents denominated in shares and awards not denominated, but potentially payable, in shares shall be counted against the aggregate number of shares available for granting awards under the Incentive Plan in such amount and at such time as the dividend equivalents and such awards are settled in shares. Shares surrendered for the payment of the exercise price or withholding taxes under stock options or SARs, and stock repurchased in the open market with the proceeds of an option exercise, may not again be made available for issuance under the Incentive Plan. In addition, shares that were subject to an option or stock-settled SAR and were not issued upon the net settlement or net exercise of such option or SAR will also not be made available for issuance.

*Adjustments.* In the event of certain corporate transactions or events affecting the number or type of outstanding common shares of the Company, including, for example, a dividend or other distribution (whether in cash or stock), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or issuance of warrants, the Committee will make adjustments as it deems appropriate in order to prevent dilution or enlargement of Incentive Plan benefits. These adjustments

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include: (i) changing the number and type of shares to be issued under the Incentive Plan and outstanding awards, (ii) changing the per participant limitations on awards and the grant, purchase or exercise price of outstanding awards and (iii) changing the restriction on the total amount of restricted stock, RSUs, performance awards or other stock-based awards that may be granted. The Committee may also make adjustments in the terms of awards in connection with acquisitions of another business or business entity in which the Company assumes outstanding employee awards or the right or obligation to make future awards, and make adjustments in performance award criteria or in the terms and conditions of other awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or of changes in applicable laws, regulations, or accounting principles.

*Awards.* Awards generally will be granted for no cash consideration. We intend that, under the Incentive Plan, awards may provide that upon exercise the participant will receive cash, stock, other securities, other awards, other property, or any combination thereof, as the Committee will determine. The exercise price per share of common stock purchasable under any stock option, the grant price of any SAR, and the purchase price of any security which may be purchased under any other stock-based award will be not less than 100% of the fair market value of the stock or other security on the date of the grant of such option, SAR, or right. It is intended that, under the Incentive Plan, any exercise or purchase price may be paid in cash or, if permitted by the Committee, by surrender of shares.

*Award limits.* The awards which may be granted under the Incentive Plan are generally subject to the following limits (each, an “Award Limit”). The maximum number of our shares of common stock with respect to which stock options or SARs may be granted or measured to any participant in a three-year period is            shares. The maximum number of our shares of common stock with respect to which restricted stock, RSUs, performance awards and other stock-based awards may be granted or measured to any participant in any three-year period is            shares. These provisions are designed so that compensation resulting from awards can qualify as tax deductible performance-based compensation under Section 162(m) of the Code, assuming other applicable regulatory requirements are satisfied.

*Stock options and SARs.* The Committee may award stock options in the form of nonqualified stock options or incentive stock options, or SARs, each with a maximum term of ten years. The Committee will establish the vesting schedule for stock options and SARs and, with respect to stock options, the method of payment for the exercise price, which may include cash, shares or other awards.

*Restricted stock and RSUs.* The Committee may award restricted stock and RSUs and establish the applicable restrictions, including any limitation on voting rights or the receipt of dividends. The Committee will establish the manner and timing under which restrictions may lapse. If employment is terminated during the applicable restriction period, shares of restricted stock and RSUs still subject to restriction will be forfeited, except as determined otherwise by the Committee.

*Performance awards and other stock-based awards.* The Committee may grant performance awards, which may be denominated in cash, shares, other securities or other awards and payable to, or exercisable by, the participant upon the achievement of performance goals during performance periods, as established by the Committee. Performance criteria mean any measures, as determined by the Committee, which may be used to measure the level of performance of the Company or participant during a performance period. The Committee may grant other stock-based awards that are denominated or payable in shares, under the terms and conditions as the Committee will determine.

*Dividends and dividend equivalents.* The Committee may decide to include dividends or dividend equivalents as part of an award (other than stock options and SARs), and the payment of any such dividends may be deferred, with or without interest, until the award is paid.

*Deferrals.* The Committee also will be able to require or permit award payments to be deferred and may authorize crediting of dividends or interest or their equivalents in connection with any such deferral.

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*Transferability.* Awards are not transferable otherwise than by will or the laws of descent and distribution unless determined otherwise by the Committee. Awards may not be pledged or otherwise encumbered and are exercisable during the participant's lifetime only by the participant.

*Conditions and restrictions on stock issuable under an award.* The Committee may provide that shares of our common stock issuable under an award will be subject to such further restrictions or conditions as the Committee may determine, including, but not limited to, conditions on vesting or transferability, forfeiture or repurchase provisions, tax withholding conditions and restrictions regarding the timing and manner of resales or other subsequent transfers by the participant of shares issuable under an award.

*Amendments and termination.* Our board of directors may amend, suspend or terminate the Incentive Plan, provided, however, that our board of directors will seek stockholder approval of material amendments to the Incentive Plan as required by law, regulation or stock exchange and any amendment that would increase the total number of shares available for awards under the Incentive Plan (except pursuant to the corporate transaction adjustment provisions discussed above) or permit stock options, SARs or other rights to purchase our common stock to be repriced, replaced or regranted through cancellation or by lowering the exercise or purchase price. The Committee generally may waive conditions or amend the term of awards, or otherwise amend, suspend or terminate awards already granted, provided that such action does not, without the participant's consent, impair the rights of the award holder.

### **Founders' Grants**

To promote retention and alignment with our stockholders, in connection with this offering we intend to grant restricted stock units and stock options (or other awards as appropriate with respect to our employees outside the U.S.) under our Incentive Plan to a broad group of several hundred employees, including our executive officers. These awards will have a four-year cliff vesting period. The stock options will have a term of 10 years, and their exercise price will be the initial public offering price of our common stock. Dividends earned on the RSUs will be reinvested in additional RSUs at each dividend-payable date. These additional RSUs will vest under the same terms and conditions as the original RSU award.

We anticipate that the value of each grant will be split between restricted stock units (70%) and stock options (30%) and that the fair market value of these grants as of the completion of this offering will be approximately \$104 million. Of this amount, the fair market values of the grants to our NEOs as of the initial public offering date are expected to be as follows: Ms. Keane – \$7,000,000; Mr. Doubles – \$4,000,000; Mr. Marino – \$3,012,500; Mr. Mothner – \$2,500,000; and Mr. Quindlen – \$3,775,000. However, the actual value realized by them and the other recipients of these grants will depend on a number of factors, including future vesting and the future market value of our common stock.

### **Stock Ownership Guidelines**

We intend to require our Chief Executive Officer and executive vice presidents to own significant amounts of our common stock. The number of shares of our common stock that must be held will be set at a multiple of the officer's base salary. Our officers will have five years to satisfy our share ownership requirement.

<u>Position</u>	<u>Multiple</u>	<u>Time to Attain</u>
Chief Executive Officer	5X	5 years
Executive Vice President	3X	5 years

Individual and joint holdings of our common stock with immediate family members, including those shares held in our 401(k) plan and any deferred compensation accounts, and unvested time-based restricted stock or restricted stock units will count toward this requirement.

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**Clawback Policy**

We intend to adopt our Bank's clawback policy, pursuant to which, if it is determined that an employee at or above a designated executive grade under the Company's or GE's compensation structure has engaged in conduct detrimental to our Company, the Bank or any of the Company's other subsidiaries, our Management Development and Compensation Committee or, in the case of a Bank employee, the Bank's Development and Compensation Committee may take a range of actions to remedy the misconduct, prevent its recurrence, and impose such discipline as would be appropriate. Discipline may vary depending on the facts and circumstances, and may include, without limitation: (i) termination of employment, (ii) initiating an action for breach of fiduciary duty, (iii) reducing, cancelling or seeking reimbursement of any paid or awarded compensation and (iv) if the conduct resulted in a material inaccuracy in our financial statements or performance metrics that affects the executive's compensation, seeking reimbursement of any portion of incentive compensation paid or awarded to the executive that is greater than what would have been paid or awarded if calculated based on the accurate financial statements or performance metrics. If it is determined that an executive engaged in fraudulent misconduct, our Management Development and Compensation Committee or, in the case of a Bank employee, the Bank's Development and Compensation Committee will seek such reimbursement. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

## ARRANGEMENTS AMONG GE, GECC AND OUR COMPANY

### Relationship with GE and GECC

Historically, GE has provided a variety of services to us, and we have provided a variety of services to GE. These arrangements are described below under “—Other Related Party Transactions.”

Prior to the completion of this offering, we will enter into a master agreement and a number of other agreements with GE and GECC for the purpose of accomplishing the Separation and setting forth various matters governing our relationship with GE after the completion of this offering. The agreements will also provide for the allocation of employee benefits, tax and other liabilities and obligations attributable or related to periods or events prior to and in connection with this offering. The material terms of these agreements are summarized below, and the agreements have been filed as exhibits to the registration statement of which this prospectus forms a part. We will enter into these agreements with GE and GECC while we are still a wholly-owned subsidiary of GE and certain terms of these agreements are not necessarily the same as could have been obtained from a third party.

### *Master Agreement*

We will enter into a master agreement with GECC and, for limited purposes only, GE, prior to the completion of this offering. We refer to this agreement in this prospectus as the “Master Agreement.” The Master Agreement will set forth our agreements with GE and GECC relating to the ownership of certain assets and the allocation of certain liabilities in connection with the separation of our Company from GECC. It also will set forth other agreements governing our relationship with GECC and its affiliates after this offering.

#### *The separation of our business*

The Master Agreement generally will allocate certain assets and liabilities between us and GECC according to the business to which such assets and liabilities primarily relate, which is consistent with the basis of presentation of our historical financial statements. To the extent not previously transferred to us or one of our subsidiaries prior to the completion of this offering, the Master Agreement will provide that GECC or its affiliates, as applicable, will transfer and assign to us or our subsidiaries certain assets related to our business owned by them. We or our subsidiaries will perform, discharge and fulfill certain liabilities related to our businesses (which, in the case of tax matters, will be governed by the TSSA) in accordance with their terms.

Except as expressly set forth in the Master Agreement or in any other transaction document, neither we nor GECC will make any representation or warranty as to:

- any assets or liabilities allocated under the Master Agreement;
- the value of or freedom from any security interests of, or any other matter concerning, any assets or liabilities of such party;
- the legal sufficiency of any assignment, document or instrument to convey title to any asset;
- any consents or approvals required in connection with any transfer of assets or assumptions of liabilities; or
- the absence of any defenses or right of set-off or freedom from counterclaim with respect to any claim of either us or GECC.

Except as expressly set forth in any transaction document, in connection with the transactions through which we were formed, all assets were transferred to us on an “as is,” “where is” basis, and we and our subsidiaries will agree to bear the economic and legal risks that any conveyance was insufficient to vest in us good title, free and clear of any security interest, and that any necessary consents or approvals were not or are not obtained or that any requirements of law or judgments were not or are not complied with. For a discussion of the transfer of the assets and operations of GE’s North American retail finance business to us in connection with our formation, see “Corporate Reorganization.”

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### *The Separation Distribution*

GE has indicated that after this offering it currently is targeting to continue its exit from our business in 2015 through the Separation. See “Risk Factors—Risks Relating to Our Separation from GE—GE may not complete the Separation as planned or at all.” We refer to any potential distribution involved in the Separation as the “Distribution.” The Master Agreement provides that we will cooperate with GECC and its affiliates to accomplish the Distribution and that we, along with GE and GECC will use our respective reasonable best efforts to obtain all necessary governmental approvals and consents required to accomplish the Distribution.

### *Regulatory requirements and information rights*

The Master Agreement will provide that until the GE SLHC Deregistration, we will be required to provide to GE all financial, risk-related and other information that GE requires to prepare and provide any report or other submission to the Federal Reserve Board or any other federal or state bank regulatory agency or authority or to comply with any other supervisory or regulatory requirement to which GE is subject under any federal or state banking laws. In addition, we will be required to provide GECC with copies of all reports of examinations and any other supervisory communications from federal or state bank regulatory agencies or authorities identifying any matter requiring our attention or correction or regarding any existing or potential investigation or enforcement action by those agencies or authorities relating to us, and the prior written approval of GECC will be required in connection with any material agreements to be entered into by us with any governmental authority. Until the GE SLHC Deregistration, we will also provide GECC with copies of (i) all risk-related materials provided to our board of directors or to the board of directors of the Bank for approval by either such board and (ii) all reports provided to our board of directors or the board of directors of the Bank regarding material risks, concentrations, or emerging risks to us or the Bank, in each case, at the same time such materials are provided to such board. In addition, until the GE SLHC Deregistration, we will allow GECC, or any of its subsidiaries, on reasonable notice and in a reasonable manner, to conduct an audit of our activities, operations and compliance with applicable law. We will further agree to enforce the limitation on voting rights in our certificate of incorporation described under “Description of Capital Stock—Common Stock—Voting Rights” and not to take any action that is not permissible for a savings and loan holding company under HOLA. Any information obtained from us by GE must be used solely for the purpose of complying with the reporting requirement or other supervisory or regulatory requirement for which GE obtained such information, and for no other purpose.

### *Financial information*

We will agree that, for so long as GE owns shares of our common stock, we will cooperate with GE and GECC and we will provide such entities with quarterly and annual historical financial information needed by GE to issue its own earnings releases and public filings. We also will agree that for so long as GE beneficially owns at least 50% of our outstanding common stock (or is required to account for its investment in us on a consolidated basis), we will provide GE with certain financial projections, as well as access to quarterly and annual financial information. We will further agree that, for so long as GE beneficially owns more than 20% of our outstanding common stock (or is required to account for its investment in us on a consolidated basis or under the equity method of accounting), we will provide GE with information requested by GE in connection with its press releases and public filings and advance notice of all meetings to be held by us with financial analysts. In addition, we will agree that so long as GE beneficially owns more than 5% of our outstanding common stock, we will provide GE with our and our subsidiaries’ unaudited consolidated balance sheets as of the end of each fiscal year and fiscal quarter and our and our subsidiaries’ unaudited consolidated statements of earnings for each fiscal year and fiscal quarter. We will also agree during this time, among other things, to issue our quarterly and annual earnings releases and file our quarterly and annual reports with the SEC immediately after GE issues its quarterly and annual earnings releases and files its quarterly and annual reports with the SEC, respectively. For so long as GE beneficially owns more than 50% of our outstanding common stock (or is required to account for its investment in us on a consolidated basis), in addition to the items described above, we will agree to provide GE with access to our books and records so that it may conduct audits of our financial statements, notice of any

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proposed material changes in our accounting estimates or discretionary accounting principles, and a quarterly representation of our chief executive officer and our chief financial or accounting officer as to the accuracy and completeness of our financial and accounting records. If GE beneficially owns any of our outstanding common stock, we will also provide to GE copies of reports submitted by our accountants.

We also will agree, for so long as GE beneficially owns more than 50% of our outstanding common stock (or is required to account for its investment in us on a consolidated basis), to conduct our strategic and operational review process on the same schedule on which GECC conducts its strategic and operational review process.

### *Exchange of other information*

The Master Agreement will also provide for other arrangements with respect to the mutual sharing of information between us and GECC and its affiliates in order to comply with reporting, filing, audit or tax requirements, for use in judicial proceedings, and in order to comply with our respective obligations after the completion of this offering. We and GECC and its affiliates will also agree to provide mutual access to historical business records.

### *Releases and indemnification*

Except for each party's obligations under the Master Agreement, the other transaction documents and certain other specified liabilities, we, GE and GECC, on behalf of ourselves and each of our respective affiliates, will release and discharge the other and its respective affiliates from all liabilities existing or arising between us on or before the completion of this offering, including in connection with the separation of our business from GECC and this offering. The release will not extend to obligations or liabilities under any agreements between us and GECC or its affiliates that remain in effect following this offering, including ordinary course liabilities for products and services.

We will indemnify, hold harmless and defend GECC, each of its affiliates and each of their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure by us or any of our affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities or contractual obligations of our businesses, whether arising before or after the completion of this offering;
- the operations, liabilities and obligations of our businesses;
- any guarantee, indemnification obligation, surety bond or other credit support arrangement by GECC or any of its affiliates for our benefit;
- any breach by us or any of our affiliates of the Master Agreement, certain of the other transaction documents or our certificate of incorporation or by-laws;
- any untrue statement of, or omission to state, a material fact in GE's or GECC's public filings to the extent it was as a result of information that we furnished to GECC or its affiliates or which GECC or its affiliates incorporated by reference from our public filings, if that statement or omission was made or occurred after the completion of this offering; and
- any untrue statement of, or omission to state, a material fact in any registration statement or prospectus related to this offering, the Distribution or the Planned Debt Offering, except to the extent the statement was made or omitted in reliance upon information provided to us by GECC expressly for use in any such registration statement or prospectus.

GECC will indemnify, hold harmless and defend us and each of our directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure of GECC or any affiliate of GECC or any other person or entity to pay, perform or otherwise promptly discharge any liabilities of GECC or its affiliates other than liabilities of our businesses, whether arising before or after the completion of this offering;

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- the liabilities of GECC and its affiliates' businesses other than liabilities of our businesses;
- any breach by GECC or any of its affiliates of the Master Agreement or certain of the other transaction documents;
- any untrue statement of, or omission to state, a material fact in our public filings to the extent it was as a result of information that GE or any of its affiliates furnished to us or which we incorporated by reference from GE's or GECC's public filings (other than any registration statement or prospectus related to this offering, the Distribution or the Planned Debt Offering); and
- any untrue statement of, or omission to state, a material fact contained in any registration statement or prospectus related to this offering, the Distribution or the Planned Debt Offering, but only to the extent the untrue statement or omission was made or omitted in reliance upon information provided by GE or any of its affiliates expressly for use in any such registration statement or prospectus.

The Master Agreement will also specify procedures with respect to claims subject to indemnification and related matters and provide for contribution in the event that indemnification is not available to an indemnified party.

### *Policies*

Until the GE SLHC Deregistration, and except to the extent a GE policy conflicts with our certificate of incorporation or bylaws or any of the agreements between us and GECC or any of its affiliates, we will: (i) comply (x) with policies adopted or authorized by our board of directors or the board of directors of the Bank, which policies must not be inconsistent with GE policies, or (y) if we or the Bank do not have a policy corresponding with the GE policy, then with the corresponding GE policies (subject to any exceptions or exemptions previously or subsequently granted by GECC) and (ii) cause our and our subsidiaries' policies and procedures to comply with all applicable laws and not contravene GE's The Spirit and the Letter. In addition, until the GE SLHC Deregistration, we and our subsidiaries must (A) operate in accordance with our risk appetite statement and (B) advise GECC of any proposed changes to our risk appetite statement, afford GECC a reasonable opportunity to provide comments and advice before adopting any proposed change to such statement, and obtain the prior written approval of GECC before adopting any change to such statement that could result in our risk profile being materially different. Until the GE SLHC Deregistration (A) if GE or GECC proposes to adopt a new policy or materially changes a policy that would impose a new requirement on the Company or is inconsistent with an existing policy of the Company or the Bank, then GECC will advise us of the policy, GECC and the Company will discuss in good faith whether such policy requirements should be applicable to the Company and GECC and the Company will either agree on applicability, or refer the matter to our board of directors for a decision and (B) prior to seeking approval of our board of directors of a new policy, where GECC has a corresponding policy, we will request GECC's input on such policy.

### *Expenses of the Separation and this offering*

We will pay for all underwriting fees, discounts and commissions and other costs and expenses directly associated with this offering. Except as otherwise provided in the Master Agreement, the ancillary agreements or any other agreement between us and GECC relating to the Separation or this offering, GECC will pay or reimburse us for out-of-pocket fees, costs and expenses incurred in connection with the preparation of the Master Agreement and certain ancillary agreements and the Distribution. Except as otherwise provided in the Master Agreement, the ancillary agreements or any other agreement between us and GECC relating to the Separation or this offering, we will be responsible for out-of-pocket fees, costs and expenses (including certain legal and financial advisor, information technology, human resource-related and marketing expenses) in connection with the Separation and the Planned Debt Offering, and in connection with the other debt, credit and securitization facilities described in this prospectus that we have entered into or intend to incur or enter into concurrently with or shortly after the completion of this offering.

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### *Noncompetition agreement*

GE has agreed that, subject to certain exceptions, for two years after the GE SLHC Deregistration, it will not engage in the business of providing credit to consumers through: (i) private label credit cards or dual cards in conjunction with programs with retailers, merchants or healthcare providers primarily for the purchase of goods and services from the applicable retailer, merchant or healthcare provider, or (ii) general purpose credit cards, in each case, in the United States and Canada.

### *Credit support obligations*

In the ordinary course of our business, we enter into agreements (including leases) which require guarantees and other credit support obligations (we refer to such obligations, collectively as the “Credit Support Obligations”). Prior to this offering, GE and certain of its subsidiaries agreed to be primary obligors on most of our currently outstanding Credit Support Obligations. We and GE will cooperate to eliminate or replace certain Credit Support Obligations and we will use reasonable best efforts to attempt to release or replace the liability of GE or its subsidiaries, as applicable and necessary, under any Credit Support Obligations that are not novated prior to completion of this offering and, subject to applicable regulatory approval or non-objection, within six months of the date of the Master Agreement, release GECC of its obligations under certain guarantees with Mizuho Corporate Bank, Ltd. and Sumitomo Mitsui Banking Corporation. If GE or its subsidiaries cannot be relieved of these obligations as of the completion of this offering, we have agreed to be liable to GE or such subsidiary for: (i) all costs of GE or its subsidiaries of maintaining such obligations, (ii) fees as may be agreed between the parties, to GE or its subsidiaries for maintaining such obligations and (iii) indemnification and reimbursement obligations with respect to the obligations underlying any such Credit Support Obligations.

To the extent that the Credit Support Obligations are not novated prior to completion of this offering, GE and each applicable subsidiary of GE will maintain in full force and effect each Credit Support Obligation which is issued and outstanding as of the date of this offering until the earlier of: (i) such time as the contract, or all of the obligations of us or our applicable affiliate thereunder, to which such Credit Support Obligation relates, terminates and (ii) such time as such credit support obligation expires in accordance with its terms or is otherwise released.

### *Dispute resolution procedures*

We will agree with GECC that neither party will commence any court action to resolve any dispute or claim arising out of or relating to the Master Agreement. Instead, any dispute that is not resolved in the normal course of business will be submitted to senior executives of each business entity involved in the dispute for resolution. If the dispute is not resolved by negotiation within 30 days, either party may submit the dispute to mediation. If the dispute is not resolved by mediation within 30 days of the selection of a mediator, either party may submit the dispute to binding arbitration before a panel of three arbitrators. The arbitrators will resolve the dispute in accordance with New York law. Most of the other agreements between us and GECC have similar dispute resolution provisions.

These dispute resolution procedures will not apply to any dispute or claim related to GECC’s or its affiliates’ rights as a holder of our common stock and both parties will submit to the exclusive jurisdiction of the Delaware courts for resolution of any such dispute. In addition, both parties will be permitted to seek injunctive or interim relief in the event of any actual or threatened breach of the provisions of the Master Agreement relating to confidentiality, use of restricted marks, noncompetition agreements and corporate governance matters (including GECC’s approval rights, director nomination rights and composition of certain of our board committees), and any of the provisions of the Employee Matters Agreement, the Registration Rights Agreement, the Intellectual Property Cross License Agreement or the Transitional Trademark License Agreement. If an arbitral tribunal has not been appointed, both parties may seek injunctive or interim relief from any court with jurisdiction over the matter.

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### *Approval Rights*

Until the GE SLHC Deregistration, we may not (and we may not permit or authorize any of our subsidiaries to), without the prior written approval of GECC:

- consolidate or merge with or into any person or, subject to certain exceptions, permit any subsidiary to merge with or into any person;
- acquire control of a bank or savings association or make any other acquisition of assets or equity for a price (including assumed debt) in excess of \$500 million (other than acquisitions of receivables portfolios in the ordinary course of business that do not exceed \$1 billion); provided, that once GE's beneficial ownership of our common stock decreases below 20%, the general threshold will be increased to \$1 billion and the threshold for acquisitions of receivables portfolios in the ordinary course of business will be increased to \$2 billion;
- dispose of assets or securities in a single transaction or a series of related transactions for a price (including assumed debt) in excess of \$500 million (other than dispositions among us and our affiliates, issuances of asset backed securitization debt to maintain the aggregate level of borrowing capacity we have at the time of this offering, and dispositions of receivables in the ordinary course of business that do not exceed \$1 billion); provided, that once GE's beneficial ownership of our common stock decreases below 20%, the general threshold will be increased to \$1 billion and the threshold for dispositions of receivables portfolios in the ordinary course of business will be increased to \$2 billion;
- incur or guarantee debt that would reasonably be expected to result in a downgrade of our publicly-issued debt below specified ratings at the time of this offering;
- dissolve, liquidate, or wind up our Company;
- alter, amend, terminate or repeal, or adopt any provision inconsistent with, the provisions of our certificate of incorporation or our bylaws;
- adopt or implement any stockholder rights plan or similar takeover defense measure;
- declare or pay any dividend or other distribution in respect of our common stock;
- repurchase our common stock, subject to certain exceptions;
- enter into a new principal line of business or enter into business outside of the United States and Canada; or
- establish an executive committee of our board of directors.

Until such time as GE's beneficial ownership of our common stock decreases below 20% of our outstanding common stock, we may not, without the prior written approval of GECC:

- issue capital stock or other securities convertible into capital stock; or
- change the size of our board of directors from nine directors.

GECC's approval right for entry into new principal lines of business or business outside of the United States or Canada that is reasonably expected to have less than \$200 million in average receivables or annual purchase volume will expire when GE's beneficial ownership of our outstanding common stock decreases below 10%.

### *Board Rights*

Until the GE SLHC Deregistration, GECC will be entitled to designate persons for nomination for election to our board of directors. The number of such GECC designees will depend on the level of beneficial ownership by GE of our outstanding common stock. At each election of members of our board of directors when GE beneficially owns:

- more than 50% of our outstanding common stock, GECC will have the right to designate five persons for nomination for election to our board of directors;

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- at least 33% but not more than 50% of our outstanding common stock, GECC will have the right to designate four persons for nomination for election to our board of directors;
- at least 20% but less than 33% of our outstanding common stock, GECC will have the right to designate three persons for nomination for election to our board of directors;
- at least 10% but less than 20% of our outstanding common stock, GECC will have the right to designate two persons for nomination for election to our board of directors; and
- less than 10% of our outstanding common stock and prior to the GE SLHC Deregistration, GECC will have the right to designate one person for nomination for election to our board of directors. See “Management—Composition of the Board of Directors.”

In the event that (with GECC’s approval) the size of our board of directors is changed, GECC will have the right to designate a proportional number of persons for nomination for election to the board of directors (rounded up to the nearest whole number).

So long as GE beneficially owns at least 50% of our outstanding common stock, or, in certain cases, until the GE SLHC Deregistration, GECC will have the right to designate, from among the GECC director designees serving on our board of directors, certain members of certain committees of our board of directors (see “Management—Committees of the Board of Directors”).

Until GE’s beneficial ownership of our common stock decreases below 50%, GECC will also be entitled to designate two directors to the board of directors of the Bank and we will cause such designees to be appointed.

### *Other Provisions*

The Master Agreement also will contain covenants between us and GECC with respect to:

- confidentiality of our and GE and its subsidiaries’ information;
- our right to continue coverage under GE’s insurance policies for so long as GE beneficially owns more than 50% of our outstanding common stock, as such policies may be amended from time to time;
- restrictions on the parties’ ability to take any action or enter into any agreement that would cause the other party or any of its subsidiaries to violate any law, organizational document or judgment;
- restrictions on our ability to take any action that limits GECC’s or any of its affiliates’ ability to freely sell, transfer, pledge or otherwise dispose of our common stock;
- restrictions on the parties’ ability to take action that reasonably could result in a breach or default under any agreement which binds or purports to bind the other party or any of its other subsidiaries;
- litigation and settlement cooperation between us and GE and its subsidiaries; and
- proposed intercompany transactions, including material amendments to the agreements accomplishing the Separation, all of which must be approved by a majority of our independent directors or a committee comprised solely of independent directors or a committee comprised solely of our independent directors.

### *Transitional Services Agreement*

We will enter into a transitional services agreement with GECC and Retail Finance International Holdings, Inc. (“RIH”), our wholly-owned subsidiary, prior to the completion of this offering to provide each other, on a transitional basis, certain administrative and support services and other assistance consistent with the services we and GECC provided to each other before this offering. We refer to this agreement in this prospectus as the “Transitional Services Agreement.”

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Pursuant to the Transitional Services Agreement: (i) we and RIH may provide GECC various services related to those GECC businesses that were not transferred to us that had received services from us prior to the completion of this offering and (ii) GECC will provide services to us and RIH, including:

- treasury, payroll, tax and other financial services;
- human resources and employee benefits services;
- information systems, network access, application and support related services; and
- procurement and sourcing support.

We also will provide each other, on a transitional basis, additional services that we, RIH and GECC may identify during the term of the agreement. We, RIH and GECC (as applicable) will pay to each other fees for the services rendered under the Transitional Services Agreement, which fees differ depending upon the services. Pricing for services under the Transitional Services Agreement is consistent with the applicable corporate allocation for each such service prior to this offering, which allocation is typically calculated based on cost.

Under the Transitional Services Agreement, we, RIH and GECC will each have the right to purchase goods or services, use intellectual property licensed from third parties and realize other benefits and rights under the other party's agreements with third-party vendors to the extent allowed by such vendor agreements. The Transitional Services Agreement also will provide for the continuation of existing leases or subleases of certain facilities used in the operation of our respective businesses and for access to each other's facilities and computing and telecommunications systems to the extent necessary to perform or receive the transitional services. We and RIH will be jointly and severally liable to GECC for any and all of our obligations under the Transitional Services Agreement.

The services provided under the Transitional Services Agreement will terminate at various times specified in the agreement (for most services within 24 months after the completion of this offering), but the receiving party may terminate any service by giving at least 60 days' prior written notice to the provider of the service. In addition, subject to consent rights or requirements under third party agreements, the Transitional Services Agreement will provide either party, at its sole expense, the right to extend services for up to 6 months, or longer, under specified circumstances provided that, the term for such services may not exceed the later of (i) 36 months from the date of this offering and (ii) 24 months from the date GE ceases to beneficially own at least 50% of our outstanding common stock. Except for breaches of certain IP licenses, breaches of confidentiality and data protection provisions of the Transitional Services Agreement, breaches of applicable law in the provision or receipt of services, a party's negligence or gross negligence (depending on the service provider), willful breach or willful misconduct or as otherwise provided by applicable law, the maximum liability of each party in connection with any single service received from any other party will be limited to the aggregate of the charges paid by the receiving party for such service and the aggregate liability of each party arising out of or in connection with the Transitional Services Agreement will be limited to the aggregate of fees paid to such party for all the transitional services it has delivered.

### ***Registration Rights Agreement***

We will enter into a registration rights agreement with GECC prior to the completion of this offering to provide GECC with registration rights relating to shares of our common stock held by GECC or permitted transferees, after this offering. We refer to this agreement in this prospectus as the "Registration Rights Agreement." GECC may assign its rights under the Registration Rights Agreement to any person that acquires shares of our common stock subject to the agreement and agrees to be bound by the terms of the agreement. GECC and its permitted transferees may require us to register under the Securities Act of 1933 (the "Securities Act") all or any portion of these shares, a so-called "demand request." The demand registration rights will be subject to certain limitations. We will not be obligated to effect:

- a demand registration within 60 days after the effective date of a previous demand registration, other than a shelf registration pursuant to Rule 415 under the Securities Act;

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- a demand registration within 180 days after the effective date of the registration statement of which this prospectus is a part;
- a demand registration unless the demand request is for a number of shares with a market value of at least \$150 million; and
- more than two demand registrations during the first 12 months after completion of this offering or more than three demand registrations during any 12-month period thereafter.

After the first anniversary of this offering, we may defer the filing of a registration statement for up to 90 days after a demand request has been made, but not more than once in any six month period, if: (i) at the time of such request we are engaged in confidential business activities, which would be required to be disclosed in the registration statement, and our board of directors determines that such disclosure would be materially detrimental to us and our stockholders or (ii) prior to receiving such request, our board of directors had determined to effect a registered public offering of our securities for our account and we have taken substantial steps to effect such offering. With respect to two demand requests only, if GECC or any of its affiliates makes a demand request during the one-year period after the completion of this offering, we will not have the right to defer such demand registration during such period.

GECC and its permitted transferees also have so-called “piggyback” registration rights, which means that GECC and its permitted transferees may include their respective shares in any future registrations of our equity securities, whether or not that registration relates to a primary offering by us or a secondary offering by or on behalf of any of our stockholders. The demand registration rights and piggyback registrations are each subject to market cut-back exceptions.

GECC or its permitted transferees will pay all costs and expenses in connection with any demand registration. We will pay all costs and expenses in connection with any “piggyback” registration, except underwriting discounts, commissions or fees attributable to the shares of common stock sold by our stockholders. In addition, we are required to bear the fees and expenses of one firm of counsel for the selling stockholders in any “piggyback” registration. The Registration Rights Agreement will set forth customary registration procedures, including an agreement by us to make our management available for road show presentations in connection with any underwritten offerings. We will also agree to indemnify GECC and its permitted transferees with respect to liabilities resulting from untrue statements or omissions in any registration statement used in any such registration, other than untrue statements or omissions resulting from information furnished to us for use in the registration statement by GECC or any permitted transferee.

The rights of GECC and its permitted transferees under the Registration Rights Agreement will remain in effect with respect to the shares covered by the agreement until those shares:

- have been sold pursuant to an effective registration statement under the Securities Act;
- have been sold to the public pursuant to Rule 144 under the Securities Act;
- have been transferred in a transaction where subsequent public distribution of the shares would not require registration under the Securities Act; or
- are no longer outstanding.

In addition, the registration rights under the agreement will cease to apply to: (i) a holder other than GECC or its affiliates when such holder holds less than 5% of the then outstanding shares covered by the agreement and such shares are eligible for sale without restriction pursuant to Rule 144 under the Securities Act and (ii) GECC and its affiliates when such holder holds less than 3% of the then outstanding shares covered by the agreement and such shares are eligible for sale without restriction pursuant to Rule 144 under the Securities Act.

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### ***Tax Sharing and Separation Agreement***

We will enter into the TSSA with GE prior to the completion of this offering. Among other things, the TSSA will govern the allocation between GE and us of the responsibility for the taxes of the GE group. The TSSA will also allocate rights, obligations and responsibilities in connection with certain administrative matters relating to the preparation of tax returns and control of tax audits and other proceedings relating to taxes.

#### *Allocation of taxes*

Under the TSSA, we will generally be responsible for all taxes attributable to us or our operations for taxable periods following December 31, 2013. To the extent we file tax returns on a consolidated basis with GE, we will be required to make tax sharing payments to GE in amounts equal to our separate company tax liability. Our separate company tax liability will generally be equal to the amount of taxes we would have paid had we been filing tax returns separately from GE, subject to certain adjustments, whether or not GE is actually required to pay such amounts to the taxing authorities. However, GE will be responsible for all income taxes imposed in the United States, Canada and Puerto Rico attributable to taxable periods prior to January 1, 2014. We will be responsible for all other taxes attributable to our businesses.

In addition, GE will be required to compensate us for the use by GE of any of our tax attributes that arise after December 31, 2013 to reduce taxes that are otherwise the responsibility of GE under the TSSA. Similarly, we will be required to compensate GE for reductions in our tax liabilities to the extent that the reductions result from expenses economically borne by GE or from tax attributes created in certain transactions in which GE incurred a related tax liability, including for any reduction in our taxes resulting from tax elections described below that might be entered into in connection with GE's disposition of its interest in us.

We will also be obligated to compensate GE for reductions in our taxes that are attributable to increases in our tax attributes resulting from a tax audit or filing of an amended tax return for periods prior to January 1, 2014 if GE is responsible under the TSSA for any resulting increase in its taxes. Conversely, if resulting from a tax audit or filing an amended tax returns, GE will be required to compensate us for decreases in our tax attributes if GE receives a corresponding decrease in its taxes.

The TSSA will generally allocate the right to refunds of taxes to the party that would be liable under the TSSA for the underlying taxes that are refunded.

The TSSA will allocate between the parties the right to control, and to participate in, the preparation and filing of tax returns and defense of tax audits or other proceedings relating to taxes, and will require the parties to cooperate with each other in connection with preparing and filing tax returns and defending tax audits and other tax proceedings.

With the exception of the Bank Agreement (as defined below), upon entering into the TSSA, all other formal or informal tax sharing arrangements between GE and us will be terminated and the TSSA will generally govern all of our relationship with GE relating to tax returns and tax liabilities.

#### *Separation from GE*

The TSSA will generally allocate to GE any income taxes incurred in connection with the failure to qualify for tax-free treatment of the Distribution and certain related preliminary internal transactions. However, under the TSSA such income taxes will be allocated to us if the failure to qualify for tax-free treatment results from any action or inaction after the completion of this offering that is within our control (other than actions or inactions that implement the Distribution or certain related transactions or actions or inactions that are consented to by GE or are at the direction of GE) or if the failure results from any direct or indirect transfer of our stock after the Distribution. The TSSA will include a provision generally prohibiting us after the completion of this offering from taking any action or failing to take action within our control that would cause the failure of such tax-free treatment.

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The TSSA will also provide GE with the right to make certain tax elections to treat solely for tax purposes its disposition of our stock as a transfer of our assets in a manner that would result in us having a new cost tax basis in our assets. Any taxes resulting from such election will be allocated to GE subject, as discussed above, to our obligation to compensate GE for reductions in our tax liability arising from the resulting new cost tax basis in our assets.

GE intends to make these tax elections, on a protective basis, to treat the Distribution as a taxable transfer of our assets. Those elections would be effective only if the IRS were to successfully assert that, notwithstanding the IRS private letter ruling and opinion of tax counsel, the Distribution is taxable. However, if, as is expected consistent with the IRS private letter ruling and the opinion of tax counsel, the Distribution is in fact tax-free, then these elections will have no effect.

### ***Employee Matters Agreement***

We will enter into an agreement with GE and GECC prior to the completion of this offering relating to certain employee, compensation and benefits matters. We refer to this agreement in this prospectus as the “Employee Matters Agreement.” Under the Employee Matters Agreement, we will generally assume or retain liabilities relating to the employment or services of any person with respect to our business before or after the completion of this offering. We will only be responsible for liabilities under GE benefit plans to the extent described in the Employee Matters Agreement.

#### *Employment*

After the completion of this offering, we will continue to employ the employees of our business.

#### *Continuation on GE payroll and in GE plans*

Prior to this offering, employees of our business have been paid through GE’s payroll system. In addition, these employees have been covered under GE benefit plans. These employees generally will continue to be paid through GE’s payroll system and be eligible to participate in GE benefit plans for so long as GE owns at least 50% of our outstanding common stock. These GE benefit plans include: (i) retirement benefits, (ii) health, life and disability insurance benefits and severance, (iii) stock options, RSUs and long-term performance awards under the GE 2007 Long-Term Incentive Plan (but only for awards granted prior to this offering) and (iv) annual incentive compensation under the GECC Executive Incentive Compensation Plan. Certain of our non-U.S. employees will continue on GE’s payroll and in GE plans for up to one year following the date that GE ceases to own at least 50% of our outstanding common stock.

#### *Compensation*

From the completion of this offering until at least one year after the date that GE ceases to own at least 50% of our outstanding common stock, our employees will receive at least the same salary, wages, incentive compensation, and bonus opportunities and at least the same (on an aggregate basis) other material terms and conditions of employment as were provided to such employees prior to the completion of this offering.

#### *Transition to our benefit plans.*

Effective no later than the date on which GE ceases to own at least 50% of our outstanding common stock, our applicable U.S. employees will cease to participate in GE benefit plans and will participate in employee benefit plans established and maintained by us. For at least one year following the date that GE ceases to own at least 50% of our outstanding common stock, we will maintain plans that will provide our U.S. employees with benefits that are comparable in the aggregate to the value of those benefits provided by GE benefit plans immediately prior to the date that GE ceases to own at least 50% of our outstanding common stock, excluding nonqualified defined benefit pension plans, retiree medical benefits, stock options, other equity awards and certain executive fringe benefits.

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We will also establish new benefit plans for our non-U.S. employees that, together with any benefit plans we assume or continue, will provide such non-U.S. employees with benefits that are comparable in the aggregate to the value of those benefits provided by the benefit plans in effect immediately prior to the date on which GE ceases to own at least 50% of our outstanding common stock, or, in the case of employees in India and the Philippines, a date that is up to one year after such date. We will maintain these existing or new plans for our non-U.S. employees for a period of at least one year following the benefit transition date (or such longer period required by applicable law).

We will recognize prior GE service for purposes of eligibility, vesting or calculation of vacation, sick days, severance, layoff and similar benefits under our new plan and programs to the same extent such service is recognized under corresponding GE plans.

As described under “Management—Compensation Plans Following This Offering—Synchrony 2014 Long-Term Incentive Plan,” prior to completion of this offering, we will establish, adopt and maintain plans for our selected employees providing for stock options, SARs, restricted stock, RSUs, performance awards (stock or cash-based) and other stock-based awards. However, we expect that certain of our employees will continue to participate in the GECC Executive Incentive Compensation Plan until the date that GE ceases to own at least 50% of our outstanding common stock. We expect that our corresponding plan providing for annual cash or other bonus awards will not become effective until the date that GE ceases to own at least 50% of our outstanding common stock.

### *Treatment of our U.S. employees under certain GE plans.*

Effective as of the date that GE ceases to own at least 50% of our outstanding common stock: (i) our employees will cease to accrue any benefits under the GE retirement plans and (ii) our employees will fully vest in the GE retirement plans. However, with respect to the GE Supplementary Pension Plan and the GE Excess Benefit Plan, only those employees who have at least ten years of qualified pension service as of the date that GE ceases to own at least 50% of our outstanding common stock will vest in such plan. GE will be responsible for paying directly to our eligible employees (including their surviving spouses and beneficiaries) any vested benefits to which they are entitled under the GE retirement plans when eligible under the terms of such plans to receive such payments. We will have certain reimbursement obligations to GE.

GE generally will remain obligated to provide post-retirement welfare benefits under the GE Health Choice Plan and the GE Life, Disability and Medical Plan, consistent with the terms of the plan as in effect from time to time, to our employees and their eligible dependents who, as of the date GE ceases to own at least 50% of our outstanding common stock, are participants in such plan and either (i) have completed 25 years of eligible service with us, our affiliates and their respective predecessors or (ii) have attained at least 60 years of age and have completed at least ten years of eligible service, in either case upon such employee’s election to participate in the GE Health Choice Plan or the GE Life, Disability and Medical Plan. Participation by our employees will be under circumstances and at the applicable contribution levels entitling them to receive such benefits pursuant to the terms of the GE Health Choice Plan or the GE Life, Disability and Medical Plan. GE will be responsible for paying directly to our eligible employees and their eligible dependents any post-retirement welfare benefits pursuant to such coverage. We will have certain reimbursement obligations to GE.

GE generally will retain responsibility under the GE benefit plans that are welfare benefit plans in which our employees participate with respect to all amounts that are payable by reason of, or in connection with, any and all welfare benefit claims made by such employees and their eligible dependents to the extent the claims were incurred prior to the date that GE ceases to own at least 50% of our outstanding common stock. We will have certain reimbursement obligations to GE.

As of the date GE ceases to own at least 50% of our outstanding common stock, all unvested GE stock options that are held by our employees will vest and all unexercised GE stock options will remain exercisable in accordance with their terms and the GE 2007 Long-Term Incentive Plan. Each such GE stock option permits the

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holder, generally for a period of ten years from the date of grant or, if earlier, five years from the date that GE ceases to own at least 50% of our outstanding common stock, to purchase one share of GE stock from GE at the market price of GE stock on the date of grant.

### *Agreements not to solicit or hire GE's or our employees.*

We will agree with GE that for so long as GE beneficially owns at least 50% of our outstanding common stock, and for a certain period of time after GE ceases to beneficially own at least 50% of our outstanding common stock, neither of us will, directly or indirectly, solicit or hire for employment certain of each other's employees.

### ***Intellectual Property Arrangements***

Prior to the completion of this offering, we will enter into the following intellectual property license agreements with GE, GECC and/or their affiliates:

- a Transitional Trademark License Agreement; and
- an Intellectual Property Cross License Agreement.

#### *Transitional Trademark License Agreement*

Pursuant to the Transitional Trademark License Agreement, GE will grant us a limited, non-exclusive, royalty-free, non-transferable license (with no right to sublicense) to use (i) certain "GE," GE Capital," "GE Capital Retail Bank," "GE Money" and "GECAP" marks and related GECAP logos and the GE monogram in connection with our products and services until such time as GE ceases to beneficially own more than 50% of our outstanding common stock, subject to certain exceptions (e.g., we will generally have a right to use those marks and related logos and the monogram on our credit cards for a period of three and a half years after the completion of this offering); and (ii) the "Built from GE Heritage" tagline in connection with our products and services and in the general promotion of our business for a period of three years after GE ceases to beneficially own more than 50% of our outstanding common stock. The Transitional Trademark License Agreement automatically terminates in the event of our merger or consolidation with, or sale of substantially all of our assets to, an unrelated third person, or our change of control whereby an unrelated third person acquires control over us. GE also retains the right to terminate the Transitional Trademark License Agreement in the event we materially breach its provisions. In addition, the Transitional Trademark License Agreement automatically terminates in the event of our bankruptcy, insolvency, liquidation, dissolution or similar event. The Transitional Trademark License Agreement also automatically terminates with respect to any of our subsidiaries in the event of such subsidiary's merger or consolidation with, or sale of substantially all of its assets to, an unrelated third person, or its change of control whereby an unrelated third person acquires control over it, or upon such subsidiary's bankruptcy, insolvency, liquidation, dissolution or similar event.

#### *Intellectual Property Cross License Agreement*

Pursuant to the Intellectual Property Cross License Agreement, we and GE will grant each other a non-exclusive, irrevocable, royalty-free, fully paid-up, worldwide, perpetual license under certain intellectual property rights that we each own or license. The intellectual property rights being licensed (with no rights to sublicense except as described below) under the Intellectual Property Cross License Agreement are invention disclosures, patents, patent applications, statutory invention registrations, copyrights, mask work rights, database rights and design rights and trade secrets (but not including trademarks, service marks, trade dress, logos, other source identifiers or domain names, intellectual property made available under the Transitional Services Agreement, internet protocol addresses or patents subject to standard setting organization obligations) and limited rights to certain GE policies and materials. The intellectual property rights being licensed under the Intellectual Property Cross License Agreement also must be those that we and GE have the right to license and that are used, held for use or contemplated to be used by the licensee generally prior to the completion of this offering. In addition, with respect to any third-party intellectual property licensed under the Intellectual Property Cross License Agreement, we

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and GE will only grant each other sublicenses to the extent each has the right to do so under the applicable third-party intellectual property licenses. The license allows us and GE to make, have made, use, sell, have sold, import and otherwise commercialize certain products and services, to use and practice the licensed intellectual property rights for internal purposes, and to develop and create improvements to such licensed intellectual property. Each party will only be able to sublicense its license rights to acquirors of its businesses, operations or assets. Each party will only be able to assign its license rights to an acquiror of all or substantially of its assets or equity, the surviving entity in its merger, consolidation, equity exchange or reorganization, or in the case of GE, to its affiliates or, in the case of our Company, to our subsidiaries. Each party will own any modifications, derivative works and improvements it creates. The Intellectual Property Cross License Agreement will be perpetual and may not be terminated, even upon material breach, except upon mutual written agreement by us and GE.

### **Other Related Party Transactions**

#### ***Formation of Synchrony***

Between April 1, 2013 and October 15, 2013: (i) GECFI contributed the stock of the Bank to us as a capital contribution and (ii) in exchange for all of our outstanding common stock (other than the shares issued in connection with our formation in 2003 for nominal consideration) and approximately \$1.6 billion, we acquired from GE its interests in RFS Holding, Inc., GEC RF Global Services Philippines, Inc., RIH, CareCredit LLC and GE Global Servicing Private Limited, as well as certain receivables and other tangible and intangible assets related to the North American retail finance business. The remaining assets and operations of the North American retail finance business have been or will be transferred to us prior to the completion of this offering.

#### ***Funding Provided by GECC***

GECC historically has provided funding to us pursuant to various intercompany funding arrangements. All amounts outstanding under these arrangements upon the completion of this offering (the Outstanding Related Party Debt) will be repaid at that time. For information on these arrangements as reflected in our combined historical financial statements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity—Funding Sources,” for a description of funding to be provided by GECC in connection with this offering, see “Description of Certain Indebtedness—New GECC Term Loan Facility” and for information on the use of proceeds, see “Use of Proceeds.”

#### ***Securitized Financings***

For information regarding GECC’s roles as servicer and servicer performance guarantor in connection with certain of our securitizations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Sources—Securitized Financings” and “Description of Certain Indebtedness—Securitized Financings.”

GECC serves as servicer performance guarantor for the Bank as servicer of SFT (the “SFT Servicer”) and for the Bank as servicer of GMT (the “GMT Servicer”). Pursuant to the servicer performance guarantees, GECC has guaranteed the performance by the SFT Servicer and the GMT Servicer of their respective obligations under the securitization documents. We have not compensated GECC for providing either of these guarantees and GECC has not been required to undertake any performance with respect to the guarantees. We have entered into amendments to the documents governing each SFT series and the sole GMT series pursuant to which the note holders released GECC from its obligations as servicer performance guarantor and waived the related amortization event that could otherwise occur when the servicer performance guaranty is no longer in effect.

We have entered into contribution agreements with GECC pursuant to which GECC has agreed that in the event of certain indemnity claims against us relating to our securitized financings and under certain other circumstances, it will make contributions to us to the extent required for us to make any required indemnity

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payments. We have not compensated GECC for entering into these contribution agreements and GECC has not been required to make any payments with respect to these agreements. In connection with the completion of this offering, we have terminated these contribution agreements with GECC.

### ***Support Servicing***

We are party to certain servicing agreements and subservicing agreements with GECC with respect to a broad range of services (including business development, risk, underwriting and collections, operations and customer service support, information technology and other administrative services (including services related to loan receivables owned by the Bank)) for the Bank and servicing and administrative services relating to loan receivables owned by MNT, SFT and GMT. For certain of these arrangements, the part of GECC providing and receiving services was historically managed as part of our business and therefore related payments have been eliminated in our combined financial statements. On a legal entity basis (without regards to elimination in our combined financial statements), for the years ended December 31, 2013, 2012 and 2011, we incurred servicing expenses of \$874 million, \$849 million and \$1,200 million, respectively, and we received subservicing income of \$783 million, \$528 million and \$618 million, respectively. One of the servicing agreements pursuant to which GECC provides servicing and administrative services relating to loan receivables owned by MNT will remain in effect, and we will continue to act as subservicer for MNT pursuant to a subservicing agreement with GECC that we will enter into in connection with the completion of this offering. In connection with the completion of this offering, we expect to terminate all other servicing and subservicing agreements with GECC and they will be replaced by the Transitional Services Agreement to the extent these services will continue to be received from, or provided to, GECC following the offering.

### ***MNT Notes Owned by GECC***

GECC purchased \$202 million, \$627 million and \$516 million aggregate principal amount of subordinated classes of MNT notes from us in the years ended December 31, 2013, 2012, and 2011, respectively, at an aggregate purchase price of slightly less than par. GECC owned \$1,312 million, \$1,424 million and \$1,873 million aggregate principal amount of subordinated classes of MNT notes at December 31, 2013, 2012 and 2011, respectively (representing MNT notes purchased during and prior to those periods). GECC recognized \$39 million, \$71 million and \$113 million of interest income, and received \$314 million, \$751 million and \$536 million of principal payments from MNT in the years ended December 31, 2013, 2012, and 2011, respectively. Most of these notes were owned by parts of GECC that historically were managed as part of our business and therefore the notes have been eliminated in our combined financial statements. As of May 30, 2014, all of the notes, having an outstanding principal balance of \$1,324 million, were transferred to us for a purchase price of \$1,333 million.

### ***Credit Agreement Guarantees by GE***

We are a party to revolving credit agreements with two banks, each of which provides a revolving line of credit of up to \$500 million. GE has guaranteed our payment obligations under the agreements. We have agreed to pay GE a fee based on market rates and amounts outstanding under the agreements. No amounts have been borrowed under the agreements in the years ended December 31, 2013, 2012 and 2011, and therefore no fees have been paid to GE for the guarantees. We currently anticipate that these agreements and the guarantees will be terminated in connection with or shortly after the completion of the Transactions.

### ***Other Services Provided by GE***

We also receive services provided by GE under other arrangements where our business is only a recipient of services. For the years ended December 31, 2013, 2012 and 2011, we incurred \$437 million, \$390 million and \$364 million of expenses relating to services provided by GE in our Combined Statements of Earnings, respectively. For a description of those cases where we are only a recipient of services and the associated historical costs, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—

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Separation from GE and Related Financial Arrangements.” GE will continue to provide us with many support services on a transitional basis pursuant to the agreements described under “—Relationship with GE and GECC—Transitional Services Agreement.”

We also make payments to GE for use of certain intellectual property pursuant to a service mark and trade name agreement, and we incurred \$20.0 million, \$15.6 million and \$12.4 million of expenses in the years ended December 31, 2013, 2012 and 2011, respectively, for use of this intellectual property. In connection with the completion of this offering, we expect to terminate this agreement and replace it with the Transitional Trademark License Agreement.

### ***CALMA***

In connection with the OCC’s December 12, 2012 approval of the Bank’s assumption of certain deposits and related liabilities of MetLife and acquisition of certain assets of MetLife, the Bank entered into the CALMA with GECC, GECFI and the Company, dated as of January 11, 2013. The CALMA will remain in effect after the completion of this offering. For information regarding the CALMA, see “Regulation—Savings Association Regulation.” We have not compensated GECC for entering into the CALMA, and it has not been required to make any payments under this agreement.

### ***Support Agreement Related to Purchased Receivables***

On December 30, 2008, the Bank acquired approximately \$5.5 billion of loan receivables from GE, and the Bank, GECC and GECFI entered into a Parental Support Agreement (the “PSA”), pursuant to which, among other things: (i) GECFI agreed to purchase from the Bank any transferred receivables that became “low-quality assets” and reimburse the Bank for any losses incurred on these receivables, (ii) GECFI and GECC committed to provide capital if the Bank was unable to maintain specified capital requirements until December 31, 2010, (iii) GECC waived its right to terminate or restrict the Bank’s access under certain funding arrangements with GECC and (iv) GECFI was required to pledge certain assets to the Bank to support GECFI’s and GECC’s obligations under the PSA. GECC and GECFI’s obligations under the PSA terminated as of December 30, 2013. The aggregate payments made by GECFI to the Bank to repurchase loans and reimburse for losses pursuant to the PSA was \$27 million, \$45 million and \$88 million for the years ended December 31, 2013, 2012 and 2011, respectively.

### ***Commercial Credit Support by GE and Other Arrangements***

In the ordinary course of our business, GE has provided payment and performance guarantees with respect to certain of our obligations under a limited number of partner program agreements. We have not compensated GE for providing any of these guarantees and GE has not been required to make any payments or undertake any performance with respect to the guarantees. In the event a guarantee cannot be replaced prior to the completion of this offering, we intend to replace such guarantee as soon as practicable thereafter, and we have agreed that, until we do so, we will be liable to GE for certain costs, fees and indemnification and reimbursement obligations relating to such guarantee. See “Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Master Agreement—Credit Support Obligations.”

GECC and the Bank are both creditors of one of our former partners and have entered into an intercreditor agreement that defines their relative rights with respect to payments received after the occurrence of certain specified events. To date the agreement has not affected any payments otherwise payable to the Bank.

In connection with the extension of one of our program agreements, GE agreed not to pursue certain intellectual property claims against the partner so long as the program agreement remains in effect. The partner has the right to terminate the program agreement if GE pursues those claims. We paid GE an immaterial amount for GE’s agreement not to pursue its claims.

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### ***GE Appliances Program Agreements***

We entered into a program agreement with GE that provides consumer financing to qualified customers purchasing appliances on an online store operated by GE's Home & Business Solutions division ("GEHB"). We also entered into a program agreement with GEHB under which credit-based promotions may be provided to qualified customers of participating dealers with whom we have a consumer financing program and who are part of GEHB's dealer network when such customers purchase specially-designated GE products. Customers can use the participating dealer financing program to purchase both GE and non-GE products from the dealers but the credit-based promotions apply only when purchasing such designated GE products. The terms of these programs (including the fees paid by GE to us and by us to GE) are generally comparable to those offered to unrelated parties for similar programs. The aggregate payments made by GE to us under these programs was \$1.1 million, \$2.2 million and \$2.8 million for the years ended December 31, 2013, 2012 and 2011, respectively. The aggregate payments by us to GE under these programs were \$0.2 million, \$0.3 million and \$0.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.

### ***GECC Deposit in the Bank***

From time to time, the Bank extends credit to its customers in transactions where the transaction proceeds are used for the benefit of, or are otherwise transferred to, GE or one of its subsidiaries (a "Covered Transaction"). To ensure the Bank's compliance with applicable laws relating to Covered Transactions (including Federal Reserve Board Regulation W), GECC has, from time to time, deposited funds with the Bank as collateral for the Covered Transactions (the "Segregated Deposit"). The deposit earns interest at market rates and the aggregate interest expense in respect of the Segregated Deposit was \$2.0 million, \$1.9 million and \$1.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. At December 31, 2013, 2012 and 2011, the balance of the Segregated Deposit was \$651 million, \$301 million and \$251 million, respectively. In connection with the completion of this offering, GECC intends to assign this deposit to us and the deposit has been eliminated in the combined financial statements.

### ***Tax Allocation Agreement***

GECC and the Bank are parties to a tax allocation agreement. The amount payable by the Bank under the tax allocation agreement in respect of U.S. federal, state and local income taxes is generally calculated to be the amount that the Bank would have to pay if it were paying its taxes on a "stand alone" basis as if the Bank filed tax returns separate from GE and its subsidiaries. The Bank made tax payments for the years ended December 31, 2013, 2012 and 2011 of \$1,188 million, \$1,359 million and \$355 million, respectively, in respect of U.S. federal, state and local income taxes under the tax allocation agreement. This tax allocation agreement between GECC and the Bank will be terminated prior to the completion of this offering. It will be replaced with an agreement between the Bank and Synchrony (the "Bank Agreement"). We expect that GE will also be a party to the Bank Agreement for the limited purpose of agreeing to hold certain tax refunds allocable to the Bank in trust for the benefit of the Bank and to otherwise act as an agent for the Bank in its dealings with taxing authorities on the Bank's behalf.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Prior to the completion of this offering, all shares of our common stock were owned by GE Consumer Finance Inc., an indirect subsidiary of GE. Upon completion of this offering, we will have \_\_\_\_\_ shares of common stock issued and outstanding, assuming the underwriters’ option to purchase additional shares of common stock from us is not exercised, and \_\_\_\_\_ shares, if it is exercised in full. Upon the completion of this offering, GE (through GE Consumer Finance Inc.) will beneficially own approximately \_\_\_\_\_ % of our outstanding common stock, assuming the underwriters’ option to purchase additional shares of common stock from us is not exercised, and \_\_\_\_\_ %, if it is exercised in full.

The following table sets forth information at \_\_\_\_\_, 2014 regarding the beneficial ownership of our common stock by:

- all persons known by us to own beneficially more than 5% of our common stock, including GE Consumer Finance Inc.;
- our chief executive officer and each of our NEOs;
- each of our directors and director nominees; and
- all directors, director nominees and executive officers as a group.

The following table does not reflect any shares of our common stock that our directors and officers may purchase in this offering pursuant to our directed share program described under “Underwriters—Directed Share Program.”

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed to be issued and outstanding. These shares, however, are not deemed outstanding for purposes of computing percentage ownership of each other stockholder.

Name and Address of Beneficial Owner <sup>(1)</sup>	Beneficial Ownership Prior to the Completion of this Offering		Number of Shares to be Sold in this Offering	Beneficial Ownership After the Completion of this Offering	
	Number	Percentage		Number	Percentage
GE Consumer Finance, Inc.		100%	0		
Margaret M. Keane	0	0%	0	0	0%
Brian D. Doubles	0	0%	0	0	0%
Glenn P. Marino	0	0%	0	0	0%
Jonathan S. Mothner	0	0%	0	0	0%
Thomas M. Quindlen	0	0%	0	0	0%
William H. Cary	0	0%	0	0	0%
Daniel O. Colao	0	0%	0	0	0%
Alexander Dimitrief	0	0%	0	0	0%
Anne Kennelly Kratky	0	0%	0	0	0%
Dmitri L. Stockton	0	0%	0	0	0%
Roy A. Guthrie	0	0%	0	0	0%
Richard C. Hartnack	0	0%	0	0	0%
Jeffrey G. Naylor	0	0%	0	0	0%
All directors, director nominees and executive officers as a group (16 persons)	0	0%	0	0	0%

(1) The address for GE Consumer Finance Inc. is 777 Long Ridge Rd., Stamford, Connecticut 06902. The address for all other persons is c/o Synchrony Financial, 777 Long Ridge Rd., Stamford, Connecticut 06902. GE, as the ultimate parent of GE Consumer Finance Inc., is the sole beneficial owner of all shares of our common stock owned of record by GE Consumer Finance Inc. The address for GE is 3135 Easton Turnpike, Fairfield, Connecticut 06828.

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**Potential Future Sale or Distribution of Common Stock Held by GE**

For a discussion of the potential future sales or distribution of common stock held by GE, see “Shares Eligible for Future Sale.”

## DESCRIPTION OF CAPITAL STOCK

We were incorporated in Delaware on September 12, 2003. The following information reflects our amended and restated certificate of incorporation and amended and restated bylaws as these documents will be in effect upon the completion of this offering. Our amended and restated certificate of incorporation and amended and restated bylaws have been filed as exhibits to the registration statement of which this prospectus forms a part, and we refer to them in this prospectus as the certificate of incorporation and bylaws, respectively. The following descriptions are summaries of the material terms of these documents and relevant sections of the DGCL and Federal Reserve Board regulations and are qualified in their entirety by reference to the full text of the documents.

References in this section to “we,” “us” and “our” refer to SYNCHRONY FINANCIAL and not to any of its subsidiaries.

### General

Our authorized capital stock will consist of \_\_\_\_\_ shares of common stock, par value \$0.001 per share, and \_\_\_\_\_ shares of preferred stock, par value \$ \_\_\_\_\_ per share. Prior to this offering, there were \_\_\_\_\_ shares of common stock outstanding, all of which were held by GECFI. Immediately after the completion of this offering, \_\_\_\_\_ shares of common stock will be outstanding, assuming the underwriters’ option to purchase additional shares of common stock from us is not exercised, and no shares of preferred stock will be outstanding.

### Common Stock

#### *Voting Rights*

Holders of common stock will be entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote except as described in the following paragraph. Holders of the common stock will not have cumulative voting rights in the election of directors.

We and each of our current parent companies, including GE and GECC, are grandfathered unitary savings and loan holding companies. As such, none of us is subject to the activity restrictions imposed generally on savings and loan holding companies and each of us is therefore permitted to engage in non-financial activities that would otherwise be prohibited. See “Regulation—Savings and Loan Holding Company Regulation—Activities.” In an effort to ensure that each of us preserves our status as a grandfathered unitary savings and loan holding company following this offering, our certificate of incorporation will provide that, until the earlier to occur of (i) such time as is immediately prior to the Split-off and (ii) the GE SLHC Deregistration, no stockholder or group (other than GE or its affiliates and certain other exempt persons) shall have the right to vote more than 4.99% of our capital stock entitled to vote generally in the election of directors.

#### *Rights to Dividends*

Subject to the prior rights of holders of preferred stock, if any, holders of common stock will be entitled to receive, on a pro rata basis, such dividends and distributions, if any, as may be lawfully declared from time to time by our board of directors. Declaration and payment of dividends will be subject to the discretion of our board of directors and, under the Master Agreement, until the GE SLHC Deregistration, will require the prior written approval of GECC.

#### *Other Rights*

Upon any liquidation, dissolution or winding up of our Company, whether voluntary or involuntary, holders of common stock will be entitled to receive such assets as are available for distribution to stockholders after there will have been paid or set apart for payment of the full amounts necessary to satisfy any preferential or

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participating rights to which the holders of any outstanding series of preferred stock are entitled by the express terms of such series. The common stock sold in this offering will not have any preemptive, subscription, redemption, sinking fund or conversion rights. The outstanding shares of our common stock are, and the shares of common stock being offered hereby will be, upon payment for such shares, validly issued, fully paid and non-assessable. Our board of directors will have the authority to issue additional shares of authorized common stock, without stockholder approval, except as may be required by applicable stock exchange requirements.

### ***Listing***

Our shares of common stock have been authorized for listing on the NYSE under the symbol "SYF."

### **Preferred Stock**

Our board of directors will have the authority, without stockholder approval, to issue preferred stock in one or more series and to fix the preferences, limitations and rights of the shares of each series, including:

- the designation of the series;
- the number of shares constituting the series;
- dividend rights;
- conversion or exchange rights; and
- the terms of redemption and liquidation preferences.

Under the Master Agreement, until such time as GE's beneficial ownership of our common stock decreases below 20%, the issuance of preferred stock will be subject to the prior written approval of GECC.

### **Anti-Takeover Effects of Provisions of the DGCL, Federal Reserve Board Regulations and Our Certificate of Incorporation and Bylaws**

The DGCL, Federal Reserve Board regulations and our certificate of incorporation and bylaws contain provisions that may delay, deter, prevent or render more difficult a takeover attempt that our stockholders might consider to be in their best interests. Even in the absence of a takeover attempt, these provisions may also adversely affect the prevailing market price for our common stock if they are viewed as limiting the liquidity of our common stock or discouraging takeover attempts in the future.

Under the Master Agreement, until the GE SLHC Deregistration occurs, we may not adopt a shareholder rights plan or similar defensive measure, or amend our certificate of incorporation or bylaws, without GECC's prior written approval.

### ***Federal Reserve Board Requirements***

Under Federal Reserve Board regulations, takeover attempts, business combinations and certain acquisitions of our common stock may require the prior approval of or notice to the Federal Reserve Board. If a company seeks to acquire, either acting alone or in concert with others, 25% or more of any class of our voting stock, acquire control of the election or appointment of a majority of the directors on our board of directors, or exercise a controlling influence over our management or policies, it would be required to obtain the prior approval of the Federal Reserve Board. In addition, if any individual seeks to acquire, either acting alone or in concert with others, 25% or more of any class of our voting stock, the individual generally is required to provide 60 days' prior notice to the Federal Reserve Board. An individual (and also a company not otherwise required to obtain Federal Reserve Board approval to control us) is presumed to control us, and therefore generally required to provide 60 days' prior notice to the Federal Reserve Board, if the individual (or such company) acquires 10% or more of any class of our voting stock, although the individual (or such company) may seek to rebut the presumption of control based on the facts.

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### ***Limitation on Voting of Common Stock***

In an effort to ensure that each of us, GE and GECC preserves our status as a grandfathered unitary savings and loan holding company following this offering, our certificate of incorporation will provide that, until the earlier to occur of (i) such time as is immediately prior to the Split-off and (ii) the GE SLHC Deregistration, no stockholder or group (other than GE or its affiliates and certain other exempt persons) shall have the right to vote more than 4.99% of our capital stock entitled to vote generally in the election of directors.

### ***Authorized but Unissued Common and Preferred Stock***

The existence of authorized and unissued common and preferred stock may enable our board of directors to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of our Company by means of a merger, tender offer, proxy contest or otherwise, and could thereby protect the continuity of our management and possibly deprive stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices. Under the Master Agreement, until such time as GE's beneficial ownership of our common stock decreases below 20%, we may not issue any common or preferred stock without GECC's prior written approval.

### ***Board of Directors***

Under the Master Agreement, until GE's beneficial ownership of our common stock decreases below 20%, the size of our nine-member board of directors may not be changed without the prior written approval of GECC.

Vacancies and newly-created directorships resulting from an increase (with GE's approval) in the number of directors will be filled by the vote of a majority of the directors, subject to GE's right under the Master Agreement to designate a certain number of persons for nomination for election as directors.

Our certificate of incorporation will provide that, subject to the rights of the holders of any series of preferred stock, any director may be removed with or without cause by the affirmative vote of the holders of a majority in voting power of our outstanding common stock entitled to vote thereon.

### ***Stockholder action***

Our certificate of incorporation will provide that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Our certificate of incorporation will also provide that, except as required by law and subject to the rights of any holders of preferred stock, special meetings of our stockholders for any purpose or purposes may be called only: (i) by or at the direction of the board of directors, any committee of the board of directors, the Chairman of the board of directors or the Chief Executive Officer, (ii) by the secretary of the Company upon the written request of holders of a majority of our issued and outstanding common stock or (iii) by the secretary of the Company upon the written request of GE or any of its affiliates, provided that GE or any of its affiliates is a holder of our common stock and the GE SLHC Deregistration shall not have occurred. No business other than that stated in the notice will be transacted at any special meeting. These provisions may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

### ***Advance notice requirements for nominations of directors or other stockholder proposals***

Our bylaws will require stockholders seeking to nominate persons for election as directors at an annual or special meeting of stockholders (other than GE exercising its right under the Master Agreement to designate persons for nomination), or to bring other business before an annual or special meeting (other than a matter brought under Rule 14a-8 under the Exchange Act), to provide timely notice in writing. To be timely, a stockholder's notice generally must be received by our corporate secretary, in the case of an annual meeting, no

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later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, in the case of the annual meeting of stockholders to be held in 2015, or if the annual meeting is called for a date that is more than 30 days before or more than 70 days after that anniversary date, or in the case of a special meeting, to be timely a stockholder's notice must be received by our corporate secretary no earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or the tenth day following the day on which public announcement is first made by us of the date of such meeting.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth information related to the stockholder giving the notice and the beneficial owner (if any) on whose behalf the nomination is made, including:

- the name and record address of the stockholder and the beneficial owner;
- information as to the ownership by the stockholder and the beneficial owner of our capital stock, derivative instruments, short positions and related information;
- a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to propose such nomination or business; and
- a representation whether the stockholder or the beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the nominee, or otherwise to solicit proxies from stockholders in support of such nomination or proposal.

As to each person whom the stockholder proposes to nominate for election as a director, the notice shall include, among other information, the following:

- all information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election contest, or otherwise required, pursuant to the Exchange Act;
- the person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected;
- the person's written representation and agreement that: (i) except as has been disclosed to us, such person is not and will not become a party to any voting commitment or compensation, reimbursement or indemnification arrangement in connection with service as a director and (ii) such person would, if elected as a director, comply with all of our corporate governance, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines applicable generally to our directors; and
- such other information as we request.

As to any other business that the stockholder proposes to bring before the meeting, the notice shall include, among other information, the following:

- a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions or bylaw amendment proposed for consideration), the reasons for conducting the business at the meeting and any material interest in such business of such stockholder and beneficial owner on whose behalf the proposal is made; and
- a description of all agreements, arrangements and understandings between the stockholder and beneficial owner and any other person or persons acting in concert with them in connection with the proposal.

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### *Exclusive forum*

Our certificate of incorporation will provide that, unless we consent in writing to the selection of another forum, the Court of Chancery of the State of Delaware shall be the exclusive forum for: (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or employee to us or our stockholders, (iii) any action asserting a claim pursuant to the DGCL or (iv) any action asserting a claim governed by the internal affairs doctrine. Our certificate of incorporation will further provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to this provision. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable in such action.

### *Amendments to our governing documents*

Under the Master Agreement, until the GE SLHC Deregistration, GECC's prior written approval is required for amendments to our certificate of incorporation and bylaws. Subject to GECC's approval (and the rights of the holders of any series of preferred stock entitled to vote thereon), our certificate of incorporation may be amended by the affirmative vote of majority of our board of directors and the holders of a majority of our outstanding common stock entitled to vote. Subject to GECC's approval, our bylaws may be amended by the affirmative vote of either a majority of our board of directors or holders of a majority of our outstanding common stock entitled to vote.

### **Provisions of Our Certificate of Incorporation Relating to Corporate Opportunities**

In order to address potential conflicts of interest between GE and us, our certificate of incorporation will contain provisions regulating and defining the conduct of our affairs as they may involve GE and its officers, directors and/or employees, and our powers, rights, duties and liabilities and those of our officers, directors and stockholders in connection with our relationship with GE. In general, these provisions will recognize that we and GE may engage in the same or similar business activities and lines of business, have an interest in the same areas of corporate opportunities and will continue to have contractual and business relations with each other, including directors, officers and/or employees of GE serving as our directors or officers.

Our certificate of incorporation will provide that, subject to any written agreement to the contrary (including the Master Agreement), GE will have no duty to refrain from:

- engaging in the same or similar business activities or lines of business as us; or
- doing business with any of our clients, customers or vendors.

In addition, we may enter into and perform agreements with GE pursuant to which we and GE agree to engage in transactions, compete, refrain from competing or allocate opportunities and, subject to the provisions described below, no such agreement will be considered contrary to any fiduciary duty that GE may have to us or that any director or officer of the Company who is also a director, officer or employee of GE may have to us.

Our certificate of incorporation will provide that, except as otherwise agreed in writing between GE and us, if GE acquires knowledge of a potential transaction or matter that may be a corporate opportunity for both us and GE, such corporate opportunity will belong to GE unless the corporate opportunity was expressly offered to GE in its capacity as a stockholder of us. GE will to the fullest extent permitted by law have satisfied its fiduciary duty with respect to such a corporate opportunity and will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that GE acquires or seeks the corporate opportunity for itself, directs that corporate opportunity to another person or does not otherwise communicate information regarding that corporate opportunity to us.

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If one of our directors and/or officers who is also a director, officer and/or employee of GE learns of a potential transaction or matter that may be a corporate opportunity for both us and GE, our certificate of incorporation will provide that, except as otherwise agreed in writing between GE and us, the director and/or officer will have satisfied his or her fiduciary duties to us and our stockholders with respect to the corporate opportunity, and we will have renounced our interest or expectancy in the corporate opportunity and waived any claim that such business opportunity constituted a corporate opportunity that should have been presented to us, if the director and/or officer acts in a manner consistent with the following policy:

- such a corporate opportunity offered to any of our directors who is not one of our officers and who is also a director, officer and/or employee of GE will belong to us only if that opportunity is expressly offered to that person solely in his or her capacity as our director, and otherwise will belong to GE; and
- such a corporate opportunity offered to any of our officers who is also a director, officer and/or employee of GE will belong to us, unless that opportunity is expressly offered to that person solely in his or her capacity as a director, officer and/or employee of GE, in which case that opportunity will belong to GE.

Except as otherwise agreed in writing between GE and us, if one of our officers and/or directors, who also serves as a director, officer and/or employee of GE, learns of a potential transaction or matter that may be a corporate opportunity for both us and GE in any manner not addressed above, our certificate of incorporation provides that the director and/or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of GE's actions with respect to that corporate opportunity and we will have renounced our interest or expectancy in the corporate opportunity and waived any claim that such business opportunity constituted a corporate opportunity that should have been presented to us.

For purposes of our certificate of incorporation, "corporate opportunities" will include, but are not limited to, business opportunities that we are financially able to undertake, that are, from their nature, in our line of business, are of practical advantage to us and are ones in which we would have an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of GE or its officers, directors and/or employees will be brought into conflict with our self-interest.

By becoming a stockholder in our Company, you will be deemed to have notice of and have consented to the provisions of our certificate of incorporation related to corporate opportunities that are described above.

### **Limitation of Liability and Indemnification Matters**

Our certificate of incorporation will provide that, to the fullest extent permitted by the DGCL as it now exists or may hereafter be amended, none of our directors will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director. Under the DGCL as it now reads, such limitation of liability is not permitted:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for payments of unlawful dividends or unlawful stock purchases or redemptions under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers, as well as other employees and individuals, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, that are incurred in connection with various actions, suits or proceedings, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, known as a derivative action, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best

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interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification if the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of us, or has or had agreed to become a director of us, or, while a director or officer of us, is or was serving at our request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, whether the basis of such proceeding is the alleged action of such person in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, will be indemnified and held harmless by us to the fullest extent authorized by the DGCL against all expense, liability and loss reasonably incurred or suffered by such person in connection therewith. Our certificate of incorporation also provides that we will pay the expenses incurred in defending any such proceeding in advance of its final disposition, subject to the provisions of the DGCL. These rights are not exclusive of any other right that any person may have or acquire under any statute, provision of our certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise. No repeal or modification of these provisions will in any way diminish or adversely affect the rights of any director or officer of us under our certificate of incorporation in respect of any occurrence or matter arising prior to any such repeal or modification. Our certificate of incorporation also specifically authorizes us to grant similar indemnification rights to our employees or agents and our bylaws authorize us to maintain insurance on behalf of any person who is an officer, director, employee or agent.

The Master Agreement also provides for indemnification by us of GE and its directors, officers and employees for specified liabilities, including certain liabilities under the Securities Act.

In addition, GE maintains liability insurance for its directors and officers and for the directors and officers of its majority-owned subsidiaries, including us. This insurance provides for coverage, subject to certain exceptions, against non-indemnifiable loss from claims made against directors and officers in their capacity as such, including claims under the federal securities laws. Prior to the completion of this offering, we intend to obtain additional liability insurance for our directors and officers.

Prior to the completion of this offering, we expect to enter into an indemnification agreement with each of our directors and executive officers. The indemnification agreement will provide our directors and executive officers with contractual rights to indemnification and expense advancement rights under our bylaws, as well as contractual rights to additional indemnification as provided in the indemnification agreement.

### **Delaware Business Combination Statute**

Our certificate of incorporation will contain a provision by which we expressly elect not to be governed by Section 203 of the DGCL, which is described below, until the moment in time, if ever, immediately following the time at which both of the following conditions exist: (i) Section 203 by its terms would, but for the terms of our certificate of incorporation, apply to us and (ii) there occurs a transaction following consummation of which GE no longer owns at least 15% of the voting power of our outstanding shares of voting stock. Our certificate of incorporation will provide that, at such time, we will automatically become subject to Section 203 of the DGCL. However, any person that acquires 15% or more of the voting power of our outstanding shares of voting stock in the same transaction in which GE ceases to own at least 15% of the voting power of our outstanding shares of voting stock will not be an interested stockholder under Section 203 as a result of that transaction and will thereafter be free from the restrictions contained in Section 203.

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Section 203 of the DGCL provides that, subject to exceptions set forth therein, an interested stockholder of a Delaware corporation shall not engage in any business combination, including mergers or consolidations or acquisitions of additional shares of the corporation from the corporation, with the corporation for a three-year period following the time that such stockholder became an interested stockholder unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an “interested stockholder,” the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or
- at or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders by the affirmative vote of at least  $66\frac{2}{3}\%$  of the outstanding voting stock which is not owned by the interested stockholder.

Except as otherwise set forth in Section 203, an interested stockholder is defined to include:

- any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and
- the affiliates and associates of any such person.

Our election to not initially be subject to Section 203 may have positive or negative consequences, depending on the circumstances. Being subject to Section 203 may make it more difficult for a person who would be an interested stockholder to effect various business combinations with us for a three-year period. Section 203 also may have the effect of preventing changes in our management. Section 203 also could make it more difficult to accomplish transactions which our stockholders may otherwise deem to be in their best interests. If the provisions of Section 203 were applicable, they may cause persons interested in acquiring us to negotiate in advance with our board of directors. In addition, because we did not elect to be initially subject to Section 203, GE, as a controlling stockholder, may find it easier to sell its controlling interest to a third party because Section 203 would not apply to such third party. The restrictions on business combinations set forth in Section 203 would not have been applicable to GE.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock will be

## DESCRIPTION OF CERTAIN INDEBTEDNESS

### New Bank Term Loan Facility

Prior to the completion of this offering, we will enter into a five-year \$ billion unsecured term loan facility with a group of third party lenders and JPMorgan Chase Bank, N.A., as administrative agent (the “New Bank Term Loan Facility”).

The New Bank Term Loan Facility will bear interest based upon, at our option, (i) a base rate plus a margin of 0.65% to 1.40% or (ii) a LIBOR rate plus a margin of 1.65% to 2.40%, with the margin, in each case, based on our long-term senior unsecured non-credit-enhanced debt ratings or, if such rating has not been assigned to our debt by the applicable rating agency, a corporate credit rating. The New Bank Term Loan Facility will mature on the fifth anniversary of its funding date (the “New Bank Term Loan Maturity Date”).

The New Bank Term Loan Facility will include: (a) affirmative covenants, which, among other things, require the Bank to remain a wholly-owned subsidiary of ours and (b) negative covenants which, among other things, restrict our and certain of our subsidiaries’ ability (subject to various exceptions) to incur liens, incur indebtedness, engage in transactions with affiliates, amend the New GECC Term Loan Facility or the Master Agreement, prepay the New GECC Term Loan Facility (except as provided below), and enter into certain restrictive agreements. The negative covenants also restrict our ability (subject to certain exceptions) to undergo various fundamental changes (including mergers, liquidations, sale-leaseback transactions and transfers of all or substantially all of our assets). The New Bank Term Loan Facility will also contain financial covenants (to be tested on a quarterly basis) that require (i) Synchrony and, until Synchrony is subject to or elects to report under Basel III, the Bank, to maintain a minimum Tier 1 common ratio of not less than 10% (calculated in accordance with Basel I or Basel III, as applicable), (ii) Synchrony to maintain minimum liquidity of not less than \$4.0 billion and (iii) the Bank to maintain minimum liquidity of not less than \$2.0 billion. The New Bank Term Loan Facility will include customary events of default, including the occurrence of a change of control (which will not be triggered by the Split-off) and the occurrence of certain material adverse regulatory events.

Other than certain non-pro rata prepayments permitted to be made to the loan under the New GECC Term Loan Facility (the “New GECC Loan”) in reliance on guidance received by Synchrony, the Bank or GECC from applicable bank regulatory authorities to satisfy laws, regulatory capital or liquidity requirements (including for the avoidance of doubt any regulatory requirement or condition necessary to effect the Split-off or the GE SLHC Deregistration), voluntary prepayments of the loans outstanding under the New Bank Term Loan Facility (the “New Bank Loans”) shall be made on a pro rata basis with the New GECC Loan based on the principal amounts outstanding, respectively, at the time of such prepayment.

The first \$3.0 billion of Net Debt Proceeds of any debt securities (excluding, for the avoidance of doubt, the New Bank Loans and the New GECC Loan) issued by Synchrony on or after the closing of this offering may be retained by Synchrony. There are no required amortization payments or prepayments of the New Bank Term Loan Facility, except that we will be required to prepay the New Bank Loans and the New GECC Loan with any Applicable Debt Proceeds (this and other capitalized terms used in this paragraph are defined below) received by Synchrony as follows (subject to clause (c) below):

(a) During the Initial Period, any Additional IPO Debt Proceeds received by Synchrony shall be applied first, to prepay the New GECC Loan until the outstanding principal amount of the New GECC Loan after giving effect to such prepayment equals \$1.5 billion and second, to prepay the outstanding principal amounts of the New Bank Loans and the New GECC Loan on a pro rata basis, based on the outstanding principal balances thereunder; and

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(b) After the Initial Period:

(i) with respect to the remaining portion of the calendar year ended December 31, 2014 and the calendar years ended December 31, 2015 and December 31, 2016, the 2014-2016 Required Prepayment Amount of Post-IPO Debt Proceeds received by Synchrony shall be applied to prepay the outstanding principal amounts of the New Bank Loans and the New GECC Loan on a pro rata basis, based on the outstanding principal balances thereunder; provided, that, for each calendar year, all such calculations and required prepayments shall be made on an annual basis such that to the extent, during such calendar year, Synchrony has made aggregate prepayments of the New Bank Loans and the New GECC Loan from Post-IPO Debt Proceeds received during such calendar year (1) in an amount less than the 2014-2016 Required Prepayment Amount for such calendar year within 10 Business Days after January 1 of the following calendar year, Synchrony shall prepay the outstanding principal amounts of the New Bank Loans and the New GECC Loan on a pro rata basis, based on the outstanding principal balances thereunder, in an amount equal to such shortfall, and (2) in an amount greater than the 2014-2016 Required Prepayment Amount for such calendar year, Synchrony may, at its option, receive a dollar-for-dollar credit in the amount of such excess with respect to its prepayment obligations under this clause (b) in respect of the Required Prepayment Amount for the immediately following calendar year.

(ii) with respect to the calendar years ended December 31, 2017, December 31, 2018 and December 31, 2019, the 2017-2019 Required Prepayment Amount of Post-IPO Debt Proceeds received by Synchrony shall be applied to prepay the outstanding principal amounts of the New Bank Loans and the New GECC Loan on a pro rata basis, based on the outstanding principal balances thereunder; provided, that, for each calendar year, all such calculations and required prepayments shall be made on an annual basis such that to the extent, during such calendar year, Synchrony has made aggregate prepayments of the New Bank Loans and the New GECC Loan from Post-IPO Debt Proceeds received during such calendar year (1) in an amount less than the 2017-2019 Required Prepayment Amount for such calendar year within 10 Business Days after January 1 of the following calendar year, Synchrony shall prepay the outstanding principal amounts of the New Bank Loans and the New GECC Loan on a pro rata basis, based on the outstanding principal balances thereunder, in an amount equal to such shortfall and (2) in an amount greater than the 2017-2019 Required Prepayment Amount for such calendar year, Synchrony may, at its option, receive a dollar-for-dollar credit in the amount of such excess with respect to its prepayment obligations under this clause (b) in respect of the Required Prepayment Amount for the immediately following calendar year.

(c) Subject to the terms of the New GECC Term Loan Facility, any amount required to be applied to prepay the New GECC Loan pursuant to the foregoing provisions may, at Synchrony's election, be applied to prepay the New Bank Loans.

As used in this section, capitalized terms have the following meanings:

“2014-2016 Required Prepayment Amount” means, for the calendar years ended December 31, 2014, December 31, 2015 and December 31, 2016, the greater of (a) the excess of the (x) Post-IPO Debt Proceeds received by Synchrony in such calendar year over (y) the sum of \$500 million plus 20% of any Post-IPO Debt Proceeds received by Synchrony in excess of \$500 million in such calendar year and (b) the Early Maturing Bond Proceeds received by Synchrony in such calendar year.

“2017-2019 Required Prepayment Amount” means, for the calendar year ended December 31, 2017 and each calendar year thereafter, the greater of (a) the excess of (x) the Post-IPO Debt Proceeds received by Synchrony in such calendar year over (y) the sum of \$750 million plus 20% of any Post-IPO Debt Proceeds received by Synchrony in excess of \$750 million in such calendar year and (b) the Early Maturing Bond Proceeds received by Synchrony in such calendar year.

“Additional IPO Debt Proceeds” means the Net Debt Proceeds of any debt securities issued by Synchrony and evidenced by bonds, debentures, notes or similar instruments during the Initial Period; provided,

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that Additional IPO Debt Proceeds shall exclude (a) any Initial IPO Bond Proceeds, (b) the Net Debt Proceeds of (i) the New Bank Loans and the New GECC Loan and (ii) any loans issued pursuant to any bilateral or syndicated credit facility with third party lenders and (c) Excluded Debt Proceeds.

“Applicable Debt Proceeds” means Additional IPO Debt Proceeds and Post-IPO Debt Proceeds, as the context may require.

“Early-Maturing Bond Proceeds” means the Net Debt Proceeds of any indebtedness which constitute Post-IPO Debt Proceeds having a maturity date prior to the New Bank Term Loan Maturity Date.

“Excluded Debt Proceeds” means the Net Debt Proceeds of any loans or securities issued or incurred in order to comply with applicable law, regulatory capital or liquidity requirements (including for the avoidance of doubt any regulatory requirement or condition necessary to effect the Split-off or the GE SLHC Deregistration) of Synchrony, the Bank or GECC, as applicable, to the extent Synchrony, the Bank or GECC, as the case may be, based on their respective discussions with and/or guidance received from applicable bank regulatory authorities, in good faith reasonably determines in consultation with the lead arrangers of the New Bank Term Loan Facility, that such proceeds must be either applied to repay the New GECC Loan or retained by Synchrony to satisfy such law or regulatory capital or liquidity requirement, which determination shall be evidenced by a written certification from the chief risk officer of Synchrony or GECC.

“Initial Period” means the period commencing on the effective date of the New Bank Term Loan Facility and ending on the date that is three months after the funding date.

“Initial IPO Bond Proceeds” means the first \$3.0 billion of Net Debt Proceeds of any debt securities (excluding, for the avoidance of doubt, the New Bank Loans and the New GECC Loan) issued by Synchrony on or after the closing of this offering.

“Net Debt Proceeds” means the cash proceeds net of all fees and expenses incurred in connection therewith, including from the issuance and incurrence of debt securities by Synchrony.

“Post-IPO Debt Proceeds” means the Net Debt Proceeds of any debt securities issued by Synchrony and evidenced by bonds, debentures, notes or similar instruments after the Initial Period; provided, that Post-IPO Debt Proceeds shall exclude (a) any Initial IPO Bond Proceeds, (b) the Net Debt Proceeds of any loans issued pursuant to any bilateral or syndicated credit facility with third party lenders and (c) Excluded Debt Proceeds.

“Required Prepayment Amount” means the 2014-2016 Required Prepayment Amount or the 2017-2019 Required Prepayment Amount, as applicable, with respect to any calendar year.

### **New GECC Term Loan Facility**

Prior to the completion of this offering, we will also enter into a five-year \$3.0 billion unsecured term loan facility with GECC as lender and administrative agent (the “New GECC Term Loan Facility”).

The New GECC Term Loan Facility will have substantially the same terms (including representations and warranties, affirmative and negative covenants (including financial covenants)) and events of default as the New Bank Term Loan Facility, except with respect to the interest rate and restrictions on GECC’s ability to transfer the New GECC Loan. The New GECC Term Loan Facility will bear interest based upon, at our option, (i) a base rate plus a margin of 3.00% or (ii) a LIBOR rate plus a margin of 4.00%. The New GECC Term Loan Facility will mature on the fifth anniversary of its funding date. The New GECC Term Loan Facility will also include more stringent restrictions on GECC’s ability to transfer the New GECC Loan than those contained in the New Bank Term Loan Facility.

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Other than certain non-pro rata prepayments permitted to be made to the New GECC Loan in reliance on guidance received by Synchrony, the Bank or GECC from applicable bank regulatory authorities to satisfy laws, regulatory capital or liquidity requirements (including for the avoidance of doubt any regulatory requirement or condition necessary to effect Split-off or the GE SLHC Deregistration), all voluntary prepayments of the New GECC Loan (other than with the Net Debt Proceeds of Excluded Debt Proceeds) shall be made on a pro rata basis with the New Bank Loans based on the principal amounts outstanding at the time of such prepayment. There are no required amortization/prepayments of the New GECC Term Loan Facility, except that we will be required to prepay the New GECC Loan and the New Bank Loans with certain proceeds of specified debt offerings as described above under “—New Bank Term Loan Facility.”

### **New Senior Notes**

We currently intend to issue approximately \$ billion of senior unsecured debt securities in one or more series shortly after the completion of this offering. The senior unsecured debt securities offering will be made pursuant to a separate prospectus. We cannot assure you that this offering will be completed or, if completed, on what terms it will be completed. The closing of this offering is not conditioned upon the closing of the Planned Debt Offering.

### **Securitized Financings**

A significant portion of our funding historically has, and in the future is expected to, come from the securitization of credit card receivables and other loans generated by us in the ordinary course of business. The securitization of receivables is accomplished by a series of transfers of the receivables to be securitized to a trust, which in turn issues to third-party investors asset-backed securities that are collateralized by the receivables in the securitization trust. The loan receivables transferred to the trusts are owned by the respective trust and are not available to third party creditors of the Company. The proceeds from issuance are distributed to us through wholly owned indirect subsidiaries of Synchrony. The balance of our outstanding asset-backed securities held by unrelated third parties was \$14.6 billion at March 31, 2014, \$15.4 billion at December 31, 2013 and \$17.2 billion at December 31, 2012. We currently have three securitization trusts, each of which has issued one or more series of asset-backed securities that remains outstanding: MNT, SFT and GMT. To the extent any of the receivables transferred to any of our securitizations were ineligible when transferred as determined in accordance with the eligibility criteria in the respective securitization program documents, the Bank or with respect to SFT, one of its subsidiaries, could be required to repurchase such ineligible receivable at the purchase price specified in the applicable securitization documents. We have not received any demands for the repurchase of any receivable underlying any of our securitizations in the past three years. For a discussion of our securitization activities, including contractual maturities and average excess spreads, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Sources—Securitized Financings” and Note 8. *Deposits and Borrowings* to our combined financial statements.

### ***Future Securitization Offerings***

We currently expect to maintain the aggregate outstanding (e.g. drawn) balance of SFT, MNT and GMT asset-backed securities near current levels by extending series with private lenders prior to their maturities and/or issuing additional privately placed and, with respect to MNT publicly registered, asset-backed securities as existing series mature. In addition, we have secured commitments from private lenders to increase the amount of their asset-backed securities upon receipt of a draw request from us by an aggregate of approximately \$5.6 billion, which was accomplished through the issuance of new series of asset-backed securities and the amendment of certain existing series in MNT and SFT. The ability to draw on such commitments will be subject to the satisfaction of certain conditions, including the applicable securitization trust having sufficient collateral to support the asset-backed securities issuance and the absence of an early amortization event.

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### ***Securitization Trusts***

#### ***GE Capital Credit Card Master Note Trust***

MNT was established in 2003 by RFS Holding, L.L.C., a subsidiary of RFS Holding, Inc., which is a wholly-owned subsidiary of Synchrony. At March 31, 2014, MNT held \$18.3 billion of Retail Card receivables originated by the Bank. At March 31, 2014, MNT had 19 series of asset-backed securities outstanding with an aggregate outstanding balance of \$12.3 billion. 12 MNT series were issued pursuant to public offerings and 7 were issued in private offerings to financial institutions and commercial paper conduits. Each of the outstanding publicly registered series of MNT asset-backed securities are rated by one or more of Moody's, S&P and/or Fitch. At March 31, 2014, there was no undrawn capacity with respect to any series (i.e., all series were currently drawn to their committed capacity).

#### ***GE Sales Finance Master Trust***

SFT was established in 2012 by GE Sales Finance Holding, L.L.C., which is a wholly-owned indirect subsidiary of the Bank, to add securitization to the business's range of funding options for assets held on the Bank's consolidated balance sheet. At March 31, 2014, SFT held \$6.1 billion of Payment Solutions and CareCredit receivables originated by the Bank. At March 31, 2014, SFT had 4 series of asset-backed securities outstanding with an aggregate outstanding balance of \$2.0 billion. All of the series were issued pursuant to private offerings to financial institutions and commercial paper conduits. None of the outstanding series are rated by any rating agency engaged by us. At March 31, 2014, there was \$450 million of undrawn committed capacity under SFT.

#### ***GE Money Master Trust***

GMT was established in 2007 and is a subsidiary of GEM Holding, L.L.C., which is a subsidiary RFS Holding, Inc. (which is a wholly-owned subsidiary of Synchrony). At March 31, 2014, GMT held \$0.8 billion of Payment Solutions and CareCredit receivables originated by the Bank. At March 31, 2014, GMT had one series of asset-backed securities outstanding with an aggregate outstanding note balance of \$317 million. This series was issued in a private offering to a financial institution. At March 31, 2014, there was no undrawn capacity with respect to the sole series in GMT.

### ***GECC as Servicer and Servicer Performance Guarantor***

GECC currently acts as servicer with respect to MNT and its related series of asset-backed securities. If GECC defaults in its servicing obligations, an early amortization event could occur with respect to our MNT asset-backed securities and/or GECC could be replaced as servicer. Servicer defaults include, without limitation, the failure of the servicer to make any payment, transfer or deposit in accordance with the securitization documents, a material breach by the servicer of its representations, warranties or agreements made by the servicer under the securitization documents, the delegation by the servicer of its duties contrary to the securitization documents and the occurrence of certain insolvency events with respect to the servicer.

We currently perform substantially all of the servicing functions with respect to MNT pursuant to a sub-servicing arrangement with GECC. We expect that GECC will resign and assign its servicing obligations for MNT to us on or shortly after the Expected GECC Servicer Assignment Date. Until GECC assigns its servicing obligations to us, our ability to service MNT's assets pursuant to the sub-servicing arrangement with GECC will be dependent on GECC not being terminated as servicer for a servicer default specified in the MNT program documents.

GECC currently acts as servicer performance guarantor for the Bank as servicer of SFT (in such capacity, the "SFT Servicer") and for the Bank as servicer of GMT (in such capacity, the "GMT Servicer"). Pursuant to the servicer performance guaranties for SFT and GMT, GECC has agreed to cause the due performance and

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observance by the SFT Servicer and the GMT Servicer (for so long as the SFT Servicer or the GMT Servicer, as applicable, or any affiliate of GECC is the servicer under the securitization documents) of all of the terms, covenants, conditions, agreements and undertakings of the SFT Servicer or the GMT Servicer, as applicable under the program agreements. We have entered into amendments to the documents governing each SFT series and the sole GMT series pursuant to which the noteholders have released GECC from its obligations as servicer performance guarantor and waived the related amortization event that would otherwise occur when the servicer performance guaranty is no longer in effect.

### ***Early Amortization Events***

All of our securitized financings include early repayment triggers, referred to as early amortization events, including events related to material breaches of representations, warranties or covenants, inability or failure of the Bank to transfer loans to the trusts as required under the securitization documents, failure to make required payments or deposits pursuant to the securitization documents, and certain insolvency-related events with respect to the related securitization depositor, GECC (solely with respect to MNT) or the Bank. In addition, an early amortization event will occur with respect to a series if the excess spread as it relates to a particular series falls below zero. Excess spread is generally the amount by which income received by a trust during a collection period (including interest collections, fees and interchange proceeds) exceeds the fees and expenses of the trust during such collection period (including interest expense, servicing fees and charged-off receivables). An early amortization event would occur if excess spread falls below the specified minimum level because income on the trust's assets is too low and/or defaults and other expenses are too high. Following an early amortization event, principal collections on the loans in our trusts are applied to repay principal of the asset-backed securities rather than being available on a revolving basis to fund the origination activities of our business. The occurrence of an early amortization event also would limit or terminate our ability to issue future series out of the trust in which the early amortization event occurred. No early amortization event has occurred with respect to any of the securitized financings in MNT, SFT or GMT.

### **Existing Unsecured Credit Lines**

On June 23, 2013, the Bank entered into a revolving credit agreement with Mizuho Corporate Bank, Ltd. (the "Mizuho Credit Agreement"), pursuant to which the Bank may borrow up to \$500 million (subject to satisfaction of customary borrowing conditions). Borrowings under the Mizuho Credit Agreement bear interest at a floating rate. The Mizuho Credit Agreement provides a 364-day revolving credit facility, which matures on June 22, 2014, but may be extended for 364 day periods upon the Bank's request and at Mizuho's sole discretion. The Mizuho Credit Agreement is unsecured and guaranteed by GECC and there were no borrowings outstanding under this agreement at March 31, 2014.

On February 26, 2013, the Bank entered into a revolving credit agreement with Sumitomo Mitsui Banking Corporation (the "Sumitomo Credit Agreement"), pursuant to which the Bank may borrow up to \$500 million (subject to satisfaction of customary borrowing conditions). Borrowings under the Sumitomo Credit Agreement bear interest at a floating rate. The Sumitomo Credit Agreement provides a 364-day revolving credit facility, which initially matured on February 25, 2014 but was extended by 364 days pursuant to its terms and is now subject to further extensions for 364-day periods upon the Bank's request and at Sumitomo's sole discretion. The Sumitomo Credit Agreement is unsecured and guaranteed by GECC and there were no borrowings outstanding under this agreement at March 31, 2014.

We currently anticipate that these agreements will be terminated in connection with or shortly after the completion of the Transactions.

## SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of our common stock in the public market or the exchange of our shares held by GE for shares of GE common stock in the Split-off after our initial public offering or the perception that such sales or exchange could occur could adversely affect the market price of our common stock and our ability to raise equity capital in the future on terms favorable to us (if needed). We cannot predict with certainty whether or when the Split-off will occur or if GE will otherwise dispose of its remaining shares of our common stock. We can make no prediction as to the effect, if any, that market sales of shares of common stock, or the Split-off or the availability of shares of common stock for sale or the exchange will have on the market price prevailing from time to time. Our shares of common stock have been authorized for listing on the NYSE under the symbol “SYF.”

### Sale of Restricted Shares

Upon completion of this offering, we will have outstanding            million shares of common stock, assuming the underwriters’ option to purchase additional shares of common stock from us is not exercised. All the shares of common stock sold in this offering (other than any shares sold pursuant to our directed share program that are subject to “lock-up” restrictions as described under “Underwriters—Directed Share Program”) will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by or owned by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the issuer. Shares held by affiliates may not be resold in the absence of registration under the Securities Act or pursuant to an exemption from registration, including, among others, the exemption provided by Rule 144 under the Securities Act. At such time as these restricted shares become unrestricted and available for sale, the sale of these restricted shares, whether pursuant to Rule 144 or otherwise, may have a negative effect on the price of our common stock. Approximately            shares of our common stock will be beneficially owned by our officers, directors and other affiliates immediately after the completion of this offering.

### Potential Future Sale or Distribution of Common Stock Held by GE

After the completion of this offering, GE will beneficially own    % of our outstanding common stock, assuming the underwriters’ option to purchase additional shares of common stock from us is exercised. GE has indicated that after this offering it currently is targeting to complete its exit from our business in 2015 through the Split-off and may exit our business through another Separation transaction. The Separation would be subject to various conditions, including receipt of any necessary bank regulatory and other approvals, the existence of satisfactory market conditions, and, in the case of a tax-free transaction, a private letter ruling from the IRS as to certain issues relating to, and an opinion of counsel confirming, the tax-free treatment of the transaction to GE and its shareholders. The conditions to any transaction involved in the Separation may not be satisfied in 2015 or thereafter, or GE may decide for any reason not to consummate the Separation in 2015 or thereafter.

See “Risk Factors—Risks Relating to Our Separation from GE—GE may not complete the Separation as planned or at all.”

We are unable to predict whether significant numbers of shares will be sold in the open market or otherwise in anticipation of or following any exchange, distribution or sales of our shares by GE.

### Registration Statement on Form S-8

In addition to the issued and outstanding shares of our common stock, we intend to file a registration statement on Form S-8 to register an aggregate of approximately            shares of common stock reserved for issuance under our incentive programs. That registration statement will become effective upon filing and shares of common stock covered by such registration statement are eligible for sale in the public market immediately after the effective date of such registration statement (unless held by affiliates), subject to vesting and the lock-up agreements.

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### **Rule 144**

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders), will be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year will be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the then-outstanding shares of our common stock, which will equal approximately \_\_\_\_\_ shares immediately after this offering; and
- the average weekly trading volume of our common during the four calendar weeks preceding such sale.

These sales are also subject to certain manner of sales provisions, notice requirements and the availability of current public information about us.

### **Rule 701**

In general, under Rule 701 under the Securities Act, an employee, consultant or advisor who purchases shares of our common stock from us in connection with a compensatory stock or option plan or other written agreement is eligible to resell those shares 90 days after the effective date of the registration statement of which this prospectus forms a part in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period restriction, contained in Rule 144.

### **Lock-up Agreements**

We, our executive officers and directors and GECCI have agreed with the underwriters pursuant to lock-up agreements that, subject to limited exceptions described in “Underwriters,” for a period of 180 days after the date of this prospectus, we and they will not, without the prior written consent of \_\_\_\_\_, on behalf of the underwriters, offer, pledge, sell, contract to sell, sell any option or contract to purchase or otherwise dispose of any shares of common stock (including any shares acquired pursuant to our directed share program) or any securities convertible into or exercisable or exchangeable for shares of common stock, or in any manner transfer all or a portion of the economic consequences associated with the ownership of shares of common stock, or cause a registration statement covering any shares of common stock to be filed, without the prior written consent of the representatives of the underwriters. See “Underwriters.” The underwriters do not have any present intention or arrangement to release any shares of common stock subject to lock-up agreements prior to the expiration of the lock-up period.

### **Registration Rights**

As described in “Arrangements Among GE, GECC and Our Company—Relationship with GE and GECC—Registration Rights Agreement,” we will enter into a registration rights agreement with GECC. We do not have any other contractual obligations to register our common stock.

## CERTAIN U.S. FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following discussion describes U.S. federal income and, to a limited extent, certain estate tax consequences to Non-U.S. Holders (as defined below) of ownership and disposition of our common stock. This discussion is limited to Non-U.S. Holders who hold our common stock as capital assets within the meaning of Section 1221 of the Code. This description is based on the Code, administrative pronouncements, judicial decisions and existing and proposed Treasury regulations, and interpretations of the foregoing, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein. The description does not discuss all of the tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances. Moreover, this discussion is for general information only and does not address all of the tax consequences that may be relevant to you in light of your particular circumstances, nor does it discuss special tax provisions, which may apply to you and holders of your equity, if applicable, if you are subject to special treatment under U.S. federal income tax laws, such as for certain financial institutions or financial services entities, insurance companies, tax-exempt entities, dealers in securities or currencies, entities that are treated as partnerships for U.S. federal income tax purposes, “controlled foreign corporations,” “passive foreign investment companies,” former U.S. citizens or long-term residents, persons deemed to sell common stock under the constructive sale provisions of the Code, and persons that hold common stock as part of a straddle, conversion transaction, or other integrated investment. In addition, this discussion does not address the Medicare tax on certain investment income, any state, local or foreign tax laws or any U.S. federal tax law other than U.S. federal income tax law (such as gift tax laws).

You are urged to consult with your own tax advisor concerning the U.S. federal income tax consequences of acquiring, owning and disposing of our common stock, as well as the application of any state, local, and foreign income and other tax laws.

As used in this section, a “Non-U.S. Holder” is a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- any individual who is a citizen or resident of the United States,
- a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any State thereof or the District of Columbia,
- any estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- any trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are an individual, you may, in certain cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States (i) for at least 183 days during the calendar year, or (ii) for at least 31 days in the calendar year and for an aggregate of at least 183 days during the three-year period ending in the current calendar year. For purposes of (ii), all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes is a beneficial owner of our common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Special rules may apply if a Non-U.S. Holder is a “controlled foreign corporation” or “passive foreign investment company,” as defined under the Code, and to certain expatriates or former long-term residents of the United States. If you fall within any of the foregoing categories, you should consult with your own tax advisor about the tax consequences of acquiring, holding, and disposing of our common stock.

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### **U.S. Trade or Business Income**

For purposes of the discussion below, dividends and gains on the sale, exchange or other disposition of our common stock will be considered to be “U.S. trade or business income” if such income or gain is:

- effectively connected with the Non-U.S. Holder’s conduct of a U.S. trade or business, and
- in the case of a treaty resident, attributable to a permanent establishment (or, in the case of an individual, a fixed base) maintained by the Non-U.S. Holder in the United States, if required by the applicable treaty.

Generally, U.S. trade or business income is subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates. Any U.S. trade or business income received by a Non-U.S. Holder that is a corporation also may, under specific circumstances, be subject to an additional “branch profits tax” at a 30% rate (or a lower rate that may be specified by an applicable tax treaty).

### **Distributions on Common Stock**

Distributions paid on our common stock will be treated as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. If a distribution exceeds our current or accumulated earnings and profits, such excess will constitute a return of capital that reduces, but not below zero, a Non-U.S. Holder’s tax basis in our common stock. Any remainder will constitute gain from the sale or exchange of our common stock. Dividends, if any, that are paid to a Non-U.S. Holder of our common stock generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. However, subject to the discussions below on backup withholding and other withholding requirements, dividends that are U.S. trade or business income are not subject to the withholding tax. To claim an exemption from withholding in the case of U.S. trade or business income, or to claim the benefits of an applicable tax treaty, a Non-U.S. Holder must provide the applicable withholding agent with a properly executed IRS Form W-8ECI (in the case of U.S. trade or business income) or IRS Form W-8BEN (in the case of a treaty), or any successor form that the IRS designates, as applicable, prior to the payment of the dividends. These IRS forms must be periodically updated.

### **Dispositions of Common Stock**

Subject to the discussions below on backup withholding and other withholding requirements, gain realized by a Non-U.S. Holder on a sale, exchange or other disposition of our common stock generally will not be subject to U.S. federal income or withholding tax, unless:

- the gain is U.S. trade or business income,
- the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of such disposition and certain other conditions are met, or
- we are, or have been, a U.S. real property holding corporation (a “USRPHC”) for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition of our common stock and the Non-U.S. Holder’s holding period for our common stock.

Generally, a corporation is a USRPHC if the fair market value of its “United States real property interests” equals 50% or more of the sum of the fair market value of: (i) its worldwide real property interests and (ii) its other assets used or held for use in a trade or business. The tax relating to stock in a USRPHC does not apply to a Non-U.S. Holder whose holdings, actual and constructive, amount to 5% or less of our common stock at all times during the applicable period, provided that our common stock is regularly traded on an established securities market. We believe we are not currently a USRPHC, and do not anticipate being a USRPHC in the future. No assurance can be given, however, that we will not be a USRPHC or that our common stock will be considered regularly traded on an established securities market when a Non-U.S. Holder disposes of shares of our common stock. Non-U.S. Holders should consult with their tax advisors about the tax consequences that could result if we are, or become, a USRPHC.

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### **Federal Estate Taxes**

Individual Non-U.S. Holders and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty benefit, the common stock will be treated as U.S. situs property subject to U.S. federal estate tax.

### **Backup Withholding and Information Reporting**

Any dividends that are paid to a Non-U.S. Holder must be reported annually to the IRS and to the Non-U.S. Holder. Copies of these information returns also may be made available to the tax authorities of the country in which the Non-U.S. Holder resides under the provisions of various treaties or agreements for the exchange of information. Unless the Non-U.S. Holder is an exempt recipient, dividends paid on our common stock and the gross proceeds from a taxable disposition of our common stock may be subject to additional information reporting and may also be subject to U.S. federal backup withholding (at a rate of 28%) if such Non-U.S. Holder fails to comply with applicable U.S. information reporting and certification requirements. Provision of any IRS Form W-8 appropriate to the Non-U.S. Holder's circumstances will generally satisfy the certification requirements necessary to avoid the backup withholding tax as well.

Backup withholding is not an additional tax. Any amounts so withheld under the backup withholding rules will be refunded by the IRS or credited against the Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

### **Other Withholding Requirements**

Non-U.S. Holders of our common stock may be subject to U.S. withholding tax at a rate of 30% under Sections 1471 through 1474 of the Code (commonly referred to as "FATCA"). This withholding tax may apply if a Non-U.S. Holder (or any foreign intermediary that receives a payment on a Non-U.S. Holder's behalf) does not comply with certain U.S. informational reporting requirements. The payments potentially subject to this withholding tax include dividends on, and gross proceeds from the sale or other disposition of, our common stock. If FATCA is not complied with, the withholding tax described above will apply to dividends paid on or after July 1, 2014, and to gross proceeds from the sale or other disposition of our common stock on or after January 1, 2017. Non-U.S. Holders should consult their tax advisors regarding the possible implications of FATCA on their investment in our common stock.

**You should consult your own tax advisor as to particular tax consequences to you of acquiring, holding, and disposing of our common stock, including the applicability and effect of other U.S. federal, state, local or foreign tax laws, and of any proposed changes in applicable law.**

## UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom are acting as representatives, have severally agreed to purchase, and Synchrony has agreed to sell to them, severally, the number of shares of our common stock indicated below:

<u>Name</u>	<u>Number of Shares</u>
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Citigroup Global Markets Inc.	
Morgan Stanley & Co. LLC	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
Deutsche Bank Securities Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
<b>Total</b>	

Goldman, Sachs & Co., J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are the joint book-running managers of this offering.

The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of our common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' option to purchase additional shares described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or this offering may be terminated.

The underwriters initially propose to offer part of the shares of our common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$        a share under the public offering price. Any underwriter may allow, and such dealers may reallow, a concession not in excess of \$        a share to other underwriters or to certain dealers. After the initial offering of the shares of our common stock, the offering price and other selling terms may from time to time be varied by the representatives. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of        additional shares of our common stock at the initial public offering price set forth on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of our common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of our common stock listed next to the names of all underwriters in the preceding table.

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The underwriting discounts and commissions will be determined by negotiations among us and the representatives and are a percentage of the offering price to the public. Among the factors to be considered in determining the discounts and commissions will be the size of this offering, the nature of the security to be offered and the discounts and commissions charged in comparable transactions.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters, assuming both no exercise and full exercise of the underwriters' option to purchase additional shares from us.

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

The estimated offering expenses are approximately \$ , which includes legal, accounting and printing costs and various other fees associated with registering and listing our common stock. All offering expenses will be payable by us. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority, Inc. of \$ .

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

Our shares of common stock have been authorized for listing on the NYSE under the symbol "SYF." In order to meet one of the requirements for listing our common stock on the NYSE, the underwriters have undertaken to sell lots of 100 or more shares of common stock to a minimum of 400 beneficial holders.

A prospectus in electronic format may be made available on web sites maintained by one or more underwriters. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the joint book-running managers to underwriters that may make Internet distributions on the same basis as other allocations.

Each of the Company, its directors and executive officers, and GECFI has agreed that, subject to certain exceptions, without the prior written consent of , on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;
- file or cause to be filed any registration statement with the SEC relating to this offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock or such other securities,

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The 180-day restricted period described above is subject to extension such that, in the event that either (i) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs or (ii) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the "lock-up" restrictions described above subject to limited exceptions, will continue to apply until the expiration of

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the 18-day period beginning on the earnings release or the occurrence of the material news or material event. \_\_\_\_\_, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

The above restrictions apply to any shares purchased by our executive officers and directors pursuant to our directed share program.

In order to facilitate this offering of common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale or position may be either “covered” or “naked.” A short sale is covered if the aggregate short position is no greater than the number of shares available for purchase by the underwriters under the option to purchase additional shares from us described above. The underwriters can close out a covered short sale by exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option to purchase additional shares described above. The underwriters may also sell shares in excess of their option to purchase additional shares, creating a naked short position to the extent of the excess. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in this offering, if the syndicate repurchases previously distributed common stock to cover syndicate short positions or to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

### **Restrictions with Respect to Investors Owning or Controlling More than 4.99% of Our Voting Stock**

We and each of our current parent companies, including GE and GECC, are a grandfathered unitary savings and loan holding company. As such we are not subject to the activity restrictions imposed generally on savings and loan holding companies and are therefore permitted to engage in non-financial activities that would otherwise be prohibited. See “Regulation—Savings and Loan Holding Company Regulation—Activities.” In an effort to ensure that we preserve our status as a grandfathered unitary savings and loan holding company following this offering, we and the underwriters have agreed that we and the underwriters will not knowingly make a stock allocation in this offering to any investor (including any known subsidiary and affiliate) that results in an investor owning or controlling more than 4.99% of our capital stock entitled to vote generally in the election of directors that is outstanding following this offering. Further, our certificate of incorporation will provide that, until the earlier to occur of: (i) the time immediately prior to the Split-off and (ii) the GE SLHC Deregistration, no stockholder or group (other than GE or its affiliates and certain other exempt persons) shall have the right to vote more than 4.99% of our capital stock entitled to vote generally in the election of directors.

### **Directed Share Program**

At our request, the underwriters have reserved \_\_\_\_\_ % of the shares of common stock to be issued by us and offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees and other individuals associated with our Company and members of their respective families. Any shares purchased by our

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directors and executive officers pursuant to our directed share program will be subject to the 180-day lock-up agreements described under above. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

### **Selling Restrictions**

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to this offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), from and including the date on which the European Union Prospectus Directive (the “EU Prospectus Directive”) was implemented in that Relevant Member State (the “Relevant Implementation Date”) an offer of securities described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of securities described in this prospectus may be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive, provided that no such offer of securities described in this prospectus shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression “EU Prospectus Directive” means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

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### *United Kingdom*

Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

### *Hong Kong*

The shares of common stock may not be offered or sold by means of any document other than: (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

### *Singapore*

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, (b) where no consideration is given for the transfer or (c) by operation of law.

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### *Japan*

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “Financial Instruments and Exchange Law”) and each underwriter has agreed that it will not offer or sell any shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### *Australia*

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (“Corporations Act”)) in relation to the common stock has been or will be lodged with the Australian Securities & Investments Commission (“ASIC”). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

- (i) a “sophisticated investor” under section 708(8)(a) or (b) of the Corporations Act;
- (ii) a “sophisticated investor” under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
- (iii) a person associated with the company under section 708(12) of the Corporations Act; or
- (iv) a “professional investor” within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and

(b) you warrant and agree that you will not offer any of the common stock for resale in Australia within 12 months of that common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

### *Switzerland*

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the shares of our common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (“FINMA”), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

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### ***Dubai International Financial Centre***

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

### **Relationships with Underwriters**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and our affiliates, including GE and GECC, for which they received or will receive customary fees and expenses.

The underwriters in this offering are also lenders under the New Bank Term Loan. We also expect that affiliates of each of the joint-book running managers of this offering will be the joint book-running managers of the Planned Debt Offering, and that certain other underwriters in this offering will also participate in the Planned Debt Offering.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) of ours and/or our affiliates, including GE and GECC. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **Pricing of the Offering**

Prior to this offering, there has been no public market for shares of our common stock. The initial public offering price will be determined by negotiations among us and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price will be our future prospects and our industry in general, our net interest income and net earnings, and certain of our other financial operating information in recent periods, and the price-earnings ratios, price-to-book-value ratios, market prices of comparable companies and certain financial and operating information of companies engaged in activities similar to us. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. Neither we nor the underwriters can assure investors that an active trading market will develop for our common stock, or that the shares will trade in the public market at or above the initial public offering price.

## LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Weil, Gotshal & Manges LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Davis Polk & Wardwell LLP, New York, New York.

## EXPERTS

The combined financial statements for Synchrony Financial and combined affiliates at December 31, 2013 and 2012, and for each of the years in the three-year period ended December 31, 2013 have been included herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

## ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 with respect to the common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits that are part of the registration statement. For further information with respect to us and our common stock, reference is made to the registration statement and exhibits thereto. You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. Our SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information are available for inspection and copying at the SEC's public reference rooms and the website of the SEC referred to above.

Neither we nor any of the underwriters has authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we may have referred you in connection with this offering. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

Neither we nor any of the underwriters is making an offer to sell or seeking offers to buy these securities in any jurisdiction where or to any person to whom the offer or sale is not permitted. The information in this prospectus is accurate only as of the date on the front cover of this prospectus and the information in any free writing prospectus that we may provide you in connection with this offering is accurate only as of the date of that free writing prospectus. Our business, financial condition, results of operations and future growth prospects may have changed since those dates.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors of  
Synchrony Financial:

We have audited the accompanying Combined Statements of Financial Position of Synchrony Financial and combined affiliates (“Synchrony”) as of December 31, 2013 and 2012, and the related Combined Statements of Earnings, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended December 31, 2013. These combined financial statements are the responsibility of Synchrony’s management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Synchrony as of December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Stamford, Connecticut  
March 12, 2014

[Table of Contents](#)**Synchrony Financial and combined affiliates****Combined Statements of Earnings***For the years ended December 31 (\$ in millions)*

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Interest income:</b>			
Interest and fees on loans (Note 5)	\$11,295	\$10,300	\$ 9,134
Interest on investment securities	18	9	7
Total interest income	<u>11,313</u>	<u>10,309</u>	<u>9,141</u>
<b>Interest expense:</b>			
Interest on deposits	374	362	351
Interest on borrowings of consolidated securitization entities	211	228	248
Interest on related party debt (Note 14)	157	155	333
Total interest expense	<u>742</u>	<u>745</u>	<u>932</u>
Net interest income	10,571	9,564	8,209
Retailer share arrangements	<u>(2,373)</u>	<u>(1,984)</u>	<u>(1,428)</u>
Net interest income, after retailer share arrangements	8,198	7,580	6,781
Provision for loan losses (Note 5)	<u>3,072</u>	<u>2,565</u>	<u>2,258</u>
Net interest income, after retailer share arrangements and provision for loan losses	<u>5,126</u>	<u>5,015</u>	<u>4,523</u>
<b>Other income:</b>			
Interchange revenue	324	287	235
Debt cancellation fees	324	309	319
Loyalty programs	(213)	(199)	(198)
Other	65	87	141
Total other income	<u>500</u>	<u>484</u>	<u>497</u>
<b>Other expense:</b>			
Employee costs	698	620	596
Professional fees	486	451	432
Marketing and business development	269	208	221
Information processing	193	165	157
Other	838	679	604
Total other expense	<u>2,484</u>	<u>2,123</u>	<u>2,010</u>
<b>Earnings before provision for income taxes</b>	3,142	3,376	3,010
Provision for income taxes (Note 13)	<u>(1,163)</u>	<u>(1,257)</u>	<u>(1,120)</u>
<b>Net earnings</b>	<u>\$ 1,979</u>	<u>\$ 2,119</u>	<u>\$ 1,890</u>

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Combined Statements of Comprehensive Income**

*For the years ended December 31 (\$ in millions)*

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net earnings	<u>\$1,979</u>	<u>\$2,119</u>	<u>\$1,890</u>
Other comprehensive income (loss)			
Investment securities	(10)	2	3
Currency translation adjustments	(4)	2	35
Other	(1)	—	1
Other comprehensive income (loss)	<u>(15)</u>	<u>4</u>	<u>39</u>
Comprehensive income	<u>\$1,964</u>	<u>\$2,123</u>	<u>\$1,929</u>

Amounts presented net of taxes.

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Combined Statements of Financial Position**

At December 31 (\$ in millions)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and equivalents	\$ 2,319	\$ 1,334
Investment securities (Note 4)	236	193
Loan receivables: (Notes 5 and 6)		
Unsecuritized loans held for investment	31,183	26,938
Restricted loans of consolidated securitization entities	<u>26,071</u>	<u>25,375</u>
Total loan receivables	57,254	52,313
Less: Allowance for loan losses	<u>(2,892)</u>	<u>(2,274)</u>
Loan receivables, net	54,362	50,039
Goodwill (Note 7)	949	936
Intangible assets, net (Note 7)	300	255
Other assets(a)	919	705
Total assets	<u>\$59,085</u>	<u>\$53,462</u>
<b>Liabilities and Equity</b>		
Deposits: (Note 8)		
Interest bearing deposit accounts	\$25,360	\$18,398
Non-interest bearing deposit accounts	359	406
Total deposits	<u>25,719</u>	<u>18,804</u>
Borrowings: (Notes 6 and 8)		
Borrowings of consolidated securitization entities	15,362	17,208
Related party debt (Note 14)	<u>8,959</u>	<u>10,607</u>
Total borrowings	24,321	27,815
Accrued expenses and other liabilities	<u>3,085</u>	<u>2,261</u>
Total liabilities	<u>\$53,125</u>	<u>\$48,880</u>
Equity:		
Parent's net investment	\$ 5,973	\$ 4,580
Accumulated other comprehensive income:		
Investment securities	(9)	1
Currency translation adjustments	(3)	1
Other	(1)	—
Total equity	<u>5,960</u>	<u>4,582</u>
Total liabilities and equity	<u>\$59,085</u>	<u>\$53,462</u>

(a) Other assets include restricted cash of \$76 million and \$56 million at December 31, 2013 and 2012, respectively.

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Combined Statements of Changes in Equity**

<i>(\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Beginning balance at January 1	\$4,582	\$ 4,328	\$ 4,306
Increases from net earnings	1,979	2,119	1,890
Change in Parent's net investment	(586)	(1,869)	(1,907)
Other comprehensive income (loss)	(15)	4	39
Total equity balance at December 31	<u>\$5,960</u>	<u>\$ 4,582</u>	<u>\$ 4,328</u>

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Combined Statements of Cash Flows**

*For the years ended December 31 (\$ in millions)*

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows—operating activities</b>			
Net earnings	\$ 1,979	\$ 2,119	\$ 1,890
Adjustments to reconcile net earnings to cash provided from operating activities			
Provision for loan losses	3,072	2,565	2,258
Deferred income taxes	(237)	(18)	128
Depreciation and amortization	104	83	96
Increase in interest and fee receivable	(152)	(541)	(392)
Decrease in other assets	40	1,180	1,045
Increase in accrued expenses and other liabilities	810	189	561
All other operating activities	63	60	(70)
<b>Cash from operating activities</b>	<u>5,679</u>	<u>5,637</u>	<u>5,516</u>
<b>Cash flows—investing activities</b>			
Maturity and redemption of investment securities	40	40	17
Purchases of investment securities	(100)	(31)	(94)
Acquisitions of loan receivables	(206)	(815)	(822)
Net cash from principal business purchased (Note 3)	6,393	—	—
Net (increase) decrease in restricted cash	(20)	(17)	48
Net increase in loans held for investment	(7,355)	(5,902)	(5,666)
Proceeds from sale of loan receivables	289	379	1,810
Proceeds from sale of business	—	—	1,378
Proceeds from sale of discontinued business	—	—	1,775
All other investing activities	(107)	(106)	(16)
<b>Cash used for investing activities</b>	<u>(1,066)</u>	<u>(6,452)</u>	<u>(1,570)</u>
<b>Cash flows—financing activities</b>			
Increase in borrowings of consolidated securitization entities			
Proceeds from issuance of securitized debt	866	7,799	3,958
Maturities and repayment of securitized debt	(2,708)	(4,775)	(2,599)
Net decrease in related party debt	(1,649)	(1,099)	(6,405)
Net increase in deposits	481	972	4,034
Net transfers to Parent	(586)	(1,869)	(1,907)
All other financing activities	(32)	(66)	(59)
<b>Cash (used for) from financing activities</b>	<u>(3,628)</u>	<u>962</u>	<u>(2,978)</u>
<b>Increase in cash and equivalents</b>	985	147	968
Cash and equivalents at beginning of year	1,334	1,187	219
<b>Cash and equivalents at end of year</b>	<u>\$ 2,319</u>	<u>\$ 1,334</u>	<u>\$ 1,187</u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid during the year for interest <sup>(a)</sup>	\$ (729)	\$ (736)	\$ (930)
Cash paid during the year for income taxes	(1,183)	(228)	(101)

(a) Assumes all interest expense accrued on related party debt was paid during the year.

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Notes to Combined Financial Statements**

**NOTE 1. FORMATION OF THE COMPANY**

Synchrony Financial (the “Company”) provides a range of credit products through programs it has established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers. The Company is a holding company for the legal entities that historically conducted General Electric Company’s (“GE”) North American retail finance business. The Company was incorporated in Delaware on September 12, 2003, but prior to April 1, 2013, conducted no business. During the period from April 1, 2013 to September 30, 2013, substantially all of the assets and operations of GE’s North American retail finance business, including GE Capital Retail Bank (the “Bank”), were transferred to the Company. The remaining assets and operations of that business have been or will be transferred to the Company prior to the completion of the Company’s proposed initial public offering of its common stock (the “IPO”).

On April 1, 2013, the Company became the new parent holding company of the Bank as a result of a contribution of the Bank’s shares by its immediate parent company, GE Consumer Finance, Inc. (“GECFI”). Between April 1, 2013 and October 15, 2013, (i) GECFI contributed the stock of RFS Holding, Inc., GEC RF Global Services Philippines, Inc. and Retail Finance International Holdings, Inc. to the Company, (ii) the Company formed Retail Finance Credit Services LLC and Retail Finance Servicing LLC and (iii) the Company and its subsidiaries acquired from affiliates of GE their interests in CareCredit LLC, GE Global Servicing Private Limited, as well as certain receivables and other tangible and intangible assets related to the North American retail finance business. Our financial statements combine all of the Company’s subsidiaries and certain accounts of other GECC subsidiaries that were historically managed as part of the Company’s business.

The Company was originally incorporated under the name “GESF-E Inc.,” and has changed its name several times, most recently in March 2014 to Synchrony Financial. References to the Company, “we,” “us” and “our” are to Synchrony Financial and its combined subsidiaries unless the context otherwise requires.

The Company currently is wholly-owned by GECFI, which is wholly-owned by General Electric Capital Corporation (“GECC”), and all of the common stock of GECC in turn is owned by GE.

**NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Principles**

The accompanying combined financial statements were prepared in conformity with U.S. generally accepted accounting principles (“GAAP”).

**Basis of Presentation**

The accompanying combined financial statements were prepared in connection with the proposed IPO. These financial statements present the combined results of operations, financial condition and cash flows of the Company, which is under the control of GECC. The Combined Statements of Earnings reflect intercompany expense allocations made to us by GE and GECC for certain corporate functions and for shared services historically provided by GE and GECC. Where possible, these allocations were made on a specific identification basis, and in other cases these expenses were allocated by GE and GECC based on relative percentages of net operating costs or some other basis depending on the nature of the allocated cost. See Note 14. *Related Party Transactions and Parent’s Net Investment* for further information on expenses allocated by GE and GECC.

The historical financial results in the combined financial statements presented may not be indicative of the results that would have been achieved had we operated as a separate, stand-alone entity during those periods. The

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combined financial statements presented do not reflect any changes that may occur in our financing and operations in connection with or as a result of the IPO. Management has not provided an estimate of the costs that would have been incurred had the Company been independent of GE and GECC because it is impracticable to do so. We believe that the combined financial statements include all adjustments necessary for a fair presentation of the business. Unless otherwise indicated, information in these combined financial statements relates to continuing operations.

We conduct our operations within the United States and Canada. Substantially all of our revenues are from U.S. customers. The operating activities conducted by our non-U.S. affiliates use the local currency as their functional currency. The effects of translating the financial statements of these non-U.S. affiliates to U.S. dollars are included in equity. Asset and liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the respective periods.

Preparing financial statements in conformity with U.S. GAAP requires us to make estimates based on assumptions about current, and for some estimates future, economic and market conditions (for example, unemployment, housing, interest rates and market liquidity) which affect reported amounts and related disclosures in our combined financial statements. Although our current estimates contemplate current conditions and how we expect them to change in the future, as appropriate, it is reasonably possible that actual conditions could be different than anticipated in those estimates, which could materially affect our results of operations and financial position. Among other effects, such changes could result in future impairments of investment securities, goodwill, intangible assets and long-lived assets, incremental losses on loan receivables, increases in reserves for contingencies, establishment of valuation allowances on deferred tax assets and increased tax liabilities.

### **Combined Financial Statements**

Our financial statements combine all of our subsidiaries (i.e., entities in which we have a controlling financial interest (typically because we hold a majority voting interest)) and certain accounts of GECC and its subsidiaries that were historically managed as part of our business.

To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity (“VIE”) model to the entity, otherwise the entity is evaluated under the voting interest model. Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance (“power”) combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses (“significant economics”), we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. We consolidate certain securitization entities under the VIE model because we have both power and significant economics. See Note 6. *Variable Interest Entities*.

### **Segment Reporting**

We conduct our operations through a single business segment. Pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 280, *Segment Reporting*, operating segments represent components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in determining how to allocate resources and in assessing performance. The chief operating decision maker uses a variety of measures to assess the performance of the business as a whole, depending on the nature of the activity. Revenue activities are managed through three sales platforms (Retail Card, Payment Solutions and CareCredit). Those platforms are organized by the types of partners we work with to reach our customers, with success principally measured based on revenues, new accounts and other cardholder sales metrics. Detailed profitability information of the nature that could be used to allocate resources and assess the performance and operations for each sales platform individually, however, is not used by our chief operating decision maker. Expense activities, including funding costs, loan losses and operating expenses, are not measured for each platform but instead are managed for the Company as a whole.

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### **Cash and Equivalents**

Debt securities, money market instruments and bank deposits with original maturities of three months or less are included in cash equivalents unless designated as available-for-sale and classified as investment securities.

### **Restricted Cash**

Restricted cash represents cash and equivalents that are not available to us due to restrictions related to its use. The Bank is required to maintain reserves against its deposit liabilities in the form of vault cash and/or balances with the Federal Reserve Bank. In addition, under certain circumstances, our securitization entities are required to fund segregated accounts that may only be used for certain purposes, including repayment of maturing debt. We include our restricted cash in other assets in our Combined Statements of Financial Position.

### **Investment Securities**

We report investments in debt and marketable equity securities at fair value. See Note 9, *Fair Value Measurements* for further information on fair value. Unrealized gains and losses on these investment securities, which are classified as available-for-sale, are included in equity, net of applicable taxes. We regularly review investment securities for impairment using both quantitative and qualitative criteria.

For debt securities, if we do not intend to sell the security or it is not more likely than not that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether we do not expect to recover the amortized cost basis of the security, such as the financial health of and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. We also evaluate quantitative criteria including determining whether there has been an adverse change in expected future cash flows. If we do not expect to recover the entire amortized cost basis of the security, we consider the security to be other-than-temporarily impaired, and we record the difference between the security's amortized cost basis and its recoverable amount in earnings and the difference between the security's recoverable amount and fair value in other comprehensive income. If we intend to sell the security or it is more likely than not we will be required to sell the security before recovery of its amortized cost basis, the security is also considered other-than-temporarily impaired and we recognize the entire difference between the security's amortized cost basis and its fair value in earnings. For equity securities, we consider the length of time and magnitude of the amount that each security is in an unrealized loss position. If we do not expect to recover the entire amortized cost basis of the security, we consider the security to be other-than-temporarily impaired, and we record the difference between the security's amortized cost basis and its fair value in earnings.

Realized gains and losses are accounted for on the specific identification method.

### **Loan Receivables**

Loan receivables primarily consist of open-end consumer revolving credit card accounts, closed-end consumer installment loans, and open-end commercial revolving credit card accounts. Loan receivables are reported at the amounts due from customers, including unpaid interest and fees.

### **Allowance for Loan Losses**

Losses on loan receivables are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. The method for calculating the best estimate of probable losses takes into account our historical experience adjusted for current conditions with each product and customer type and our judgment concerning the probable effects of relevant observable data, trends and market factors.

We evaluate each portfolio for impairment quarterly. For credit card receivables, our estimation process includes analysis of historical data, and there is a significant amount of judgment applied in selecting inputs and analyzing

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the results produced by the models to determine the allowance. We use a migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. The migration analysis considers uncollectible principal, interest and fees reflected in the loan receivables. We use other analyses to estimate losses incurred on non-delinquent accounts. The considerations in these analyses include past performance, risk management techniques applied to various accounts, historical behavior of different account vintages, current economic conditions, recent trends in delinquencies, bankruptcy filings, account collection management, policy changes, account seasoning, loan volume and amounts, payment rates, forecasting uncertainties, and a qualitative assessment of the adequacy of the allowance for losses, which compares this allowance for losses to projected net charge-offs over the next twelve months, in a manner consistent with regulatory guidance. We regularly review our collection experience (including delinquencies and net charge-offs) in determining our allowance for loan losses. We also consider our historical loss experience to date based on actual defaulted loans and overall portfolio indicators including delinquent and non-accrual loans, trends in loan volume and lending terms, credit policies and other observable environmental factors such as unemployment and home price indices.

The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current conditions and are subject to the regulatory examination process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible that we will experience credit losses that are different from our current estimates. Charge-offs are deducted from the allowance for losses when we judge the principal to be uncollectible and subsequent recoveries are added to the allowance at the time cash is received on a charged-off account.

Delinquent receivables are those that are 30 days or more past due based on their contractual payments. "Non-accrual" loan receivables are those on which we have stopped accruing interest. We continue to accrue interest until the earlier of the time at which collection of an account becomes doubtful or the account becomes 180 days past due, with the exception of non-credit card accounts, for which we stop accruing interest in the period that the account becomes 90 days past due.

Beginning in the fourth quarter of 2013, we revised our methods of classifying loan receivables as non-accrual to more closely align with regulatory guidance. As a result we continue to accrue interest on credit card balances until they reach 180 days past due. Previously, we stopped accruing interest on credit cards when the accounts became 90 days past due. As a result of this revision, credit card receivables of \$949 million that were previously classified as non-accrual were returned to accrual status in the fourth quarter of 2013. This revision did not have a material effect on earnings for the year ended December 31, 2013.

"Impaired" loans represent restructured loans for which it is probable that we will be unable to collect all amounts due according to the original contractual terms of the loan agreement and meeting the definition of a troubled debt restructuring ("TDR"). TDRs are those loans for which we have granted a concession to a borrower experiencing financial difficulties where we do not receive adequate compensation.

The same loan receivable may meet more than one of the definitions above. Accordingly, these categories are not mutually exclusive and it is possible for a particular loan to meet the definitions of a TDR, impaired loan and non-accrual loan and be included in each of these categories. The categorization of a particular loan also may not be indicative of the potential for loss.

### *Loan Modifications and Restructurings*

Our loss mitigation strategy is intended to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions or other actions, which may cause the related loan to be classified as a TDR and also as impaired. We utilize short-term (3 to 12 months) or long term (12 to 60 months) modification programs to borrowers experiencing financial difficulty as a loss mitigation strategy to improve long-term collectability of the loans that are classified as TDRs. For our credit card customers, the short term program primarily consists of a reduced minimum payment and an interest rate reduction, both lasting for a period no longer than 12 months. The long term program involves changing the structure of the loan to a fixed payment loan with a maturity no longer

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than 60 months and reducing the interest rate on the loan. The long term program does not normally provide for the forgiveness of unpaid principal, but may allow for the reversal of certain unpaid interest or fee assessments. We also make loan modifications for customers who request financial assistance through external sources, such as a consumer credit counseling agency program. The loans that are modified typically receive a reduced interest rate but continue to be subject to the original minimum payment terms and do not normally include waiver of unpaid principal, interest or fees. The determination of whether these changes to the terms and conditions meet the TDR criteria includes our consideration of all relevant facts and circumstances. See Note 5. *Loan Receivables and Allowance for Loan Losses* for additional information on our loan modifications and restructurings.

Our allowance for loan losses on TDRs is generally measured based on the difference between the recorded loan receivable and the present value of the expected future cash flows, discounted at the original effective interest rate of the loan. If the loan is collateral dependent, we measure impairment based upon the fair value of the underlying collateral less estimated selling costs.

Data related to redefault experience is also considered in our overall reserve adequacy review. Once the loan has been modified, it returns to current status (re-aged) only after three consecutive minimum monthly payments are received post modification date, subject to a re-aging limitation of once a year, or twice in a five-year period in accordance with the Federal Financial Institutions Examination Council (“FFIEC”) guidelines on Uniform Retail Credit Classification and Account Management policy issued in June 2000. We believe that the allowance for loan losses would not be materially different had we not re-aged these accounts.

### *Charge-Offs*

Net charge-offs consist of the unpaid principal balance of loans held for investment that we determine are uncollectible, net of recovered amounts. We exclude accrued and unpaid finance charges, fees and third party fraud losses from charge-offs. Charged-off and recovered accrued and unpaid finance charges and fees are included in interest and fees on loans while fraud losses are included in other expense. Charge-offs are recorded as a reduction to the allowance for loan losses and subsequent recoveries of previously charged-off amounts are credited to the allowance for loan losses. Costs incurred to recover charged-off loans are recorded as collection expense and are included in other expense in our Combined Statements of Earnings.

We charge-off unsecured closed-end consumer installment loans and loans secured by collateral when they are 120 days contractually past due and unsecured open-ended revolving loans at 180 days contractually past due. Unsecured consumer loans in bankruptcy are charged-off within 60 days of notification of filing by the bankruptcy court or within contractual charge-off periods, whichever occurs earlier. Credit card loans of deceased account holders are charged-off within 60 days of receipt of notification.

### **Goodwill and Intangible Assets**

We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is defined under GAAP as the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. Our operating segment comprises a single reporting unit, based on the level at which segment management regularly reviews and measures the business operating results.

Goodwill impairment risk is first assessed under FASB Accounting Standards Update (“ASU”) No. 2011-08, *Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment* by performing a qualitative review of entity-specific, industry, market and general economic factors for our reporting unit. If potential goodwill impairment risk exists that indicates that it is more likely than not that the carrying value of our reporting unit exceeds its fair value, we apply a two-step quantitative test. The first step compares the reporting unit’s estimated fair value with its carrying value. If the carrying value of our reporting unit’s net assets exceeds its fair value, the second step is applied to measure the difference between the carrying value and implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, the goodwill is considered

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impaired and reduced to its implied fair value. The qualitative assessment for each period presented in the combined financial statements was performed without hindsight, assuming only factors and market conditions existing as of those dates, and resulted in no potential goodwill impairment risk for our reporting unit. Consequently, goodwill was not deemed to be impaired for any of the periods presented.

Definite-lived intangible assets principally consist of customer-related assets including contract acquisitions and purchased credit card relationships. These assets are amortized over their estimated useful lives and evaluated for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The evaluation compares the cash inflows expected to be generated from each intangible asset to its carrying value. If cash flows attributable to the intangible asset are less than the carrying value, the asset is considered impaired and written down to its estimated fair value. No impairments of definite-lived intangible assets have been recognized in the periods presented in the combined financial statements.

### **Revenue Recognition**

#### *Interest and Fees on Loans*

We use the effective interest method to recognize income on loans. Interest on loans is comprised largely of interest and late fees on credit card and other loans. Interest income is recognized based upon the amount of loans outstanding and their contractual interest rate. Late fees are recognized when billable to the customer. We continue to accrue interest and fees on credit cards until the accounts are charged-off in the period the account becomes 180 days past due. For non-credit card loans, we stop accruing interest and fees when the account becomes 90 days past due. Previously recognized interest income that was accrued but not collected from the customer is reversed. Although we stop accruing interest in advance of payments, we recognize interest income as cash is collected when appropriate, provided the amount does not exceed that which would have been earned at the historical effective interest rate; otherwise, payments received are applied to reduce the principal balance of the loan.

We resume accruing interest on non-credit card loans when the customer's account is less than 90 days past due and collection of such amounts is probable. Interest accruals on modified loans that are not considered to be TDRs may return to current status (re-aged) only after receipt of at least three consecutive minimum monthly payments subject to a re-aging limitation of once a year, or twice in a five-year period.

Direct loan origination costs on credit card loans are deferred and amortized on a straight-line basis over a one-year period, or the life of the loan for other loan receivables, and are included in interest and fees on loans in our Combined Statements of Earnings. See Note 5. *Loan Receivables and Allowance for Loan Losses* for further detail.

Other loan fees including returned check, cash advance and other miscellaneous fees are recognized net of waivers and charge-offs when the related transaction or service is provided, and are included in other income in our Combined Statements of Earnings.

#### *Promotional Financing*

Loans originated with promotional financing may include deferred interest (interest accrues during a promotional period and becomes payable if the full purchase amount is not paid off during the promotional period), no interest (no interest accrues during a promotional period but begins to accrue thereafter on any outstanding amounts at the end of the promotional period) and reduced interest (interest accrues monthly at a promotional interest rate during the promotional period). For deferred interest financing, we bill interest to the borrower, retroactive to the inception of the loan, if the loan is not repaid prior to the specified date. Income is recognized on such loans when it is billable. In almost all cases, our retail partner will pay an upfront fee or reimburse us to compensate us for all or part of the costs associated with providing the promotional financing. Upfront fees are deferred and accreted to income over the promotional period. Reimbursements are estimated and accrued as income over the promotional period.

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### *Purchased Loans*

Loans acquired by purchase are recorded at fair value, which incorporates our estimate at the acquisition date of the credit losses over the remaining life of the acquired loans. As a result, the allowance for losses is not carried over at acquisition. For loans acquired with evidence of credit deterioration, the excess of cash flows expected at acquisition over the initial acquisition cost is recognized into interest income over their remaining lives using the effective interest method. Subsequent decreases to the expected cash flows for these loans require us to evaluate the need for an allowance for credit losses. Subsequent improvements in expected cash flows are recognized into interest income prospectively. For other acquired loans, the excess of contractually required cash flows over the initial acquisition cost is recognized into interest income over the remaining lives using the effective interest method. Subsequent increases in incurred losses for these loans require us to evaluate the need for an allowance for credit losses. Our evaluation of the amount of future cash flows expected to be collected is performed in a similar manner as that used to determine our allowance for loan losses.

### *Retailer Share Arrangements*

Most of our Retail Card program agreements and certain other program agreements contain retailer share arrangements that provide for payments to our partners if the economic performance of the program exceeds a contractually defined threshold. Although the share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. These thresholds and the economic performance of a program are based on, among other things, agreed upon measures of program expenses. On a quarterly basis, we make a judgment as to whether it is probable that the performance threshold will be met under a particular retail partner's retailer share arrangement. The current period's estimated contribution to that ultimate expected payment is recorded as a liability. To the extent facts and circumstances change and the cumulative probable payment for prior months has changed, a cumulative adjustment is made to align the retailer share arrangement liability balance with the amount considered probable of being paid relating to past periods.

### *Loyalty Programs*

Our loyalty programs are designed to generate increased purchase volume per customer while reinforcing the value of our credit cards and strengthening cardholder loyalty. These programs typically provide cardholders with rewards in the form of merchandise discounts that are earned by achieving a pre-set spending level on their private label or Dual Card. Other programs provide cash back or reward points, which are redeemable for a variety of products or awards. These programs are primarily in our Retail Card platform. We establish a rewards liability based on points and merchandise discounts earned that are ultimately expected to be redeemed and the average cost per point redemption. The rewards liability is included in accrued expenses and other liabilities in our Combined Statements of Financial Position. Cash rebates are earned based on a tiered percentage of purchase volume. As points and discounts are redeemed or cash rebates are issued, the rewards liability is relieved. The estimated cost of loyalty programs is classified as a reduction to other income in our Combined Statements of Earnings.

### *Fraud Losses*

We experience third party fraud losses from the unauthorized use of credit cards and when loans are obtained through fraudulent means. Transactions suspected of third party fraud are included as a charge within other expense in our Combined Statements of Earnings, after the investigation period has completed, net of recoveries.

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### **Income Taxes**

We are included in the consolidated U.S. federal and state income tax returns of GE, where applicable, but also file certain separate state and foreign income tax returns. The tax provision and current and deferred tax balances have been presented on a separate company basis as if we were a separate filer. The effects of tax adjustments and settlements from taxing authorities are presented in our financial statements in the period to which they relate as if we were a separate filer. Our current obligations for taxes are settled with our parent on an estimated basis and adjusted in later periods as appropriate and are reflected in our financial statements in the periods in which those settlements occur. We recognize the current and deferred tax consequences of all transactions that have been recognized in the financial statements using the provisions of the enacted tax laws. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax laws and rates that will be in effect when the differences are expected to reverse. We record valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. See Note 13. *Income Taxes* for additional detail.

### **Fair Value Measurements**

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

- Level 1— Quoted prices for identical instruments in active markets.
- Level 2— Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3— Significant inputs to the valuation model are unobservable.

We maintain policies and procedures to value instruments using the best and most relevant data available. In addition, we have risk management teams that review valuation, including independent price validation for certain instruments. We use non-binding broker quotes and other third-party pricing services as our primary basis for valuation when there is limited or no relevant market activity for a specific instrument or for other instruments that share similar characteristics. We have not adjusted prices we have obtained.

As is the case with our primary pricing vendor, third party brokers and other third party pricing services do not provide us access to their proprietary valuation models, inputs and assumptions. Accordingly, our risk management personnel conduct reviews of these brokers and services, as applicable, similar to the reviews performed of our primary pricing vendor. In addition, we conduct internal reviews of pricing for all investment securities on a quarterly basis to ensure reasonableness of valuations used in the combined financial statements. These reviews are designed to identify prices that appear stale, those that have changed significantly from prior valuations, and other anomalies that may indicate that a price may not be accurate. Based on the information available, we believe that the fair values provided by the primary pricing vendor, third party brokers and other third-party pricing services are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

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### *Recurring Fair Value Measurements*

Our investments in debt and equity securities are measured at fair value every reporting period on a recurring basis.

### *Non-Recurring Fair Value Measurements*

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an on-going basis but are subject to fair value adjustments only in certain circumstances. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs.

Repossessed assets and cost method investments are currently the only significant categories of assets which are accounted for at fair value on a non-recurring basis.

### *Financial Instruments Carried at Other than Fair Value*

The following paragraph describes the valuation methodologies we use to measure our financial instruments carried at other than fair value.

When available, we use observable market data, including pricing on recent closed market transactions, to value loan receivables that are included in Level 2. When this data is unobservable, we use valuation methodologies using current market interest rate data adjusted for inherent credit risk, and such loan receivables are included in Level 3. When appropriate, loan receivables may be valued using collateral values.

### **Accounting Changes**

On January 1, 2012, we adopted FASB ASU 2011-05, an amendment to ASC 220, *Comprehensive Income*. This ASU introduced a new statement, the Consolidated Statement of Comprehensive Income. The amendments affect only the display of those components of equity categorized as other comprehensive income and do not change existing recognition and measurement requirements that determine net earnings.

On January 1, 2012, we adopted FASB ASU 2011-04, an amendment to ASC 820, *Fair Value Measurements*. This ASU clarifies or changes the application of existing fair value measurements, including: (i) that the highest and best use valuation premise in a fair value measurement is relevant only when measuring the fair value of nonfinancial assets, (ii) that a reporting entity should measure the fair value of its own equity instrument from the perspective of a market participant that holds that instrument as an asset, (iii) to permit an entity to measure the fair value of certain financial instruments on a net basis rather than based on its gross exposure when the reporting entity manages its financial instruments on the basis of such net exposure, (iv) that in the absence of a Level 1 input, a reporting entity should apply premiums and discounts when market participants would do so when pricing the asset or liability consistent with the unit of account and (v) that premiums and discounts related to size as a characteristic of the reporting entity's holding are not permitted in a fair value measurement. Adopting these amendments had no effect on our combined financial statements.

On July 1, 2011, we adopted FASB ASU 2011-02, an amendment to ASC 310, *Receivables*. This ASU provides guidance for determining whether the restructuring of a debt constitutes a TDR and requires that such actions be classified as a TDR when there is both a concession and the debtor is experiencing financial difficulties. The amendment also clarifies guidance on a creditor's evaluation of whether it has granted a concession. The amendment applies to restructurings that have occurred subsequent to January 1, 2011. As a result of adopting these amendments on July 1, 2011, we have classified an additional \$218 million of financing receivables as TDRs and have recorded an increase of \$71 million to our allowance for losses on financing receivables. See Note 5. *Loan Receivables and Allowance for Loan Losses*.

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**NOTE 3. ACQUISITIONS AND DISPOSITIONS**

*Acquisitions*

Effective January 11, 2013, we acquired the deposit business of MetLife Bank, N.A. in a transaction that was accounted for using the acquisition method of accounting. In exchange for assuming \$6,441 million of deposit liabilities we received assets that included \$6,393 million of cash, \$19 million of core deposit intangibles, \$8 million of other intangibles and \$8 million of deferred tax assets. The \$13 million excess of the fair value of the consideration conveyed to the seller over the fair value of the net assets acquired was recognized as goodwill. See Note 7. *Goodwill and Other Intangible Assets* for further detail pertaining to goodwill associated with this transaction. During 2013, we recognized interest expense on deposits and operating costs related to the acquired deposit taking operations of \$66 million and \$60 million, respectively. Comparable pro forma interest expense and operating costs prepared as if the acquisition occurred at the beginning of 2012 was deemed impracticable to produce because estimating such amounts would entail significant assumptions about management's intent during 2012 which cannot be independently substantiated, including assumptions of how our funding strategy would have incorporated the alternative sources of funding from the acquired deposit business and the associated costs of that strategy.

When we establish new relationships with retail partners we may also acquire the customer accounts for that partner's existing credit card financing programs. During the three years ended December 31, 2013, transactions where we have acquired significant receivable balances include: Phillips 66 (\$206 million, effective June 28, 2013), Toys "R" Us, Inc. (\$815 million, effective June 21, 2012), The TJX Companies, Inc. (\$328 million, effective June 15, 2011) and Ashley HomeStores, Ltd. (\$494 million, effective January 11, 2011).

*Dispositions*

In January 2011, we completed the sale of a credit card portfolio and certain related business operations and recorded a pre-tax gain of \$30 million. Cash proceeds of \$1,378 million were received in 2011 and are presented in our Combined Statements of Cash Flows as proceeds from the sale of business.

In January 2011, we completed the sale of the net assets of a recreational vehicle lending operation that had been discontinued in 2010. Cash proceeds of \$1,775 million were received in 2011 and therefore have been presented in our Combined Statements of Cash Flows as proceeds from sale of discontinued business. The sale had no effect on 2011 earnings as the net assets of the business were previously written down to the amount of the expected sale proceeds.

**NOTE 4. INVESTMENT SECURITIES**

All of our investment securities are classified as available-for-sale and are primarily held to comply with the Community Reinvestment Act ("CRA"). Our investment securities consist of the following:

<i>At December 31 (\$ in millions)</i>	2013				2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Debt								
State and municipal	\$ 53	\$ —	\$ (7)	\$ 46	\$ 42	\$ 1	\$ (4)	\$ 39
Residential mortgage-backed <sup>(a)</sup>	183	1	(9)	175	144	5	—	149
Equity	15	—	—	15	5	—	—	5
<b>Total</b>	<b>\$ 251</b>	<b>\$ 1</b>	<b>\$ (16)</b>	<b>\$ 236</b>	<b>\$ 191</b>	<b>\$ 6</b>	<b>\$ (4)</b>	<b>\$ 193</b>

(a) At December 31, 2013 and 2012 all of our residential mortgage-backed securities relate to securities issued by government-sponsored entities and are pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve Discount Window advances. All residential mortgage-backed securities are collateralized by U.S. mortgages.

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The following table presents the estimated fair values and gross unrealized losses of our available-for-sale investment securities:

<i>At December 31 (\$ in millions)</i>	<b>In loss position for</b>			
	<b>Less than 12 months</b>		<b>12 months or more</b>	
	<b>Estimated fair value</b>	<b>Gross unrealized losses</b>	<b>Estimated fair value</b>	<b>Gross unrealized losses</b>
<b>2013</b>				
Debt				
State and municipal	\$ 23	\$ (2)	\$ 20	\$ (5)
Residential mortgage-backed	127	(7)	20	(2)
Equity	14	—	—	—
Total	<u>\$ 164</u>	<u>\$ (9)</u>	<u>\$ 40</u>	<u>\$ (7)</u>
<b>2012</b>				
Debt				
State and municipal	\$ —	\$ —	\$ 21	\$ (4)
Residential mortgage-backed	25	—	—	—
Equity	1	—	—	—
Total	<u>\$ 26</u>	<u>\$ —</u>	<u>\$ 21</u>	<u>\$ (4)</u>

We regularly review investment securities for impairment using both qualitative and quantitative criteria. We presently do not intend to sell our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell these securities before recovery of our amortized cost. Our equity securities had gross unrealized losses of less than \$1 million at December 31, 2013 and 2012. We believe that these unrealized losses associated with our equity securities will be recovered within the foreseeable future.

There were no other-than-temporary impairments recognized for each of the three years ended December 31, 2013.

**Contractual Maturities of Investment in Available-for-Sale Debt Securities (Excluding Residential Mortgage-Backed Securities)**

<i>At December 31, 2013 (\$ in millions)</i>	<b>Amortized cost</b>	<b>Estimated fair value</b>
Due in		
Within one year	\$ —	\$ —
After one year through five years	\$ 1	\$ 1
After five years through ten years	\$ 1	\$ 1
After ten years	\$ 51	\$ 44

We expect actual maturities to differ from contractual maturities because borrowers have the right to prepay certain obligations.

There were insignificant realized gains recognized for each of the three years ended December 31, 2013.

Although we generally do not have the intent to sell any specific securities at the end of the period, in the ordinary course of managing our investment securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield, liquidity requirements and funding obligations.

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**NOTE 5. LOAN RECEIVABLES AND ALLOWANCE FOR LOAN LOSSES**

<i>At December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>
Credit cards	\$54,958	\$49,572
Consumer installment loans	965	1,424
Commercial credit products	1,317	1,307
Other	14	10
Total loan receivables, before allowance for losses <sup>(a)</sup>	<u>\$57,254</u>	<u>\$52,313</u>

(a) Total loan receivables include \$26,071 million and \$25,375 million of restricted loans of consolidated securitization entities at December 31, 2013 and 2012, respectively. See Note 6. *Variable Interest Entities* for further information on these restricted loans.

At December 31, 2013, loan receivables included deferred expense of \$8 million. At December 31, 2012, loan receivables were net of deferred income of \$42 million.

Loan receivables also included \$3 million and \$28 million at December 31, 2013 and 2012, respectively, relating to loans that had been acquired but have been subject to credit deterioration, above the original estimate, since origination.

**Allowance for Loan Losses**

<i>(\$ in millions)</i>	<u>Balance at January 1, 2013</u>	<u>Provision charged to operations</u>	<u>Other<sup>(a)</sup></u>	<u>Gross charge-offs<sup>(b)</sup></u>	<u>Recoveries<sup>(b)</sup></u>	<u>Balance at December 31, 2013</u>
Credit cards	\$ 2,174	\$ 2,970	\$ —	\$ (2,847)	\$ 530	\$ 2,827
Consumer installment loans	62	49	—	(111)	19	19
Commercial credit products	38	53	—	(53)	8	46
Other	—	—	—	—	—	—
<b>Total</b>	<u>\$ 2,274</u>	<u>\$ 3,072</u>	<u>\$ —</u>	<u>\$ (3,011)</u>	<u>\$ 557</u>	<u>\$ 2,892</u>

<i>(\$ in millions)</i>	<u>Balance at January 1, 2012</u>	<u>Provision charged to operations</u>	<u>Other<sup>(a)</sup></u>	<u>Gross charge-offs<sup>(b)</sup></u>	<u>Recoveries<sup>(b)</sup></u>	<u>Balance at December 31, 2012</u>
Credit cards	\$ 1,902	\$ 2,438	\$ —	\$ (2,680)	\$ 514	\$ 2,174
Consumer installment loans	113	54	—	(130)	25	62
Commercial credit products	37	69	—	(76)	8	38
Other	—	4	—	(4)	—	—
<b>Total</b>	<u>\$ 2,052</u>	<u>\$ 2,565</u>	<u>\$ —</u>	<u>\$ (2,890)</u>	<u>\$ 547</u>	<u>\$ 2,274</u>

<i>(\$ in millions)</i>	<u>Balance at January 1, 2011</u>	<u>Provision charged to operations</u>	<u>Other<sup>(a)</sup></u>	<u>Gross charge-offs<sup>(b)</sup></u>	<u>Recoveries<sup>(b)</sup></u>	<u>Balance at December 31, 2011</u>
Credit cards	\$ 2,137	\$ 2,130	\$ (8)	\$ (2,850)	\$ 493	\$ 1,902
Consumer installment loans	176	54	—	(151)	34	113
Commercial credit products	49	74	—	(99)	13	37
Other	—	—	—	—	—	—
<b>Total</b>	<u>\$ 2,362</u>	<u>\$ 2,258</u>	<u>\$ (8)</u>	<u>\$ (3,100)</u>	<u>\$ 540</u>	<u>\$ 2,052</u>

(a) Other includes the effects of foreign currency exchange.

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- (b) Net charge-offs (gross charge-offs less recoveries) in certain portfolios may exceed the beginning allowance for loan losses as our revolving credit portfolios turn over more than once per year or, in all portfolios, can reflect losses that are incurred subsequent to the beginning of the year due to information becoming available during the year, which may identify further deterioration of existing loan receivables.

Information related to the delinquencies and net charge-offs in our loan portfolio, which excludes loans held for sale, is shown below by each class of loan receivables.

**Delinquent and Non-accrual Loans**

<i>At December 31, 2013 (\$ in millions)</i>	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing(a)	Total non-accruing(a)
Credit cards	\$ 1,327	\$ 1,105	\$ 2,432	\$ 1,105	\$ —
Consumer installment loans	12	2	14	—	2
Commercial credit products	28	14	42	14	—
Other	—	—	—	—	—
<b>Total delinquent loans</b>	<u>\$ 1,367</u>	<u>\$ 1,121</u>	<u>\$ 2,488</u>	<u>\$ 1,119</u>	<u>\$ 2</u>
Percentage of total loan receivables(b)	<u>2.4%</u>	<u>2.0%</u>	<u>4.3%</u>	<u>2.0%</u>	<u>0.0%</u>

<i>At December 31, 2012 (\$ in millions)</i>	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing(a)	Total non-accruing(a)
Credit cards	\$ 1,287	\$ 1,038	\$ 2,325	\$ 15	\$ 1,023
Consumer installment loans	21	4	25	—	4
Commercial credit products	31	15	46	—	15
Other	—	—	—	—	—
<b>Total delinquent loans</b>	<u>\$ 1,339</u>	<u>\$ 1,057</u>	<u>\$ 2,396</u>	<u>\$ 15</u>	<u>\$ 1,042</u>
Percentage of total loan receivables(b)	<u>2.6%</u>	<u>2.0%</u>	<u>4.6%</u>	<u>0.0%</u>	<u>2.0%</u>

- (a) Beginning in the fourth quarter of 2013 we revised our methods for classifying loan receivables as non-accrual to more closely align with regulatory guidance. As a result we continue to accrue interest on credit card balances until they reach 180 days past due. For further information see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*.

- (b) Percentages are calculated based on period end balances.

**Impaired Loans and Troubled Debt Restructurings**

Most of our non-accrual loan receivables are smaller balance loans evaluated collectively, by portfolio, for impairment and therefore are outside the scope of the disclosure requirements for impaired loans. Accordingly, impaired loans represent restructured smaller balance homogeneous loans meeting the definition of a TDR. We use certain loan modification programs for borrowers experiencing financial difficulties. These loan modification programs include interest rate reductions and payment deferrals in excess of three months, which were not part of the terms of the original contract.

We have both internal and external loan modification programs. The internal loan modification programs include both temporary and permanent programs. For our credit card customers, the temporary hardship program primarily consists of a reduced minimum payment and an interest rate reduction, both lasting for a period no

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longer than 12 months. The permanent workout program involves changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months and reducing the interest rate on the loan. The permanent program does not normally provide for the forgiveness of unpaid principal, but may allow for the reversal of certain unpaid interest or fee assessments. We also make loan modifications for customers who request financial assistance through external sources, such as a consumer credit counseling agency programs. These loans typically receive a reduced interest rate but continue to be subject to the original minimum payment terms and do not normally include waiver of unpaid principal, interest or fees. The following table provides information on loans that entered a loan modification program during the period:

<i>For the years ended December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>
Credit cards	\$506	\$565
Consumer installment loans	26	45
Commercial credit products	7	13
Other	—	—
<b>Total</b>	<u>\$539</u>	<u>\$623</u>

Loans classified as TDRs are recorded at their present value with impairment measured as the difference between the loan balance and the discounted present value of cash flows expected to be collected. Consistent with our measurement of impairment of modified loans on a collective basis, the discount rate used for credit card loans is the original effective interest rate. Interest income from loans accounted for as TDRs is accounted for in the same manner as other accruing loans.

The following table provides information about loans classified as TDRs and specific reserves. We do not evaluate credit card loans for impairment on an individual basis, but instead estimate an allowance for loan losses on a collective basis. As a result, there are no impaired loans for which there is no allowance.

<i>At December 31, 2013 (\$ in millions)</i>	<u>Total recorded investment</u>	<u>Related allowance</u>	<u>Net recorded investment</u>	<u>Unpaid principal balance</u>	<u>Average recorded investment</u>
Credit cards	\$ 799	\$ (246)	\$ 553	\$ 692	\$ 890
Consumer installment loans	—	—	—	—	—
Commercial credit products	12	(5)	7	12	12
<b>Total</b>	<u>\$ 811</u>	<u>\$ (251)</u>	<u>\$ 560</u>	<u>\$ 704</u>	<u>\$ 902</u>

<i>At December 31, 2012 (\$ in millions)</i>	<u>Total recorded investment</u>	<u>Related allowance</u>	<u>Net recorded investment</u>	<u>Unpaid principal balance</u>	<u>Average recorded investment</u>
Credit cards	\$ 852	\$ (268)	\$ 584	\$ 768	\$ 908
Consumer installment loans	62	(30)	32	62	80
Commercial credit products	5	(1)	4	5	5
<b>Total</b>	<u>\$ 919</u>	<u>\$ (299)</u>	<u>\$ 620</u>	<u>\$ 835</u>	<u>\$ 993</u>

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### Financial Effects of TDRs

As part of our loan modifications for borrowers experiencing financial difficulty, we may provide multiple concessions to minimize our economic loss and improve long-term loan performance and collectability. The following tables present the types and financial effects of loans modified and accounted for as TDRs during the period:

For the years ended December 31

	2013		2012		2011	
	Interest income recognized during period when loans were impaired	Interest income that would have been recorded with original terms	Interest income recognized during period when loans were impaired	Interest income that would have been recorded with original terms	Interest income recognized during period when loans were impaired	Interest income that would have been recorded with original terms
(\$ in millions)						
Credit cards	\$ 79	\$ 175	\$ 75	\$ 173	\$ 88	\$ 197
Consumer installment loans	1	3	1	4	1	6
Commercial credit products	1	2	1	3	1	4
<b>Total</b>	<b>\$ 81</b>	<b>\$ 180</b>	<b>\$ 77</b>	<b>\$ 180</b>	<b>\$ 90</b>	<b>\$ 207</b>

### Payment Defaults

The following table presents the type, number and amount of loans accounted for as TDRs that enrolled in a modification plan and experienced a payment default during the period. A customer defaults from a modification program after two consecutive missed payments.

For the years ended December 31 (\$ in millions)

	2013		2012		2011	
	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted
Credit cards	30,640	\$ 56	43,609	\$ 82	75,454	\$ 152
Consumer installment loans	98	3	129	4	226	7
Commercial credit products	42	—	95	—	227	1
<b>Total</b>	<b>30,780</b>	<b>\$ 59</b>	<b>43,833</b>	<b>\$ 86</b>	<b>75,907</b>	<b>\$ 160</b>

### Credit Quality Indicators

Our loan receivables portfolio includes both secured and unsecured loans. Secured loan receivables are largely comprised of consumer installment loans secured by equipment. Unsecured loan receivables are largely comprised of our open-ended revolving credit card and commercial loans. As part of our credit risk management activities, on an ongoing basis we assess overall credit quality by reviewing information related to the performance of a customer's account with us as well as information from credit bureaus, such as a Fair Isaac Corporation ("FICO") or other credit scores, relating to the customer's broader credit performance. FICO scores are generally obtained at origination of the account and are refreshed, at a minimum quarterly, but could be as often as weekly, to assist in predicting customer behavior. These credit scores are categorized into three credit score categories, including: (i) 671 or higher, which are considered the strongest credits, (ii) 626 to 670, considered moderate credit risk and (iii) 625 or less, which are considered weaker credits. There are certain customer accounts for which a FICO score is not available where we use alternative sources to assess their credit and predict behavior. The following table provides the most recent FICO scores available for our customers at December 31, 2013 and 2012, as a percentage of each class of loan receivable. The table below excludes 1.1%

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and 1.0% of our total loan receivables balance at December 31, 2013 and 2012 respectively, which represents those customer accounts for which a FICO score is not available.

At December 31

	2013			2012		
	671 or higher	626 to 670	625 or less	671 or higher	626 to 670	625 or less
Credit cards	66.2%	19.8%	14.0%	65.7%	19.1%	15.2%
Consumer installment loans	73.9%	15.6%	10.5%	70.4%	15.5%	14.1%
Commercial credit products	82.3%	9.5%	8.2%	83.4%	9.4%	7.2%

### Unfunded Lending Commitments

We manage the potential risk in credit commitments by limiting the total amount of credit, both by individual customer and in total, by monitoring the size and maturity of our portfolios and by applying the same credit standards for all of our credit products. Unused credit card lines available to our customers totaled \$277 billion and \$256 billion at December 31, 2013 and 2012, respectively. While these amounts represented the total available unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time.

### Interest Income by Product

The following table provides additional information about our interest and fees on loans from our loan receivables:

<i>For the years ended December 31 (\$ in millions)</i>	2013	2012	2011
Credit cards	\$11,015	\$ 9,967	\$8,720
Consumer installment loans	129	176	245
Commercial credit products	150	156	168
Other	1	1	1
<b>Total</b>	<b>\$11,295</b>	<b>\$10,300</b>	<b>\$9,134</b>

### NOTE 6. VARIABLE INTEREST ENTITIES

We use variable interest entities to securitize loans and arrange asset-backed financing in the ordinary course of business. Investors in these entities only have recourse to the assets owned by the entity and not to our general credit. We do not have implicit support arrangements with any VIE and we did not provide non-contractual support for previously transferred loan receivables to any VIE in 2013 or 2012. Our VIEs are able to accept new loan receivables and arrange new asset-backed financings, consistent with the requirements and limitations on such activities placed on the VIE by existing investors. Once an account has been designated to a VIE, the contractual arrangements we have require all existing and future loans originated under such account to be transferred to the VIE. The amount of loan receivables held by our VIEs in excess of the minimum amount required under the asset-backed financing arrangements with investors may be removed by us under random removal of accounts provisions. All loan receivables held by a VIE are subject to claims of third-party investors.

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

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In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, as well as any other contractual arrangements that might exist that could have potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.

We consolidate our VIEs because we have the power to direct the activities that significantly affect the VIEs economic performance, typically because of our role as either servicer or manager for the VIE. The power to direct exists because of our role in the design and conduct of the servicing of the VIE's assets as well as directing certain affairs of the VIE, including determining whether and on what terms debt of the VIE will be issued.

The loan receivables in these entities have risks and characteristics similar to our other financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to our other comparable loan receivables; however, the blended performance of the pools of receivables in these entities reflects the eligibility criteria that we apply to determine which receivables are selected for transfer. Contractually the cash flows from these financing receivables must first be used to pay third-party debt holders as well as other expense of the entity. Excess cash flows are available to us. The creditors of these entities have no claim on our other assets.

The table below summarizes the assets and liabilities of our consolidated securitization VIEs described above.

<i>At December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Loans receivables, net <sup>(a)</sup>	\$ 24,766	\$ 24,180
Other assets	20	29
Total	<u>\$ 24,786</u>	<u>\$ 24,209</u>
<b>Liabilities</b>		
Borrowings	\$ 15,362	\$ 17,208
Other liabilities	228	157
Total	<u>\$ 15,590</u>	<u>\$ 17,365</u>

(a) Includes \$1,305 million and \$1,195 million of related allowance for loan losses resulting in gross restricted loans of \$26,071 million and \$25,375 million for the years ending December 31, 2013 and 2012, respectively.

The balances presented above are net of intercompany balances and transactions that are eliminated in our combined financial statements.

We provide servicing to these VIEs and are contractually permitted to commingle cash collected from customers on loan receivables owned by the VIEs with our own cash prior to payment to a VIE, provided GECC's short-term credit rating does not fall below A-1/P-1. These VIEs also owe us amounts for purchased loan receivables and amounts due to us under the equity and other interests we have in the VIEs. At December 31, 2013 and 2012, the amounts of commingled cash owed to these VIEs were \$4,071 million and \$4,268 million, respectively, and the amounts owed to us by the VIEs were \$3,341 million and \$4,230 million, respectively.

Income (principally, interest and fees on loans) earned by our consolidated VIEs were \$5,301 million, \$4,839 million and \$4,223 million in 2013, 2012 and 2011, respectively. Related expenses consisted primarily of provisions for loan losses of \$1,219 million, \$1,334 million and \$1,125 million in 2013, 2012 and 2011,

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respectively, and interest expense of \$211 million, \$228 million and \$248 million in 2013, 2012 and 2011, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our combined financial statements.

**NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS**

**Goodwill**

<i>(\$ in millions)</i>	<b>2013</b>	<b>2012</b>
Balance at January 1	\$936	\$936
Acquisitions	13	—
Balance at December 31	<u>\$949</u>	<u>\$936</u>

The increase in goodwill during 2013 relates to the acquisition of the MetLife Bank, N.A deposit business. See Note 3. *Acquisitions and Dispositions*.

**Intangible Assets Subject to Amortization**

<i>At December 31 (\$ in millions)</i>	<b>2013</b>			<b>2012</b>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net</u>
Customer-related	\$ 586	\$ (312)	\$274	\$ 504	\$ (266)	\$238
Capitalized software	55	(29)	26	39	(22)	17
Total	<u>\$ 641</u>	<u>\$ (341)</u>	<u>\$300</u>	<u>\$ 543</u>	<u>\$ (288)</u>	<u>\$255</u>

During 2013, we recorded additions to intangible assets subject to amortization of \$128 million, primarily related to payments made to acquire customer relationships or extend retail partner relationships.

The components of definite-lived intangible assets acquired during 2013 and their respective weighted-average amortizable periods are: \$108 million—Customer-related (6 years) and \$9 million—Capitalized software (5 years) (excludes internally developed software of \$11 million).

Amortization expense related to intangible assets was \$83 million, \$68 million and \$71 million for the years ended December 31, 2013, 2012 and 2011, respectively, and is included in the line items Marketing and Business Development, and Other, within Other expense in our Combined Statements of Earnings. We estimate annual pre-tax amortization for existing intangible assets over the next five calendar years to be as follows: 2014 - \$77 million, 2015 - \$70 million, 2016 - \$61 million, 2017 - \$41 million and 2018 - \$17 million.

**NOTE 8. DEPOSITS AND BORROWINGS**

The tables below summarize the components of our deposits, borrowings of consolidated securitization entities and related party debt at December 31, 2013 and 2012. The amounts presented for outstanding borrowings include unamortized debt premiums and discounts.

<b>Deposits</b>	<b>2013</b>		<b>2012</b>	
	<u>Amount</u>	<u>Average rate (a)</u>	<u>Amount</u>	<u>Average rate (a)</u>
<i>At December 31 (\$ in millions)</i>				
Interest bearing deposits <sup>(b)(e)</sup>	\$25,360	1.7%	\$18,398	2.1%
Non-interest bearing deposits	359	—	406	—
Total deposits	<u>\$25,719</u>		<u>\$18,804</u>	

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Borrowings	Maturities	2013		2012	
		Amount	Average rate (a)	Amount	Average rate (a)
<i>At December 31 (\$ in millions)</i>					
Borrowings of consolidated securitization entities(c)	2014 - 2019	\$15,362	1.3%	\$17,208	1.5%
Related party debt(d)	2014 - 2017	8,959	1.7%	10,607	1.5%
Total borrowings		<u>\$24,321</u>		<u>\$27,815</u>	

## Liquidity

At December 31, 2013, interest-bearing time deposits and borrowings maturing over the next five years were as follows:

<i>(\$ in millions)</i>	2014	2015	2016	2017	2018
Deposits(f)	\$8,765	\$4,711	\$1,953	\$1,641	\$1,469
Borrowings of consolidated securitization entities(c)	\$5,143	\$5,279	\$1,144	\$1,834	\$ 800
Related party debt(d)	\$ 22	\$ 105	\$ —	\$ 68	\$ —

- (a) Based on interest expense for the year and average deposits and borrowings balances.
- (b) At December 31, 2013 and 2012, interest bearing deposits included \$5,695 million and \$447 million, respectively, which represented large denomination certificates of \$100,000 or more.
- (c) We securitize credit card receivables as an additional source of funding. During 2013 and 2012, we completed new debt issuances with proceeds of \$866 million and \$7,799 million, respectively. During 2013, we amended the terms of \$400 million of debt, primarily to extend maturities and revise terms to current market pricing. See Note 6. *Variable Interest Entities*.
- (d) At December 31, 2013 and 2012, \$195 million and \$391 million, respectively, of debt issued by one of our securitization entities was held by a GECC affiliate, of which \$22 million and \$136 million, respectively, was repayable within 12 months of the respective period end. The remaining balance of related party debt is classified as long-term debt on the basis that there are no stated repayment terms. See Note 14. *Related Party Transactions and Parent's Net Investment* for information about related party debt.
- (e) At December 31, 2013 and 2012, \$651 million and \$301 million, respectively, of deposits issued by the Bank were held by GECC and have been reflected as being held by our company and therefore eliminated in our combined financial statements in accordance with the basis of presentation described in Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*.
- (f) In addition to interest-bearing time deposits, at December 31, 2013 we had \$2,618 million of broker network deposit sweeps procured through a program arranger who channels brokerage account deposits to us. Unless extended, those contracts will terminate in 2014 and 2015, representing \$262 million and \$2,356 million, respectively.

In addition, the Bank is a party to two separate revolving credit agreements, each with a different lender, and each of which provides us with an unsecured revolving line of credit of up to \$500 million. GECC has guaranteed our payment obligations under these agreements. There were no borrowings under these agreements for the periods presented.

## NOTE 9. FAIR VALUE MEASUREMENTS

For a description of how we estimate fair value, see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*.

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The following tables present our assets and liabilities measured at fair value on a recurring basis. Included in the tables are debt and equity securities.

**Recurring Fair Value Measurements**

The following tables present our assets measured at fair value on a recurring basis.

<i>At December 31, 2013 (\$ in millions)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Investment securities				
Debt				
State and municipal	\$ —	\$ —	\$ 46	\$ 46
Residential mortgage-backed	—	175	—	175
Equity	15	—	—	15
<b>Total</b>	<u>\$ 15</u>	<u>\$ 175</u>	<u>\$ 46</u>	<u>\$236</u>

<i>At December 31, 2012 (\$ in millions)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Investment securities				
Debt				
State and municipal	\$ —	\$ —	\$ 39	\$ 39
Residential mortgage-backed	—	149	—	149
Equity	5	—	—	5
<b>Total</b>	<u>\$ 5</u>	<u>\$ 149</u>	<u>\$ 39</u>	<u>\$193</u>

For the years ended December 31, 2013 and 2012, there were no securities transferred between Level 1 and Level 2. At December 31, 2013 and 2012, we did not have any liabilities measured at fair value on a recurring basis.

The following tables present the changes in Level 3 instruments measured on a recurring basis for the years ended December 31, 2013 and 2012, respectively. All of our Level 3 balances consist of investment securities classified as available-for-sale with changes in fair value included in equity.

**Changes in Level 3 Instruments for the Year Ended December 31, 2013**

<i>(\$ in millions)</i>	Balance at January 1, 2013	Net realized/ unrealized gains (losses) included in earnings	Net realized/ unrealized gains (losses) included in accumulated other comprehensive income	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance at December 31, 2013	Net change in unrealized gains (losses) relating to instruments still held at December 31, 2013
Investment securities										
Debt										
State and municipal	\$ 39	\$ —	\$ (4)	\$ 16	\$ —	\$ (5)	\$ —	\$ —	\$ 46	\$ (4)
Residential mortgage-backed	—	—	—	—	—	—	—	—	—	—
Equity	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 39</u>	<u>\$ —</u>	<u>\$ (4)</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ (5)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 46</u>	<u>\$ (4)</u>

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**Changes in Level 3 Instruments for the Year Ended December 31, 2012**

<i>(\$ in millions)</i>	Balance at January 1, 2012	Net realized/unrealized gains (losses) included in earnings	Net realized/unrealized gains (losses) included in accumulated other comprehensive income	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance at December 31, 2012	Net change in unrealized gains (losses) relating to instruments still held at December 31, 2012
Investment securities										
Debt										
State and municipal	\$ 32	\$ —	\$ 4	\$ 4	—	\$ (1)	\$ —	\$ —	\$ 39	\$ 4
Residential mortgage-backed	—	—	—	—	—	—	—	—	—	—
Equity	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 32</b>	<b>\$ —</b>	<b>\$ 4</b>	<b>\$ 4</b>	<b>—</b>	<b>\$ (1)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 39</b>	<b>\$ 4</b>

**Non-Recurring Fair Value Measurements**

The following table represents non-recurring fair value amounts (as measured at the time of the adjustment) for those assets remeasured to fair value on a non-recurring basis during the year and held at December 31, 2013 and 2012. These assets can include repossessed assets and cost method investments that are written down to fair value when they are impaired. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. At December 31, 2013 we had an insignificant balance of loans held-for-sale which was remeasured at fair value on a non-recurring basis. At December 31, 2012, we had no loans held-for-sale.

<i>(\$ in millions)</i>	Remeasured during the years ended December 31,			
	2013		2012	
	Level 2	Level 3	Level 2	Level 3
Repossessed assets	\$ —	\$ 1	\$ —	\$ 2
Cost method investments	—	4	—	—
<b>Total</b>	<b>\$ —</b>	<b>\$ 5</b>	<b>\$ —</b>	<b>\$ 2</b>

The following table represents the fair value adjustments to assets measured at fair value on a non-recurring basis and held at December 31, 2013 and 2012.

<i>Years ended December 31 (\$ in millions)</i>	2013	2012
Repossessed assets	\$ (1)	\$ —
Cost method investments <sup>(a)</sup>	—	—
<b>Total</b>	<b>\$ (1)</b>	<b>\$ —</b>

(a) Adjustments relating to cost method investments were less than \$1 million for the year ended December 31, 2013.

**Level 3 Measurements**

Our Level 3 non-recurring fair value measurements include repossessed assets of \$1 million and \$2 million at December 31, 2013 and 2012, respectively, and cost method investments of \$4 million at December 31, 2013.

The significant unobservable inputs used to estimate the non-recurring fair value measurement of repossessed assets include recovery rates that are calculated as net repossessed asset sale proceeds divided by the unpaid principal balance. The range (weighted average) of these inputs for the year ended December 31, 2013 was 24% - 52% (51%) and for the year ended December 31, 2012 was 22% - 56% (53%).

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Cost method investments are valued based on the net asset value that represents the sum of individual portfolio investment values as reported by each investment fund.

Other Level 3 recurring fair value measurements include state and municipal debt instruments of \$46 million and \$39 million at December 31, 2013 and 2012, respectively, are valued using non-binding broker quotes or other third-party sources. For a description of our process to evaluate third-party pricing servicers, see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*.

**Financial Assets and Financial Liabilities Carried at Other than Fair Value**

<i>At December 31, 2013 (\$ in millions)</i>					
	<u>Carrying value</u>	<u>Corresponding fair value amount</u>			
		<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Financial Assets</b>					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents	\$ 2,319	\$ 2,319	\$2,319	\$ —	\$ —
Other assets <sup>(a)</sup>	\$ 76	\$ 76	\$ 76	\$ —	\$ —
Financial assets carried at other than fair value:					
Loan receivables, net	\$54,362	\$60,344	\$ —	\$ —	\$60,344
<b>Financial Liabilities</b>					
Financial liabilities carried at other than fair value:					
Deposits	\$25,719	\$25,994	\$ —	\$25,994	\$ —
Borrowings of consolidated securitization entities	\$15,362	\$15,308	\$ —	\$ 8,206	\$ 7,102
Related party debt <sup>(b)</sup>	\$ 8,959	\$ 209	\$ —	\$ 209	\$ —

<i>At December 31, 2012 (\$ in millions)</i>					
	<u>Carrying value</u>	<u>Corresponding fair value amount</u>			
		<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Financial Assets</b>					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents	\$ 1,334	\$ 1,334	\$1,334	\$ —	\$ —
Other assets <sup>(a)</sup>	\$ 56	\$ 56	\$ 56	\$ —	\$ —
Financial assets carried at other than fair value:					
Loan receivables, net	\$50,039	\$54,980	\$ —	\$ —	\$54,980
Cost method investments	\$ 3	\$ 4	\$ —	\$ —	\$ 4
<b>Financial Liabilities</b>					
Financial liabilities carried at other than fair value:					
Deposits	\$18,804	\$19,067	\$ —	\$19,067	\$ —
Borrowings of consolidated securitization entities	\$17,208	\$17,405	\$ —	\$ 9,279	\$ 8,126
Related party debt <sup>(b)</sup>	\$10,607	\$ 422	\$ —	\$ 422	\$ —

(a) This balance relates to restricted cash which is included in other assets.

(b) The fair value of the related party debt relates to the \$195 million and \$391 million at December 31, 2013 and 2012, respectively, of debt issued by one of our securitization entities which was held by a GECC affiliate. With respect to the remaining balance of related party debt, as there are no stated repayment terms or rates and the balance is an allocation of Parent's net investment, it is not meaningful to provide a corresponding fair value amount.

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The following is a description of how we estimate fair values of the financial assets and liabilities carried at other than fair value:

### **Loan receivables, net**

Loan receivables are recorded at historical cost, less reserves in our Combined Statements of Financial Position. In estimating the fair value for our loans we use a discounted future cash flow model. We use various inputs including estimated interest and fee income, payment rates, loss rates and discount rates (which consider current market interest rate data adjusted for credit risk and other factors) to estimate the fair values of loans.

### **Deposits**

For demand deposits with no defined maturity and fixed-maturity certificates of deposit with one year or less remaining to maturity, carrying value approximates fair value due to the potentially liquid nature of these deposits. For fixed-maturity certificates of deposit with remaining maturities of more than one year, fair values are estimated by discounting expected future cash flows using market rates currently offered for deposits with similar remaining maturities.

### **Borrowings**

Fair values of borrowings of consolidated securitization entities and related party debt issued by one of our securitization entities which was held by a GECC affiliate are based on valuation methodologies using current market interest rate data which are comparable to market quotes adjusted for our non-performance risk.

## **NOTE 10. REGULATORY AND CAPITAL ADEQUACY**

As a savings and loan holding company, we are subject to extensive regulation, supervision and examination by the Federal Reserve Board. The Bank is a federally chartered savings association. As such, the Bank is subject to extensive regulation, supervision and examination by the Office of the Comptroller of the Currency (“OCC”), which is its primary regulator, and by the Consumer Financial Protection Bureau (“CFPB”). In addition, the Bank, as an insured depository institution, is supervised by the Federal Deposit Insurance Corporation.

As a savings and loan holding company, we historically have not been required to maintain any specific amount of minimum capital. Beginning as early as 2015, however, we expect that we will be subject to capital requirements similar to those applicable to the Bank. These capital requirements have recently been substantially revised, including as a result of Basel III and the requirements of the Dodd-Frank Act. Moreover, these requirements are supplemented by outstanding regulatory proposals by the federal banking agencies, based on, and in addition to, changes recently adopted by the Basel Committee to increase the amount and scope of a supplemental leverage capital requirement that will be applicable to larger savings and loan holding companies, like GECC, by increasing the assets included in the denominator of the leverage ratio calculation.

When we become subject to capital requirements, we will also be required to conduct stress tests on an annual basis. Under the Federal Reserve Board’s stress test regulations, we will be required to utilize stress-testing methodologies providing for results under at least three different sets of conditions, including baseline, adverse and severely adverse conditions. In addition, as part of meeting our minimum capital requirements, we may be required to comply with the Federal Reserve Board’s Comprehensive Capital Analysis and Review (“CCAR”) process, or some modified version of the CCAR process, which would measure our minimum capital requirement levels under various stress scenarios. In connection with such a process, we may be required to develop for the Federal Reserve Board’s review and approval a capital plan that will include how we will meet our minimum capital requirements under specified stress scenarios.

Failure to meet minimum capital requirements can initiate certain mandatory and, possibly, additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our financial statements. Under capital adequacy guidelines, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank’s assets, liabilities, and certain off-balance-

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sheet items as calculated under regulatory accounting practices. The Bank’s capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined).

At December 31, 2013 and 2012, the Bank met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and leverage ratios as set forth in the following table. There are no conditions or events subsequent to that date that management believes have changed the Bank’s capital category.

The actual capital amounts and ratios and the required minimums of the Bank are as follows:

At December 31, 2013 (\$ in millions)	Actual		Minimum for capital adequacy purposes		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio(a)	Amount	Ratio	Amount	Ratio
Total risk-based capital	\$6,010	17.3%	\$ 2,784	8.0%	\$ 3,480	10.0%
Tier 1 risk-based capital	\$5,559	16.0%	\$ 1,392	4.0%	\$ 2,088	6.0%
Tier 1 leverage	\$5,559	14.9%	\$ 1,495	4.0%	\$ 1,869	5.0%

At December 31, 2012 (\$ in millions)	Actual		Minimum for capital adequacy purposes		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio(a)	Amount	Ratio	Amount	Ratio
Total risk-based capital	\$5,608	15.1%	\$ 2,980	8.0%	\$ 3,725	10.0%
Tier 1 risk-based capital	\$5,134	13.8%	\$ 1,490	4.0%	\$ 2,235	6.0%
Tier 1 leverage	\$5,134	17.2%	\$ 1,193	4.0%	\$ 1,492	5.0%

(a) Represent Basel I capital ratios calculated for the Bank.

The Bank may pay dividends on its stock, with consent or non-objection from the OCC and the Federal Reserve Board, if, among other things, its regulatory capital would not thereby be reduced below the amount then required by the applicable regulatory capital requirements. Throughout the three years ended December 31, 2013, the Bank met all regulatory capital adequacy requirements to which it was subject. Due to this restriction on the payment of dividends, we have included parent company financial statements in accordance with Regulation S-X of the SEC. See Note 15. *Parent Company Financial Information*.

**NOTE 11. EMPLOYEE BENEFIT PLANS**

Historically, we have reimbursed GE for benefits provided to our employees under various U.S. GE employee benefit plans, including costs associated with our participation in GE’s retirement plans (pension, retiree health and life insurance, and savings benefit plans) and active health and life insurance benefit plans.

Certain of our employees participate in GE’s primary retirement pension plan (the “GE Pension Plan”), a defined benefit pension plan. Our participation in that plan is accounted for as a participant in a multi-employer plan, and therefore, we record expense only to the extent that we are required to fund that plan. We have not been required to fund that plan, beyond the service costs for active participating employees. As such, we have not recorded any liability associated with our participation in this plan in our Combined Statements of Financial Position at December 31, 2013 and 2012.

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In addition to the GE Pension Plan, certain of our employees are also covered under the GE Supplementary Pension Plan and the GE Retirement Savings Plan. The GE Supplementary Pension Plan is a pension plan providing retirement benefits primarily to higher-level, long service U.S. employees. Our employees are also eligible to participate in the GE Retirement Savings Plan, a defined contribution savings plan that allows an employee to contribute a portion of their pay on a pre-tax basis. GE matches 50% of these contributions up to a maximum of 8% of the employee's pay. Employees who commence service after January 1, 2011, receive a non-elective contribution into this plan in lieu of participating in the GE Pension Plan.

We incurred expenses associated with these plans of \$124 million, \$107 million and \$107 million for the years ended December 31, 2013, 2012 and 2011, respectively.

### **NOTE 12. STOCK RELATED INFORMATION**

Certain of our employees have been granted GE stock options and restricted stock units ("RSUs") under GE's 2007 Long-Term Incentive Plan. Share requirements for all plans may be met by GE from either unissued or treasury shares of its stock. Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years. RSUs give the recipients the right to receive shares of GE stock upon the vesting of their related restrictions. Restrictions on RSUs vest in various increments and at various dates, beginning after one year from date of grant through grantee retirement. Each RSU is convertible into one share of GE stock. Although the plan permits GE to issue RSUs settleable in cash, GE has only issued RSUs settleable in shares of GE stock.

GE employees have routinely transferred employment between various GE subsidiaries, including to/from our company. Our combined financial statements include compensation expense related to these awards for the portion of an employee's vesting period that accrued during employment with us. The total compensation expense recorded for these awards was not material for all periods presented.

All unvested GE stock options that are held by our employees will vest as of the date GE ceases to own at least 50% of our outstanding common stock. At December 31, 2013, there was \$15 million of total unrecognized compensation cost related to non-vested stock options.

### **NOTE 13. INCOME TAXES**

We are included in the consolidated U.S. federal and state income tax returns of GE where applicable, but also file certain separate state and foreign income tax returns. The tax provision and current and deferred tax balances have been presented on a separate company basis as if we were a separate filer. We recognize the current and deferred tax consequences of all transactions that have been recognized in the financial statements using the provisions of the enacted tax laws. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax laws and rates that will be in effect when the differences are expected to reverse. We record valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized.

The following table summarizes earnings before provision for income taxes.

<i>For the years ended December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
U.S.	\$3,124	\$3,352	\$2,993
Non-U.S.	18	24	17
Earnings before provision for income taxes	<u>\$3,142</u>	<u>\$3,376</u>	<u>\$3,010</u>

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The significant components of the provision for income taxes included in the Combined Statements of Earnings were as follows for each of the years ended December 31, 2013, 2012 and 2011.

<i>(\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Current provision for income taxes</b>			
U.S. Federal	\$(1,280)	\$(1,152)	\$ (893)
Non-U.S.	(5)	(7)	(6)
U.S. state and local	(115)	(116)	(93)
Total current provision for income taxes	<u>(1,400)</u>	<u>(1,275)</u>	<u>(992)</u>
<b>Deferred benefit (provision) for income taxes from temporary differences</b>			
U.S. Federal	215	16	(120)
Non-U.S.	1	—	2
U.S. state and local	21	2	(10)
Deferred benefit (provision) for income taxes from temporary differences	<u>237</u>	<u>18</u>	<u>(128)</u>
Total provision for income taxes	<u><u>\$(1,163)</u></u>	<u><u>\$(1,257)</u></u>	<u><u>\$(1,120)</u></u>

Consistent with the provisions of ASC 740, *Income Taxes*, U.S. income taxes have not been provided on the undistributed earnings of certain non-U.S. subsidiaries, to the extent that such earnings have been reinvested abroad for an indefinite period of time. Based on our on-going review of the business requirements and capital needs of our non-U.S. subsidiaries, combined with the formation of specific strategies and steps taken to fulfill these requirements and needs, we have determined that the undistributed earnings of certain of our subsidiaries will be indefinitely reinvested to fund current and future growth of the related businesses. As management does not intend to use the earnings of these subsidiaries as a source of funding for its U.S. operations, such earnings will not be distributed to the U.S. The cumulative amounts of undistributed earnings with regards to which we have not provided U.S. income taxes were approximately \$20 million and \$16 million at December 31, 2013 and 2012 respectively. Any U.S. tax liability associated with these undistributed earnings would be immaterial to the financial statements.

The following table reconciles our effective tax rate to the U.S. federal statutory income tax rate:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
U.S. state and local income taxes, net of federal benefit	1.9	2.2	2.2
All other, net	<u>0.1</u>	<u>—</u>	<u>—</u>
Effective tax rate	<u><u>37.0%</u></u>	<u><u>37.2%</u></u>	<u><u>37.2%</u></u>

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax laws and rates that will be in effect when such differences are expected to reverse. Deferred tax assets are specific to the jurisdiction in which they arise, and are recognized subject to management's judgment that realization of those assets is "more likely than not." In making decisions regarding our ability to realize tax assets, we evaluate all positive and negative evidence, including projected future taxable income, taxable income in carryback periods, expected reversal of deferred tax liabilities and the implementation of available tax planning strategies.

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Significant components of our net deferred income taxes were as follows:

<i>At December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Loan losses	\$1,027	\$ 645
Reserves	34	38
Deferred expense	—	116
State and local income taxes, net of federal benefit	40	11
Other assets	55	24
Total deferred income tax assets	<u>1,156</u>	<u>834</u>
<b>Liabilities</b>		
Original issue discount	(508)	(454)
Deferred income	(2)	—
Goodwill and identifiable intangibles	(216)	(212)
Other liabilities	(22)	(2)
Total deferred income tax liabilities	<u>(748)</u>	<u>(668)</u>
Net deferred income tax assets	<u>\$ 408</u>	<u>\$ 166</u>

At December 31, 2013 and 2012, our unrecognized tax benefits, excluding related interest expense and penalties, were \$202 million and \$167 million respectively, of which \$131 million and \$110 million, respectively, if recognized, would reduce the annual effective rate. Included in the amount of unrecognized tax benefits are certain items that would not affect the effective tax rate if they were recognized in our Combined Statements of Earnings. These unrecognized items include the portion of gross state and local unrecognized tax benefits that would be offset by the benefit from associated U.S. federal income tax deductions. It is reasonably possible that the gross balance of unrecognized tax benefits may decrease by \$20 million within the next 12 months.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

<i>(\$ in millions)</i>	<u>2013</u>	<u>2012</u>
Balance at January 1	\$167	\$118
Additions for tax positions of the current year	59	56
Settlements with tax authorities	(4)	—
Expiration of the statute of limitations	(20)	(7)
Balance at December 31	<u>\$202</u>	<u>\$167</u>

We classify interest on tax deficiencies as interest expense and income tax penalties as provision for income taxes. For the years ended December 31, 2013, 2012 and 2011, \$5 million, \$3 million and \$2 million of interest expense related to income tax liabilities, respectively, and no penalties were recognized in our Combined Statements of Earnings. At December 31, 2013 and 2012, we had accrued \$17 million and \$12 million, respectively, for income tax related interest and penalties.

The Company is under continuous examination by the IRS and tax authorities for various states as part of their audit of GE's tax returns. During 2013, the IRS completed the audit of GE's consolidated U.S. income tax returns for 2008 and 2009, except for certain issues that remain under examination. During 2011, the IRS completed the audit of GE's consolidated U.S. income tax returns for 2006 and 2007, except for certain issues that remained under examination. At December 31, 2013, the IRS was auditing GE's consolidated U.S. income tax returns for 2010 and 2011. We are under examinations in various states as part of the GE filing group covering tax years 2006 to 2011 as part of the audit of GE's tax returns and in certain separate return states for tax years 2010 and 2011. We believe that there are no other jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial positions or cash flows. We further believe that we have made adequate provision for all income tax uncertainties that could result from such examinations.

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**NOTE 14. RELATED PARTY TRANSACTIONS AND PARENT'S NET INVESTMENT**

GE and its subsidiaries, including GECC, historically have provided a variety of services and funding to us. The costs and expenses related to these services and funding provided by GE include: (i) direct costs associated with services provided directly to us, (ii) indirect costs related to GE corporate overhead allocation and assessments and (iii) interest expense for related party debt. The following table sets forth our direct costs, indirect costs, and interest expenses related to services and funding provided by GE for the periods indicated.

<i>For the years ended December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Direct costs(a)	\$207	\$184	\$181
Indirect costs(a)	230	206	183
Interest expense(b)	157	155	333
<b>Total expenses for services and funding provided by GE</b>	<b>\$594</b>	<b>\$545</b>	<b>\$697</b>

(a) Direct and indirect costs are included in other expense in our Combined Statements of Earnings.

(b) Included in interest expense in our Combined Statements of Earnings.

*Direct Costs.* Certain functions and services, such as employee benefits and insurance, are centralized at GE. In addition, certain third-party contracts for goods and services, such as technology licenses and telecommunication contracts, from which we benefit, are entered into by GE. GE allocates the costs associated with these goods and services to us using established allocation methodologies (e.g., pension costs are allocated using an actuarially determined percentage applied to the total compensation of employees who participate in such pension plans). For the years ended December 31, 2013, 2012 and 2011, we recorded \$207 million, \$184 million and \$181 million, respectively, related to these costs from GE. Below is a description of services resulting in direct costs:

- *Employee benefits and benefit administration.* Historically, we have reimbursed GE for benefits provided to our employees under various U.S. GE employee benefit plans, including costs associated with our participation in GE's retirement plans (pension, retiree health and life insurance, and savings benefit plans) and active health and life insurance benefit plans. We incurred expenses (including administrative costs) associated with these plans of \$129 million, \$110 million and \$110 million for the years ended December 31, 2013, 2012 and 2011, respectively. See Note 11. *Employee Benefit Plans.*
- *Information technology.* GE provides us with certain information technology infrastructure (e.g., data centers), applications and support services. We have incurred \$32 million, \$30 million and \$31 million for these services for the years ending December 31, 2013, 2012 and 2011, respectively.
- *Telecommunication costs.* GE provides us with telecommunication services. These third-party costs are allocated to our business based on number of phone lines used by our business. We have incurred \$33 million, \$34 million and \$33 million for this service for the years ending December 31, 2013, 2012 and 2011, respectively.
- *Other including leases for vehicles, equipment and facilities.* GE and GE affiliates provide us with certain vehicle and equipment leases. In addition, we have certain facilities shared with GE and GE affiliates for which we are allocated our share of the cost based on space occupied by our business and employees. We have incurred \$13 million, \$10 million and \$7 million for the years ending December 31, 2013, 2012 and 2011, respectively.

*Indirect Costs.* GE and GECC allocate costs to us related to corporate overhead that directly or indirectly benefits our business. These assessments relate to information technology, insurance coverage, tax services provided, executive incentive payments, advertising and branding and other functional support. These allocations are determined primarily using our percentage of GECC's relevant expenses. We have received allocations from GE of \$230 million, \$206 million and \$183 million for these services for the years ended December 31, 2013, 2012 and 2011, respectively.

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*Interest Expense.* Historically, we have had access to funding provided by GECC. We used this related party debt provided by GECC to meet our funding requirements after taking into account deposits held at the Bank, funding from securitized financings and cash generated from our operations. GECC assesses us an interest cost on a portion of the Parent's total investment and we have reflected that portion as related party debt in the combined financial statements. Interest cost is assessed to us from GECC's centralized treasury function based on fixed and floating interest rates, plus funding related costs that include charges for liquidity and other treasury costs. We incurred borrowing costs for related party debt of \$157 million, \$155 million and \$333 million, for the years ended December 31, 2013, 2012 and 2011, respectively. Our average cost of funds for related party debt was 1.7%, 1.5% and 2.8% for the years ended December 31, 2013, 2012 and 2011, respectively.

*Parent's Net Investment.* The remainder of our Parent's total investment, in excess of our related party debt, is reflected as equity under the caption, Parent's net investment on our Combined Statements of Financial Position.

*Other:* In addition to the related party activities described above, there are also a number of other transactions that take place between GE and us. These include:

- We use a centralized approach to cash management and financing of our operations. Most of our cash that is outside of the Bank is transferred to GECC on a daily basis and GECC subsequently funds the operating and investing activities as needed. This does not impact our Combined Statements of Earnings.
- In addition to the direct and indirect costs discussed above, GE makes payments for our payroll for our employees, corporate credit card bills and freight expenses through a centralized payment system and we reimburse GE in full for the amounts paid. Such expenses are included in other expense across the relevant categories in our Combined Statements of Earnings and are directly attributable to our business and our employees.

### **NOTE 15. PARENT COMPANY FINANCIAL INFORMATION**

The following parent company financial statements for Synchrony Financial are provided in accordance with Regulation S-X of the SEC, which requires such disclosure when restricted net assets of consolidated subsidiaries exceed 25% of consolidated net assets. At December 31, 2013, restricted net assets of our subsidiaries were approximately \$5.8 billion.

#### **Condensed Statements of Earnings**

<i>For the years ended December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interest income from subsidiaries	\$ 143	\$ 154	\$ 333
Interest on related party debt	(143)	(154)	(333)
Net interest income	—	—	—
Dividends from subsidiaries	3,900	745	2,575
Other expense	26	—	—
Earnings before benefit from income taxes	3,874	745	2,575
Benefit for income taxes	7	—	—
Equity in undistributed net earnings of subsidiaries	(1,902)	1,374	(685)
Net earnings	<u>\$ 1,979</u>	<u>\$2,119</u>	<u>\$1,890</u>

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[Table of Contents](#)**Condensed Statements of Financial Position**

<i>At December 31 (\$ in millions)</i>	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Loan receivables from subsidiaries <sup>(a)(b)</sup>	\$ 8,764	\$10,216
Investments in subsidiaries	5,949	4,566
Goodwill	17	17
Other assets	8	—
Total assets	<u>\$14,738</u>	<u>\$14,799</u>
<b>Liabilities and Equity:</b>		
Related party debt <sup>(a)</sup>	\$ 8,764	\$10,216
Accrued expenses and other liabilities	14	1
Total liabilities	<u>8,778</u>	<u>10,217</u>
<b>Equity:</b>		
Total equity	<u>5,960</u>	<u>4,582</u>
Total liabilities and equity	<u>\$14,738</u>	<u>\$14,799</u>

- (a) As described in Note 8. *Deposits and Borrowings*, at December 31, 2013 and 2012, \$195 million and \$391 million, respectively, of related party debt was issued by a subsidiary of the Company. As described in Note 14. *Related Party Transactions and Parent's Net Investment*, the portion of our parent's total investment in our combined business on which we are assessed an interest cost is presented as related party debt. Except for the subsidiary-issued debt referred to above, we have reflected related party debt as loans to the Company at the parent level. This funding is used by our subsidiaries and is reflected above as interest-bearing loan receivables.
- (b) At December 31, 2013 and 2012, \$651 million and \$301 million, respectively, of deposits issued by the Bank were held by GECC and have been reflected as being held by our company. While these amounts have been eliminated in our combined financial statements, in accordance with the basis of presentation described in Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*, we have presented them above as loan receivables from subsidiaries.

[Table of Contents](#)**Condensed Statements of Cash Flows***For the years ended December 31 (\$ in millions)*

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows—operating activities</b>			
Net earnings	\$ 1,979	\$ 2,119	\$ 1,890
Adjustments to reconcile net earnings to cash provided from operating activities	(8)	—	—
Increase in accrued expenses and other liabilities	13	—	1
Equity in undistributed net earnings of subsidiaries	1,902	(1,374)	685
<b>Cash from operating activities</b>	<u>3,886</u>	<u>745</u>	<u>2,576</u>
<b>Cash flows—investing activities</b>			
Net decrease in loan receivables from subsidiaries	1,452	1,490	6,405
Net decrease (increase) in investments in subsidiaries	(3,300)	1,124	(669)
<b>Cash (used for) from investing activities</b>	<u>(1,848)</u>	<u>2,614</u>	<u>5,736</u>
<b>Cash flows—financing activities</b>			
Net decrease in related party debt	(1,452)	(1,490)	(6,405)
Net transfers to Parent	(586)	(1,869)	(1,907)
<b>Cash used for financing activities</b>	<u>(2,038)</u>	<u>(3,359)</u>	<u>(8,312)</u>
<b>Increase (decrease) in cash and equivalents</b>	<u>—</u>	<u>—</u>	<u>—</u>
Cash and equivalents at beginning of year	—	—	—
<b>Cash and equivalents at end of year</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

**NOTE 16. LEGAL PROCEEDINGS AND REGULATORY MATTERS**

In the normal course of business, from time to time, we have been named as a defendant in various legal proceedings, including arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions include claims for substantial compensatory and/or punitive damages, or claims for indeterminate amounts of damages. We are also involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business (collectively, “regulatory matters”), which could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. We contest liability and/or the amount of damages as appropriate in each pending matter. In accordance with applicable accounting guidance, we establish an accrued liability for legal and regulatory matters when those matters present loss contingencies which are both probable and estimable.

Legal proceedings and regulatory matters are subject to many uncertain factors that generally cannot be predicted with assurance, however, and we may be exposed to losses in excess of any amounts accrued.

For some matters, we are able to determine that an estimated loss, while not probable, is reasonably possible. For other matters, including those that have not yet progressed through discovery and/or where important factual information and legal issues are unresolved, we are unable to make such an estimate. We currently estimate that the reasonably possible losses for legal proceedings and regulatory matters, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a possible loss, are immaterial. This represents management’s estimate of possible loss with respect to these matters and is based on currently available information. This estimate of possible loss does not represent our maximum loss exposure. The legal proceedings and regulatory matters underlying the estimate will change from time to time and actual results may vary significantly from current estimates.

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Our estimate of reasonably possible losses involves significant judgment, given the varying stages of the proceedings, the existence of numerous yet to be resolved issues, the breadth of the claims (often spanning multiple years), unspecified damages and/or the novelty of the legal issues presented. Based on our current knowledge, we do not believe that we are a party to any pending legal proceeding or regulatory matters that would have a material adverse effect on our combined financial condition or liquidity. However, in light of the uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to our operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of our earnings for that period, and could adversely affect our business and reputation.

Below is a description of certain of our legal proceedings and regulatory matters.

### **CFPB and Attorney General Matters**

On December 10, 2013, we entered into a Consent Order with the CFPB relating to our CareCredit platform, which requires us to pay up to \$34.1 million to qualifying customers, provide additional training and monitoring of our CareCredit partners, include provisions in agreements with our CareCredit partners prohibiting charges for certain services not yet rendered, make changes to certain consumer disclosures, application procedures and procedures for resolution of customer complaints, and terminate CareCredit partners that have chargeback rates in excess of certain thresholds. Some of the business practice changes required by the Consent Order are similar to requirements in an Assurance of Discontinuance that we entered with the Attorney General for the State of New York on June 3, 2013.

Our settlements with the CFPB and the New York Attorney General do not preclude other regulators or state attorneys general from seeking additional monetary or injunctive relief with respect to CareCredit. In this regard, in 2010 and 2012, respectively, we received formal requests for information from the Attorneys General for the states of Minnesota and New Jersey. We have cooperated fully with these inquiries.

Starting in December 2012 and continuing into 2013, the CFPB conducted a review of the Bank's debt cancellation products and its marketing practices in its telesales channel related to those products. We are currently in discussions with the CFPB relating to this review. We cannot predict the final outcome of the discussions and the resolution could include customer remediation in addition to what we have voluntarily undertaken, as well as civil money penalties and required changes to how the Bank currently conducts its business.

In 2012, the Bank discovered through an audit of its collection operations, potential violations of the Equal Credit Opportunity Act where certain Spanish-speaking customers and customers residing in Puerto Rico were excluded from certain statement credit and settlement offers that were made to certain delinquent customers. We provided information to the CFPB in connection with this matter and have been in discussions with them. This matter has been referred to the Department of Justice, which has initiated a civil investigation. We cannot predict the final outcome of the discussions or the investigation, and the resolution could include customer remediation in addition to what we have voluntarily undertaken, as well as civil money penalties and required changes to how the Bank currently conducts its business.

### **Other Matters**

On September 27, 2013, Secure Axxess LLC, filed a complaint against the Bank as well as other defendants in the U.S. District Court for the Eastern District of Texas, for patent infringement related to the Bank's alleged use of website authenticity technology referred to as "Safe Keys." The complaint seeks unspecified damages.

The Bank is a defendant in two putative class actions alleging claims under the federal Telephone Consumer Protection Act ("TCPA"), where the plaintiffs assert that they received calls on their cellular telephones relating to accounts not belonging to them. One case (*Abdeljalil et al. v. GE Capital Retail Bank*) was filed on August 22,

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2012 in the U.S. District Court for the Southern District of California, originally naming GECC as the defendant. In August 2013, the Court denied without prejudice GECC's motion to dismiss the class allegations. GECC subsequently was dismissed and the plaintiffs amended the complaint to name the Bank as the defendant. The other case (*Travaglio et al. v. GE Capital Retail Bank and Allied Interstate LLC*) was filed on January 17, 2014 in the U.S. District Court for the Middle District of Florida. Both complaints allege that the Bank placed calls to consumers by an automated dialing system or using a pre-recorded message or automated voice without their consent, and seek up to \$1,500 for each violation. The amount of damages sought in the aggregate is unspecified.

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[Table of Contents](#)**Synchrony Financial and combined affiliates****Condensed Combined Statements of Earnings  
(Unaudited)***For the three months ended March 31 (\$ in millions)*

	<u>2014</u>	<u>2013</u>
<b>Interest income:</b>		
Interest and fees on loans (Note 5)	\$2,928	\$2,699
Interest on investment securities	5	5
Total interest income	<u>2,933</u>	<u>2,704</u>
<b>Interest expense:</b>		
Interest on deposits	96	94
Interest on borrowings of consolidated securitization entities	47	56
Interest on related party debt (Note 12)	47	43
Total interest expense	<u>190</u>	<u>193</u>
Net interest income	2,743	2,511
Retailer share arrangements	(594)	(484)
Net interest income, after retailer share arrangements	2,149	2,027
Provision for loan losses (Note 5)	764	1,047
Net interest income, after retailer share arrangements and provision for loan losses	<u>1,385</u>	<u>980</u>
<b>Other income:</b>		
Interchange revenue	76	72
Debt cancellation fees	70	85
Loyalty programs	(43)	(40)
Other	12	15
Total other income	<u>115</u>	<u>132</u>
<b>Other expense:</b>		
Employee costs	193	162
Professional fees	141	102
Marketing and business development	83	45
Information processing	52	46
Other	141	184
Total other expense	<u>610</u>	<u>539</u>
<b>Earnings before provision for income taxes</b>	890	573
Provision for income taxes (Note 11)	(332)	(214)
<b>Net earnings</b>	<u>\$ 558</u>	<u>\$ 359</u>

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Condensed Combined Statements of Comprehensive Income  
(Unaudited)**

*For the three months ended March 31 (\$ in millions)*

	<u>2014</u>	<u>2013</u>
Net earnings	\$558	\$359
Other comprehensive income (loss)		
Investment securities	2	(1)
Currency translation adjustments	<u>1</u>	<u>(3)</u>
Other comprehensive income (loss)	<u>3</u>	<u>(4)</u>
Comprehensive income	<u>\$561</u>	<u>\$355</u>

Amounts presented net of taxes.

See accompanying notes.

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Synchrony Financial and combined affiliates

Condensed Combined Statements of Financial Position  
(Unaudited)

<i>(\$ in millions)</i>	At March 31, 2014	At December 31, 2013
<b>Assets</b>		
Cash and equivalents	\$ 5,331	\$ 2,319
Investment securities (Note 4)	265	236
Loan receivables: (Notes 5 and 6)		
Unsecuritized loans held for investment	29,101	31,183
Restricted loans of consolidated securitization entities	25,184	26,071
Total loan receivables	54,285	57,254
Less: Allowance for loan losses	(2,998)	(2,892)
Loan receivables, net	51,287	54,362
Goodwill	949	949
Intangible assets, net (Note 7)	464	300
Other assets(a)	949	919
Total assets	<u>\$ 59,245</u>	<u>\$ 59,085</u>
<b>Liabilities and Equity</b>		
Deposits: (Note 8)		
Interest bearing deposit accounts	\$ 27,123	\$ 25,360
Non-interest bearing deposit accounts	235	359
Total deposits	27,358	25,719
Borrowings: (Notes 6 and 8)		
Borrowings of consolidated securitization entities	14,642	15,362
Related party debt (Note 12)	8,062	8,959
Total borrowings	22,704	24,321
Accrued expenses and other liabilities		
Total liabilities	<u>\$ 53,203</u>	<u>\$ 53,125</u>
Equity:		
Parent's net investment	\$ 6,052	\$ 5,973
Accumulated other comprehensive income (loss):		
Investment securities	(7)	(9)
Currency translation adjustments	(2)	(3)
Other	(1)	(1)
Total equity	6,042	5,960
Total liabilities and equity	<u>\$ 59,245</u>	<u>\$ 59,085</u>

(a) Other assets include restricted cash of \$168 million and \$76 million at March 31, 2014 and December 31, 2013 respectively.

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Condensed Combined Statements of Changes in Equity  
(Unaudited)**

<i>(\$ in millions)</i>	<u>2014</u>	<u>2013</u>
Beginning balance at January 1	\$5,960	\$4,582
Increases from net earnings	558	359
Change in Parent's net investment	(479)	682
Other comprehensive income (loss)	3	(4)
Total equity balance at March 31	<u>\$6,042</u>	<u>\$5,619</u>

See accompanying notes.

[Table of Contents](#)**Synchrony Financial and combined affiliates****Condensed Combined Statements of Cash Flows  
(Unaudited)***For the three months ended March 31(\$ in millions)*

	<u>2014</u>	<u>2013</u>
<b>Cash flows—operating activities</b>		
Net earnings	\$ 558	\$ 359
Adjustments to reconcile net earnings to cash provided from operating activities		
Provision for loan losses	764	1,047
Deferred income taxes	20	(130)
Depreciation and amortization	31	27
Decrease in interest and fee receivable	137	21
Decrease (increase) in other assets	59	(45)
Increase in accrued expenses and other liabilities	204	295
All other operating activities	(1)	12
<b>Cash from operating activities</b>	<u>1,772</u>	<u>1,586</u>
<b>Cash flows—investing activities</b>		
Maturity and redemption of investment securities	5	12
Purchases of investment securities	(31)	(23)
Net cash from principal business purchased (Note 3)	—	6,393
Net (increase) decrease in restricted cash	(92)	7
Net decrease in loans held for investment	2,184	1,754
All other investing activities	(201)	(17)
<b>Cash from investing activities</b>	<u>1,865</u>	<u>8,126</u>
<b>Cash flows—financing activities</b>		
Increase in borrowings of consolidated securitization entities		
Proceeds from issuance of securitized debt	—	866
Maturities and repayment of securitized debt	(720)	(1,350)
Net decrease in related party debt	(897)	(2,911)
Net increase (decrease) in deposits	1,492	(3,003)
Net transfers (to) from Parent	(479)	682
All other financing activities	(21)	(4)
<b>Cash used for financing activities</b>	<u>(625)</u>	<u>(5,720)</u>
<b>Increase in cash and equivalents</b>	<u>3,012</u>	<u>3,992</u>
Cash and equivalents at beginning of period	<u>2,319</u>	<u>1,334</u>
<b>Cash and equivalents at end of period</b>	<u>\$5,331</u>	<u>\$ 5,326</u>

See accompanying notes.

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**Synchrony Financial and combined affiliates**

**Notes to Condensed Combined Financial Statements (Unaudited)**

**NOTE 1. BUSINESS DESCRIPTION**

Synchrony Financial (the “Company”) provides a range of credit products through programs it has established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers. The Company is a holding company for the legal entities that historically conducted General Electric Company’s (“GE”) North American retail finance business, including GE Capital Retail Bank (the “Bank”). Substantially all of the assets and operations of that business were transferred to the Company in 2013, and the remaining assets will be transferred to the Company prior to the completion of the Company’s proposed initial public offering of its common stock (the “IPO”). The Company currently is indirectly wholly-owned by General Electric Capital Corporation (“GECC”). See Note 1. *Formation of the Company*, to our 2013 annual combined financial statements for additional information on the formation of our company. We conduct our operations through a single business segment.

The Company changed its name in March 2014 to Synchrony Financial. References to the Company, “we”, “us” and “our” are to Synchrony Financial and its combined subsidiaries unless the context otherwise requires.

**NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying condensed combined financial statements were prepared in connection with the proposed IPO. These financial statements present the condensed combined results of operations, financial condition and cash flows of the Company. Our financial statements combine all of our subsidiaries (i.e., entities in which we have a controlling financial interest (typically because we hold a majority voting interest)) and certain accounts of GECC and its subsidiaries that were historically managed as part of our business.

The Condensed Combined Statements of Earnings reflect intercompany expense allocations made to us by GE and GECC for certain corporate functions and for shared services provided by GE and GECC. Where possible, these allocations were made on a specific identification basis, and in other cases these expenses were allocated by GE and GECC based on relative percentages of net operating costs or some other basis depending on the nature of the allocated cost. See Note 12. *Related Party Transactions and Parent’s Net Investment* for further information on expenses allocated by GE and GECC.

The historical financial results in the condensed combined financial statements presented may not be indicative of the results that would have been achieved had we operated as a separate, stand-alone entity during those periods. The condensed combined financial statements presented do not reflect any changes that may occur in our financing and operations in connection with or as a result of the IPO. We believe that the condensed combined financial statements include all adjustments necessary for a fair presentation of the business.

**Interim Period Presentation**

The condensed combined financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed combined financial statements should not be considered as necessarily indicative of results that may be expected for the entire year. These condensed combined financial statements should be read in conjunction with our 2013 annual combined financial statements and the related notes thereto included in this registration statement. We label our quarterly information using a calendar convention, that is, first quarter is labeled as ending on March 31, second quarter as ending on June 30, and third quarter as ending on September 30. It is the longstanding practice of GE

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and GECC, our parent companies, to establish interim quarterly closing dates using a fiscal calendar, which requires our business to close its books on a Sunday. The effects of this practice are modest and only exist within a reporting year.

**Summary of Significant Accounting Policies**

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*, to our 2013 annual combined financial statements for additional information on our significant accounting policies.

**NOTE 3. ACQUISITIONS**

Effective January 11, 2013, we acquired the deposit business of MetLife Bank, N.A. in a transaction that was accounted for using the acquisition method of accounting. In exchange for assuming \$6,441 million of deposit liabilities we received assets that included \$6,393 million of cash, \$19 million of core deposit intangibles, \$8 million of other intangibles and \$8 million of deferred tax assets. The \$13 million excess of the fair value of the consideration conveyed to the seller over the fair value of the net assets acquired was recognized as goodwill.

**NOTE 4. INVESTMENT SECURITIES**

All of our investment securities are classified as available-for-sale and are primarily held to comply with the Community Reinvestment Act (“CRA”). Our investment securities consist of the following:

(\$ in millions)	At March 31, 2014				At December 31, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Debt								
State and municipal	\$ 59	\$ —	\$ (6)	\$ 53	\$ 53	\$ —	\$ (7)	\$ 46
Residential mortgage-backed(a)	203	1	(7)	197	183	1	(9)	175
Equity	15	—	—	15	15	—	—	15
Total	\$ 277	\$ 1	\$ (13)	\$ 265	\$ 251	\$ 1	\$ (16)	\$ 236

(a) At March 31, 2014 and December 31, 2013 substantially all of our residential mortgage-backed securities relate to securities issued by government-sponsored entities and are pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve Discount Window advances. All residential mortgage-backed securities are collateralized by U.S. mortgages.

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The following table presents the estimated fair values and gross unrealized losses of our available-for-sale investment securities:

(\$ in millions)	In loss position for			
	Less than 12 months		12 months or more	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
<b>At March 31, 2014</b>				
Debt				
State and municipal	\$ 14	\$ (1)	\$ 20	\$ (5)
Residential mortgage-backed	107	(3)	49	(4)
Total	<u>\$ 121</u>	<u>\$ (4)</u>	<u>\$ 69</u>	<u>\$ (9)</u>
<b>At December 31, 2013</b>				
Debt				
State and municipal	\$ 23	\$ (2)	\$ 20	\$ (5)
Residential mortgage-backed	127	(7)	20	(2)
Equity	14	—	—	—
Total	<u>\$ 164</u>	<u>\$ (9)</u>	<u>\$ 40</u>	<u>\$ (7)</u>

At March 31, 2014, none of our equity securities were in a gross unrealized loss position. We regularly review investment securities for impairment using both qualitative and quantitative criteria. We presently do not intend to sell our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell these securities before recovery of our amortized cost.

There were no other-than-temporary impairments recognized for each of the three months ended March 31, 2014 and 2013.

**Contractual Maturities of Investments in Available-for-Sale Debt Securities (excluding residential mortgage-backed securities)**

At March 31, 2014 (\$ in millions)	Amortized cost	Estimated fair value
Due		
Within one year	\$ —	\$ —
After one year through five years	\$ 1	\$ 1
After five years through ten years	\$ 1	\$ 1
After ten years	\$ 57	\$ 51

We expect actual maturities to differ from contractual maturities because borrowers have the right to prepay certain obligations.

There were no significant realized gains or losses recognized for each of the three months ended March 31, 2014 and 2013.

Although we generally do not have the intent to sell any specific securities at March 31, 2014, in the ordinary course of managing our investment securities portfolio we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield, liquidity requirements and funding obligations.

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**NOTE 5. LOAN RECEIVABLES AND ALLOWANCE FOR LOAN LOSSES**

<i>(\$ in millions)</i>	At March 31, 2014	At December 31, 2013
Credit cards	\$ 52,008	\$ 54,958
Consumer installment loans	963	965
Commercial credit products	1,299	1,317
Other	15	14
Total loan receivables, before allowance for losses(a)(b)	<u>\$ 54,285</u>	<u>\$ 57,254</u>

(a) Total loan receivables include \$25,184 million and \$26,071 million of restricted loans of consolidated securitization entities at March 31, 2014 and December 31, 2013, respectively. See Note 6. *Variable Interest Entities* for further information on these restricted loans.

(b) At March 31, 2014 and December 31, 2013, loan receivables included deferred expense of \$20 million and \$8 million, respectively.

**Allowance for Loan Losses**

<i>(\$ in millions)</i>	Balance at January 1, 2014	Provision charged to operations	Gross charge-offs	Recoveries	Balance at March 31, 2014
Credit cards	\$ 2,827	\$ 752	\$ (781)	\$ 137	\$ 2,935
Consumer installment loans	19	2	(7)	3	17
Commercial credit products	46	10	(12)	2	46
Other	—	—	—	—	—
Total	<u>\$ 2,892</u>	<u>\$ 764</u>	<u>\$ (800)</u>	<u>\$ 142</u>	<u>\$ 2,998</u>

<i>(\$ in millions)</i>	Balance at January 1, 2013	Provision charged to operations	Gross charge-offs	Recoveries	Balance at March 31, 2013
Credit cards	\$ 2,174	\$ 1,016	\$ (732)	\$ 148	\$ 2,606
Consumer installment loans	62	8	(13)	6	63
Commercial credit products	38	23	(15)	3	49
Other	—	—	—	—	—
Total	<u>\$ 2,274</u>	<u>\$ 1,047</u>	<u>\$ (760)</u>	<u>\$ 157</u>	<u>\$ 2,718</u>

**Delinquent and Non-accrual Loans**

<i>At March 31, 2014 (\$ in millions)</i>	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non- accruing
Credit cards	\$ 1,133	\$ 1,028	\$ 2,161	\$ 1,028	\$ —
Consumer installment loans	10	2	12	—	2
Commercial credit products	31	16	47	16	—
Other	—	—	—	—	—
Total delinquent loans	<u>\$ 1,174</u>	<u>\$ 1,046</u>	<u>\$ 2,220</u>	<u>\$ 1,044</u>	<u>\$ 2</u>
Percentage of total loan receivables(a)	<u>2.2%</u>	<u>1.9%</u>	<u>4.1%</u>	<u>1.9%</u>	<u>0.0%</u>

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<i>At December 31, 2013 (\$ in millions)</i>	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing
Credit cards	\$ 1,327	\$ 1,105	\$ 2,432	\$ 1,105	\$ —
Consumer installment loans	12	2	14	—	2
Commercial credit products	28	14	42	14	—
Other	—	—	—	—	—
Total delinquent loans	<u>\$ 1,367</u>	<u>\$ 1,121</u>	<u>\$ 2,488</u>	<u>\$ 1,119</u>	<u>\$ 2</u>
Percentage of total loan receivables <sup>(a)</sup>	<u>2.4%</u>	<u>2.0%</u>	<u>4.3%</u>	<u>2.0%</u>	<u>0.0%</u>

(a) Percentages are calculated based on period end balances.

### Impaired Loans and Troubled Debt Restructurings

Most of our non-accrual loan receivables are smaller balance loans evaluated collectively, by portfolio, for impairment and therefore are outside the scope of the disclosure requirements for impaired loans. Accordingly, impaired loans represent restructured smaller balance homogeneous loans meeting the definition of a TDR. We use certain loan modification programs for borrowers experiencing financial difficulties. These loan modification programs include interest rate reductions and payment deferrals in excess of three months, which were not part of the terms of the original contract.

We have both internal and external loan modification programs. The internal loan modification programs include both temporary and permanent programs. For our credit card customers, the temporary hardship program primarily consists of a reduced minimum payment and an interest rate reduction, both lasting for a period no longer than 12 months. The permanent workout program involves changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months and reducing the interest rate on the loan. The permanent program does not normally provide for the forgiveness of unpaid principal, but may allow for the reversal of certain unpaid interest or fee assessments. We also make loan modifications for customers who request financial assistance through external sources, such as consumer credit counseling agency programs. These loans typically receive a reduced interest rate but continue to be subject to the original minimum payment terms and do not normally include waiver of unpaid principal, interest or fees. The following table provides information on loans that entered a loan modification program during the period:

<i>For the three months ended March 31 (\$ in millions)</i>	2014	2013
Credit cards	\$107	\$167
Consumer installment loans	—	11
Commercial credit products	2	3
Total	<u>\$109</u>	<u>\$181</u>

Loans classified as TDRs are recorded at their present value with impairment measured as the difference between the loan balance and the discounted present value of cash flows expected to be collected. Consistent with our measurement of impairment of modified loans on a collective basis, the discount rate used for credit card loans is the original effective interest rate. Interest income from loans accounted for as TDRs is accounted for in the same manner as other accruing loans.

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The following table provides information about loans classified as TDRs and specific reserves. We do not evaluate credit card loans for impairment on an individual basis, but instead estimate an allowance for loan losses on a collective basis. As a result, there are no impaired loans for which there is no allowance.

	Total recorded investment	Related allowance	Net recorded investment	Unpaid principal balance
<i>At March 31, 2014 (\$ in millions)</i>				
Credit cards	\$ 775	\$ (232)	\$ 543	\$ 672
Consumer installment loans	—	—	—	—
Commercial credit products	11	(4)	7	11
Total	\$ 786	\$ (236)	\$ 550	\$ 683
<i>At December 31, 2013 (\$ in millions)</i>				
Credit cards	\$ 799	\$ (246)	\$ 553	\$ 692
Consumer installment loans	—	—	—	—
Commercial credit products	12	(5)	7	12
Total	\$ 811	\$ (251)	\$ 560	\$ 704

## Financial Effects of TDRs

As part of our loan modifications for borrowers experiencing financial difficulty, we may provide multiple concessions to minimize our economic loss and improve long-term loan performance and collectability. The following tables present the types and financial effects of loans modified and accounted for as TDRs during the period:

*For the three months ended March 31 (\$ in millions)*

	2014			2013		
	Interest income recognized during period when loans were impaired	Interest income that would have been recorded with original terms	Average recorded investment	Interest income recognized during period when loans were impaired	Interest income that would have been recorded with original terms	Average recorded investment
Credit cards	\$ 15	\$ 36	\$ 787	\$ 22	\$ 44	\$ 865
Consumer installment loans	—	—	—	—	1	64
Commercial credit products	—	—	12	—	—	10
Total	\$ 15	\$ 36	\$ 799	\$ 22	\$ 45	\$ 939

## Payment Defaults

The following table presents the type, number and amount of loans accounted for as TDRs that enrolled in a modification plan and experienced a payment default during the period. A customer defaults from a modification program after two consecutive missed payments.

	2014		2013	
	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted
<i>For the three months ended March 31 (\$ in millions)</i>				
Credit cards	15,180	\$ 29	20,765	\$ 37
Consumer installment loans	—	—	63	2
Commercial credit products	61	—	76	1
Total	15,241	\$ 29	20,904	\$ 40

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### Credit Quality Indicators

Our loan receivables portfolio includes both secured and unsecured loans. Secured loan receivables are largely comprised of consumer installment loans secured by equipment. Unsecured loan receivables are largely comprised of our open-ended revolving credit card and commercial loans. As part of our credit risk management activities, on an ongoing basis we assess overall credit quality by reviewing information related to the performance of a customer's account with us as well as information from credit bureaus, such as a Fair Isaac Corporation ("FICO") or other credit scores, relating to the customer's broader credit performance. FICO scores are generally obtained at origination of the account and are refreshed, at a minimum quarterly, but could be as often as weekly, to assist in predicting customer behavior. These credit scores are categorized into three credit score categories, including (i) 671 or higher, which are considered the strongest credits; (ii) 626 to 670, considered moderate credit risk; and (iii) 625 or less, which are considered weaker credits. There are certain customer accounts for which a FICO score is not available where we use alternative sources to assess their credit and predict behavior. The following table provides the most recent FICO scores available for our customers at March 31, 2014 and December 31, 2013, as a percentage of each class of loan receivable. The table below excludes 0.9% and 1.1% of our total loan receivables balance at March 31, 2014 and December 31, 2013, respectively, which represents those customer accounts for which a FICO score is not available.

	At March 31, 2014			At December 31, 2013		
	671 or higher	626 to 670	625 or less	671 or higher	626 to 670	625 or less
Credit cards	65.0%	20.5%	14.5%	66.2%	19.8%	14.0%
Consumer installment loans	74.1%	15.8%	10.1%	73.9%	15.6%	10.5%
Commercial credit products	81.8%	9.7%	8.5%	82.3%	9.5%	8.2%

### Unfunded Lending Commitments

We manage the potential risk in credit commitments by limiting the total amount of credit, both by individual customer and in total, by monitoring the size and maturity of our portfolios and by applying the same credit standards for all of our credit products. Unused credit card lines available to our customers totaled \$285 billion and \$277 billion at March 31, 2014 and December 31, 2013, respectively. While these amounts represented the total available unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time.

### Interest Income by Product

The following table provides additional information about our interest and fees on loans from our loan receivables:

<i>For the three months ended March 31 (\$ in millions)</i>	2014	2013
Credit cards	\$2,867	\$2,629
Consumer installment loans	23	33
Commercial credit products	38	37
Other	—	—
Total	<u>\$2,928</u>	<u>\$2,699</u>

### NOTE 6. VARIABLE INTEREST ENTITIES

We use variable interest entities to securitize loans and arrange asset-backed financing in the ordinary course of business. Investors in these entities only have recourse to the assets owned by the entity and not to our general credit. We do not have implicit support arrangements with any VIE and we did not provide non-contractual support for previously transferred loan receivables to any VIE in the three months ended March 31, 2014 or

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2013. Our VIEs are able to accept new loan receivables and arrange new asset-backed financings, consistent with the requirements and limitations on such activities placed on the VIE by existing investors. Once an account has been designated to a VIE, the contractual arrangements we have require all existing and future loans originated under such account to be transferred to the VIE. The amount of loan receivables held by our VIEs in excess of the minimum amount required under the asset-backed financing arrangements with investors may be removed by us under random removal of accounts provisions. All loan receivables held by a VIE are subject to claims of third-party investors.

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, as well as any other contractual arrangements that might exist that could have potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.

We consolidate our VIEs because we have the power to direct the activities that significantly affect the VIEs economic performance, typically because of our role as either servicer or manager for the VIE. The power to direct exists because of our role in the design and conduct of the servicing of the VIE's assets as well as directing certain affairs of the VIE, including determining whether and on what terms debt of the VIE will be issued.

The loan receivables in these entities have risks and characteristics similar to our other financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to our other comparable loan receivables; however, the blended performance of the pools of receivables in these entities reflects the eligibility criteria that we apply to determine which receivables are selected for transfer. Contractually the cash flows from these financing receivables must first be used to pay third-party debt holders as well as other expense of the entity. Excess cash flows are available to us. The creditors of these entities have no claim on our other assets.

The table below summarizes the assets and liabilities of our consolidated securitization VIEs described above.

<i>(\$ in millions)</i>	<u>At March 31, 2014</u>	<u>At December 31, 2013</u>
<b>Assets</b>		
Loans receivables, net <sup>(a)</sup>	\$ 23,888	\$ 24,766
Other assets	122	20
Total	<u>\$ 24,010</u>	<u>\$ 24,786</u>
<b>Liabilities</b>		
Borrowings	\$ 14,642	\$ 15,362
Other liabilities	265	228
Total	<u>\$ 14,907</u>	<u>\$ 15,590</u>

(a) Includes \$1,296 million and \$1,305 million of related allowance for loan losses resulting in gross restricted loans of \$25,184 million and \$26,071 million at March 31, 2014 and December 31, 2013, respectively.

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The balances presented above are net of intercompany balances and transactions that are eliminated in our condensed combined financial statements.

We provide servicing to these VIEs and are contractually permitted to commingle cash collected from customers on loan receivables owned by the VIEs with our own cash prior to payment to a VIE, provided GECC's short-term credit rating does not fall below A-1/P-1. During the three months ended March 31, 2014, we stopped commingling cash with certain of our VIEs. When not commingled with our own cash, collections are required to be placed into segregated accounts owned by each VIE in amounts that meet contractually specified minimum levels. These segregated funds are invested in cash and cash equivalents and are restricted as to their use, principally to pay maturing principal and interest on debt and the servicing fees. Collections above these minimum levels are remitted to us on a daily basis. At March 31, 2014, the segregated funds held by these VIEs were \$102 million and were classified as restricted cash and included as a component of other assets in our Condensed Combined Statement of Financial Position.

These VIEs also owe us amounts for purchased loan receivables and amounts due to us under the equity and other interests we have in the VIEs. At March 31, 2014 and December 31, 2013, the amounts we owed to these VIEs were \$811 million and \$4,071 million, respectively. At March 31, 2014 and December 31, 2013 the amounts owed to us by the VIEs were \$869 million and \$3,341 million, respectively.

Income (principally, interest and fees on loans) earned by our consolidated VIEs was \$1,268 million and \$1,299 million for the three months ended March 31, 2014 and 2013, respectively. Related expenses consisted primarily of provisions for loan losses of \$293 million and \$451 million for the three months ended March 31, 2014 and 2013, respectively, and interest expense of \$47 million and \$56 million for the three months ended March 31, 2014 and 2013, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our condensed combined financial statements.

### NOTE 7. INTANGIBLE ASSETS

	At March 31, 2014			At December 31, 2013		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
<i>(\$ in millions)</i>						
Customer-related	\$ 760	\$ (334)	\$426	\$ 586	\$ (312)	\$274
Capitalized software	70	(32)	38	55	(29)	26
Total	<u>\$ 830</u>	<u>\$ (366)</u>	<u>\$464</u>	<u>\$ 641</u>	<u>\$ (341)</u>	<u>\$300</u>

Customer-related intangible assets primarily relate to retail partner contract acquisitions and extensions, as well as purchased credit card relationships. During the three months ended March 31, 2014, we recorded additions to customer-related intangible assets subject to amortization of \$175 million primarily related to payments made to extend certain retail partner relationships. These additions had a weighted average amortizable life of 8 years.

Amortization expense related to retail partner contracts for the three months ended March 31, 2014 and 2013 was \$19 million and \$14 million, respectively, and is included as a component of marketing and business development expense in our Condensed Combined Statements of Earnings. All other amortization expense for the three months ended March 31, 2014 and 2013 was \$6 million and \$5 million, respectively, and is included as a component of other expense in our Condensed Combined Statements of Earnings.

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**NOTE 8. DEPOSITS AND BORROWINGS**

The tables below summarize the components of our deposits, borrowings of consolidated securitization entities and related party debt at March 31, 2014 and December 31, 2013. The amounts presented for outstanding borrowings include unamortized debt premiums and discounts.

Deposits	March 31, 2014		December 31, 2013	
	Amount	Average rate (a)	Amount	Average rate (a)
(\$ in millions)				
Interest bearing deposits(b)(c)	\$27,123	1.5%	\$25,360	1.7%
Non-interest bearing deposits	235	—	359	—
<b>Total deposits</b>	<b>\$27,358</b>		<b>\$25,719</b>	

Borrowings	March 31, 2014		December 31, 2013	
	Amount	Average rate (a)	Amount	Average rate (a)
(\$ in millions)				
Borrowings of consolidated securitization entities(d)	\$14,642	1.3%	\$15,362	1.3%
Related party debt(e)	8,062	2.3%	8,959	1.7%
<b>Total borrowings</b>	<b>\$22,704</b>		<b>\$24,321</b>	

**Liquidity**

At March 31, 2014, interest-bearing time deposits and borrowings maturing for the remainder of 2014 and over the next four years were as follows:

(\$ in millions)	2014	2015	2016	2017	2018
Deposits(f)	\$7,490	\$6,422	\$2,023	\$2,230	\$1,756
Borrowings of consolidated securitization entities(d)	\$2,655	\$5,317	\$1,624	\$3,084	\$ 800
Related party debt(e)	\$ 22	\$ 105	\$ —	\$ 68	\$ —

- (a) Based on interest expense for the three months ended March 31, 2014 and the year ended December 31, 2013 and average deposits and borrowings balances.
- (b) At March 31, 2014 and December 31, 2013, interest bearing deposits included \$6,755 million and \$5,695 million, respectively, which represented large denomination certificates of \$100,000 or more.
- (c) At March 31, 2014 and December 31, 2013, \$651 million of deposits issued by the Bank were held by GECC and have been reflected as being held by our company and therefore eliminated in our condensed combined financial statements in accordance with the basis of presentation described in Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*.
- (d) We securitize credit card receivables as an additional source of funding. During the three months ended March 31, 2014, we amended the terms of \$1,967 million of borrowings, primarily to extend maturities and increase the availability of secured borrowing commitments. As a result, our securitization entities had undrawn secured borrowing commitments of \$450 million at March 31, 2014. Subsequent to March 31, 2014, through the date of the issuance of these condensed combined financial statements, we extended the maturities of an additional \$3,350 million of borrowings that were scheduled to mature at various dates from 2014 through 2016, and increased our available undrawn secured borrowing commitments by \$4,350 million through a combination of amendments to our existing borrowings and new securitization agreements. During the three months ended March 31, 2013 we completed new debt issuances with proceeds of \$866 million. We did not have any new issuances in the three months ended March 31, 2014.
- (e) At March 31, 2014 and December 31, 2013, \$195 million of debt issued by one of our securitization entities was held by a GECC affiliate, of which \$127 million and \$22 million, respectively, was repayable within 12 months of the respective period end. The remaining balance of related party debt is classified as long-term debt on the basis that there are no stated repayment terms. See Note 12. *Related Party Transactions and Parent's Net Investment* for information about related party debt.

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(f) In addition to interest-bearing time deposits, at March 31, 2014 we had \$1,169 million of broker network deposit sweeps procured through a program arranger who channels brokerage account deposits to us. Unless extended, those contracts will terminate in 2014 and 2015, representing \$262 million and \$907 million, respectively.

In addition, the Bank is a party to two separate revolving credit agreements, each with a different lender, and each of which provides us with an unsecured revolving line of credit of up to \$500 million. GECC has guaranteed our payment obligations under these agreements. There were no borrowings under these agreements for the periods presented.

**NOTE 9. FAIR VALUE MEASUREMENTS**

For a description of how we estimate fair value, see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*, in our 2013 annual combined financial statements.

The following tables present our assets and liabilities measured at fair value on a recurring basis. Included in the tables are debt and equity securities.

**Recurring Fair Value Measurements**

The following tables present our assets measured at fair value on a recurring basis.

<i>At March 31, 2014 (\$ in millions)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Investment securities				
Debt				
State and municipal	\$ —	\$ —	\$ 53	\$ 53
Residential mortgage-backed	—	197	—	197
Equity	15	—	—	15
<b>Total</b>	<u>\$ 15</u>	<u>\$ 197</u>	<u>\$ 53</u>	<u>\$265</u>

<i>At December 31, 2013 (\$ in millions)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Investment securities				
Debt				
State and municipal	\$ —	\$ —	\$ 46	\$ 46
Residential mortgage-backed	—	175	—	175
Equity	15	—	—	15
<b>Total</b>	<u>\$ 15</u>	<u>\$ 175</u>	<u>\$ 46</u>	<u>\$236</u>

For the three months ended March 31, 2014 and 2013, there were no securities transferred between Level 1 and Level 2 or between Level 2 and Level 3. At March 31, 2014 and December 31, 2013, we did not have any liabilities measured at fair value on a recurring basis.

Our Level 3 recurring fair value measurements relate to state and municipal debt instruments, which are valued using non-binding broker quotes or other third-party sources. For a description of our process to evaluate third-party pricing services, see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* in our 2013 annual combined financial statements. Our state and municipal debt securities are classified as available-for-sale with changes in fair value included in accumulated other comprehensive income.

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The following table presents the changes in our state and municipal debt instruments that are measured on a recurring basis for each of the three months ended March 31, 2014 and 2013.

### Changes in Level 3 Instruments

<i>For the three months ended March 31 (\$ in millions)</i>	<u>2014</u>	<u>2013</u>
Balance at January 1	\$46	\$ 39
Net realized/unrealized gains (losses) included in accumulated other comprehensive income	1	—
Purchases	8	1
Settlements	(2)	—
Balance at March 31	<u>\$53</u>	<u>\$ 40</u>

### Non-Recurring Fair Value Measurements

We hold certain assets that have been remeasured to fair value on a non-recurring basis during the three months ended and held at March 31, 2014 and 2013. These assets can include repossessed assets and cost method investments that are written down to fair value when they are impaired, as well as loans held-for-sale. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. The assets held by us that were remeasured to fair value on a non-recurring basis, and the effects of the remeasurement to fair value, were not material for all periods presented.

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**Financial Assets and Financial Liabilities Carried at Other than Fair Value**

<i>At March 31, 2014 (\$ in millions)</i>	<u>Carrying value</u>	<u>Corresponding fair value amount</u>			
		<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Financial Assets</b>					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents	\$ 5,331	\$ 5,331	\$5,331	\$ —	\$ —
Other assets <sup>(a)</sup>	\$ 168	\$ 168	\$ 168	\$ —	\$ —
Financial assets carried at other than fair value:					
Loan receivables, net	\$51,287	\$57,148	\$ —	\$ —	\$57,148
<b>Financial Liabilities</b>					
Financial liabilities carried at other than fair value:					
Deposits	\$27,358	\$27,680	\$ —	\$27,680	\$ —
Borrowings of consolidated securitization entities	\$14,642	\$14,650	\$ —	\$ 7,575	\$ 7,075
Related party debt <sup>(b)</sup>	\$ 8,062	\$ 207	\$ —	\$ 207	\$ —

<i>At December 31, 2013 (\$ in millions)</i>	<u>Carrying value</u>	<u>Corresponding fair value amount</u>			
		<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Financial Assets</b>					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents	\$ 2,319	\$ 2,319	\$2,319	\$ —	\$ —
Other assets <sup>(a)</sup>	\$ 76	\$ 76	\$ 76	\$ —	\$ —
Financial assets carried at other than fair value:					
Loan receivables, net	\$54,362	\$60,344	\$ —	\$ —	\$60,344
<b>Financial Liabilities</b>					
Financial liabilities carried at other than fair value:					
Deposits	\$25,719	\$25,994	\$ —	\$25,994	\$ —
Borrowings of consolidated securitization entities	\$15,362	\$15,308	\$ —	\$ 8,206	\$ 7,102
Related party debt <sup>(b)</sup>	\$ 8,959	\$ 209	\$ —	\$ 209	\$ —

(a) This balance relates to restricted cash which is included in other assets.

(b) The fair value of the related party debt relates to the \$195 million of debt at March 31, 2014 and December 31, 2013 issued by one of our securitization entities which was held by a GECC affiliate. With respect to the remaining balance of related party debt, as there are no stated repayment terms or rates and the balance is an allocation of Parent's net investment, it is not meaningful to provide a corresponding fair value amount.

The following is a description of the valuation techniques used to estimate the fair values of the financial assets and liabilities carried at other than fair value.

**Loan receivables, net**

Loan receivables are recorded at historical cost, less reserves in our Condensed Combined Statements of Financial Position. In estimating the fair value for our loans we use a discounted future cash flow model. We use various inputs including estimated interest and fee income, payment rates, loss rates and discount rates (which consider current market interest rate data adjusted for credit risk and other factors) to estimate the fair values of loans.

**Deposits**

For demand deposits with no defined maturity and fixed-maturity certificates of deposit with one year or less remaining to maturity, carrying value approximates fair value due to the potentially liquid nature of these

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deposits. For fixed-maturity certificates of deposit with remaining maturities of more than one year, fair values are estimated by discounting expected future cash flows using market rates currently offered for deposits with similar remaining maturities.

**Borrowings**

Fair values of borrowings of consolidated securitization entities and related party debt issued by one of our securitization entities which was held by a GECC affiliate are based on valuation methodologies using current market interest rate data which are comparable to market quotes adjusted for our non-performance risk.

**NOTE 10. REGULATORY AND CAPITAL ADEQUACY**

As a savings and loan holding company, we are subject to extensive regulation, supervision and examination by the Federal Reserve Board. The Bank is a federally chartered savings association. As such, the Bank is subject to extensive regulation, supervision and examination by the Office of the Comptroller of the Currency (“OCC”), which is its primary regulator, and by the Consumer Financial Protection Bureau (“CFPB”). In addition, the Bank, as an insured depository institution, is supervised by the Federal Deposit Insurance Corporation.

As a savings and loan holding company, we historically have not been required to maintain any specific amount of minimum capital. Beginning as early as 2015, however, we expect that we will be subject to capital requirements similar to those applicable to the Bank. See Note 10. *Regulatory and Capital Adequacy* to our 2013 annual combined financial statements for additional information on these capital requirements.

Failure to meet minimum capital requirements can initiate certain mandatory and, possibly, additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our financial statements. Under capital adequacy guidelines, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank’s assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank’s capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined).

At March 31, 2014 and December 31, 2013, the Bank met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and leverage ratios as set forth in the following table. There are no conditions or events subsequent to that date that management believes have changed the Bank’s capital category.

The actual capital amounts and ratios and the required minimums of the Bank are as follows:

At March 31, 2014 (\$ in millions)	Actual		Minimum for capital adequacy purposes(b)		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio(a)	Amount	Ratio(a)	Amount	Ratio(a)
Total risk-based capital	\$5,927	17.6%	\$ 2,689	8.0%	\$ 3,362	10.0%
Tier 1 risk-based capital	\$5,488	16.3%	\$ 1,345	4.0%	\$ 2,017	6.0%
Tier 1 leverage	\$5,488	14.0%	\$ 1,568	4.0%	\$ 1,960	5.0%

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At December 31, 2013 (\$ in millions)	Actual		Minimum for capital adequacy purposes(b)		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio(a)	Amount	Ratio(a)	Amount	Ratio(a)
	Total risk-based capital	\$6,010	17.3%	\$ 2,784	8.0%	\$ 3,480
Tier 1 risk-based capital	\$5,559	16.0%	\$ 1,392	4.0%	\$ 2,088	6.0%
Tier 1 leverage	\$5,559	14.9%	\$ 1,495	4.0%	\$ 1,869	5.0%

(a) Represent Basel I capital ratios calculated for the Bank.

(b) In addition to the Basel I requirements, under the Bank's Operating Agreement with the OCC entered into on January 11, 2013, the Bank must maintain minimum levels of capital as follows:

(\$ in millions)	At March 31, 2014		At December 31, 2013	
	Amount	Ratio	Amount	Ratio
Total risk-based capital	\$ 3,698	11.0%	\$ 3,828	11.0%
Tier 1 risk-based capital	\$ 2,353	7.0%	\$ 2,436	7.0%
Tier 1 leverage	\$ 2,352	6.0%	\$ 2,243	6.0%

The Bank may pay dividends on its stock, with consent or non-objection from the OCC and the Federal Reserve Board, among other things, if its regulatory capital would not thereby be reduced below the amount then required by the applicable regulatory capital requirements. The Bank met all regulatory capital adequacy requirements to which it was subject at March 31, 2014 and December 31, 2013.

### NOTE 11. INCOME TAXES

We are included in the consolidated U.S. federal and state income tax returns of GE where applicable, but also file certain separate state and foreign income tax returns. The tax provision and current and deferred tax balances have been presented on a separate company basis as if we were a separate filer for tax purposes. In calculating the provision for interim income taxes, in accordance with Accounting Standards Codification (ASC) 740, *Income Taxes*, we apply an estimated annual effective tax rate to year-to-date ordinary income. At the end of each interim period, we estimate the effective tax rate expected to be applicable for the full fiscal year. We exclude and record discretely the tax effect of unusual or infrequently occurring items, including, changes in measurement of uncertain tax positions arising in prior periods, certain changes in judgment about valuation allowances and effects of changes in tax law or rates.

We recorded an income tax provision of \$332 million (37.3% effective income tax rate) for the three months ended March 31, 2014, compared with an income tax provision of \$214 million (37.4% effective income tax rate) for the three months ended March 31, 2013. The effective tax rate differs from the U.S. federal statutory tax rate of 35.0% primarily due to state income taxes. The effective tax rate for the three months ended March 31, 2014 differs from the effective tax rate in the same period in the previous year mainly due to an increase in foreign tax benefits, partially offset by an increase in certain non-deductible expenses.

The Company is under continuous examination by the IRS and tax authorities for various states as part of their audit of GE's tax returns. During 2013, the IRS completed the audit of GE's consolidated U.S. income tax returns for 2008 and 2009, except for certain issues that remain under examination. During 2011, the IRS completed the audit of GE's consolidated U.S. income tax returns for 2006 and 2007, except for certain issues that remained under examination. At March 31, 2014, the IRS was auditing GE's consolidated U.S. income tax returns for 2010 and 2011. We are under examinations in various states as part of the GE filing group covering tax years 2006 to 2011 as part of the audit of GE's tax returns and in certain separate return states for tax years 2010 and 2011. We believe that there are no other jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial positions or cash flows. We further believe that we have made adequate provision for all income tax uncertainties that could result from such examinations.

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At March 31, 2014 and December 31, 2013, our unrecognized tax benefits, excluding related interest expense and penalties, were \$216 million and \$202 million, respectively, of which \$140 million and \$131 million, respectively, if recognized, would reduce the annual effective rate. Included in the amount of unrecognized tax benefits are certain items that would not affect the effective tax rate if they were recognized in our Condensed Combined Statements of Earnings. These unrecognized items include the portion of gross state and local unrecognized tax benefits that would be offset by the benefit from associated U.S. federal income tax deductions. It is reasonably possible that the gross balance of unrecognized tax benefits may decrease by \$29 million within the next 12 months.

### **NOTE 12. RELATED PARTY TRANSACTIONS AND PARENT'S NET INVESTMENT**

GE and its subsidiaries, including GECC, historically have provided a variety of services and funding to us. The following table sets forth the direct costs, indirect costs and interest expenses related to services and funding provided by GE for the periods indicated.

*For the three months ended March 31 (\$ in millions)*

	<u>2014</u>	<u>2013</u>
Direct costs <sup>(a)</sup>	\$ 64	\$ 47
Indirect costs <sup>(a)</sup>	61	53
Interest expense <sup>(b)</sup>	47	43
Total expenses for services and funding provided by GECC	<u>\$172</u>	<u>\$143</u>

(a) Direct and indirect costs are included in the other expense line items in our Condensed Combined Statements of Earnings.

(b) Included in interest expense in our Condensed Combined Statements of Earnings.

*Direct Costs.* Direct costs are costs associated with either services provided directly to us that are centralized at GE or services provided to us by third parties under contracts entered into by GE. These services include the provision of employee benefits and benefit administration; information technology services; telecommunication services; and other services, including leases for vehicles, equipment and facilities. GE allocates the costs associated with these services to us using established allocation methodologies. See Note 14. *Related Party Transactions and Parent's Net Investment* to our 2013 annual combined financial statements for additional information on these allocation methodologies.

*Indirect Costs.* GE and GECC allocate costs to us related to corporate overhead that directly or indirectly benefits our business. These assessments relate to information technology, insurance coverage, tax services provided, executive incentive payments, advertising and branding and other functional support. These allocations are determined primarily using our percentage of GECC's relevant expenses.

*Interest Expense.* We use related party debt provided by GECC to meet our funding requirements after taking into account deposits held at the Bank, funding from securitized financings and cash generated from our operations. GECC assesses us an interest cost on a portion of the Parent's total investment and we have reflected that portion as related party debt in the Condensed Combined Statements of Financial Position. Interest cost is assessed to us from GECC's centralized treasury function based on fixed and floating interest rates, plus funding related costs that include charges for liquidity and other treasury costs. We incurred borrowing costs for related party debt of \$47 million and \$43 million for the three months ended March 31, 2014 and 2013, respectively. Our average cost of funds for related party debt was 2.3% and 2.1% for the three months ended March 31, 2014 and 2013, respectively.

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**Other Related Party Transactions**

In addition to the related party activities described above, we also are party to certain cash management and payment processing arrangements with GE and GECC. Historically, most of our cash and equivalents that are not held for purposes of funding the Bank's liquidity requirements has been transferred to GECC on a daily basis and GECC subsequently funds the operating and investing activities of our business as needed. This does not impact our Condensed Combined Statements of Earnings. During the three months ended March 31, 2014, we began to retain additional cash and equivalents in excess of the minimum amounts required for the Bank's liquidity requirements, in preparation for our planned IPO.

GE also makes payments for our payroll for our employees, corporate credit card bills and freight expenses through a centralized payment system and we reimburse GE in full for the amounts paid. Such expenses are included in other expense across the relevant categories in our Condensed Combined Statements of Earnings and are directly attributable to our business and our employees.

**Parent's Net Investment**

The remainder of our Parent's total investment, in excess of our related party debt, is reflected as equity under the caption, Parent's net investment, in our Condensed Combined Statements of Financial Position.

**NOTE 13. LEGAL PROCEEDINGS AND REGULATORY MATTERS**

In the normal course of business, from time to time, we have been named as a defendant in various legal proceedings, including arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions include claims for substantial compensatory and/or punitive damages, or claims for indeterminate amounts of damages. We are also involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business (collectively, "regulatory matters"), which could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. We contest liability and/or the amount of damages as appropriate in each pending matter. In accordance with applicable accounting guidance, we establish an accrued liability for legal and regulatory matters when those matters present loss contingencies which are both probable and estimable.

Legal proceedings and regulatory matters are subject to many uncertain factors that generally cannot be predicted with assurance, however, and we may be exposed to losses in excess of any amounts accrued.

For some matters, we are able to determine that an estimated loss, while not probable, is reasonably possible. For other matters, including those that have not yet progressed through discovery and/or where important factual information and legal issues are unresolved, we are unable make such an estimate. We currently estimate that the reasonably possible losses for legal proceedings and regulatory matters, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a possible loss, are immaterial. This represents management's estimate of possible loss with respect to these matters and is based on currently available information. This estimate of possible loss does not represent our maximum loss exposure. The legal proceedings and regulatory matters underlying the estimate will change from time to time and actual results may vary significantly from current estimates.

Our estimate of reasonably possible losses involves significant judgment, given the varying stages of the proceedings, the existence of numerous yet to be resolved issues, the breadth of the claims (often spanning multiple years), unspecified damages and/or the novelty of the legal issues presented. Based on our current knowledge, we do not believe that we are a party to any pending legal proceeding or regulatory matters that would have a material adverse effect on our combined financial condition or liquidity. However, in light of the

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uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to our operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of our earnings for that period, and could adversely affect our business and reputation.

Below is a description of certain of our legal proceedings and regulatory matters.

### **CFPB and Attorney General Matters**

On December 10, 2013, we entered into a Consent Order with the CFPB relating to our CareCredit platform, which requires us to pay up to \$34.1 million to qualifying customers, provide additional training and monitoring of our CareCredit partners, include provisions in agreements with our CareCredit partners prohibiting charges for certain services not yet rendered, make changes to certain consumer disclosures, application procedures and procedures for resolution of customer complaints, and terminate CareCredit partners that have chargeback rates in excess of certain thresholds. Some of the business practice changes required by the Consent Order are similar to requirements in an Assurance of Discontinuance that we entered with the Attorney General for the State of New York on June 3, 2013.

Our settlements with the CFPB and the New York Attorney General do not preclude other regulators or state attorneys general from seeking additional monetary or injunctive relief with respect to CareCredit. In this regard, in 2010 and 2012, respectively, we received formal requests for information from the Attorneys General for the states of Minnesota and New Jersey. We have cooperated fully with these inquiries.

Starting in December 2012 and continuing into 2013, the CFPB conducted a review of the Bank's debt cancellation products and its marketing practices in its telesales channel related to those products. We are currently in discussions with the CFPB relating to this review. We cannot predict the final outcome of the discussions and the resolution could include customer remediation in addition to what we have voluntarily undertaken, as well as civil money penalties and required changes to how the Bank currently conducts its business.

In 2012, the Bank discovered through an audit of its collection operations, potential violations of the Equal Credit Opportunity Act where certain Spanish-speaking customers and customers residing in Puerto Rico were excluded from certain statement credit and settlement offers that were made to certain delinquent customers. We provided information to the CFPB in connection with this matter and have been in discussions with them. This matter has been referred to the Department of Justice, which has initiated a civil investigation. We cannot predict the final outcome of the discussions or the investigation, and the resolution could include customer remediation in addition to what we have voluntarily undertaken, as well as civil money penalties and required changes to how the Bank currently conducts its business.

### **Other Matters**

On September 27, 2013, Secure Axxess LLC, filed a complaint against the Bank as well as other defendants in the U.S. District Court for the Eastern District of Texas, for patent infringement related to the Bank's alleged use of website authenticity technology referred to as "Safe Keys." The complaint seeks unspecified damages. On April 14, 2014, the Bank filed an answer to the complaint, and on April 17, 2014, the Bank filed a motion to stay the case pending resolution of petitions filed by other parties with the U.S. Patent Office concerning the Secure Axxess patent at issue in the pending litigation.

The Bank is a defendant in four putative class actions alleging claims under the federal Telephone Consumer Protection Act ("TCPA"), where the plaintiffs assert that they received calls on their cellular telephones relating to accounts not belonging to them. In each case, the complaints allege that the Bank placed calls to consumers by an automated dialing system or using a pre-recorded message or automated voice without their consent, and seek up to \$1,500 for each violation. The amount of damages sought in the aggregate is unspecified. *Abdeljalil et al. v. GE Capital Retail Bank* was filed on August 22, 2012 in the U.S. District Court for the Southern District of

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California, originally naming GECC as the defendant. In August 2013, the Court denied without prejudice GECC's motion to dismiss the class allegations. GECC subsequently was dismissed and the plaintiffs amended the complaint to name the Bank as the defendant. On April 28, 2014, plaintiff filed a motion to certify the alleged class. *Travaglio et al. v. GE Capital Retail Bank and Allied Interstate LLC* was filed on January 17, 2014 in the U.S. District Court for the Middle District of Florida. On April 16, 2014, the Court stayed the action pending the disposition of GE Capital's motion to compel arbitration, which was filed on April 25, 2014, along with a motion to dismiss and strike the class allegations. On May 9, 2014, the Court stayed all further proceedings, all pending motions, and all case deadlines while the parties participate in mediation proceedings. *Cowan v. GE Capital Retail Bank* was filed on May 14, 2014 in the U.S. District Court for the District of Connecticut. *Fitzhenry v. Lowe's Companies Inc. and GE Capital Retail Bank* was filed on May 29, 2014 in the U.S. District Court for the District of South Carolina.

## Shares



## Common Stock

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Prospectus  
, 2014

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Through and including \_\_\_\_\_, 2014 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 13. Other Expenses of Issuance and Distribution**

The expenses, other than underwriting commissions, expected to be incurred in connection with the issuance and distribution of the securities being registered under this Registration Statement are estimated to be as follows:

Securities and Exchange Commission Registration Fee	\$12,880
FINRA Filing Fee	15,500
New York Stock Exchange Listing Fee	*
Printing and Engraving	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Miscellaneous	*
Total	<u>\$</u> *

\* To be completed by amendment

**Item 14. Indemnification of Directors and Officers**

Section 145 of the General Corporation Law of the state of Delaware (“DGCL”) provides that a corporation may indemnify any person, including directors and officers, as well as employees and agents, against expenses, including attorneys’ fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent of such corporation. Section 145 of the DGCL provides that the rights contained therein are not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for payments of unlawful dividends or unlawful stock repurchases or (iv) for any transactions from which the director derived an improper personal benefit.

The certificate of incorporation of Synchrony (the “Registrant”) provides that the Registrant will indemnify its directors and officers to the fullest extent permitted by law and that, to the fullest extent permitted by the law, no director shall be liable for monetary damages to the Registrant or its stockholders for any breach of fiduciary duty as a director.

General Electric Company (“GE”), the ultimate parent of the Registrant, maintains liability insurance for its directors and officers and for the directors and officers of its majority-owned subsidiaries, including the Registrant. This insurance provides for coverage, subject to certain exceptions, against non-indemnifiable loss from claims made against directors and officers in their capacity as such, including claims under the federal securities laws. Prior to the completion of this offering, the Registrant intends to obtain additional liability insurance for its directors and officers.

**Item 15. Recent Sales of Unregistered Securities**

On August 2, 2013, the Registrant issued 99,000 shares of common stock to its sole shareholder GE Consumer Finance, Inc. (“GECFI”) as part of a recapitalization transaction whereby 99 shares of common stock were issued for every share of common stock then outstanding. On August 5, 2013, the Registrant issued 77,000 shares of common stock to General Electric Capital Corporation (“GECC”) as consideration for GECC’s contribution to the Registrant of

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100% of the outstanding stock of RFS Holding Inc. and its subsidiaries. On August 12, 2013, the Registrant issued 154 shares of common stock to GECFI as consideration for GECFI's contribution to the Registrant of substantially all outstanding stock of GECRF Global Services Philippines, Inc. On September 23, 2013, the Registrant issued 404 shares of common stock to GECFI's as consideration for GECFI's contribution to the Registrant of 4,040 shares of stock of Retail Finance International Holdings, Inc. ("RIH"). On September 23, 2013, the Registrant issued 88 shares of common stock to GECC as consideration for GECC's contribution to the Registrant of 875 shares of RIH, constituting all of the outstanding stock of RIH not already owned by the Registrant. Each of these issuances were made pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933.

### **Item 16. Exhibits**

<u>Number</u>	<u>Description</u>
1.1*	Form of Underwriting Agreement
3.1**	Amended and Restated Certificate of Incorporation of Synchrony
3.2**	Amended and Restated Bylaws of Synchrony
4.1*	Specimen Common Stock Certificate
5.1*	Opinion of Weil, Gotshal & Manges LLP
10.1**	Form of Master Agreement
10.2	Form of Transitional Services Agreement
10.3**	Form of Registration Rights Agreement
10.4**	Form of Tax Sharing and Separation Agreement
10.5**	Form of Employee Matters Agreement
10.6	Form of Transitional Trademark License Agreement
10.7	Form of Intellectual Property Cross License Agreement
10.8	Form of Credit Agreement with the Lenders named therein
10.9	Form of Credit Agreement with GE and GECC
10.10	Form of Synchrony 2014 Long-Term Incentive Plan
10.11	Form of agreement for awards under Synchrony 2014 Long-Term Incentive Plan
10.12**	Form of Transaction Award Agreement, by and between GE Capital Retail Bank/GE Capital Retail Finance, Inc. and each of Margaret M. Keane, Brian D. Doubles, Jonathan S. Mothner, Thomas M. Quindlen and Glenn P. Marino
10.13**	Operating Agreement, dated as of January 11, 2013, between GE Capital Retail Bank and the Office of the Comptroller of the Currency
10.14**	Capital Assurance and Liquidity Maintenance Agreement, dated as of January 11, 2013, among GE Capital Retail Bank, General Electric Capital Corporation and GE Consumer Finance, Inc.
10.15	Master Indenture, dated as of September 25, 2003, between GE Capital Credit Card Master Note Trust, as Issuer and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.16	Omnibus Amendment No. 1 to Securitization Documents, dated as of February 9, 2004, among RFS Holding, L.L.C., RFS Funding Trust, GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia), GE Capital Credit Card Master Note Trust, Deutsche Bank Trust Company Delaware, as Trustee of RFS Funding Trust, RFS Holding, Inc. and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference to Exhibit 4.16 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))

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<u>Number</u>	<u>Description</u>
10.17	Second Amendment to Master Indenture, dated as of June 17, 2004, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on July 2, 2004)
10.18	Third Amendment to Master Indenture, dated as of August 31, 2006, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on September 5, 2006)
10.19	Fourth Amendment to Master Indenture, dated as of June 28, 2007, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on July 3, 2007)
10.20	Fifth Amendment to Master Indenture, dated as of May 22, 2008, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.21	Sixth Amendment to Master Indenture, dated as of August 7, 2009, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on August 7, 2009)
10.22	Seventh Amendment to Master Indenture, dated as of January 21, 2014, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on January 21, 2014)
10.23	Eighth Amendment to Master Indenture and Omnibus Supplement to Specified Indenture Supplements, dated as of March 11, 2014, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 14, 2014)
10.24**	Form of VFN Indenture Supplement, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas
10.25**	Form of Loan Agreement (VFN Series, Class A), among GE Capital Credit Card Master Note Trust, the Lenders party thereto from time to time, and the Managing Agents party thereto from time to time
10.26	Trust Agreement, dated as of September 25, 2003, between RFS Holding, L.L.C. and The Bank of New York (Delaware) (incorporated by reference to Exhibit 4.3 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.27	First Amendment to Trust Agreement, dated as of January 21, 2014, between RFS Holding, L.L.C. and BNY Mellon Trust of Delaware (incorporated by reference to Exhibit 4.2 of the current form 8-K filed by GE Capital Credit Master Note Trust and RFS Holding, L.L.C., on January 21, 2014)
10.28	Custody and Control Agreement, dated as of September 25, 2003 by and among Deutsche Bank Trust Company of Americas, in its capacity as Custodian and in its capacity as Indenture Trustee, and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.8 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.29	Receivables Sale Agreement, dated as of June 27, 2003, between GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.9 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))

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<u>Number</u>	<u>Description</u>
10.30	RSA Assumption Agreement and Second Amendment to Receivables Sale Agreement, dated as of February 7, 2005, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 11, 2005)
10.31	Third Amendment to Receivables Sale Agreement, dated as of December 21, 2006, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 21, 2006)
10.32	Fourth Amendment to Receivables Sale Agreement, dated as of May 21, 2008, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.33	Designation of Removed Accounts and Fifth Amendment to Receivables Sale Agreement, dated as of December 29, 2008, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 30, 2008)
10.34	Designation of Removed Accounts and Sixth Amendment to Receivables Sale Agreement, dated as of February 26, 2009, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 26, 2009)
10.35	Seventh Amendment to Receivables Sale Agreement, dated as of November 23, 2010, between GE Capital Retail Bank (formerly known as GE Money Bank), and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on November 24, 2010)
10.36	Eighth Amendment to Receivables Sale Agreement, dated as of March 20, 2012, among GE Capital Retail Bank, RFS Holding, Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 21, 2012)
10.37	Ninth Amendment to Receivables Sale Agreement, dated as of March 11, 2014, among GE Capital Retail Bank, RFS Holding, Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 14, 2014)
10.38	Transfer Agreement, dated as of September 25, 2003, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.12 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.39	Second Amendment to Transfer Agreement, dated as of June 17, 2004, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on July 2, 2004)
10.40	Third Amendment to Transfer Agreement, dated as of November 21, 2004, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on November 24, 2004)
10.41	Fourth Amendment to Transfer Agreement, dated as of August 31, 2006, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on September 5, 2006)

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<u>Number</u>	<u>Description</u>
10.42	Fifth Amendment to Transfer Agreement, dated as of December 21, 2006, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 21, 2006)
10.43	Sixth Amendment to Transfer Agreement, dated as of May 21, 2008, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.44	Reassignment of Receivables in Removed Accounts and Seventh Amendment to Transfer Agreement, dated as of December 29, 2008, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 30, 2008)
10.45	Reassignment No. 4 of Receivables in Removed Accounts and Eighth Amendment to Transfer Agreement, dated as of February 26, 2009, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 26, 2009)
10.46	Ninth Amendment to Transfer Agreement, dated as of March 31, 2010, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 31, 2010)
10.47	Tenth Amendment to Transfer Agreement, dated as of March 20, 2012, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 21, 2012)
10.48	Servicing Agreement, dated as of June 27, 2003, by and among RFS Funding Trust, GE Capital Credit Card Master Note Trust and General Electric Capital Corporation, successor to GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia) (incorporated by reference to Exhibit 4.13 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.49	Servicing Assumption Agreement, dated as of February 7, 2005, by GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 11, 2005)
10.50	First Amendment to Servicing Agreement, dated as of May 22, 2006, between GE Capital Credit Card Master Note Trust and GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 25, 2006)
10.51	Second Amendment to Servicing Agreement, dated as of June 28, 2007, between GE Capital Credit Card Master Note Trust and GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on June 28, 2007)
10.52	Instrument of Resignation, Appointment and Acceptance and Third Amendment to Servicing Agreement, dated as of May 22, 2008, by and among GE Capital Credit Card Master Note Trust, GE Capital Retail Bank (formerly known as GE Money Bank) and General Electric Capital Corporation (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.53	Administration Agreement, dated as of September 25, 2003, among GE Capital Credit Card Master Note Trust, General Electric Capital Corporation, as Administrator, and The Bank of New York (Delaware), not in its individual capacity but solely as Trustee (incorporated by reference to Exhibit 4.14 of Amendment No. 1 to Form S-3 Registration Statement filed on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))

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<u>Number</u>	<u>Description</u>
10.54	First Amendment to Administration Agreement, dated as of May 4, 2009, between GE Capital Credit Card Master Note Trust and General Electric Capital Corporation (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 6, 2009)
10.55**	Master Indenture, dated as of February 29, 2012, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.56**	Supplement No.1 to Master Indenture, dated as of September 19, 2012, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.57**	Supplement No.2 to Master Indenture, dated as of March 21, 2014, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.58**	Form of Indenture Supplement, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.59**	Form of Loan Agreement, among GE Sales Finance Master Trust, the Lenders party thereto from time to time, and the Lender Group Agents for the Lender Groups party thereto from time to time
10.60**	Amended and Restated Trust Agreement of GE Sales Finance Master Trust, dated as of February 29, 2012, between GE Sales Finance Holding, L.L.C and BNY Mellon Trust of Delaware
10.61**	Amended and Restated Receivables Participation Agreement, dated as of February 29, 2012, between GE Capital Retail Bank and GEMB Lending Inc.
10.62**	First Amendment to Amended and Restated Receivables Participation Agreement, dated as of August 17, 2012, between GE Capital Retail Bank and GEMB Lending Inc.
10.63**	Second Amendment to Amended and Restated Receivables Participation Agreement, dated as of August 5, 2013, between GE Capital Retail Bank and GEMB Lending Inc.
10.64**	Participation Interest Sale Agreement, dated as of February 29, 2012, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C.
10.65**	First Amendment to Participation Interest Sale Agreement, dated as of September 19, 2012, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C.
10.66**	Second Amendment to Participation Interest Sale Agreement, dated as of March 21, 2014, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C.
10.67**	Transfer Agreement, dated as of February 29, 2012, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust
10.68**	First Amendment to Transfer Agreement, dated as of September 19, 2012, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust
10.69**	Second Amendment to Transfer Agreement, dated as of March 21, 2014, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust
10.70**	Servicing Agreement, dated as of February 29, 2012, between GE Capital Retail Bank and GE Sales Finance Master Trust
10.71**	Administration Agreement, dated as of February 29, 2012, between GE Sales Finance Master Trust and GE Capital Retail Bank
10.72†	First Amended and Restated Technology Sourcing Agreement, dated as of December 10, 1998, between Retailer Credit Services, Inc. and First Data Resources, Inc., as amended
10.73†	First Amended and Restated Production Services Agreement, dated as of December 1, 2009, by and between Retailer Credit Services, Inc. and First Data Resources, LLC, as amended
10.74**	Stock Contribution Agreement, dated as of April 1, 2013, between GE Capital Retail Finance Corporation and GE Consumer Finance, Inc.
10.75**	Stock Contribution Agreement, dated as of August 5, 2013, between GE Capital Retail Finance Corporation and General Electric Capital Corporation

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<u>Number</u>	<u>Description</u>
10.76	General Electric Company 2007 Long-Term Incentive Plan (as amended and restated April 25, 2012) (incorporated by reference to Exhibit 99.1 of the Registration Statement on Form S-8 filed by General Electric Company on May 4, 2012 (No. 333-181177))
10.77	Form of Agreement for Stock Option Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan, as amended January 1, 2009 (incorporated by reference to Exhibit 10(n) of the annual report on Form 10-K filed by General Electric Company on February 18, 2009)
10.78	Form of Agreement for Periodic Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (incorporated by reference to Exhibit 10.4 of the current report on Form 8-K filed by General Electric Company on April 27, 2007)
10.79	Form of Agreement for Long Term Performance Award Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (as amended and restated April 25, 2012) (incorporated by reference to Exhibit 10(a) of the quarterly report on Form 10-Q filed by General Electric Company on July 26, 2013)
10.80	General Electric Supplementary Pension Plan, as amended effective January 1, 2011 (incorporated by reference to Exhibit 10(g) of the annual report on Form 10-K filed by General Electric Company on February 25, 2011)
10.81	GE Excess Benefits Plan, effective January 1, 2009 (incorporated by reference to Exhibit 10(k) to the annual report on Form 10-K filed by General Electric Company on February 18, 2009)
10.82	General Electric Leadership Life Insurance Program, effective January 1, 1994 (incorporated by reference to Exhibit 10(r) to the annual report on Form 10-K filed by General Electric Company on March 11, 1994)
10.83	General Electric Supplemental Life Insurance Program, as amended February 8, 1991 (incorporated by reference to Exhibit 10(i) to the annual report on Form 10-K filed by General Electric Company for the fiscal year ended December 31, 1990)
10.84	General Electric 2006 Executive Deferred Salary Plan, as amended January 1, 2009 (incorporated by reference to Exhibit 10(l) to the annual report on Form 10-K filed by General Electric Company on February 18, 2009)
10.85	Amendment to Nonqualified Deferred Compensation Plans, dated as of December 14, 2004 (incorporated by reference to Exhibit 10(w) to the annual report on Form 10-K filed by General Electric Company on March 1, 2005)
10.86	General Electric Financial Planning Program, as amended through September 1993 (incorporated by reference to Exhibit 10(h) to the annual report on Form 10-K filed by General Electric Company on March 11, 1994)
10.87	GE Capital Executive Incentive Compensation Plan
10.88	Assumption Agreement, dated as of June 20, 2014, by and between General Electric Capital Corporation and Synchrony Financial
10.89	Form of Indemnification Agreement for directors, executive officers and key employees
10.90	Form of Sub-Servicing Agreement
10.91*	Director Deferral Plan
21.1*	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP
23.2*	Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1)
24.1	Powers of Attorney (included on signature page)
99.1	Consent of Roy A. Guthrie

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<u>Number</u>	<u>Description</u>
99.2	Consent of Richard C. Hartnack
99.3	Consent of Jeffrey G. Naylor
*	To be filed by amendment.
**	Previously filed.
†	Confidential treatment requested as to certain portions, which portions have been provided separately to the Securities and Exchange Commission.

### **Item 17. Undertakings**

The undersigned hereby undertakes as follows:

(a) to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act, and will be governed by the final adjudication of such issue.

(c)(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused its registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Stamford, Connecticut on June 27, 2014.

SYNCHRONY FINANCIAL

By: /s/ Margaret M. Keane

Name: Margaret M. Keane

Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on June 27, 2014:

<u>Signature</u>	<u>Title</u>
<u>/s/ Margaret M. Keane</u> Margaret M. Keane	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Brian D. Doubles</u> Brian D. Doubles	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
<u>/s/ David P. Melito</u> David P. Melito	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)
<u>*</u> Daniel O. Colao	Director
<u>*</u> William H. Cary	Director
<u>*</u> Alexander Dimitrief	Director
<u>*</u> Anne Kennelly Kratky	Director
<u>*</u> Dmitri L. Stockton	Director
<u>* /s/ Jonathan S. Mothner</u> Jonathan S. Mothner Attorney-in-fact	

INDEX TO EXHIBITS

<u>Number</u>	<u>Description</u>
1.1*	Form of Underwriting Agreement
3.1**	Amended and Restated Certificate of Incorporation of Synchrony
3.2**	Amended and Restated Bylaws of Synchrony
4.1*	Specimen Common Stock Certificate
5.1*	Opinion of Weil, Gotshal & Manges LLP
10.1**	Form of Master Agreement
10.2	Form of Transitional Services Agreement
10.3**	Form of Registration Rights Agreement
10.4**	Form of Tax Sharing and Separation Agreement
10.5**	Form of Employee Matters Agreement
10.6	Form of Transitional Trademark License Agreement
10.7	Form of Intellectual Property Cross License Agreement
10.8	Form of Credit Agreement with the Lenders named therein
10.9	Form of Credit Agreement with GE and GECC
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10.11	Form of agreement for awards under Synchrony 2014 Long-Term Incentive Plan
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10.13**	Operating Agreement, dated as of January 11, 2013, between GE Capital Retail Bank and the Office of the Comptroller of the Currency
10.14**	Capital Assurance and Liquidity Maintenance Agreement, dated as of January 11, 2013, among GE Capital Retail Bank, General Electric Capital Corporation and GE Consumer Finance, Inc.
10.15	Master Indenture, dated as of September 25, 2003, between GE Capital Credit Card Master Note Trust, as Issuer and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.16	Omnibus Amendment No. 1 to Securitization Documents, dated as of February 9, 2004, among RFS Holding, L.L.C., RFS Funding Trust, GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia), GE Capital Credit Card Master Note Trust, Deutsche Bank Trust Company Delaware, as Trustee of RFS Funding Trust, RFS Holding, Inc. and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference to Exhibit 4.16 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
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<u>Number</u>	<u>Description</u>
10.20	Fifth Amendment to Master Indenture, dated as of May 22, 2008, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.21	Sixth Amendment to Master Indenture, dated as of August 7, 2009, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on August 7, 2009)
10.22	Seventh Amendment to Master Indenture, dated as of January 21, 2014, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on January 21, 2014)
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10.24**	Form of VFN Indenture Supplement, between GE Capital Credit Card Master Note Trust and Deutsche Bank Trust Company Americas
10.25**	Form of Loan Agreement (VFN Series, Class A), among GE Capital Credit Card Master Note Trust, the Lenders party thereto from time to time, and the Managing Agents party thereto from time to time
10.26	Trust Agreement, dated as of September 25, 2003, between RFS Holding, L.L.C. and The Bank of New York (Delaware) (incorporated by reference to Exhibit 4.3 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.27	First Amendment to Trust Agreement, dated as of January 21, 2014, between RFS Holding, L.L.C. and BNY Mellon Trust of Delaware (incorporated by reference to Exhibit 4.2 of the current form 8-K filed by GE Capital Credit Master Note Trust and RFS Holding, L.L.C., on January 21, 2014)
10.28	Custody and Control Agreement, dated as of September 25, 2003 by and among Deutsche Bank Trust Company of Americas, in its capacity as Custodian and in its capacity as Indenture Trustee, and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.8 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.29	Receivables Sale Agreement, dated as of June 27, 2003, between GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.9 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.30	RSA Assumption Agreement and Second Amendment to Receivables Sale Agreement, dated as of February 7, 2005, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 11, 2005)
10.31	Third Amendment to Receivables Sale Agreement, dated as of December 21, 2006, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 21, 2006)
10.32	Fourth Amendment to Receivables Sale Agreement, dated as of May 21, 2008, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)

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<u>Number</u>	<u>Description</u>
10.33	Designation of Removed Accounts and Fifth Amendment to Receivables Sale Agreement, dated as of December 29, 2008, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 30, 2008)
10.34	Designation of Removed Accounts and Sixth Amendment to Receivables Sale Agreement, dated as of February 26, 2009, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 26, 2009)
10.35	Seventh Amendment to Receivables Sale Agreement, dated as of November 23, 2010, between GE Capital Retail Bank (formerly known as GE Money Bank), and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on November 24, 2010)
10.36	Eighth Amendment to Receivables Sale Agreement, dated as of March 20, 2012, among GE Capital Retail Bank, RFS Holding, Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 21, 2012)
10.37	Ninth Amendment to Receivables Sale Agreement, dated as of March 11, 2014, among GE Capital Retail Bank, RFS Holding, Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 14, 2014)
10.38	Transfer Agreement, dated as of September 25, 2003, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.12 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.39	Second Amendment to Transfer Agreement, dated as of June 17, 2004, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on July 2, 2004)
10.40	Third Amendment to Transfer Agreement, dated as of November 21, 2004, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on November 24, 2004)
10.41	Fourth Amendment to Transfer Agreement, dated as of August 31, 2006, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on September 5, 2006)
10.42	Fifth Amendment to Transfer Agreement, dated as of December 21, 2006, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 21, 2006)
10.43	Sixth Amendment to Transfer Agreement, dated as of May 21, 2008, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.44	Reassignment of Receivables in Removed Accounts and Seventh Amendment to Transfer Agreement, dated as of December 29, 2008, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on December 30, 2008)
10.45	Reassignment No. 4 of Receivables in Removed Accounts and Eighth Amendment to Transfer Agreement, dated as of February 26, 2009, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 26, 2009)

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<u>Number</u>	<u>Description</u>
10.46	Ninth Amendment to Transfer Agreement, dated as of March 31, 2010, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 31, 2010)
10.47	Tenth Amendment to Transfer Agreement, dated as of March 20, 2012, between RFS Holding, L.L.C. and GE Capital Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on March 21, 2012)
10.48	Servicing Agreement, dated as of June 27, 2003, by and among RFS Funding Trust, GE Capital Credit Card Master Note Trust and General Electric Capital Corporation, successor to GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia) (incorporated by reference to Exhibit 4.13 of Amendment No. 1 to Form S-3 Registration Statement filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.49	Servicing Assumption Agreement, dated as of February 7, 2005, by GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on February 11, 2005)
10.50	First Amendment to Servicing Agreement, dated as of May 22, 2006, between GE Capital Credit Card Master Note Trust and GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 25, 2006)
10.51	Second Amendment to Servicing Agreement, dated as of June 28, 2007, between GE Capital Credit Card Master Note Trust and GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on June 28, 2007)
10.52	Instrument of Resignation, Appointment and Acceptance and Third Amendment to Servicing Agreement, dated as of May 22, 2008, by and among GE Capital Credit Card Master Note Trust, GE Capital Retail Bank (formerly known as GE Money Bank) and General Electric Capital Corporation (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.53	Administration Agreement, dated as of September 25, 2003, among GE Capital Credit Card Master Note Trust, General Electric Capital Corporation, as Administrator, and The Bank of New York (Delaware), not in its individual capacity but solely as Trustee (incorporated by reference to Exhibit 4.14 of Amendment No. 1 to Form S-3 Registration Statement filed on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.54	First Amendment to Administration Agreement, dated as of May 4, 2009, between GE Capital Credit Card Master Note Trust and General Electric Capital Corporation (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by GE Capital Credit Card Master Note Trust and RFS Holding, L.L.C. on May 6, 2009)
10.55**	Master Indenture, dated as of February 29, 2012, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.56**	Supplement No.1 to Master Indenture, dated as of September 19, 2012, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.57**	Supplement No.2 to Master Indenture, dated as of March 21, 2014, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.58**	Form of Indenture Supplement, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas
10.59**	Form of Loan Agreement, among GE Sales Finance Master Trust, the Lenders party thereto from time to time, and the Lender Group Agents for the Lender Groups party thereto from time to time

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<u>Number</u>	<u>Description</u>
10.60**	Amended and Restated Trust Agreement of GE Sales Finance Master Trust, dated as of February 29, 2012, between GE Sales Finance Holding, L.L.C and BNY Mellon Trust of Delaware
10.61**	Amended and Restated Receivables Participation Agreement, dated as of February 29, 2012, between GE Capital Retail Bank and GEMB Lending Inc.
10.62**	First Amendment to Amended and Restated Receivables Participation Agreement, dated as of August 17, 2012, between GE Capital Retail Bank and GEMB Lending Inc.
10.63**	Second Amendment to Amended and Restated Receivables Participation Agreement, dated as of August 5, 2013, between GE Capital Retail Bank and GEMB Lending Inc.
10.64**	Participation Interest Sale Agreement, dated as of February 29, 2012, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C.
10.65**	First Amendment to Participation Interest Sale Agreement, dated as of September 19, 2012, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C.
10.66**	Second Amendment to Participation Interest Sale Agreement, dated as of March 21, 2014, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C.
10.67**	Transfer Agreement, dated as of February 29, 2012, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust
10.68**	First Amendment to Transfer Agreement, dated as of September 19, 2012, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust
10.69**	Second Amendment to Transfer Agreement, dated as of March 21, 2014, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust
10.70**	Servicing Agreement, dated as of February 29, 2012, between GE Capital Retail Bank and GE Sales Finance Master Trust
10.71**	Administration Agreement, dated as of February 29, 2012, between GE Sales Finance Master Trust and GE Capital Retail Bank
10.72†	First Amended and Restated Technology Sourcing Agreement, dated as of December 10, 1998, between Retailer Credit Services, Inc. and First Data Resources, Inc., as amended
10.73†	First Amended and Restated Production Services Agreement, dated as of December 1, 2009, by and between Retailer Credit Services, Inc. and First Data Resources, LLC, as amended
10.74**	Stock Contribution Agreement, dated as of April 1, 2013, between GE Capital Retail Finance Corporation and GE Consumer Finance, Inc.
10.75**	Stock Contribution Agreement, dated as of August 5, 2013, between GE Capital Retail Finance Corporation and General Electric Capital Corporation
10.76	General Electric Company 2007 Long-Term Incentive Plan (as amended and restated April 25, 2012) (incorporated by reference to Exhibit 99.1 of the Registration Statement on Form S-8 filed by General Electric Company on May 4, 2012 (No. 333-181177))
10.77	Form of Agreement for Stock Option Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan, as amended January 1, 2009 (incorporated by reference to Exhibit 10(n) of the annual report on Form 10-K filed by General Electric Company on February 18, 2009)
10.78	Form of Agreement for Periodic Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (incorporated by reference to Exhibit 10.4 of the current report on Form 8-K filed by General Electric Company on April 27, 2007)
10.79	Form of Agreement for Long Term Performance Award Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (as amended and restated April 25, 2012) (incorporated by reference to Exhibit 10(a) of the quarterly report on Form 10-Q filed by General Electric Company on July 26, 2013)

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<u>Number</u>	<u>Description</u>
10.80	General Electric Supplementary Pension Plan, as amended effective January 1, 2011 (incorporated by reference to Exhibit 10(g) of the annual report on Form 10-K filed by General Electric Company on February 25, 2011)
10.81	GE Excess Benefits Plan, effective January 1, 2009 (incorporated by reference to Exhibit 10(k) to the annual report on Form 10-K filed by General Electric Company on February 18, 2009)
10.82	General Electric Leadership Life Insurance Program, effective January 1, 1994 (incorporated by reference to Exhibit 10(r) to the annual report on Form 10-K filed by General Electric Company on March 11, 1994)
10.83	General Electric Supplemental Life Insurance Program, as amended February 8, 1991 (incorporated by reference to Exhibit 10(i) to the annual report on Form 10-K filed by General Electric Company for the fiscal year ended December 31, 1990)
10.84	General Electric 2006 Executive Deferred Salary Plan, as amended January 1, 2009 (incorporated by reference to Exhibit 10(l) to the annual report on Form 10-K filed by General Electric Company on February 18, 2009)
10.85	Amendment to Nonqualified Deferred Compensation Plans, dated as of December 14, 2004 (incorporated by reference to Exhibit 10(w) to the annual report on Form 10-K filed by General Electric Company on March 1, 2005)
10.86	General Electric Financial Planning Program, as amended through September 1993 (incorporated by reference to Exhibit 10(h) to the annual report on Form 10-K filed by General Electric Company on March 11, 1994)
10.87	GE Capital Executive Incentive Compensation Plan
10.88	Assumption Agreement, dated as of June 20, 2014, by and between General Electric Capital Corporation and Synchrony Financial
10.89	Form of Indemnification Agreement for directors, executive officers and key employees
10.90	Form of Sub-Servicing Agreement
10.91*	Director Deferral Plan
21.1*	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP
23.2*	Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1)
24.1	Powers of Attorney (included on signature page)
99.1	Consent of Roy A. Guthrie
99.2	Consent of Richard C. Hartnack
99.3	Consent of Jeffrey G. Naylor

\* To be filed by amendment.

\*\* Previously filed.

† Confidential treatment requested as to certain portions, which portions have been provided separately to the Securities and Exchange Commission.

TRANSITIONAL SERVICES AGREEMENT

by and among

GENERAL ELECTRIC CAPITAL CORPORATION

(“GECC”),

SYNCHRONY FINANCIAL

(the “Company”)

and

RETAIL FINANCE INTERNATIONAL HOLDINGS, INC.

(“RFIH”)

DATED \_\_\_\_\_, 2014

Details

**Parties** GECC, the Company, and RFIH each as described below.

**GECC** GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation.

**Company** SYNCHRONY FINANCIAL, a Delaware corporation.

**RFIH** RETAIL FINANCE INTERNATIONAL HOLDINGS, INC., a Delaware corporation.

- Recitals**
1. GE Consumer Finance, Inc., is a Delaware corporation and a wholly-owned subsidiary of GECC and is the legal and beneficial owner of the issued shares in the capital of the Company;
  2. The Company's business activities include providing financial services to consumers and retailers and offering a range of private-label credit cards, dual (or co-branded) credit cards and other revolving credit accounts to finance the purchase of consumer goods and services (collectively, the "**Company Business**");
  3. The board of directors of the Company has determined that it is in the best interests of the Company to make an initial public offering (the "**IPO**") of shares of Company common stock, par value \$0.001 per share;
  4. GECC and the Company entered into a Master Agreement, dated as of the date hereof (the "**Master Agreement**");
  5. As a result of the IPO and future contemplated transactions (collectively, the "**Transaction**"), (i) the Company and RFIH may in the future no longer be considered to be Affiliates of GECC or its parent General Electric Company ("**GE**") for purposes of certain entitlements to GE, GECC or third party provided services and/or access rights and (ii) GECC may in the future no longer be considered to be an Affiliate of the Company or RFIH for purposes of certain entitlements to the Company or third party-provided services and/or access rights; and
  6. GECC, the Company and RFIH have each agreed to provide certain transitional arrangements to the Recipients, from the date of the IPO and for the relevant Transition Period thereafter in accordance with and subject to the terms of this Agreement.

**Governing law** New York

**Date** See signing page

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General terms

**I. Transitional Arrangements**

1.1 GECC Transitional Arrangements

Subject to Clause 1.4, GECC will provide (or procure the provision of) to the Company and/or RFIH, as applicable (either for direct use and enjoyment or for providing services to the Bank and Affiliates of the Company):

- (a) each GECC IT Access Right;
- (b) each GECC IT Application Service;
- (c) each GECC IT Support Service; and
- (d) each GECC Non-IT Support Service,

as such services are described in more detail herein or in Schedule 1 (each, a "**GECC Transitional Arrangement**"), each at the latest starting from the IPO Date and for the Transition Period that applies to that GECC Transitional Arrangement.

1.2 Company Transitional Arrangements

Subject to Clause 1.4, the Company and RFIH, as applicable, will provide (or procure the provision of) to GECC (either for direct use and enjoyment or for on-servicing to Affiliates of GECC) the services described in Schedule 2 (each, a "**Company Transitional Arrangement**"), each for the Transition Period that applies to that Company Transitional Arrangement.

1.3 Supplier and Recipient roles

In relation to:

- (a) each GECC Transitional Arrangement, GECC is the "**Supplier**" and, subject to Clause 2.11 the Company, RFIH, the Bank or another Affiliate of the Company, as applicable, is the "**Recipient**";
- (b) each Company Transitional Arrangement, the Company or RFIH, as applicable, is the "**Supplier**" and GECC or its Affiliates, as applicable, is the "**Recipient**"; and
- (c) actions or Notices by or on behalf of RFIH as a Party hereunder, GECC may fully rely on actions or Notices by Company as actions or Notices also by RFIH.

1.4 Pre-Existing Agreements

- (a) Except as set forth in Section 2.4(b) of the Master Agreement, any intra-group arrangements or agreements that the Company had prior to the applicable Transition Period for those services or access rights that become a GECC Transitional Arrangement (each, a "**Pre-Existing Agreement**") shall
  - (i) if GECC is the counterparty of the Company to such Pre-Existing Agreement, automatically terminate on the IPO Date; and

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- (ii) if an Affiliate of GECC is the counterparty of the Company to such Pre-Existing Agreement, as among the Parties, be deemed to be automatically terminated on the IPO Date. GECC will provide and care for the actual termination of such Pre-Existing Agreements with effect on the IPO Date and the Company will, to the extent reasonably requested by GECC, provide GECC the required assistance, if any, in order to render such terminations effective.
- (b) It is understood by the Parties that (i) the Company shall not incur any charges or other financial responsibilities in connection with such terminations, and (ii) the Company shall not be obliged to make any payments under such Pre-Existing Agreements that would be for periods after the IPO Date.
- (c) For purposes of this Agreement, the agreements set forth in Schedule 2.4(b)(ii) of the Master Agreement shall not be deemed to be Pre-Existing Agreements hereunder, and thus such agreements are understood by the Parties to continue in force after the IPO Date according to their respective terms.

**2. Obligations of the Suppliers and the Recipients**

**2.1 Limitation on the obligations of the Suppliers**

- (a) Each Party's obligations to supply each Transitional Arrangement for which it is the Supplier, under Clause 1, are limited to, an obligation:
  - (i) to provide each Transitional Arrangement in accordance with the description set out in Schedule 1 or Schedule 2 (as applicable);
  - (ii) unless agreed otherwise herein, to provide each Transitional Arrangement:
    - (A) in the Pre-IPO Form, subject to Clause 2.2(a);
    - (B) at the higher of the Pre-IPO Standard and the Non-Discriminatory Standard, and in the case of GECC Transitional Arrangements so identified in Schedule 1, in accordance with the applicable Service Levels set forth in Schedule 7; and
    - (C) up to no more than the Pre-IPO Volume;
  - (iii) to provide each Transitional Arrangement with due care and skill; and
  - (iv) to comply with all Applicable Laws in providing each Transitional Arrangement and performing its obligations under this Agreement.
- (b) Clause 2.1(a) will be deemed incorporated into the description set out in Schedule 1 or Schedule 2 (as applicable) for each Transitional Arrangement except to the extent that it is inconsistent with the express description of that Transitional Arrangement in that Schedule.
- (c) Notwithstanding anything to the contrary contained in this Agreement or in any Schedule hereto, no Party nor any of its Affiliates or their respective Representatives shall be obliged to provide, or shall be deemed to be providing, any legal, financial, accounting or tax advice to any other Party or any of its Affiliates or their respective Representatives under this Agreement, in connection with the Transitional Arrangements or otherwise.

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- (d) Subject to Clause 5.2(a), if a service or arrangement is not included in Schedule 1 or Schedule 2 (as applicable) as a Transitional Arrangement and is not otherwise expressly provided for in Section 7.3 of the Master Agreement, Section 12 of the Tax Sharing and Separation Agreement, the Transitional Trademark License Agreement, Intellectual Property Cross License Agreement or MNT Subservicing Agreement:
  - (i) no Party nor any of their respective Affiliates or Representatives have an obligation to provide it; and
  - (ii) each Party will cease having any rights and will stop using, and will ensure its Affiliates and Representatives stop using, any such service or arrangement that was made available to such Party by the other Parties prior to the IPO Date.
- (e) The Supplier of a Transitional Arrangement is not obliged to disclose to the Recipient any contracts by which the Supplier or any of its Affiliates acquires from third parties components or inputs to that Transitional Arrangement.
- (f) Without limiting the generality of Clause 2.1(d), except as expressly provided in this Agreement or required in connection with the performance of or delivery of a Transitional Arrangement, after the IPO Date, each Party and its Affiliates and Representatives (i) will cease to use and shall have no further access to the intranet and owned or licensed computer software, networks, hardware or technology of any other Party, and (ii) will have no access to computer-based resources (including e-mail and access to computer networks and databases) of any other Party which require a password or are available on a secured access basis.

2.2

Changes to Pre-IPO Form

- (a) During the Transition Period, the Supplier may make changes to the Pre-IPO Form that:
  - (i) it considers to be reasonably necessary to effectively and efficiently support its own or its Affiliates' business; or
  - (ii) are necessary to effectively separate the Recipient's data from the Supplier's (or any of its Affiliates') data or implement any other reasonable security measure consistent with the Parties no longer being Affiliated;provided, however, that the Supplier will take reasonable steps to (A) provide the Recipient prior Notice of any such changes and (B) minimize the impact of any such changes on the Recipient's operation.
- (b) In relation to each change contemplated by Clause 2.2(a) to the Pre-IPO Form:
  - (i) the Supplier will explain to the Recipient the impact of the change on the Recipient and the rationale for the change prior to its implementation (except for urgent changes, of which the Supplier will give prior Notice to the extent possible); and
  - (ii) the Supplier will use commercially reasonable efforts to mitigate any adverse effects on the Recipient of such change.
- (c) Alternatively, the Recipient may elect in response to a proposed change of the type contemplated by Clause 2.2(a) to maintain the Pre-IPO Form for that Transitional Arrangement, provided that Supplier may in such a case increase the Charges for that Transitional Arrangement to reflect the increased cost, if any, to the Supplier of maintaining that Pre-IPO Form in those circumstances.

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- (a) The following are dependencies for the purpose of this Clause 2.3 (each, a “**Dependency**”) in relation to each Transitional Arrangement:
- (i) failure by the Recipient to comply with its obligations under this Agreement;
  - (ii) defects in the completeness, accuracy and quality of applicable information provided by or on behalf of the Recipient;
  - (iii) changes in the Applicable Laws (always subject to Clause 5.4);
  - (iv) any other dependencies mutually agreed in writing by the Parties;
  - (v) in relation to each GECC IT Application Service and GECC IT Support Service and specific to the Company or RFIH, as applicable, which is the Recipient of such GECC Transitional Arrangement:
    - (A) any configurations of or modifications to the Underlying System that are requested by the Company (for itself, or on behalf of RFIH, as applicable) from time to time, other than pursuant to (i) a Variation as per Clause 5, (ii) Clause 3.9(b), or (iii) the execution of an agreed Transition Plan;
    - (B) deficiency in the suitability, quality and/or performance of software or equipment provided by or on behalf of the Company or RFIH;
    - (C) the presence of viruses, trojan horses, worms or other disabling features in the Company’s or RFIH’s computing environment (other than any of the foregoing introduced by GECC or GECC contract partners in performing any GECC IT Application Service or GECC IT Support Service);
    - (D) any defects in the completeness, accuracy and quality of network links provided by third party vendors provided by or on behalf of the Company or RFIH;
    - (E) any re-deployment of Company or RFIH resources connected with data extraction or conversion requested by the Company or RFIH; or
    - (F) any modification by the Company or RFIH of any of its processes or information technology systems to the extent such modification impacts the provision of any GECC IT Application Service or GECC IT Support Service;
  - (vi) failure by the Recipient to provide the Supplier with access to its applicable systems to the extent and for the duration that is reasonably necessary to enable the Supplier to provide the relevant Transitional Arrangement;
  - (vii) if the Recipient enters into any agreement or arrangement that contemplates a change of Control of the Recipient excepting the relevant terms of the Transaction; and
  - (viii) any assignment by Company or RFIH pursuant to the second sentence of Clause 17.2(a).

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- (b) To the extent that the existence or occurrence of any such Dependency adversely affects the provision of any Transitional Arrangement or the performance of any obligation under the Transition Plan, the Supplier is suspended from, or where such effect cannot be cured, relieved of, its obligation to provide such affected Transitional Arrangement or perform such obligation under the Transition Plan (as applicable) but only:
  - (i) for that part of the Transitional Arrangement or Transition Plan (as applicable) adversely affected by the Dependency, and insofar as such effect prevents or limits the Supplier's ability to provide the Transitional Arrangement or Transition Plan;
  - (ii) for the duration of that effect or until a suitable workaround has been implemented; and
  - (iii) to the extent that the Supplier uses commercially reasonable efforts to mitigate the adverse effect, and gives the Recipient Notice of the adverse effect reasonably promptly after becoming aware of the Dependency and its adverse effect.
- (c) Following the cessation of the effect of the Dependency, the Supplier shall as soon as practicable resume providing that part of the Transitional Arrangement or Transition Plan which was affected by the Dependency. If the applicable Dependency was the result of action or failure to take required action of the Recipient, then the Recipient shall bear any incremental costs and expenses of the Supplier arising from the resumption of provision of the applicable Transitional Arrangement.
- (d) The Parties will propose and in good faith agree upon any steps to be taken under or in accordance with this Agreement in order to address each adverse effect of the type contemplated in Clause 2.3(b). In the event the Parties cannot agree upon steps to address an adverse effect, such disagreement shall be a Dispute subject to the dispute resolution procedures set forth in Clause 15.
- (e) In the event the Recipient requests that the Supplier continue to provide a Transitional Arrangement (or portion thereof) or to perform an obligation under the Transition Plan that the Supplier is no longer obligated to provide or perform pursuant to Clause 2.3(b), then such request shall be treated as a proposal for a Variation under Clause 5.

2.4

General obligations of a Recipient

A Recipient must, in relation to a Transitional Arrangement:

- (a) comply with:
  - (i) any express conditions or requirements imposed on it under this Agreement in relation to each Transitional Arrangement or as specified in Schedule 1 or Schedule 2 (as applicable);
  - (ii) the reasonable directions of the Supplier as to the use of that Transitional Arrangement; and
  - (iii) all Applicable Laws in receiving each Transitional Arrangement and performing its obligations under this Agreement.

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- (b) use each Transitional Arrangement in a reasonable and responsible manner;
- (c) use each Transitional Arrangement only for the benefit of the part of its Relevant Business for which it was used prior to the IPO, unless otherwise agreed by the Parties;
- (d) not use any Transitional Arrangement in a manner which materially and adversely affects the use of the relevant Transitional Arrangement by the Supplier and/or any of its Affiliates;
- (e) not use any Transitional Arrangement in breach of any Applicable Law;
- (f) in the case of any GECC IT Application Service and GECC IT Support Service:
  - (i) not architect its systems during the relevant Transition Period to be incompatible with that GECC IT Application Service or that GECC IT Support Service (as applicable); and
  - (ii) not tamper with, hinder the operation of, or make unauthorized modifications to, that GECC IT Application Service or that GECC IT Support Service (as applicable); and
- (g) comply with the terms of any third party agreement, approval or consent with or between the Supplier or its Affiliates and that third party under which the Supplier provides that Transitional Arrangement, other than terms that require the payment of fees, as if it was a party to that agreement but only if the Recipient has been given Notice of those terms prior to the IPO.

2.5 Changes to systems of the Recipient that impact a Transitional Arrangement

If a Recipient proposes to modify any of its processes or information technology systems and such modification impacts the provision of any Transitional Arrangement by a Supplier, the Recipient must either:

- (a) accept that it may not receive the full benefit of any affected Transitional Arrangement because of such modifications; or
- (b) seek a Variation to any relevant Transitional Arrangement under Clause 5.

2.6 Third party and Government Authority approvals

- (a) To the extent that the provision of any Transitional Arrangement is expressly said in Schedule 1 or Schedule 2 (as applicable) to require the prior agreement of any third party or to be "subject to third party consent" or "subject to Government Authority approval":
  - (i) the Supplier's obligation to provide that Transitional Arrangement is conditional upon that agreement, approval or consent being given by the relevant third party or Government Authority; and
  - (ii) the Supplier will use commercially reasonable efforts to procure the relevant agreement, approval or consent.

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- (b) Should the relevant Supplier despite its commercially reasonable efforts not obtain a third party's or Government Authority's agreement, approval or consent contemplated in Clause 2.6(a):
- (i) the Supplier's obligation to provide and the Recipient's obligation to pay the Charges for that Transitional Arrangement will cease; and
  - (ii) either the Supplier or the Recipient may refer the matter to the Steering Committee for discussion.
- (c) "[C]ommercially reasonable efforts" in Clause 2.6(a)(ii) does not extend to paying additional license fees or other amounts to procure the third party's or Government Authority's agreement, consent or approval, except to the extent the Recipient has agreed to cover such additional costs.
- 2.7 [Reserved]
- 2.8 Rectification
- Subject to the requirements of Schedule 7 for those Transitional Arrangements expressly identified in Schedule 1, if a Supplier's performance of a Transitional Arrangement is not in compliance with the requirements of Clause 2.1 the Supplier shall as soon as (i) possible in case of non-compliances having a material operational impact, and (ii) practicable in case of other non-compliances, rectify the non-compliance and subsequently perform such Transitional Arrangements to the requirements of Clause 2.1 at no extra charge and shall be liable for any losses caused by the non-compliance, subject to the exclusions and limitations set forth in Clause 12. A Supplier's obligation to rectify shall be suspended if, to the extent and as long as, caused by a Dependency, as set out in more detail in Clause 2.3(b) and, for the avoidance of doubt, subject also to Section 13.
- 2.9 Existing TSA Obligations
- The Parties understand and agree that the Company has been performing, on behalf of GECC under the Transition Services Agreement, dated as of March 28, 2008 between GECC and American Express Travel Related Services Company, as amended pursuant to Amendment No. 3 to Transition Services Agreement, dated as of September 22, 2009 ("Amendment No. 3" and together with the Transition Services Agreement the "AMEX TSA"), the obligations with respect to transition service #99 under Sections 3 through 8 of Amendment No. 3 ("#99 Service"). The Company hereby agrees, as of the IPO Date, to (i) punctually perform and discharge in accordance with the terms of the AMEX TSA, as a subcontractor of GECC and for the benefit of American Express Travel Related Services Company, the obligations of GECC under the AMEX TSA with respect to the #99 Service as set forth in the AMEX TSA, provided that the Company shall be entitled to any and all rights and payments in respect of the Company's performance of such obligations under the AMEX TSA, in each case, in accordance with the terms and conditions of the AMEX TSA, and (ii) indemnify, defend and hold harmless GECC and its Affiliates and their respective Representatives from and against any and all Losses (as defined in the AMEX TSA) suffered by or Claims against GECC and its Affiliates and their respective Representatives under the AMEX TSA in respect of the Company's performance or discharge of any such obligation.
- 2.10 Post-IPO Screening Tests
- Each Party acknowledges and agrees that from and after the IPO Date, such Party will continue to conduct its respective screening tests of employees in the ordinary course of business consistent with such Party's past practices, including personnel providing Transitional Arrangements under this Agreement, except for such additional screening tests as may be required by a Government Authority with regulatory authority over the Party or to comply with Applicable Law.

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2.11 **Joint and Several Liability**  
Each Party acknowledges and agrees that the Company and RFIH shall be jointly and severally liable for any and all obligations of such parties under this Agreement.

**3. Security, including access to systems**

3.1 Applies to GECC Transitional Services

This Clause 3 applies to GECC Transitional Arrangements only.

3.2 General Obligations

The Parties shall be responsible for implementing, maintaining, verifying and updating such technical and organizational measures as part of the Transitional Arrangements agreed by the Parties in Schedule 1 and Schedule 2, respectively, to prevent, promptly detect and promptly notify any other Party of and remedy unwanted or unauthorized loss, access, corruption or processing of data and interruption, loss or limitation of Transitional Arrangements, including regular and tested backup procedures and measures utilizing proven current technology agreed by the Parties for data security, disaster recovery and business continuity. The Parties shall reasonably cooperate consistent with the requirements of Clauses 6 and 7 so as to permit any other Party to be able to itself (or via engaging a third party service provider subject to the provisions of Clause 11) continue properly performing the functions outsourced to GECC, the Company or RFIH, as applicable should GECC, the Company or RFIH, itself, no longer provide some or all applicable Transitional Arrangements.

3.3 Access to systems

- (a) GECC must provide to the Company, and, under the Company's supervision, to RFIH and other Affiliates of the Company, and to any applicable Governmental Authority that requires such access in connection with its regulatory or supervisory oversight of the Company and its Affiliates, access to its Underlying Systems solely, in the case of the Company and its Affiliates, to the extent and for the duration that such access is reasonably necessary to enable the Company, RFIH, or such other Affiliate to access and use the relevant GECC IT Application Service or GECC IT Support Service, and subject to reasonable access restrictions imposed by GECC that are consistent with the Company, RFIH, and other Affiliates of Company, no longer being Affiliates of GECC (e.g., if any Company IT person has root access to GECC devices prior to the IPO Date, that access may be revoked after the IPO Date).
- (b) The Company and RFIH, as applicable, must provide to GECC and, under GECC's supervision, to Affiliates of GECC, and to any applicable Governmental Authority that requires such access in connection with its regulatory or supervisory oversight of GECC and its Affiliates, access to the Company's applicable systems solely, in the case of GECC and its Affiliates, to the extent and for the duration that such access is reasonably necessary to enable GECC to supply each GECC IT Application Service and GECC IT Support Service in accordance with this Agreement. Any such access shall be subject to reasonable access restrictions imposed by the Company that are consistent with the Company's security procedures and protocols and/or regulatory requirements.
- (c) GECC may, without breaching this Clause 3.3, require the Company and RFIH, as applicable, to install, host and use security software (for example, VPN software) to enable the access referred to in this Clause.

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- (d) GECC must provide the applicable Government Authority with supervised read-only access to its Underlying Systems to the extent:
  - (i) requested by such Governmental Authority;
  - (ii) required by Applicable Law in connection with the provision of any GECC Transitional Arrangement; and
  - (iii) the Company has provided GECC Notice of such proposed inspection as soon as practicable upon becoming aware of it to the extent permitted by Applicable Law.
- (e) Furthermore:
  - (i) the Company will give GECC Notice of any communications between the Company or RFIH and a Government Authority relating to any such access in respect of the relevant Transitional Arrangement; and
  - (ii) the Company and RFIH will allow GECC to review and comment on any such communications from the Company or RFIH before they are made (and the Company and RFIH will consider in good faith all comments reasonably proposed by GECC),  
in each case to the extent permitted by Applicable Law.

3.4 Security in general

Each Party must maintain security procedures and protocols designed to protect its systems from unauthorized access by third parties:

- (a) subject to Clause 3.4(b), to the same extent and to the same level as were generally in place for the relevant system immediately prior to the IPO taking into account any changes in form due to this Agreement; and
- (b) as upgraded by or on behalf of a Party from time to time (provided that such upgrade will not unreasonably interfere with the provision of any Transitional Arrangement hereunder) and notified to any other Party.

3.5 Access Security

- (a) Subject to Schedule 1, the Party providing the access in the manner contemplated by Clause 3.3 (“**Access Provider**”) will provide to any other Party, or, through the Party, to an Affiliate of such Party, as applicable (“**Accessing Party**”) such information, including network addresses, user logins, passwords, alarm codes and access cards (“**Access Codes**”) as reasonably required to permit the rights of access described in Clause 3.3 to those of the Accessing Party’s employees who customarily had such access reasonably prior to the IPO, and may alter any and all of the Access Codes by Notice where it considers that to be reasonably necessary in the interests of security; provided that each of GECC and the Company, as applicable, shall coordinate any such access for an Accessing Party with the Access Provider.
- (b) Each Accessing Party must take, and must ensure that its Representatives take, all necessary precautions to keep the Access Codes confidential and must only disclose the Access Codes to those of the Accessing Party’s Representatives who need to know the Access Codes for the purposes of their employment or engagement, or for the purposes of transition, on a confidential basis, will, as promptly as reasonably practicable, terminate such access upon termination of such employment or disengagement, and further will store the Access Codes and any records of the Access Codes securely.

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- (c) If an Accessing Party becomes aware, or reasonably suspects, that:
    - (i) there has been a breach or potential breach of the security of any of the information technology systems of an Access Provider;
    - (ii) any access or Access Code granted by an Access Provider to the Accessing Party under Clause 3.3 should be denied or revoked, including where any relevant Representatives of the Accessing Party cease employment therewith; or
    - (iii) any Access Codes have been inappropriately disclosed to a third party,  
the Accessing Party must promptly give the Access Provider Notice of that fact or suspicion, together with reasonable details thereof.

3.6 Compliance with directions, policies and procedures

Each Accessing Party must comply with, and ensure that its Representatives are aware of and comply with, all reasonable directions, policies and procedures of each Access Provider, provided that to the extent that the Access Provider imposes any additional conditions on any Accessing Party which are not generally applied by the Access Provider to its own Representatives in connection with their access to such systems, such additional conditions must not materially prejudice the ability of the Accessing Party to exercise its rights or perform its obligations under this Agreement.

3.7 No damage to systems

The Accessing Party must not, and must ensure that its Representatives do not, damage, interrupt or compromise the security, operation or integrity of, or cause any deterioration other than normal wear and tear to, the systems which are the subject of a right of access granted under Clause 3.3 or corrupt, damage or lose any information stored thereon or transmitted thereby. Additionally, each Accessing Party must take reasonable measures consistent with best practices in the industry in which the Parties operate their respective businesses, to prevent the introduction of any virus or malware into the Access Provider's systems.

3.8 Revocation of access

The Access Provider may, by Notice to any Accessing Party, deny or revoke access granted under Clause 3.3 in respect of any Accessing Party's Representative where:

- (a) the Access Provider has reasonable grounds for denying or revoking such access; and
- (b) the Access Provider gives the Accessing Party a reasonable period of Notice before revoking that access, specifying those grounds, and the grounds remain unresolved after that reasonable period (except if the potential threat to Access Provider's Underlying Systems is imminent or significant, in which case the denial or revocation can be immediate).

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Without limiting the foregoing, access may be denied to any Accessing Party or to any one or more Representatives of any Accessing Party where that Accessing Party and/or any of its Representatives have:

- (i) breached the Accessing Party's applicable obligations under this Agreement, or otherwise committed, in connection with such access, a breach of an Applicable Law or infringed the rights of a third party (including by way of a breach of the underlying third party license or contract for the relevant GECC Transitional Arrangement) provided that the Accessing Party has been given Notice of the term or terms which it has infringed and failed to remedy the infringement within a reasonable period as stated in the Notice, only insofar as a period for remedy has been granted;
- (ii) failed to comply with any directions, policies and/or procedures of the Access Provider pursuant to Clause 3.6 of this Agreement; or
- (iii) breached Clause 3.7 of this Agreement.

An Accessing Party must not, and must ensure that its Representatives do not, allow any person access to the facilities, systems, environment or data of the Access Provider if that person has been refused access by the Access Provider.

3.9

Data separation

- (a) GECC is under no obligation to separate or otherwise re-format any of the Company's or RFIH's data that is stored or processed in connection with each GECC IT Application Service and each GECC IT Support Service:
  - (i) in a different software instance than that used by GECC; or
  - (ii) on different hardware than that used by GECC,

except to the extent GECC is required by Clause 3.9(b), by Applicable Law or a Government Authority having regulatory authority over the Company or RFIH. For the avoidance of doubt, this does not limit the Company's or RFIH's rights under Clause 7.5.

- (b) GECC shall use commercially reasonable efforts, pursuant to the Transition Plan, to provide for the logical separation of the Company's or RFIH's data for each GECC IT Application Service that is designated as such in Schedule 1. For this purpose, "logical separation" means that:
  - (i) the Company's or RFIH's data is logically separated from other legal entities' data (e.g., in different database tables or logical partitions or marked with a corresponding identifier making it possible only for the Company or RFIH, as applicable, to access it), and
  - (ii) user access to the Company's or RFIH's data is restricted to the Company's or RFIH's Representatives, as applicable, and to relevant support persons from GECC, its Affiliates or their contractors.
- (c) Any request to separate or re-format, other than provided for in Clause 3.9(b) or required by Applicable Law or a Government Authority having regulatory authority over the Company or RFIH, will constitute a proposal for a Variation in Clause 5, and the provisions of Clause 5 of this Agreement shall apply accordingly. For the avoidance of doubt, this does not limit the Company's or RFIH's rights under Clause 7.5.

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3.10 General restrictions

Subject to the terms of this Agreement:

- (a) the Company and RFIH must not, and must ensure that their respective Representatives do not, in respect of any GECC Transitional Arrangement, access, alter or attempt to alter the data or the configuration of the relevant Underlying Systems belonging to GECC or its Affiliates, or add new hardware or computer software to those systems, unless GECC gives its prior written consent, it being understood that such consent may not be unreasonably withheld and shall be granted in each case if access, alteration or addition are required for transition purposes or by Applicable Law;
- (b) GECC must not, and must ensure that its Representatives do not, access, alter or attempt to alter the Company's or RFIH's data or the configuration of the Company's or RFIH's systems or add new hardware or software to the Company's or RFIH's systems except:
  - (i) to the extent necessary to provide GECC Transitional Arrangements;
  - (ii) as required by Applicable Law;
  - (iii) as required by the terms of a relevant third party agreement, approval or consent of which the Company is given reasonable prior Notice;
  - (iv) as required by a Variation; or
  - (v) to provide any data export procedures that may be agreed among the Parties from time to time,but in any event subject to the restrictions as per Clause 11.

4. **Facilities**

Solely to the extent not otherwise treated in the sublease as set forth on Schedule 2.4(b)(ii) to the Master Agreement, the following provisions in this Clause 4 shall apply.

4.1 Access

- (a) Each Party hereby grants to the other Parties a limited license to use and access space at certain facilities and to continue to use certain equipment located at such facilities for:
  - (i) substantially the same purposes as used for that other Party's Relevant Business immediately prior to the IPO Date; and
  - (ii) the purpose of providing the Transitional Arrangements of which it is the Supplier.
- (b) The facilities and equipment referred to in Clause 4.1(a) to which:
  - (i) GECC grants the Company, its Affiliates and RFIH a license are listed in Schedule 3; and
  - (ii) the Company grants GECC and its Affiliates a license are listed in Schedule 4,

(each being the granting Party's "**Facilities**").

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- (c) The rights granted pursuant to this Clause 4.1 shall be in the nature of a license for those areas of the Facilities used by GECC, the Company, their Affiliates or RFIH, as applicable, prior to the date hereof and shall not create a leasehold (or right to grant a sublicense or sub-leasehold to any unaffiliated third party) or other estate or possessory rights in the Company, GECC or RFIH, or their respective Affiliates, Representatives, contractors, invitees or licensees, with respect to the applicable Facilities.
- (d) Each Party, or the landlord in respect of any third party lease, shall have reasonable access to their respective Facilities which are used by any other Party under this Clause 4.1, from time to time as reasonably necessary for the security and maintenance thereof in accordance with past practice and the terms of any third party lease agreement, if applicable.
- (e) The Supplier of a Transitional Arrangement shall afford the Recipient, following not less than ten (10) Business Days' prior Notice from the Recipient, reasonable access during normal business hours to the facilities, information, systems, infrastructure, and Representatives of the Supplier as reasonably necessary for the Recipient to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with that Transitional Arrangement, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided, however, such access shall not unreasonably interfere with any of the business or operations of the Supplier or its Affiliates.

4.2

Ancillary services relating to Facilities

- (a) Each Party shall provide:
  - (i) heating, cooling, electricity and other utility services; and
  - (ii) other ancillary services such as reception, cleaning, maintenance, security and telephony services, and access to photocopiers and restroom facilities, for their respective Facilities substantially consistent with levels provided immediately prior to the IPO Date.
- (b) The ancillary services that each Party will provide under Clause 4.2(a) do not extend to:
  - (i) research and development services;
  - (ii) medical services;
  - (iii) in the case of security, security services in relation to the areas of the relevant Facility that are specific to that other Party (e.g., security passes that permit entrance to that Party-specific area); and
  - (iv) in the case of maintenance services, those services historically provided that are general in nature and within the scope of customary maintenance of ordinary wear and tear
- (c) In the event that any Party wishes to use any utility or service, the cost of which was not included in the base services provided by any Party immediately prior to the IPO Date (e.g., HVAC use outside of the normal business hours), the Party requesting such utility or service shall be solely responsible for the cost therefor.

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- 4.3 Vacating Facilities
- (a) Each Party shall, and shall cause its respective Affiliates, Representatives, contractors, invitees or licensees to, vacate any other Party's Facilities at or prior to the earlier of:
    - (i) the expiration date relating to each Facility set forth in Schedule 3 and Schedule 4; and
    - (ii) the termination of this Agreement.
  - (b) Such vacating Party shall deliver over to the other Parties or their Affiliates, as applicable, the Facilities in the same repair and condition as the same were in at the IPO Date, ordinary wear and tear excepted; provided, however that in the event that the third party lease for a Facility specifies otherwise, the Party vacating a Facility shall deliver over such Facility in such repair and condition (taking into account the date that the Party began its occupation of such Facility) as set forth in the third party lease.
  - (c) Unless otherwise agreed by the Parties, notwithstanding the foregoing, GECC may terminate this Transitional Arrangement with respect to the Facility set forth on Schedule 5 at any time by providing the Company with ten (10) days prior notice but in no event shall the term of this Transitional Arrangement extend beyond December 31, 2014 with respect to the Facility set forth on Schedule 5.
- 4.4 Insurance
- (a) Each Party will, in relation to any other Party's Facilities that it uses under this Clause 4.4, maintain commercially appropriate and customary levels (in no event less than what is required by the landlord under the relevant lease agreement) of property and liability insurance in respect of those Facilities and that use.
- 4.5 Compliance
- (a) Each Party shall, and shall cause its Affiliates, Representatives, contractors, invitees and licensees to:
    - (i) comply with all Applicable Laws that relate to their use or occupation of any other Party's Facilities, including those relating to environmental and workplace safety matters;
    - (ii) comply with any other Party's applicable site rules, regulations, policies and procedures;
    - (iii) comply with any applicable requirements of any third party lease governing the relevant Facility; and
    - (iv) not make any material alterations or improvements to any other Party's Facilities except with the prior written approval of such other Party.

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5. **Variations**

5.1 Variation Proposals

Any Party may propose, by Notice in substantially the same form as that set out in Schedule 5, a variation to or addition of a Transitional Arrangement (including changes to, or additions of, Service Levels, if applicable) (a “**Variation**”).

5.2 Good faith consideration to proposals

- (a) Each Party will give any Variation proposed by any other Party good faith consideration, and where applicable will use its commercially reasonable efforts to reach an agreement in relation to it, including those necessary to (A) accommodate a change in the Company’s business model, (B) support a disposition of a business or (C) meet applicable regulatory requirements, including changes in such requirements.
- (b) In any event, if the Company identifies a service after the IPO that:
- (i) was provided by GECC or its Affiliates to the Company or RFIH in the twelve (12) months prior to the IPO,
  - (ii) either was not identified in Schedule 1, or, where identified, not identified in the form as it was originally provided by GECC or its Affiliates to the Company or RFIH in the twelve (12) months prior to the IPO, and
  - (iii) is not listed on Schedule 6 and is not, by its nature or the manner in which it is provided, intended only for a Recipient which is still an Affiliate of GECC,
- then GECC will not refuse to agree to any corresponding Variation reasonably proposed by the Company for GECC to supply that service as a Transitional Arrangement, insofar as the provision of such service by GECC to the Company is possible and the provision of such services is permitted under the agreements GECC directly or indirectly maintains with third parties for the provision of such service, as applicable, and the Company is willing to pay the resulting costs or increase in costs as part of the Charges.
- (c) In any event, if GECC identifies a service after the IPO that:
- (i) was provided by the Company or its Affiliates to GECC in the twelve (12) months prior to the IPO,
  - (ii) either was not identified in Schedule 2, or, where identified, not identified in the form as it was originally provided by the Company or its Affiliates to GECC in the twelve (12) months prior to the IPO, and
  - (iii) is not listed on Schedule 6 and is not, by its nature or the manner in which it is provided, intended only for a Recipient which is still an Affiliate of the Company,
- then the Company and RFIH will not refuse to agree to any corresponding Variation reasonably proposed by GECC for the Company or RFIH to supply that service as a Transitional Arrangement, insofar as the provision of such service by the Company or RFIH, as applicable, to GECC is possible and the provision of such services is permitted under the agreements the Company or RFIH directly or indirectly maintains with third parties for the provision of such service, as applicable, and GECC is willing to pay the resulting costs or increase in costs as part of the Charges.

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- (d) Subject to Clause 5.2(a), the Parties acknowledge that:
- (i) no Party is obliged to agree to a Variation proposed by any other Party and, in particular, that each Party has no obligation to agree to a proposed Variation by which that Party would be involved in a breach of a third party contract; and
  - (ii) where a Recipient proposes a Variation to any Transitional Arrangement, the Supplier may make its agreement to the proposed Variation subject to a reasonable increase in the applicable Charge for the affected Transitional Arrangement (such reasonable increases will always include any charges imposed on the Supplier by a third party in connection with the Variation).

5.3 Giving effect to a Variation

If the Parties agree in writing to a Variation proposal under Clause 5.1, the relevant Schedule will be deemed to be amended accordingly. No Variations will take effect unless and until they are agreed in writing among the Parties. Until such time as a Variation is agreed in writing, the Supplier will continue to perform the Transitional Arrangement and be paid as if such Variation had not been recommended or requested.

5.4 Variations required by law

Where the Recipient gives the Supplier Notice that a Variation is required or recommended by a Government Authority or required under Applicable Law ("**Regulatory Variation**"), the provisions of Clause 5.2 shall apply with the following modifications:

- (a) the Supplier shall be obliged to perform the Regulatory Variation for the Recipient provided that the Recipient agrees to:
  - (i) the Charges proposed by the Supplier, calculated by the Supplier in a manner consistent with the principle in Clause 5.2(b)(ii); and
  - (ii) the timeframe for completion proposed by the Supplier in respect of the Regulatory Variation, calculated by the Supplier having regard to the timeframe required by the relevant Government Authority or Applicable Law; and
- (b) if the Recipient does not agree to the Charges and the timeframe proposed by the Supplier under Clause 5.4(a), then such disagreement will constitute a Dependency that adversely affects the Transitional Arrangement that is affected by the Regulatory Variation.

6. **Governance Framework**

6.1 Overview

The governance structure for the Transitional Arrangements and any issues arising out of this Agreement is set out in this Clause 6, and GECC and the Company will appoint representatives to give effect to that governance structure.

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6.2 Services Managers

- (a) GECC will designate a dedicated services manager (the “**GECC Services Manager**”) who will be directly responsible for coordinating and managing the delivery of the GECC Transitional Arrangements and will have authority to act on GECC’s behalf with respect to the Transitional Arrangements. The GECC Services Manager will work with the Company Services Manager to address the Company’s issues and the Parties’ relationship under this Agreement.
- (b) The Company (for itself and on behalf of RFIH) will designate a dedicated services manager (the “**Company Services Manager**” and, with the GECC Services Manager, the “**Services Managers**”) who will be directly responsible for coordinating and managing the delivery of the Company Transitional Arrangements by the Company and RFIH and will have authority to act on the Company’s and RFIH’s behalf with respect to the Transitional Arrangements. The Company Services Manager will work with the GECC Services Manager to address GECC’s issues and the Parties’ relationship under this Agreement.

6.3 Steering Committee

Each of GECC and the Company will establish a steering committee (“**Steering Committee**”), which will be made up of two (2) Representatives with decision-making authority from the Company and two (2) Representatives with decision-making authority from GECC, provided that the Services Managers shall attend the Steering Committee meetings and shall advise the Steering Committee regarding their ongoing coordination and management of the Transitional Arrangements, as *ex officio* members of the Steering Committee. RFIH acknowledges that appointments to the Steering Committee under this Clause 6.3 will be made by Company in its discretion, and that such Company Steering Committee Representatives will act in the interests of Company and RFIH. The Steering Committee is responsible for:

- (a) monitoring and managing any issues arising from this Agreement and the Transitional Arrangements;
- (b) overseeing the provision of the Transitional Arrangements, including the Parties’ progress in relation to current projects and their respective Transition Plans;
- (c) monitoring the performance of the Transitional Arrangements, including reporting, monitoring and management of Service Levels set forth in Schedule 7;
- (d) monitoring the progress of Licensee’s cessation of use of the Licensed Marks (as such terms are defined in the Transitional Trademark License Agreement) pursuant to Section 4.A of the Transitional Trademark License Agreement within the time periods set forth in Exhibit D thereof; and
- (e) to the extent not resolved through discussions between the GECC Services Manager and the Company Services Manager, facilitating the resolution of Disputes arising out of this Agreement in the manner contemplated by Clause 6.6(d).

6.4 Initial Representatives

Each of GECC and the Company will appoint its initial Representatives to the Steering Committee within ten (10) days after the IPO Date. When GECC and the Company have each made these initial appointments, the Steering Committee will be formed.

- 6.5 Replacement of a Steering Committee member
- If GECC or the Company wishes to replace its Representative on the Steering Committee or if such party's Representative on the Steering Committee is unable to perform its duties for any prolonged period or if that Representative is no longer employed by such Party, then such Party will:
- (a) replace that Representative with another suitably qualified and experienced Representative as soon as practicable; and
  - (b) give Notice of the details of the replacement Representative to the other Parties within five (5) Business Days of that appointment.
- 6.6 Meetings of the Steering Committee
- (a) Meetings of the Steering Committee shall be conducted in person or through telephone conference and, subject to Clause 6.6(b) below, shall take place at least once in every thirty (30) days.
  - (b) The first meeting of the Steering Committee shall take place no later than forty-five (45) days after the IPO Date.
  - (c) There will be a standing agenda for each Steering Committee meeting, which will be updated from time to time.
  - (d) The Steering Committee shall hold a meeting within five (5) Business Days of receiving a request by either of the Parties or either of the Services Managers to discuss a Dispute and shall use its commercially reasonable efforts to bring about a resolution to the Dispute, including in relation to Disputed invoices.
  - (e) Any meeting at which at least one (1) of the Company's Representatives and one (1) of GECC's Representatives are present shall constitute a meeting of the Steering Committee for purposes of satisfying the meeting requirements of the Steering Committee set forth herein.
- 6.7 Powers of the Steering Committee
- The Steering Committee is a vehicle for discussion. Except as expressly set out in Clauses 6.3 and 7, it has no legal powers or obligations. Accordingly, the Steering Committee is not entitled to agree to a Variation, or otherwise agree to a change to this Agreement. All such Variations or changes must be performed in accordance with Clauses 5 and 17.5 (as appropriate).
- 6.8 Executive Sponsor
- Each of GECC and the Company shall, within ten (10) days after the IPO Date, appoint a person to be its executive sponsor ("**Executive Sponsor**") and give the other Party Notice of such appointment in accordance with Clause 14. The Executive Sponsors shall be responsible for meeting to resolve escalated Disputes under Clause 15.2, and for any other functions agreed between such Parties from time to time.
7. **Transition Plan(s)**
- 7.1 Each of GECC and the Company to prepare and share the Transition Plans

Within sixty (60) days after the Signing Date, each of GECC's and the Company's Representatives on the Steering Committee shall deliver to the other applicable Party's Representatives on that committee a written plan (each a, "Transition Plan") setting out:

- (a) the steps that the first-mentioned Party will take to transfer each Transitional Arrangement, of which it is the Recipient, to a Successor Provider;
- (b) any inter-dependency between those steps and the other Party's supply obligations in relation to those Transitional Arrangements, including any projects added by way of Variation; and
- (c) any additional and reasonable Transition Assistance that the first-mentioned Party requires from any other Party as per Clause 7.5.

7.2 Level of detail in Transition Plan

Each of GECC's and the Company's Transition Plan shall:

- (a) not be inconsistent with the terms of this Agreement (including the description in the Schedule of the Transitional Arrangements of which it is the Recipient);
- (b) be reasonably detailed; and
- (c) show the timetable and principal steps such Party will execute in order to reduce and ultimately end such Party's requirements for those Transitional Arrangements.

7.3 Locking down the Transition Plan

Each of GECC and the Company shall review and evaluate the other Party's Transition Plan, and then in the course of Steering Committee meetings:

- (a) give the other Party any reasonable recommendations it has to smooth the transition of the relevant Transitional Arrangements to the relevant Successor Providers;
- (b) discuss in good faith those recommendations, and any Variations that are required to give effect to them; and
- (c) act reasonably to reach an agreement with respect to the Transition Plans.

7.4 Executing the Transition Plan

Each of the Parties shall perform its agreed obligations under the Transition Plans, subject to Clauses 7.5, 7.6 and 7.10.

7.5 Transition Assistance

- (a) Each Party shall, when agreeing on and implementing the Transition Plans, use commercially reasonable efforts to provide any other Party with any reasonably requested assistance with regard to such other Party's efforts to prepare and execute the transfer of the Transitional Arrangements (and related data) to a Successor Provider, such as:
  - (i) assistance in identifying any additional information and activities, other than those listed in the Party's Transition Plan, that are needed to smoothly transfer the Transitional Arrangements to the relevant Successor Providers; and

- (ii) the provision of data of any other Party and related information in such form, frequency and quantity for conversion, migration and testing by such other Party as shall be agreed upon by the Parties in one or more written statements of work, taking into account the purpose of the Transitional Arrangement and the Transition Plans, but only to the extent the Party providing such assistance has the rights to provide, and is compensated for, such assistance.
- (b) GECC shall further provide the Company and RFIH any assistance reasonably requested by the Company in negotiating with the relevant third party providers the transitioning out, termination or independent continuation of those IT-services and other services that
  - (i) the Company or RFIH, as applicable, as of the IPO Date procures or receives from third party providers under local arrangements (such as, without limitation, local services agreements, adoption agreements, joinder agreements, local schedules) to a global agreement (such as, without limitation, master agreements, umbrella agreements, global group agreements) that has been entered into by GECC or an Affiliate of GECC and which local arrangement needs to be amended or terminated as result of the Company or RFIH no longer being an Affiliate of GECC; and
  - (ii) are not part of the Transitional Arrangements,it being understood that GECC shall be under no obligation to provide such services, accept any disadvantages under its own agreements and licenses with such third party providers or any liability or obligation vis-a-vis such third party providers with regard to the Company or RFIH following the IPO Date.
- (a) and (b) together the "**Transition Assistance**"
- (c) Any Transition Assistance of a Party to any other Party shall:
  - (i) be limited to assistance that is not reasonably available on the market from other sources;
  - (ii) be subject to any contractual or legal obligations and restrictions on the part of the Party requested to provide such assistance (e.g., restrictions under its own license contracts);
  - (iii) not require a Party to change the manner in which it provides its Transitional Arrangements, unless such change is agreed among the Parties; and
  - (iv) be fully compensated by the Party requesting such assistance as per Clause 8.1.

7.6

#### Adjusting the Transition Plan and Transition Periods

Each of GECC and the Company may, in the course of the Steering Committee meetings, propose to adjust its Transition Plan from time to time. Any such adjustment will be subject to GECC and the Company's agreement, such agreement not to be unreasonably withheld or delayed.

It is thereby understood among the Parties that if there are delays in the implementation of the Transition Plans, the Transition Periods may need to be extended for legal or operational reasons. GECC shall not refuse a reasonable request for an extension by the Company, unless there are compelling reasons to do so, such as that the extension is not permitted under the agreement GECC

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directly or indirectly maintains with third parties for the provision of the service or access right at issue (in which case the Parties shall in good faith cooperate to find, agree on and implement a workaround or alternative solution; such cooperation shall include providing corresponding Transition Assistance). The extension of a Transition Period shall be handled, and be subject to the same governing provisions, as are adjustments of Transition Plans. The Company shall pay as part of the Charges the resulting costs and increase in costs due to an extension.

7.7 Monitoring the progress of the Transition Plan

At each meeting of the Steering Committee, the Steering Committee will discuss the implementation of each Party's Transition Plan. To the extent that a delay occurs in the implementation of a Party's Transition Plan, the members of the Steering Committee shall discuss and agree in good faith and act reasonably with respect to appropriate steps to be taken by the Parties to address the delay and the responsibility for any related costs.

7.8 Failure to perform under GECC's or the Company's Transition Plan

To the extent that:

- (a) a Party fails to meet any of its obligations under any other Party's Transition Plan; and
  - (b) that failure prevents the migration by any other Party of a Transitional Arrangement by the end of the relevant Transition Period,
- then:
- (c) such other Party will give the first-mentioned Party Notice as soon as reasonably practicable of that failure, and of any potential delay to migration that failure may cause and of which such other Party is then aware;
  - (d) such other Party will use commercially reasonable efforts to mitigate any such failure or make up time lost as a result; and
  - (e) subject to Clause 2.8, the Transition Period for that Transitional Arrangement shall be extended for a period such Parties agree, acting reasonably, that is proportionate to the impact of the first-mentioned Party's failure.

7.9 Dispute in relation to extension

If the Parties cannot reach agreement as to whether and for how long a Transition Period should be extended under Clause 7.8(e), the Parties may initiate the Dispute resolution procedure set out in Clause 15.

7.10 Each of GECC's and the Company's Transition Plan is its own responsibility

Each Party acknowledges that its Transition Plan is its own responsibility, notwithstanding any recommendations or agreement provided by or on behalf of any other Party under this Clause 7 in relation to that Transition Plan. Accordingly, in relation to each Party's Transition Plan:

- (a) the other Parties will have no liability, and makes no warranties, in relation to any recommendations that it gives in good faith in relation to that Transition Plan; and
- (b) the remedy set out in Clause 7.8 is a Party's sole remedy in relation to a failure by any other Party to comply with any obligation in such Transition Plan that is not otherwise provided for in this Agreement.

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**8. Charges**

**8.1 General**

- (a) The Company or RFIH, as applicable, must pay the Charges set out in Schedule 1 for each GECC Transitional Arrangement and other charges agreed herein, in particular as per Clause 2.6(c), as and when they fall due, subject to any Service Level Credits which may be applicable pursuant to Schedule 7. Additionally, the Company or RFIH, as applicable, shall pay GECC for any Transition Assistance provided on such basis as may be agreed upon in the relevant statement of work therefor.
- (b) GECC must pay the Charges set out in Schedule 2 for each Company Transitional Arrangement as and when they fall due. Additionally, GECC shall pay the Company for any Transition Assistance provided on such basis as may be agreed upon in the relevant statement of work therefor.

**8.2 Invoicing for and payment of Charges**

Unless otherwise agreed in writing among the Parties, the Supplier of each Transitional Arrangement:

- (a) may invoice (in one or more invoices) the Charges to which it is entitled under this Clause 8 at the end of each Invoicing Period in arrears, subject to any Service Level Credits which may be applicable pursuant to Schedule 7; and
- (b) a Recipient must pay the Charges which are properly chargeable and due under this Agreement invoiced to it from time to time by the relevant Supplier pursuant to Clause 8.2(a) above:
  - (i) within thirty (30) days of receipt of the invoice;
  - (ii) without set-off, subject to Clause 8.6;
  - (iii) in U.S. Dollars; and
  - (iv) by wire transfer of immediately available funds to the account or accounts designated by the relevant Supplier in writing.

**8.3 Default Interest**

Default interest will be payable by the Recipient at a default interest rate of two per cent per annum above the Interest Rate on any unpaid Charges for a Transitional Arrangement provided to that Recipient from the date on which that unpaid amount falls due until payment of that amount is made in full, except to the extent the Recipient promptly raises a bona fide Dispute under Clause 15 in relation to the amount of those Charges.

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8.4 Late invoicing  
Any failure on the part of a Supplier or a relevant vendor to invoice a Recipient for any Charges within the timeframe specified in this Agreement will not release or qualify the obligation of the Recipient to pay those invoices when they are issued.

8.5 Taxes

(a) Sales tax or other transfer taxes  
The Recipient shall bear any and all sales, use, transaction and transfer taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any Charges, payable by the Recipient pursuant to this Agreement.

(b) Withholding tax or other similar taxes  
If any withholding or deduction from any payment under this Agreement by a Recipient in relation to any Transitional Arrangement is required in respect of any taxes pursuant to any Applicable Law, the Recipient will:

- (i) gross up the amount payable such that the Supplier receives an amount equal to the amount of the Charges in respect of that Transitional Arrangement, net of the withholding or deduction;
- (ii) deduct such tax from the amount payable to the Supplier;
- (iii) pay the deducted amount referred to in Clause 8.5(b)(ii) above to the relevant taxing authority; and
- (iv) promptly forward to the Supplier a withholding tax certificate evidencing that payment.

(c) Cooperation  
The Recipient and the Supplier will take reasonable steps to cooperate to minimize the imposition of and the amount of taxes described in this Clause 8.5.

8.6 Disputed invoices  
In the event of a bona fide Dispute regarding any invoice or other request for payment, the Recipient will immediately give the Supplier Notice in writing and GECC and the Company will attempt to resolve promptly and in good faith any Dispute regarding amounts owed in accordance with Clauses 6.6(d) and 15. Disputed portions will be set aside until resolved in accordance with those Clauses but undisputed amounts will be paid on or before the due date as set out in Clause 8.2 above.

**9. Agreement Term, Transition Period and Termination**

9.1 Agreement Term  
This Agreement:

- (a) shall become effective on the IPO Date; and
- (b) continues until the termination or expiry of all Transitional Arrangements, unless terminated earlier in accordance with the terms of this Agreement

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(the "Agreement Term"); provided, however, that the Steering Committee shall continue to meet under Clause 6 hereof until such time as its obligations under Clause 6.3(d) hereof and Section 4.A of the Transitional Trademark License Agreement have been satisfied.

9.2

Extension of Transition Period

- (a) Upon Notice from the Recipient to the Supplier at least sixty (60) days prior to the expiry of the Transition Period for any Transitional Arrangement, the Supplier shall meet with the Recipient in the Steering Committee or otherwise to discuss and, if applicable, agree upon:
  - (i) whether that Transition Period will be extended; and
  - (ii) the terms of that extension, including the Charges during, and the period of, that proposed extension.
- (b) References in this Agreement to a Transition Period are deemed to be references to that Transition Period as it may be extended under this Clause 9.2.
- (c) No Party is obliged to agree to extend a Transition Period under Clause 9.2(a); provided, that subject to any third party consent rights or the terms of any third-party agreements relied upon by the Supplier for the delivery of any such Transitional Arrangement, the Recipient, at its sole expense, shall have the right to extend the term of any Transitional Arrangement (i) for up to six (6) months or (ii) solely as necessary to meet a regulatory requirement imposed after the IPO Date by a Governmental Authority; provided, that no Transitional Arrangements may exceed the later of (i) thirty-six (36) months in duration as measured from the IPO Date, or (ii) twenty-four (24) months in duration as measured from the Trigger Date.

9.3

Right to terminate a Transitional Arrangement for convenience

A Recipient may terminate a relevant Transitional Arrangement for convenience upon sixty (60) days' Notice (or such other notice period applicable to such Transitional Arrangement if specified in either Schedule 1 or Schedule 2, as applicable) with no payment of fees and no payment of Charges, other than:

- (a) the payment of fees or Charges (each pro-rated as appropriate) for that Transitional Arrangement already provided to the Recipient as of the date of that termination; provided that fees that are prepaid by a Recipient shall not be returned to the Recipient; and
- (b) amounts that accrue only upon a termination or expiration of that Transitional Arrangement.

9.4

Right to terminate for breach

- (a) If a Party ("**Breaching Party**") commits a material breach of this Agreement which is not remedied within thirty (30) days of the Breaching Party being issued a Notice by any other Party ("**Innocent Party**"):
  - (i) detailing the breach; and
  - (ii) expressly referencing this Clause 9.4, then, subject to Clause 9.4(d), the Innocent Party may terminate:
  - (iii) this Agreement;

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- (iv) one or more Transitional Arrangements that Clause 1 otherwise requires the Innocent Party to provide to the Breaching Party, to the extent that the delivery of such Transitional Arrangement is adversely affected by such material breach; or
- (v) one or more Transitional Arrangements that Clause 1 otherwise requires the Breaching Party to provide to the Innocent Party, to the extent that the delivery of such Transitional Arrangement is adversely affected by such material breach.
- (b) If GECC becomes Insolvent, Company and RFIH acting together may jointly terminate this Agreement, but neither may severally terminate this Agreement; if either the Company or RFIH becomes insolvent, GECC may terminate this Agreement.
- (c) Any termination under this Clause 9.4 will be effected by the terminating Party delivering a Notice of termination to the other Parties. Such a Notice will take effect immediately unless otherwise expressly provided in its terms.
- (d) If GECC commits a material breach of this Agreement under Clause 9.4(a), Company and RFIH acting together may jointly terminate this Agreement, but neither may severally terminate this Agreement; if either the Company or RFIH commits a material breach of this Agreement under Clause 9.4(a), GECC may terminate this Agreement.

9.5

Regulatory termination of this Agreement

- (a) Upon 90 days' prior Notice or such shorter timeframe as required: (i) by a Government Authority with regulatory authority over the Company, RFIH or any Banking Recipient that is an Affiliate of the Company; or (ii) to comply with Applicable Law, the Company shall have a right to terminate this Agreement or any GECC Transitional Arrangement if directed in writing by a Government Authority with regulatory authority over the Company, RFIH or any Banking Recipient that is an Affiliate of the Company.
- (b) Upon 90 days' prior Notice or such shorter timeframe as required: (i) by a Government Authority with regulatory authority over GECC or any Banking Recipient that is an Affiliate of GECC; or (ii) to comply with Applicable Law, GECC shall have a right to terminate this Agreement or any Company Transitional Arrangement if directed in writing by a Government Authority with regulatory authority over GECC or any Banking Recipient that is an Affiliate of GECC.
- (c) In the event of a termination pursuant to this Clause 9.5, the Parties acknowledge and agree that the Transition Plans may not be fully implemented as of such termination, and no Party will have any obligation to assist in the execution of the other Parties' Transition Plan after such termination.

9.6

Effect of termination of a Transitional Arrangement

If any Transitional Arrangement is terminated in accordance with Clauses 9.4(a)(iv) or 9.4(a)(v):

- (a) the Supplier of that Transitional Arrangement:
  - (i) is not obliged to provide that Transitional Arrangement to the Recipient; and
  - (ii) is not entitled to invoice for that Transitional Arrangement, except in relation to services provided prior to termination or otherwise in accordance with Clause 9.3; and
- (b) the Supplier responsible for the provision of each of the remaining Transitional Arrangements that have not been terminated must continue to provide those Transitional Arrangements in accordance with Clause 1, except to the extent any such Transitional Arrangement's applicable Transition Period terminates, according to the relevant Schedule, upon the termination of the first-mentioned Transitional Arrangement.

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- 9.7 Effect of termination of the Agreement
- If this Agreement expires or is terminated for any reason:
- (a) the Supplier's obligations to provide any of the Transitional Arrangements under Clause 1 terminates; and
  - (b) the termination or expiry does not affect:
    - (i) a Party's accrued rights and obligations under this Agreement as at the date of expiry or termination; or
    - (ii) the continued operation of provisions which by their nature survive termination or expiry, including but not limited to Clauses 9, 10, 11, 12, and 14 to 18, and this Clause 9.7.

**10. Intellectual Property Rights, Ownership of Data**

- 10.1 Post-IPO IP Rights
- (a) Ownership of any IP Right that is developed or generated: after the IPO Date, by or on behalf of any Party; and in connection with any Transitional Arrangement, will vest, as among the Parties, in the Supplier of that Transitional Arrangement except for deliverables created (i) solely and exclusively for, and delivered to, the Recipient but (ii) not to be used on Underlying Systems and (iii) in the case of the Recipient being the Company or RFIH not related to a GECC IT Access Right.
  - (b) The ownership of any IP Right in deliverables created specifically for, and delivered to, the Recipient that are used on Underlying Systems will be licensed by the Supplier to the Company under the terms of the Intellectual Property Cross License Agreement (including, for the avoidance of doubt, only to the extent such intellectual property is used, held for use or contemplated to be used as of the IPO Date), provided such license is permitted under the terms of the applicable third party agreement(s). Such deliverables shall be listed on a schedule to the Intellectual Property Cross License Agreement, as such schedule may be amended from time to time in accordance with the Intellectual Property Cross License Agreement.
- 10.2 Ownership of IP Rights not affected by license grants
- The Recipient of a Transitional Arrangement:
- (a) acknowledges that the Supplier's obligations under Clause 1 of this Agreement to provide that Transitional Arrangement does not affect ownership in any IP Rights used to provide such Transitional Arrangements; and
  - (b) agrees that, in relation to each Transitional Arrangement of which it is the Recipient, unless otherwise agreed in writing between the Supplier and the Recipient:

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- (i) it will not delete any identifying marks, copyright or proprietary rights notice from any copy of software that forms part of the relevant systems, applications or software or from any associated materials (for example, the Underlying System in the case of a GECC IT Application Service); and
- (ii) at the end of any Transitional Arrangement's Transition Period, it will promptly:
  - (A) to the extent that IP Rights vest in the Supplier by virtue of Clause 10.1, provide the Supplier a copy of any tangible embodiment of that IP Rights that is in the Recipient's possession or control; and
  - (B) thereafter delete or dispose of any software and material related to that Transitional Arrangement (but not data) at the end of the relevant Transitional Arrangement's Transition Period, and if requested by the Supplier, certify to the Supplier to that effect in writing.

10.3

Limited IP warranty and indemnity for the Recipient

- (a) The Supplier of each Transitional Arrangement represents and warrants to the Recipient that, subject to Clause 2.6:
  - (i) it is entitled to provide that Transitional Arrangement; and
  - (ii) that provision, and the Recipient's use of the Transitional Arrangement in accordance with this Agreement, will not infringe the IP Rights of any of the Supplier's third party licensors (for example, in the case where GECC is the Supplier, of the applicable Underlying Systems).
- (b) Subject to Clause 10.3(c), the Supplier of each Transitional Arrangement indemnifies the Recipient, and each of the Recipient's Affiliates who are so affected (together, the "**Recipient Indemnified Parties**"), against and from each Claim the Recipient Indemnified Parties may suffer or incur and reasonable costs and expenses (e.g., license fees for replacement software) incurred by the Recipient Indemnified Party, in each case, to the extent that each such Claim arises out of or in connection with:
  - (i) any alleged infringement by the Recipient Indemnified Parties of the IP Rights of any of the Supplier's third party licensors; and
  - (ii) the Recipient's use of the Transitional Arrangement.
- (c) The indemnity under Clause 10.3(b) will not apply unless:
  - (i) the Recipient as soon as practicable gives the Supplier Notice upon receipt of any such Claim;
  - (ii) the relevant Recipient Indemnified Party irrevocably grants the Supplier the right to conduct and/or defend the Claim as the Supplier in its absolute discretion sees fit;
  - (iii) the relevant Recipient Indemnified Party does not, without the prior written consent of the Supplier, admit liability or do or cause to be done anything which may prejudice or compromise the conduct or defence of the Claim by the Supplier;

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- (iv) the relevant Recipient Indemnified Party gives the Supplier all information and assistance the Supplier may reasonably require in relation to the Claim;
- (v) the relevant Recipient Indemnified Party allows the Supplier, at the Supplier's option and expense, to obtain a license for or replace or modify the allegedly infringing part of the relevant Transitional Arrangement to avoid such Claim; provided, solely if such Transitional Arrangement is not the subject of an agreement between the Supplier and an unaffiliated third party, that any such replacement or modification does not materially adversely affect the Transitional Arrangement or the Recipient Indemnified Party's use thereof;
- (vi) the relevant Recipient Indemnified Party acts reasonably to mitigate any losses arising from the Claim; and
- (vii) the alleged infringement does not arise out of:
  - (A) the Recipient's breach of this Agreement or Applicable Law; or
  - (B) the Recipient's use of the Transitional Arrangement in a manner that is contrary to the Pre-IPO Form or beyond the Pre-IPO Volume.

10.4

Limited IP indemnity for the Supplier

- (a) Subject to Clause 10.4(b), the Recipient of each Transitional Arrangement indemnifies the Supplier, and each of the Supplier's Affiliates who are so affected (together, the "**Supplier Indemnified Parties**"), against and from:
  - (i) all Claims which the Supplier Indemnified Parties may suffer or incur; and
  - (ii) reasonable costs and expenses (e.g., license fees for replacement software) incurred by the Supplier Indemnified Parties, to the extent that each such Claim or cost arises out of or in connection with:
    - (iii) a breach by the Recipient of its obligations under this Agreement, including under Clause 2.4(g) of this Agreement; and
    - (iv) an allegation by a third party licensor, that is caused by that Recipient's breach, that:
      - (A) the Supplier Indemnified Party has breached the terms of a license granted to that Supplier Indemnified Party; or
      - (B) that third party licensor has otherwise suffered loss or finds its IP Rights have been infringed.
- (b) The indemnity under Clause 10.4(a) will not apply unless:
  - (i) the Supplier as soon as practicable gives the Recipient Notice upon receipt of any such Claim; and
  - (ii) the relevant Supplier Indemnified Party reasonably consults the Recipient in relation to the conduct and/or defense of that Claim.

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10.5 Ownership of Data

Any data, documents and other records originally provided by the Recipient to the Supplier, or obtained by the Supplier originally on behalf of the Recipient and in connection with the performance of Transitional Arrangements, shall be and remain the exclusive property of the Recipient ("**Obtained Data**"). Except as set forth otherwise with respect to a Transitional Arrangement in Schedule 1 or 2, as applicable, and as limited by the terms of any and all relevant third party agreements, approvals or consents, any data, documents, and other records generated by the Supplier originally on behalf of the Recipient and in connection with the performance of Transitional Arrangements shall be and remain, as between the Supplier and Recipient, the exclusive property of the Recipient ("**Generated Data**" and collectively with the Obtained Data, the "**Recipient Data**"). The Recipient may at any time request that the Supplier:

- (a) delivers such Recipient Data to the Recipient without delay, in a standard electronic format and with all information, codes and tools necessary to reasonably process such data, documents and other records; or
- (b) deletes such Recipient Data permanently, except to the extent the Supplier is required by Applicable Law to retain a copy for its records.

The costs shall be borne by the Recipient. Following the six (6) month anniversary of termination of a Transitional Arrangement, the Supplier may, upon 60 days' prior written notice, delete any Recipient Data related to such Transitional Arrangement.

10.6 The provisions of this Clause 10 shall survive termination of the Agreement.

**11. Confidentiality and Data Protection**

11.1 Restrictions on use or disclosure of Confidential Information

Each Party ("**Receiving Party**") must not:

- (a) use the Confidential Information of (i) in the case of GECC, the Company or RFIH or (ii) in the case of the Company and RFIH, GECC ("**Disclosing Party**"), other than for the purposes of performing or giving effect to this Agreement; or
- (b) disclose the Disclosing Party's Confidential Information except in accordance with Clause 11.2.

11.2 Permitted Disclosure

The Receiving Party may disclose the Disclosing Party's Confidential Information:

- (a) during the Agreement Term, to each of its directors, officers, employees or professional advisers, or those of its Affiliates (a "**Specified Recipient**") to the extent that such disclosure is necessary for the purposes of performing the Receiving Party's obligations under this Agreement;
- (b) at any time to a Specified Recipient to the extent that disclosure is necessary for the Recipient to carry out its Relevant Business;

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- 
- (c) to the extent required to be disclosed by Applicable Law or legal process or under the terms of an order issued by:
    - (i) a court of competent jurisdiction; or
    - (ii) any Government Authority or a stock exchange having jurisdiction over the Receiving Party;
  - (d) pursuant to a request of a financial services related Governmental Authority having jurisdiction over the Receiving Party, but only to the extent the Receiving Party reasonably believes it is required to comply with such request under Applicable Law; or
  - (e) to the extent that the Disclosing Party has given prior written consent to such disclosure,  
provided that, in the case of Clause 11.2(c)(i) or (ii), or Clause 11.2(d), the Receiving Party, to the extent that it is lawful for it to do so, provides prompt Notice to the Disclosing Party of any such requirement, order or request, discloses no more information than is so required and cooperates at the Disclosing Party's request and expense, with any attempts to obtain a protective order or similar treatment.

11.3 Notification of Confidentiality

Before disclosure of Confidential Information to a Specified Recipient, the Receiving Party will ensure that the Specified Recipient is made aware of and complies with the Receiving Party's obligations of confidentiality under this Agreement as if the Specified Recipient was a party to this Agreement.

11.4 Protection of Confidential Information

The Receiving Party must treat the Disclosing Party's Confidential Information with no less than the degree of care, secrecy and protection as it treats the Receiving Party's own Confidential Information.

11.5 Allocation of Confidential Information

For the purpose of this Clause 11:

- (a) the following data is taken to be the "Confidential Information" of the Parties:
  - (i) the terms of this Agreement, except to the extent required to be publicly disclosed in connection with the IPO;
  - (ii) data about transactions to which both the Recipient and Supplier are parties; and
  - (iii) data that otherwise relates to both the Recipient and the Supplier; and
- (b) the following data is taken to be the "Confidential Information" of the Recipient:
  - (i) data about transactions to which the Recipient is a party but the Supplier is not; and
  - (ii) data that otherwise relates to the Recipient and does not also relate to the Supplier (an example of which is data relating to the Company's employees); and
  - (iii) if the Company is the Recipient, the items described in Section 3.3(a) of Schedule 7; and

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- 
- (c) the following data is taken to be the "Confidential Information" of the Supplier:
- (i) data held by the systems provided by any GECC IT Application Service not of a type referred to in Clauses 11.5(a) or 11.5(b) (an example of which is pricing data for vendors of GECC and Affiliates of GECC); and
  - (ii) the form, nature and standard of each Transitional Arrangement provided by a Supplier,

in each case to the extent that that information does not fall within the exceptions to the definition of "Confidential Information" in paragraphs (a), (b) or (c) of that definition.

11.6 Data export

To avoid doubt, a Supplier's obligations under Schedules 1 or 2 (as applicable) to export or extract the Recipient's "data" do not extend to data of the type contemplated in Clause 11.5(c).

11.7 Delivery of materials

The Receiving Party must use its commercially reasonable efforts, upon the reasonable request of the Disclosing Party, to deliver to the Disclosing Party or otherwise destroy all documents or other materials containing or referring to Confidential Information of the Disclosing Party which are:

- (a) in the Receiving Party's possession, power or control, or
- (b) in the possession, power or control of Specified Recipients who have received Confidential Information under Clauses 11.2(a) or 11.2(b),

except to the extent the Receiving Party is required by Applicable Law to retain a copy for its records.

Any such request from a Recipient of a Transitional Arrangement will be taken to be a Force Majeure Event if the relevant Supplier cannot reasonably supply that Transitional Arrangement without that Confidential Information.

11.8 Data Protection

- (a) The Parties acknowledge that if any Recipient operates under the authority of any financial services related Governmental Authority (the "**Banking Recipient**"), it will be subject to the applicable rules and regulations of such Governmental Authority. Any information related to identified or identifiable clients of the Banking Recipient ("**Client Data**") shall in any case be considered Confidential Information of the Banking Recipient, and the Banking Recipient may, notwithstanding any other provision of this Clause 11, share Confidential Information with its regulators, auditors and competent public authorities, provided it requests confidential treatment.
- (b) The Supplier of the Banking Recipient (the "**Banking Supplier**") acknowledges and accepts that with regard to Client Data of such Bank it is subject to the same professional secrecy obligations as the Banking Recipient. The Banking Supplier agrees to comply with such obligations and undertakes and warrants that its employees, contractors and consultant third parties, who may have access to such Client Data,

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- (i) will comply with such obligations and in particular maintain strict confidence with regard to any Client Data, not to permit any unauthorized person or system to access Client Data, and in particular comply with any security standards required or recommended by a Government Authority or by Applicable Law;
- (ii) will not transfer or make any Client Data available to any person or system outside of the United States, or permit any person or system outside of the United States to access any Client Data located in the United States, unless expressly permitted by the Banking Recipient in writing in each case;
- (iii) sign a confidentiality and data protection declaration reasonably requested by the Banking Recipient before being granted access to its Client Data;
- (iv) will have successfully passed any background and security checks reasonably requested by the Banking Recipient before being granted access to Client Data and periodically thereafter; and
- (v) will be immediately refused access to Client Data or systems managing Client Data upon the Banking Recipient's request or if the Banking Supplier concludes that they may not be complying with the foregoing professional secrecy obligations.

The Banking Supplier will on an ongoing basis monitor compliance with the foregoing, adequately log access to Client Data and provide the Banking Recipient with any reasonably requested documentation or other proof related to this clause.

- (c) The Parties to this Agreement undertake for themselves, their employees, contractors and consulted third parties and their Affiliates to be in compliance with Data Protection Legislation.
- (d) To the extent that the Supplier processes Personal Data of third parties received from the Recipient in the context of Transitional Arrangements, such Personal Data shall be considered Confidential Information of the applicable Recipient and the Supplier undertakes and warrants that it, its employees and contractors will:
  - (i) process such Personal Data of the Recipient only for the purposes, and only as set forth by this Agreement and as instructed by the Recipient;
  - (ii) not export such Personal Data to, or permit access from, any country other than the United States without prior written consent of the Recipient;
  - (iii) delegate the processing of such Personal Data only with prior consent of the Recipient;
  - (iv) promptly, subject to any Government Authority, report to the Recipient any breach or suspected data breach (including violation of this Clause 11) and provide the Recipient any reasonably requested assistance in relation thereto;
  - (v) upon termination of the Agreement or upon the Recipient's request return or delete any such Personal Data without keeping a copy; and
  - (vi) provide any other assistance to the Recipient reasonably requested by the Recipient for the purposes of data protection compliance, which may include the execution of separate data protection agreements;

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provided, that the handling of Personal Data in a manner consistent with the Pre-IPO Form shall be deemed to satisfy the requirements of this Clause 11.8(d).

- (e) Should a Party receive any legal process or other request from a regulator, prosecutor or other public authority to gain access to Personal Data or other Confidential Information of any other Party, it will immediately notify such other Party and permit such other Party to defend against such legal process or request (or, if not possible, defend against it in such other Party's best interest).
  - (f) The Recipient may, from time to time, verify or have verified the Supplier's compliance with Clause 11.8(c) (including the Supplier's technical and organizational measures to prevent unauthorized processing of Personal Data) by an independent, reputable professional bound by an adequate confidentiality undertaking. Each Party shall bear its own costs in connection with such an audit.
- 11.9 The rights of the Recipient and the Supplier under this Clause 11 may also be enforced by recipients and suppliers not being Party to this Agreement that are Affiliates to the Parties to this Agreement.
- 11.10 Each Party shall indemnify and hold harmless the other Parties in case of any claim of third parties caused by a breach of this Clause 11 by the indemnifying Party. The provisions of Clause 10.4 shall apply *mutatis mutandis*. The liability limitations set forth in Clause 12 shall not apply.
- 11.11 No sunset
- The provisions of this Clause 11 shall survive the termination of the Agreement.
- 11.12 Injunctive relief
- Nothing in this Agreement shall prevent any Party from seeking injunctive relief in respect of a breach by any other Party of its confidentiality obligations under this Agreement.

**12. Limitation of Liability**

- 12.1 Liability caps
- (a) Subject to Clause 12.1(b) and Clause 11.10, the maximum aggregate liability of a Supplier of a Transitional Arrangement arising out of or in connection with:
    - (i) that Transitional Arrangement, including any liability for that Transitional Arrangement contemplated in Clause 12.1(a)(ii), shall be limited to the aggregate of the Charges paid by the Recipient for that Transitional Arrangement; and
    - (ii) any part of that Transitional Arrangement added under Clause 5 shall be limited to the aggregate of the Charges paid by the Recipient for that part.
  - (b) The maximum aggregate liability of each Party arising out of or in connection with this Agreement, including any liability of that Party contemplated in Clause 12.1(a), shall be limited to the aggregate of the Charges paid for all the Transitional Arrangements by such Party.

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12.2

Liability exclusions

Notwithstanding any other provision of this Agreement no Party shall be liable:

- (a) for any Claim arising out of or in connection with this Agreement, to the extent such Claim relates to:
  - (i) consequential, special, incidental, indirect or punitive damages;
  - (ii) loss of profit (including loss of revenue, income or profits) or diminution of value or loss of goodwill or potential business opportunity; or
  - (iii) without prejudice to Clauses 12.2(a)(i) and 12.2(a)(ii) above, any damages that do not have a reasonable causal relationship to the breach that gave rise to that Claim; or
- (b) to the extent that any liability is caused by or is the result of the claiming Party failing to perform any of its obligations under this Agreement.

12.3

Carve-outs for liability regime

Clauses 12.1(a) and (b) do not apply in relation to liability:

- (a) (i) for negligence, to the extent such Transitional Arrangement is not the subject of an agreement between the Supplier and an unaffiliated third party, and (ii) for willful breach or willful misconduct (except to the extent that the applicable Transitional Arrangement is the subject of an agreement between the Supplier or its Affiliate and an unaffiliated third party, in which case such higher standard as is applicable under such agreement);
- (b) under the indemnity in Clause 10.4;
- (c) for breach of Clause 11;
- (d) that cannot be disclaimed under Applicable Law; or
- (e) for breach of Applicable Law in connection with the provision or receipt of any Transitional Arrangement.

12.4

Liability

References to liability in this Clause 12 is to liability whether in contract, in tort (including negligence) or equity, under statute or otherwise.

12.5

Failure to give Notice

If a Party does not give Notice of a Claim to any other Party:

- (a) within six (6) months after the termination or expiration of the last Transitional Arrangement to terminate or expire;
  - (b) within six (6) months after the termination of this Agreement; or
  - (c) within six (6) months after when that Party becomes or ought to have become aware of the facts giving rise to the Claim,
- whichever is later, that Party shall be taken to have waived that Claim.

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12.6 Duty to mitigate  
Each Party and its Affiliates will have a duty to use commercially reasonable efforts to mitigate damages for which another Party is responsible in connection with this Agreement.

**13. Force Majeure Events**

13.1 No Party responsible for Force Majeure Events

A Party will not be liable to any other Party for any default or delay in the performance of its obligations under this Agreement to the extent that such default or delay is caused or contributed to by, directly or indirectly, a Force Majeure Event.

13.2 Notice

A Party wishing to rely on a Force Majeure Event under Clause 13.1 must give the other Parties Notice as soon as practicable of the occurrence of that Force Majeure Event, giving reasonable details of the Force Majeure Event.

13.3 Liability to pay Charges

Where a Transitional Arrangement is suspended due to a Force Majeure Event, the Recipient:

- (a) will not be liable for the Charges for that Transitional Arrangement during the suspension; but
- (b) will remain liable for Charges:
  - (i) for that Transitional Arrangement that accrued prior to, and that accrue after, the suspension; and
  - (ii) for other Transitional Arrangements provided by the Supplier that are not suspended under this Clause 13.

**14. Notices**

14.1 Notices in writing

A notice under this Agreement ("Notice") shall only be effective if it is in writing. For the avoidance of doubt, email communications shall be deemed to be "in writing" for purposes of this Clause 14.1.

14.2 Address

Subject to Clause 1.3(c), Notices, demands or other communications made under or in connection with the matters contemplated by this Agreement shall be sent to a Party at its address or number and for the attention of the individual set out below:

<u>Party and title of individual</u>	<u>Address</u>	<u>Email</u>
GECC	901 Main Avenue	alex.dimitrie@ge.com
Attention: General Counsel	Norwalk, CT 06851	
	with copy to:	
	Pat Beckwith	pat.beckwith@ge.com

Party and title of individual

Address

Email

	Lead Executive Counsel – Operations, IT and Sourcing	william.bandon@ge.com
	William Bandon	
Company or RFIH	777 Long Ridge Road	jonathan.mothner@ge.com
Attention: General Counsel	Stamford, CT 06902	
	with copy to:	
	Ricky Davis	Ricky.Davis@ge.com

A Party named above may change its Notice details on giving Notice to the other Parties named above of the change in accordance with this Clause 14. That Notice shall only be effective on the third Business Day after the date Notice has been received in accordance with Clause 14.3 or such later date as may be specified in the Notice.

14.3

Duly given when

Any Notice shall, in the absence of earlier receipt, be deemed to have been duly given as follows:

- (a) if delivered personally, on delivery;
- (b) if sent by courier, on delivery; or
- (c) if emailed:
  - (i) when the sender receives an automated message confirming delivery; or
  - (ii) four (4) hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

14.4

Outside Working Hours

Any Notice given outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place.

14.5

Certain Notices not to be Emailed

Notwithstanding Clause 14.1, Notices under the following Clauses may not be emailed: 7, 9 to 13, 15, 17.5 (other than changes by way of Variations under Clause 5) and 17.6. Moreover, each such Notice is taken not to be given unless it is sent to and by the Parties' Representatives designated by Clause 14.2 and otherwise in accordance with this Clause 14.

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**15. Dispute Resolution**

**15.1 Commercially reasonable efforts**

If any Dispute arises among the Parties, the Parties must act in good faith and use commercially reasonable efforts to resolve the matter amicably, including (i) first, through discussions between the GECC Services Manager and the Company Services Manager and (ii) second, by holding a Steering Committee meeting in accordance with Clause 6.6(d).

**15.2 Escalation meeting**

If any Party delivers a Notice to any other that a material Dispute has arisen and the Parties are unable to resolve the Dispute within fifteen (15) days of service of the Notice, whether or not the commercially reasonable efforts contemplated by Clause 15.1 have been used, then a meeting must be held between the Steering Committee and each of GECC's and the Company's Executive Sponsor.

If the Dispute has not been resolved within thirty (30) days of service of the Notice, such Dispute shall be resolved in accordance with the provisions of Article IX of the Master Agreement which shall apply hereto, *mutatis mutandis*.

**16. Audit**

The Banking Recipient's internal and external auditors and any competent Government Authority having jurisdiction over the Banking Recipient may at any time audit and verify

- (a) the functions outsourced by the Banking Recipient to the Banking Supplier;
- (b) the Banking Supplier's performance of obligations under the Agreement;
- (c) the Banking Supplier's operations and the documentation, the data and the systems used by the Banking Supplier for providing its Transitional Arrangements;
- (d) to the extent consistent with the Banking Supplier's contractual obligations to the subcontractor, the performance of any subcontractor engaged by the Banking Supplier pursuant to Clause 17.2(b) to provide all or part of its Transitional Arrangements.

The Banking Supplier will assist in such audit, and provide any reasonably requested and available access, documentation and information. An audit or verification may not without good reason interfere with the operations of the Banking Supplier or its subcontractor and interfere with third party data protection, secrecy and intellectual property rights, shall be announced reasonably in advance and coordinated with the Banking Supplier (this, however, shall not operate to limit any Government Authority having jurisdiction over the Banking Recipient in pursuing any audit rights it may have pursuant to Applicable Law).

16.2 Any deficiencies rightfully determined by such an audit or verification shall be remedied by the Banking Supplier within adequate time (depending on the severity) in coordination with the Bank.

16.3 Each Party shall bear its own costs related to this Clause 16, with the exception that costs of follow-up audits due to a breach of contract by the Banking Supplier shall be borne by the Banking Supplier.

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- 16.4 Furthermore:
- (a) the Banking Recipient will give the Banking Supplier Notice of any communications between the Banking Recipient and the Government Authority (or the Banking Recipient's internal or external auditors) relating to any such Government Authority (or the Banking Recipient's internal or external auditors) audit or other access in respect of the relevant Transitional Arrangement; and
  - (b) the Banking Recipient must allow the Banking Supplier to review and comment on any such communications from the Banking Recipient before they are made (and consider in good faith all comments reasonably proposed by the Banking Supplier),
- in each case to the extent permitted by Applicable Law.
- 16.5 Each Party shall be provided the audit reports generated by any other Party or otherwise available to any other Party under arrangements with third parties to the extent permitted under Applicable Law.
- 16.6 The provisions of this Clause 16 survive termination of this Agreement.
- 17. General**
- 17.1 Entire Agreement
- Except as otherwise expressly provided in this Agreement, this Agreement supersedes all prior discussions and agreements (whether oral or written, including all correspondence) if any, among the Parties with respect to the subject matter of this Agreement, and this Agreement contains the entire agreement among the Parties hereto with respect to the subject matter hereof. Nothing in this Clause will, however, operate to limit or exclude any liability for fraud or willful default.
- 17.2 Assignment and transfer
- (a) GECC may assign, transfer or otherwise deal with its rights under this Agreement or allow any interest in them to be varied, whether in whole or in part, to, or in favour of, any Affiliate without the consent of the Company or RFIH. The Company or RFIH, as applicable, may assign, transfer or otherwise deal with its rights under this Agreement or allow any interest in them to be varied, whether in whole or in part, to, or in favor of, any Affiliate without the consent of GECC; provided, that the Company or RFIH, as applicable, acknowledges that any such assignment shall be a Dependency.
  - (b) The Supplier of a Transitional Arrangement may sub-contract the performance of any of its obligations under this Agreement by any third party, subject to the following:
    - (i) in the case of a sub-contract established following the IPO, the Recipient shall provide its consent, which shall not be unreasonably withheld or delayed (for the avoidance of doubt, in the case of third parties sub-contracted already as of the IPO, such sub-contractors shall be considered approved by the Recipient);
    - (ii) the Supplier shall be responsible for conducting appropriate due diligence and monitoring of its subcontractors, and shall remain responsible and liable to the Recipient for all acts and omissions of its subcontractors as fully as if they were the acts and omissions of the Supplier, and the performance of the Supplier obligations under this Agreement by its subcontractors shall be considered as if the Supplier itself had performed them;

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(iii) the Supplier shall secure undertakings in writing from such subcontractors on security, confidentiality, data protection and audit terms at least substantially equivalent to those set out in Clauses 3, 10, 11 and 16 of this Agreement. A copy of such undertakings shall be provided to the Recipient upon request; and

(iv) unless otherwise agreed in writing by the Recipient, the Supplier shall be the Recipient's only point of contact for the Transitional Arrangements.

17.3 Costs and expenses

Each Party shall bear its own legal, accounting, professional and advisory fees, commissions and other costs and expenses incurred by it in connection with this Agreement.

17.4 Counterparts

This Agreement may be executed in counterparts and by the Parties on separate counterparts but shall not be effective until each Party has executed at least one (1) counterpart. Each counterpart when executed shall be deemed an original of this Agreement and all counterparts shall constitute one and the same agreement.

17.5 Amendments

This Agreement may be amended, supplemented or modified by the mutual consent of the Parties expressed in writing, but not otherwise.

17.6 Waivers

Subject to Clause 12.5, no waiver of any part of this Agreement (including any Variation pursuant to Clause 5) or consent to any departure from it by any Party shall be effective unless it is in writing. A waiver or consent shall be effective only for the purpose for which it is given. No default or delay on the part of any Party in exercising any rights, powers or privileges operates as a waiver of any right, nor does a single or partial exercise of a right preclude any exercise of other rights, powers or privileges.

17.7 Severability

Any provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability, without affecting in any way the validity, legality and enforceability of the remaining provisions hereof. Should any provision of this Agreement be or become ineffective for reasons beyond the control of the Parties, the Parties shall use commercially reasonable efforts to agree upon a new provision which shall as nearly as possible have the same commercial effect as the ineffective provision. This Clause has no effect if the severance of a provision of this Agreement (or a portion thereof) alters the basic nature of this Agreement or is contrary to public policy.

17.8 Relationship of the Parties

(a) This Agreement does not create a relationship of employment, trust, agency or partnership among the Parties. Nothing herein creates a right in the Company or RFIH to view any contracts by which GECC or its Affiliates acquires from third parties components or inputs to any GECC Transitional Arrangement.

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- (b) The Supplier, or its Affiliates, or other persons as the case may be, are acting as independent contractors of the Recipient in performing the Transitional Arrangements.
  - (c) The Supplier does not undertake to perform any obligations of the Recipient that are not set out in the description of a Transitional Arrangement, whether that obligation is:
    - (i) regulatory or contractual; and
    - (ii) whether connected with a Transitional Arrangement or not.Similarly, the Supplier does not assume any responsibility for:
    - (iii) the management of the Recipient's business;
    - (iv) except as expressly agreed under this Agreement, for the Recipient's business continuity planning or for the disaster recovery of the Recipient's computing environment;
    - (v) any Claim by the Recipient that the Supplier gave it legal, regulatory, financial, accounting, commercial or tax advice in connection with any Transitional Arrangement; or
    - (vi) any decision to take or use the Transitional Arrangement.

17.9 Governing Law

This Agreement, any Disputes and any other Claims, controversy, causes of action or disputes that may be based upon, arise out of or relate hereto, to the transactions contemplated hereby, to the negotiation, execution or performance, or the validity, interpretation, enforceability (e.g., that all or any part of this Agreement is void or voidable), formation, breach or termination hereof, or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise, including Claims seeking redress or asserting rights under any Applicable Law, shall in all respects be governed by, and construed in accordance with, the Laws of the State of New York in each case without reference to any conflict of law rules that might lead to the application of the Laws of any other jurisdiction. Each Party submits to the non-exclusive jurisdiction of the courts of the **State of New York sitting in the County of New York or the United States District Court for the Southern District of New York** and the appellate courts having jurisdiction of appeals in such courts to support and assist the arbitration process referred to in Clause 15, including if necessary to grant interlocutory relief pending the outcome of that process.

17.10 Failure or delay in exercising rights

The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

17.11 Binding effect

This Agreement shall be binding upon the Parties and their respective successors and assigns, and shall inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

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- 17.12 Remedies not exclusive  
The Parties' rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by law, except as expressly set out in this Agreement.
- 17.13 No rights of third parties  
Except as provided in Clauses 10.3 and 10.4 with respect to the indemnified parties and Clauses 11.9 and 17.15, and except for the Bank, RFIH and other Affiliates of the Company, and GECC and its Affiliates, with respect to their respective receipt of Transitional Arrangements, nothing in this Agreement, express or implied, is intended to or shall confer upon any other person, including any union or any employee or former employee of GECC or its Affiliates or the Company or its Affiliates, any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.
- 17.14 Waiver of Jury Trial  
EACH PARTY HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE 17.14.
- 17.15 Non-Recourse  
No past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of GECC or its Affiliates shall have any liability for any obligations or liabilities of GECC under this Agreement or for any Claim (whether in contract or in tort, in law or in equity) based on, in respect of, or by reason of, the transactions contemplated hereby and all of such parties are expressly intended as third party beneficiaries of this provision of this Agreement.
- 17.16 No Reporting Obligations  
Notwithstanding anything to the contrary contained in this Agreement or in any Schedule hereto, none of the Supplier or any of its Affiliates, or any of their respective Representatives, shall be obligated, pursuant to this Agreement or any Schedule hereto, as part of or in connection with the services provided hereunder, as a result of storing or maintaining any data referred to herein or in any Schedule hereto, or otherwise, to prepare or deliver any notification or report directly to any Government Authority or other person on behalf of the Recipient or any of its Affiliates, or any of their respective Representatives. The provisions of a Pre-Existing Agreement expressly referenced in Schedule 1 that establishes an obligation of the counterparty of the Company under that Pre-Existing Agreement to provide, upon the Company's request, certain reports directly to the Company shall remain reserved and be incorporated herein by reference.

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17.17 Disclaimer of Warranties

Insofar as Transitional Arrangements are provided on the basis of services procured by the Supplier directly or indirectly from third parties that are not Affiliates of GECC, the sole and exclusive warranties of the Supplier with regard to the provision of such Transitional Arrangements are the warranties provided by such third parties to the Supplier directly or indirectly with regard to such services. Furthermore, any rights and remedies the Recipient may have in relation to such warranties shall be limited to the rights and remedies that the Supplier directly or indirectly is able to enforce vis-a-vis such third party using commercially reasonable efforts.

17.18 Outsourcing

The Parties agree and acknowledge that the Transitional Arrangements may fall within the scope of the Bulletin 2013-29 (the "OCC Guidance"), issued by the Office of the Comptroller of the Currency, or the Guidance on Managing Outsourcing Risk attached to Federal Reserve Supervision and regulation Letter SR 13-19/CA 13-21 (the "FR Guidance" and, together with the OCC Guidance, the "Outsourcing Guidance"). The Parties further agree and acknowledge that each Banking Recipient intends to follow the Outsourcing Guidance applicable to such Banking Recipient. The Parties acknowledge and agree that it is their best belief that the present Agreement and the provision of services contemplated herein are consistent with the applicable Outsourcing Guidance. Should it nonetheless, be it during the term of this Agreement or thereafter, be determined by the Office of the Comptroller of the Currency that this Agreement is not consistent with the OCC Guidance, or by a representative of the Federal Reserve System that this Agreement is not consistent with the FR Guidance, the Parties will cooperate in good faith and with all their efforts in order to cure the related deficiency pursuant to Clause 5 and specifically Clause 5.4.

17.19 Step-in Rights

(a) Solely to the extent that:

(i) GECC or its applicable Affiliate has obtained from a third-party service provider the right to Step-In (as defined below) if such third-party:

(1) fails to perform a service, which failure adversely impacts the provision of a Transitional Arrangement, and

(2) does not restore such service within a time period agreed with such third party sufficient to mitigate such adverse impact, and

(ii) the exercise of such Step-In right is capable of being effected in a manner which is limited to the affected Transitional Arrangement and to the Company's, RFIH's or one of its respective Affiliates receipt of such Transitional Arrangement,

then GECC shall to the above extent pass-through to the Company or RFIH, as applicable, its right to Step-In with the third party service provider. "Step-In" shall mean that GECC (or its applicable Affiliate), at its option, may take control of that part of the third-party's services which adversely impact services delivered to GECC and, in doing so, may take such other action as is reasonably necessary to restore such service to GECC, including engaging another third-party service provider.

(b) Such Step-In rights of the Company or RFIH will continue until the applicable third party service provider establishes to GECC's reasonable satisfaction pursuant to its agreement with the third party service provider that the third party is capable of providing the relevant service and can resume providing that service without business disruption to GECC or the Company or its Affiliates.

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- (c) With respect to the Company's or RFIH's exercise of Step-In rights under Clause (a), GECC and its Affiliates shall cooperate with the Company or RFIH and its respective agents and provide all reasonable assistance at no charge to the Company or RFIH to restore the relevant third-party service(s) (and thereby the Transitional Arrangement(s)) as soon as possible, including giving the Company or RFIH and its respective agents such access to the third party's service locations and systems to the extent permitted under GECC's agreement with the third party service provider and reasonably necessary to restore such Service(s). The Company and RFIH acknowledge and agree that GECC and/or its third-party service provider may require that any other third party engaged by the Company or RFIH that is to be provided such access agrees to protect the confidentiality of GECC, its Affiliates and/or the original third-party service provider's Confidential Information and Intellectual Property Rights.
- (d) Charges for the affected Transitional Arrangement will be adjusted on a pro-rata basis based on any adjustments available to GECC as agreed between GECC and the third party service provider resulting from the applicable third party's inability to provide or perform the service.
- (e) Any of the Step-In rights under this Clause 17.19 may be exercised by an Affiliate of Company which is a Recipient of the affected Transitional Arrangement.
- (f) If requested by the Company or RFIH, GECC will use commercially reasonable efforts to negotiate step-in rights with a supplier of a service provided with respect to a Transitional Arrangement to the extent step-in rights: (i) are necessary to respond to a business need that may arise, or (ii) may be required by a Government Authority with regulatory authority over the Company or RFIH or to comply with Applicable Law. The Company or RFIH, as applicable, shall pay as part of the Charges all resulting costs, and increases in costs, due to or which result from any such step-in rights negotiation.

**18. Definitions and Interpretation**

18.1 Defined terms

Unless the context requires otherwise, capitalized terms used in this Agreement will have the meanings given to them below:

**#99 Service** has the meaning given to it in Clause 2.9.

**Access Codes** has the meaning given to it in Clause 3.5(a).

**Access Provider** has the meaning given in Clause 3.5(a).

**Accessing Party** has the meaning given in Clause 3.5(a).

**Affiliate** of a Party means any party directly or indirectly Controlling or Controlled by, or under direct or indirect common Control with, that Party at the relevant time, provided for the purposes of this Agreement: (i) the Company and its Affiliates shall not be deemed to be directly or indirectly Controlling or Controlled by, or under direct or indirect common Control with GECC; and (ii) GECC and its Affiliates shall not be deemed to be directly or indirectly Controlling or Controlled by, or under direct or indirect common Control of the Company or RFIH.

**Agreement** means this agreement.

**Agreement Term** has the meaning given to it in Clause 9.1.

AMEX TSA has the meaning given to it in Clause 2.9.

**Applicable Law** means any law, treaty, statute, ordinance, code, rule, regulation, normative act, standard, guideline, policy, decree, order, writ, award, injunction, determination or other pronouncement, in each case having the effect of law of any Government Authority, as currently interpreted and administered.

**Bank** means Synchrony Bank.

**Banking Recipient** has the meaning given to it in Clause 11.8(a).

**Banking Supplier** has the meaning given to it in Clause 11.8(b).

**Breaching Party** has the meaning given to it in Clause 9.4(a).

**Business Day** means Monday to Friday, except for any day on which banking institutions in New York, New York are authorized or required by Applicable Law or executive order to close.

**Charges**, in relation to a Transitional Arrangement, means the amount set out against that Transitional Arrangement in Schedule 1 or Schedule 2 (as applicable).

**Claim** means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

**Client Data** has the meaning given to it in Clause 11.8(a).

**Company** has the meaning given in the Details.

**Company Business** has the meaning given in the Details.

**Company Services Manager** has the meaning given to it in Clause 6.2(b).

**Company Transitional Arrangement** has the meaning given to it in Clause 1.2.

**Confidential Information** of a Party means all confidential, non-public or proprietary information relating to the business, technology or other affairs of that Party, or of that Party's customers, suppliers or Affiliates, regardless of how the information is stored or delivered, that is exchanged or made available to a Party in connection with this Agreement, regardless of whether that information is exchanged before, on or after the IPO Date, but excludes information which:

- (a) is in or becomes part of the public domain other than through breach of this Agreement or an obligation of confidence owed to the Disclosing Party to whom that Disclosing Party owes a duty of confidence in relation to that Confidential Information;
- (b) the Receiving Party can prove by contemporaneous written documentation was already known to it at the time of disclosure by the Disclosing Party; or
- (c) the Receiving Party acquires from a third party entitled to disclose it to the Receiving Party with no restrictions on the Receiving Party as to its further disclosure, or that the Receiving Party could not reasonably have known was confidential.

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**Control** means, with respect to an entity, the possession, directly or indirectly, of, or the entitlement to acquire:

- (a) the power to direct or cause the direction of the management or policies of such entity whether by contract or otherwise; or
- (b) the ability of a person to ensure that the activities and business of that entity are conducted in accordance with the wishes of that person; or
- (c) the majority of the issued share capital or the voting rights in that entity or the right to receive the majority of the income of that entity on any distribution by it of all of its income or the majority of its assets on a winding up, and

Controlled by, under common Control with, and Controlling shall be construed accordingly.

**Data Protection Legislation** means the applicable data privacy laws in the United States, Canada or other jurisdiction from which the Transitional Arrangements are being provided by the Supplier or in which the Transitional Arrangements are being used and enjoyed by the Recipient, including, the Gramm-Leach Bliley Act, the Health Insurance Portability and Accountability Act and the Personal Information Protection and Electronic Documents Act, or other applicable legislation in those jurisdictions.

**Dependency** has the meaning given to it in Clause 2.3(a).

**Details** means the section of this Agreement with that heading.

**Disclosing Party** has the meaning given to it in Clause 11.1(a).

**Dispute** includes any dispute, controversy, difference or Claim arising out of or in connection with this Agreement or the subject matter of this Agreement, including any question concerning its existence, formation, validity, interpretation, performance, breach and termination.

**Executive Sponsor** means, in relation to a Party, the person appointed by that Party as executive sponsor in accordance with Clause 6.8.

**Facilities** has the meaning given to it in Clause 4.1(b).

**First-Level Support** means, in relation to software or infrastructure that is the subject of any GECC IT Application Service:

- (a) providing an interface, by way of phone or email, by which the Recipient's users of the software or infrastructure can lodge queries about the software or infrastructure;
- (b) directly providing the answers to those queries that are typically answered by first-level support for similar software or infrastructure in other financial companies; and
- (c) interfacing with the Second-Level Support provider for that software or infrastructure, to the extent it exists, in relation to queries other than those referred to in sub-paragraph (b).

**Force Majeure Event** means any event or circumstance beyond the reasonable control of a Party (the "affected Party"), including:

- (a) failure of public infrastructure or energy sources;

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- (b) accident or breakage of any machinery or apparatus of any other Party or a third party through no fault of the affected Party or its sub-contractors;
  - (c) epidemics, storms, floods, fires or acts of God;
  - (d) explosion, sabotage, war or terrorist action;
  - (e) riots or civil disorders;
  - (f) strikes, lockouts or other labor difficulties except with regard to a Party's own employees;
  - (g) failure in any other Party's infrastructure or third party services through no fault of the affected Party or its sub-contractors;
  - (h) unavailability of IT parts through no fault of the affected Party or its sub-contractors; and
  - (i) governmental or regulatory intervention of any kind, including interference by civil or military authorities or the passage of regulation or laws or amendments to them and the making or amendment of any law (including an Applicable Law) that impacts the provision of any Transitional Arrangement.

**FR Guidance** has the meaning given to it in Clause 17.18.

**GE** has the meaning given in the Details.

**GECC** has the meaning given in the Details.

**GECC IT Access Right** means a right that is described as such in Schedule 1. It is taken:

- (a) to involve a right for the Recipient to use, on infrastructure owned or controlled by the Recipient, the software referred to in the description in that row of Schedule 1; and
- (b) not to include:
  - (i) a right for the Recipient to access or use a copy of the source code to the software, or to modify, decompile, commercialize or adapt the software;
  - (ii) a right of the Recipient to perform or provide service bureau services; nor
  - (iii) a right for the Recipient to receive support (including First or Second-Level Support), maintenance, updates, patches or upgrades for that software,

except to the extent expressly set out in the relevant part of Schedule 1.

**GECC IT Application Service** means a service described as such in Schedule 1. It is taken:

- (a) to involve a service by which:
  - (i) the Supplier, or another party on the Supplier's behalf, hosts the application software referred to in that row of Schedule 1;
  - (ii) the Recipient may access and use that application system software from the Recipient's network; and

(iii) to the extent a client-side part of the software must be hosted on the Recipient's computers for the Recipient to enjoy its rights under sub-paragraph (b), the Supplier provides or procures for the Recipient the right to host an object-code form of that client-side software; and

(b) not to include:

- (i) access or use of a copy of the source or object code form of the software, except for the client-side object code referred to in sub-paragraph (a)(iii);
- (ii) ability to modify, decompile, commercialize or adapt the software; or
- (iii) receipt of support (including First or Second-level Support), maintenance, updates, patches or upgrades for any software, including the client-side software referred to in sub-paragraph (a)(iii),

except to the extent expressly set out in the relevant part of Schedule 1.

**GECC Services Manager** has the meaning given to it in Clause 6.2(a).

**GECC IT Support Service** means a service described as such in Schedule 1.

**GECC Non-IT Support Service** means a service described in Schedule 1 other than a GECC IT Access Right, a GECC IT Application Service, or a GECC IT Support Service.

**GECC Transitional Arrangement** has the meaning given in Clause 1.1.

**Generated Data** has the meaning given to it in Clause 10.5.

**Government Authority** means any applicable local, municipal, state, national, foreign or other governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in or any other state or country with jurisdiction over the Parties or the transactions contemplated hereby.

**Innocent Party** has the meaning given in Clause 9.4(a).

**Insolvent** means the occurrence of any of the following events in relation to a Party:

- (a) that Party is unable or admits inability to pay its debts as they fall due or suspends making payments on any of its debts other than in connection with a bona fide Dispute;
- (b) any appointment of a receiver or administrator in respect of that Party by a Government Authority;
- (c) any corporate action, legal proceedings or other procedure or step in respect of the winding-up of that person or the appointment of a receiver or administrator to manage that Party or any of its affairs; or
- (d) any corporate action, legal proceedings or other procedure or step taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, bankruptcy or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of that Party; or
  - (ii) a composition, assignment or arrangement with any material creditor of that Party,

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or any analogous procedure or step taken in any jurisdiction.

**Intellectual Property Rights or IP Rights** means:

- (a) all trademarks, service marks, trade dress, trade names, logos, domain names, and corporate names and registrations and applications for registration thereof together with all of the goodwill associated therewith;
- (b) copyrights (registered or unregistered) and copyrightable works and registrations and applications for registration thereof;
- (c) mask works and registrations and applications for registration thereof;
- (d) trade secrets and Confidential Information, plans, proposals, technical data, marketing plans, customer data, prospect lists and information;
- (e) patents; and
- (f) other intellectual property rights.

**Intellectual Property Cross License Agreement** means the agreement of that name between GECC and the Company on or about the same date of this Agreement.

**Interest Rate** means, on any date, the "effective" federal funds rate reported in the "Money Rates" section of the Eastern Edition of The Wall Street Journal published for such date (or, if the "effective" federal funds rate is not so reported on such date, on the immediately preceding date for which such "effective" federal funds rate was so reported).

**Invoicing Period** means, in relation to a Transitional Arrangement, the frequency at which the Recipient of a Transitional Arrangement is to be invoiced, as provided for that Transitional Arrangement in Schedule 1 or Schedule 2 (as applicable).

**IPO** has the meaning given to it in the Details.

**IPO Date** means the date of the consummation of the IPO.

**Master Agreement** has the meaning given in the Details.

**MNT Subservicing Agreement** means the Sub-Servicing Agreement between GECC and the Company.

**Non-Discriminatory Standard** means, in relation to a Transitional Arrangement, the standard of quality (e.g. response times) and priority of service that is generally consistent with:

- (a) that which any substantially similar service is provided during the Transition Period to an Affiliate of the Supplier; and
- (b) the principle that the Supplier should not, in prioritising the supply of the Transitional Arrangement, have regard to the fact that the Recipient may no longer be an Affiliate of the Supplier,

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except to the extent expressly contemplated by this Agreement.

**Notice** has the meaning given to it in Clause 14.1.

**Obtained Data** has the meaning given to it in Clause 10.5.

**OCC Guidance** has the meaning given to it in Clause 17.18.

**Outsourcing Guidance** has the meaning given to it in Clause 17.18.

**Parties** means the parties to this Agreement and **Party** means any one of them.

**Payable** means, in relation to a Transitional Arrangement:

- (a) the amount that will accrue as being payable for that Transitional Arrangement until the end of the relevant Transition Period, presuming there will be no extensions to that Transition Period; and
- (b) if the amount referred to in paragraph (a) is calculated on a per unit basis (e.g. per employee), the calculation will be performed assuming the time-weighted average of that per unit usage between:
  - (i) the beginning of the Transition Period; and
  - (ii) when any such liability accrues,will continue for the remaining Transition Period.

**Personal Data** has the meaning of any information related to an identified or identifiable individual or legal entity or any broader definition as per the Data Protection Legislation.

**Pre-Existing Agreement** has the meaning given in Clause 1.4(a).

**Pre-IPO Form** means, in relation to each Transitional Arrangement:

- (a) if a service or access right substantially equivalent to that Transitional Arrangement was provided to the Recipient in the six (6) month period prior to the IPO Date by itself, any other Party or any one of their Affiliates, the same form (or in as close to the same form as may be possible given that the IPO may result in certain assets and employees of the Supplier no longer being available to the Supplier in providing that Transitional Arrangement as a result of the Transaction) in which that service or access right was last provided before the IPO Date; or
- (b) if a service or access right substantially equivalent to that Transitional Arrangement was provided to the Recipient in the six (6) month period prior to the IPO Date by a third party that is not an Affiliate of any Party, the form that is consistent with the contract under which that Transitional Arrangement was last provided by that third party,

'form' for this purpose being taken to include the configuration, version, patch-levels and other implementation-specific details of the relevant software and systems for any GECC IT Access Right, GECC IT Application Service or IT Support Service, or its equivalent service or access right.

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**Pre-IPO Standard** means, in relation to each Transitional Arrangement:

- (a) if a service or access right substantially equivalent to that Transitional Arrangement was provided to the Recipient in the six (6) month period prior to the IPO Date by itself, any other Party or any one of their Affiliates, the overall standards of quality and availability at which that service or access right was then provided across those preceding six (6) months; or
- (b) if a service substantially equivalent to that Transitional Arrangement was provided to the Recipient in the six (6) month period prior to the IPO Date by a third party that is not an Affiliate of any Party, the standards of quality and availability that are consistent with the contract under which that service was then provided by that third party across those preceding six (6) months.

**Pre-IPO Volume** means, in relation to each Transitional Arrangement:

- (a) if a service or access right substantially equivalent to that Transitional Arrangement was provided to the Recipient in the six (6) month period prior to the IPO Date by itself, any other Party or any one of their Affiliates, the average amount, quantity or volume at which that service or access right was then provided across those preceding six (6) months; or
- (b) if a service substantially equivalent to that Transitional Arrangement was provided to the Recipient in the six (6) month period prior to the IPO Date by a third party that is not an Affiliate of any Party, the amount, quantity or volume that is consistent with the contract under which that service was then provided by that third party across those preceding six (6) months.
- (c) Pre-IPO Volume is deemed to include increases to volume that are reasonably attributable to organic growth, including upon reasonable prior notice to Supplier the addition of new customers in the Recipient's business (that is, not as a result of acquisition of a business or shares in a business).

**Receiving Party** has, in relation to Confidential Information, the meaning given in Clause 11.1.

**Recipient** has the meaning given in Clause 1.3.

**Recipient Data** has the meaning given to it in Clause 10.5.

**Recipient Indemnified Party** has the meaning given in Clause 10.3(b).

**Regulatory Variation** has the meaning given in Clause 5.4.

**Relevant Business** means:

- (a) in relation to the Company (and Affiliates of the Company), commercial activities that are substantially the same as those carried out by the Company (and Affiliates of the Company) immediately prior to the IPO Date; and
- (b) in relation to GECC (and Affiliates of GECC), commercial activities that are substantially the same as those carried out by GECC (and Affiliates of GECC) immediately prior to the IPO Date.

**Representative** of a Party includes an employee, agent, officer, director, auditor, adviser, partner, or consultant or contractor (other than any other Party) of that Party.

**RFIH** has the meaning given in the Details.

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**Second-Level Support** means, in relation to software or infrastructure that is the subject of a GECC IT Application Service:

- (a) providing an interface, by way of phone or email, by which the First-Level Support providers for that software or infrastructure can lodge queries about the software or infrastructure;
- (b) providing the answers to those queries that are more complex than those typically answered by first-level support for similar software or infrastructure in other financial companies; and
- (c) making software or hardware configuration changes to resolve fault or service issues in relation to the software or infrastructure, but not developing or providing patches or upgrades,

and which, in each case, can be reasonably answered by the higher-skilled members of an in-house support team for similar software or infrastructure in other financial companies.

**Service Level** has the meaning given to it in Schedule 7.

**Service Level Credit** has the meaning given to it in Schedule 7.

**Services Managers** has the meaning given to it in Clause 6.2(b).

**Specified Recipient** has the meaning given to it in Clause 11.2(a).

**Steering Committee** has the meaning given in Clause 6.3.

**Step-In** has the meaning given in Clause 17.19(a).

**Successor Provider** means, in relation to a Transitional Arrangement, the entity or entities (which may include the Recipient of that Transitional Arrangement or any of its Affiliates) succeeding the Supplier in the provision or operation of Transitional Arrangements similar to or part of that Transitional Arrangement.

**Supplier** has the meaning given in Clause 1.3.

**Supplier Indemnified Party** has the meaning given in Clause 10.4(a).

**Tax Sharing and Separation Agreement** means the agreement of that name between GE and the Company dated on or about the same date of this Agreement.

**Transition Assistance** has the meaning given to it in Clause 7.5(b).

**Transition Period** means, in relation to any Transitional Arrangement, the period commencing on the IPO Date and which runs for the period specified in relation to that Transitional Arrangement in Schedule 1 or Schedule 2 (as applicable).

**Transition Plan** has the meaning given in Clause 7.1.

**Transitional Arrangement** means a GECC Transitional Arrangement or a Company Transitional Arrangement.

**Transitional Trademark License Agreement** means the agreement of that name between GE Capital Registry, Inc. and the Company dated on or about the same date of this Agreement.

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**Trigger Date** means the first date on which members of the GE Group (as defined in the Master Agreement) cease to beneficially own (excluding for such purposes shares of Company Common Stock (as defined in the Master Agreement) beneficially owned by GE but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GE being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) more than fifty percent (50%) of the outstanding Company Common Stock.

**Underlying Systems** means, in relation to a GECC IT Application Service or a GECC IT Support Service, the software and systems used to provide that GECC Transitional Arrangement.

**US Dollars, USD or \$** means the lawful currency from time to time of the United States of America.

**Variation** has the meaning given in Clause 5.1.

**Working Hours** means 9:30 am to 5:30 pm on a Business Day, at the location of the Recipient.

18.2

References to Certain General Terms

Unless the contrary intention appears, a reference in this Agreement to:

- (a) **(variation or replacement)** a document (including this Agreement) includes any variation or replacement of it;
- (b) **(references to Schedules and Clauses)** references to Schedules and Clauses are to the Schedules and Clauses of this Agreement;
- (c) **(internal references)** the terms "hereof", "herein", "hereby", "hereto", and derivative or similar words refer to this entire Agreement, including the Schedules;
- (d) **(references to statutes)** a statute, ordinance, code or other law includes regulations and other instruments made under it;
- (e) **(law)** a law means:
  - (i) statutes;
  - (ii) rules, regulations, guidelines, directives, treaties, judgments, decrees, orders or notices of each Government Authority; and
  - (iii) laws, executive orders and decrees of the government of each Government Authority from time to time,

together in each case with consolidations, amendments, re-enactments or replacements of any of them;

- (f) **(singular includes plural)** the singular includes the plural and vice versa;
- (g) **(references to genders)** references to one gender includes all other genders;
- (h) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association, or any Government Authority;

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- (i) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors and substitutes (including, persons taking by novation) and assigns;
  - (j) **(reference to a group of persons)** a group of persons or things is a reference to any two (2) or more of them jointly and to each of them individually;
  - (k) **(money)** an amount of money is, unless otherwise stated, a reference to the lawful currency of the United States;
  - (l) **(calculation of time)** a period of time that dates from a given day or the day of an act or event is to be calculated exclusive of that day;
  - (m) **(reference to a day)** a day is to a calendar day and is to be interpreted as the period of time commencing at midnight and ending twenty-four (24) hours later; and
  - (n) **(meaning not limited)** the words "include", "including", "for example" or "such as" are not to be interpreted as words of limitation, and when such words introduce an example, they do not limit the meaning of the words to which the example relates, or to examples of a similar kind, and the word "or" shall not be exclusive.

18.3 Construction

The rule of construction, if any, that a contract should be interpreted against the Parties responsible for the drafting and preparation thereof, shall not apply.

18.4 Headings

Headings are included for convenience only and are not to affect the interpretation of this Agreement.

18.5 Schedules

The Schedules form part of this Agreement.

18.6 Inconsistency

If there is an inconsistency between these general terms of this Agreement and a Schedule, or a document attached to a Schedule, then the provision in these general terms prevails to the extent of the inconsistency.

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**GENERAL ELECTRIC CAPITAL CORPORATION**

\_\_\_\_\_  
Name:  
Title:

**SYNCHRONY FINANCIAL**

\_\_\_\_\_  
Name:  
Title:

**RETAIL FINANCE INTERNATIONAL HOLDINGS, INC.**

\_\_\_\_\_  
Name:  
Title:

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**Schedule 1**

GECC Transitional Arrangements

**Project Blue TSA**

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
<b>Bank &amp; Regulatory</b>										
BR-1	IT Application Service & IT Access Right	Cybergrants	Gift Matching Program	Supplier to provide an IT Application Service & IT Access Right for Cybergrants used by the Company prior to IPO Date.	included in other charges	SSO	GE Corporate Microedge		Until Trigger Date	
BR-2	IT Application Service & IT Access Right	GE Volunteers	Volunteer Tracking	Supplier to provide an IT Application Service & IT Access Right for GE Volunteers used by the Company prior to IPO Date.	included in other charges	SSO	GE Corporate Microedge		Until Trigger Date	
BR-3	Non-IT Support Service	Loan Review Services	Loan Review Services	Supplier to provide a Non-IT Support Service for Loan Review Services used by the Company prior to IPO Date.	included in other charges		CAS GECC Internal Audit		6 months	
BR-4	IT Application Service & IT Access Right	Bwise	Bwise	Supplier to provide an IT Application Service and IT Access Right for Bwise used by the Company prior to IPO Date.	TBD		GE Corporate Bwise		Until Trigger Date	Subject to execution of divestiture consent
BR-5	IT Application Service	ACL	Audit Command Language	Supplier to provide an IT Application Service for ACL used by the Company prior to IPO Date.	included in other charges		ACL		6 Months	
<b>Compliance</b>										
Comp-1	IT Application Service	Anti-Money Laundering (AML)	Software based anti-money laundering transaction monitoring tool utilized for credit and deposit products	Supplier will provide the Company with an IT Application Service, specifically, the Actimize AML Suspicious Activity Monitoring (AML-SAM) Solution used by the Company to support compliance with anti-money laundering laws/regulations. The Actimize AML-SAM Solution generates alerts upon detection of unusual/suspicious activity requiring review and disposition by the Company.  Supplier will also provide the Company Second-Level Support, including Daily Support, specific to the Actimize AML-SAM Solution. Any project-based work would be separately priced.  Current (2014) projects underway include: <ul style="list-style-type: none"> <li>Customer Risk Rating - RC and SF instances - \$50,000</li> <li>Customer Risk Rating - Retail Deposits - \$30,000</li> <li>Actimize Data Separation Reporting and dashboards) - \$10,000</li> </ul> Projects yet to be launched that require GECC support: <ul style="list-style-type: none"> <li>Actimize license acquisition and transition of RF-related data from the London server to a Synchrony server yet to be determined.</li> </ul>	Annual Costs: \$339,279 Annual Project Costs Estimated: \$90,000	GE Network Services - WAN	GE Capital Actimize		18 months	Service Level as provided in Schedule 7
Comp-2	IT Application Service	Conflict of Interest System	Conflict of Interest System	Supplier to provide an IT Application Service for Conflict of Interest system used by the Company prior to IPO Date. When Blue's GE employee SSO IDs become inactive, standard extracts can be provided within 3 weeks.	included in other charges	GE Employee SSO IDs	GE Corporate		Until Trigger Date	
Comp-3	Non-IT Support Service	Pre-Screening of Suppliers	Pre-Screening of Suppliers	Supplier to provide a Non-IT Support Service for Pre-Screening Suppliers as requested by the Company.	Quarterly Charges: \$140		GE Capital Shannon COE		15 months	
Comp-4	IT Application Service & IT Access Right	Trade Restricted Employees	Trade Restricted Employees	Supplier to provide an IT Application Service and IT Access Right to Trade Restricted Employees Application as used by the Company prior to IPO Date.	included in other charges		GE Capital		Until Trigger Date	
Comp-5	IT Application Service	Spirit and Global Ombuds Portal	Spirit - GE Ombuds System and Global Ombuds Portal	Supplier to provide IT Access rights and IT Application Service for Spirit, Supplier's Ombuds System as well as the Global Ombuds portal. Supplier to provide access to relevant data and use of application, including support, and will provide support to migrate historical data of the Company to a new system/application.	included in other charges	SSO	GE Corporate		Until Trigger Date	
Comp-6	Non-IT Support Service	Compliance Functional Experts	Compliance Functional Experts	Supplier to provide Compliance functional consulting services to the Company's Compliance personnel.	included in other charges	SSO	GE Capital HQ Compliance Team		Until Trigger Date	
Comp-7	IT Application Service	Watchlist Feed	Watchlist Feed	Supplier to provide an IT Application Service for the Dow Jones watchlist feed to the Company consistent with the manner in which this file has been provided prior to IPO Date.	included in other charges		GE Capital Dow Jones		6 months	
<b>Finance</b>										
Fin-1	IT Application Service	Fixed Asset Ledger	Fixed Asset Ledger	Supplier will provide to the Company an IT Application Service in relation to the following applications used by the Company prior to IPO Date: <ul style="list-style-type: none"> <li>Fixed Asset Ledger - Addition, maintenance, depreciation of Fixed Assets. Send G/L files for balance sheet and depreciation posting. Perform quarterly account reconciliations. Adhoc reporting, customer service, etc.</li> </ul> As part of this Service, Supplier will also provide to the Company Second-Level Support in relation to the applications.	included in other charges	GE Network Services - WAN	GE Corporate		12 months	
Fin-2	IT Application Service	Oracle Financials (India and Philippines)	Applications for financial accounting	Supplier will provide to the Company an IT Application Service in relation to the following applications used by the Company prior to IPO Date for financial accounting: <ul style="list-style-type: none"> <li>Oracle Financials –(GL, AR, AP, FA) India and Philippines</li> </ul> As part of this Service, Supplier will also provide to the Company Second-Level Support in relation to the applications.	Annual Costs: India \$20,406	GE Network Services - WAN	GE Corporate		18 months	

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#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
Fin-3	IT Application Service	Consolidated Financials	MARS	Supplier will provide to the Company an IT Application Service in relation to MARS as used by the Company prior to IPO Date. As part of this Service, Supplier will also provide to the Company Second-Level Support.	included in other charges	SSO	GE Corporate		Until Quarter Close Following Trigger Date	
Fin-4	IT Application Service	Regulatory Reporting	Safari	Supplier will provide to the Company an IT Application Service in relation to Safari as used by the Company prior to IPO Date. As part of this Service, Supplier will also provide to the Company Second-Level Support.	included in other charges	SSO	GE Capital		Until Quarter Close Following Trigger Date	
Fin-5	IT Application Service	Hyperion	Financial Reporting tool	Supplier will provide to the Company an IT Application Service for Hyperion as used by the Company prior to IPO Date. Hyperion is an Oracle application used for financial reporting. Hyperion utilizes a separate licensing agreement. Data extract requests from the Company will be evaluated on an individual basis.	Annual Costs: \$352,549	GE Network Services - WAN SSO	GE Capital/Oracle		Until Quarter Close Following Trigger Date	
Fin-6	IT Application Service	GETRES	Travel & Living - Travel Reservations (GETRES)	Supplier to provide all employee travel booked through the GE Travel Center by telephone or via the GETRES Online Booking Tool at travel.ge.com. All travel reservations must be booked using the credit card in the traveler's profile with the Travel Center. As part of this Service, Supplier will also provide to the Company Second-Level Support.	Included in Expense Processing	SSO	GE Corporate		12 months	
Fin-7	Non-IT Support Service	Expense Processing	Travel & Living - Expense Processing	Supplier to provide access to and use of the Travel and Living (T&L) and Peard expense processing infrastructure in place at IPO Date, including expense account processing and expense clearing. Supplier T&L and Peard expense processing includes use of the Supplier Corporate Card used for travel per the Supplier T&L Policy and the Supplier Peard used for purchases under the Supplier Peard Policy. Access to the shared-service T&L & Peard system. Pass through billing for actual travel and Peard costs incurred on the Corporate Card, Peard or out-of-pocket cash expenses included on expense reports. Costs will continue to be charged as per current method and will be passed on to disposed business via IBS. Any fees charged to the Corporate Card or Peard are included with the T&L/Peard transaction billing. All T&L and Peard transactions are billed in lump sum and existing accounting extracts that provide all transaction details will continue under the process in place at IPO Date. The current service fee pricing will continue. The standard Supplier audit process will continue to be performed, and will continue to be based on the Supplier T&L Policy and/or Supplier Peard Policy. Supplier OHR information for the disposed employees must be maintained for the duration of this TSA item, including continuation of employee SSO IDs (if the OHR TSA duration is shorter than T&L, the OHR TSA duration then applies for T&L). Manager and employee status fields should also be maintained. Contractor SSO IDs cannot be supported. If payroll changes are made, please coordinate timing with Supplier Travel so we do not inadvertently cancel T&L cards. No new organizations on the T&L/Peard system will be set up to facilitate a transition — the existing organization structure must remain for the duration of the TSA.	Most countries are charged at US\$ 7 per expense report, but the US is at US\$ 5.50. Fees are related to local statutory and/or VAT compliance related costs.	IBS	GE Corporate		12 months	
Fin-8	IT Application Service	Intercompany Billing System	System used to invoice intercompany charges. Includes inventory (PO related) and expense type items (ADN related)	Supplier to provide access to and maintenance of Intercompany Billing System, provided that Company agrees to the following: (1) The Company maintains all IBS users, billing, receiving and banking contacts, and to appoint a single contact to handle all IBS-related issues; (2) The Company maintains all system feeds into and out of the IBS system; (3) The Company ensures that all IBS users are removed promptly (within 2 business days) when they leave employment or no longer require access to IBS. (4) All future transactions to or from Company are to be billed directly to a Billing Unit Code (BUC) that is owned by the Company. Supplier BUCS will not act as host or intermediary BUCS. Transactions for the acquired BUC will no longer flow through the Supplier Parent BUC. (5) No amounts can be withheld by either Supplier or Company related to disputed invoices. Disputed invoices must be paid and then corrected via mutual agreement of the Buyer and Seller BUCS. Failure to follow the settlement rules is a violation of this TSA and will result in removal from IBS. Supplier reserves the right to terminate or suspend a BUC for non-payment after 30 day notice. (6) Supplier is not responsible for IBS transactions of the Company with other non-Supplier entities. The Company will manage any collection issues with any BUC that is not Supplier owned. The IBS team may participate in a facilitation role with collection between the Company's BUCS and Supplier BUCS. (7) Monthly settlement based on the IBS Corporate Summary Report will be on a gross basis, i.e., Supplier Company due to Company will be wired transferred based on up to 3 settlement groups (Americas, Europe, Pacific) to bank accounts specified by Company and Company due to Supplier Company will be wired transferred to a bank account specific by Supplier. (8) The Acquired BUCS will either be Foreign Affiliates or established in a separate and distinct domestic settlement group (known in IBS as current account group) for settlement purposes. Only the Acquired BUCS will be the part of the newly created current account group. And ALL the Acquired Domestic Affiliates will be in a current account group created for the acquired company.) Settlement of Foreign and Domestic Affiliates: To the extent a foreign Billing Unit Code (a BUC) of the acquired company transacts with a domestic BUC of Supplier, or vice-versa, Supplier will settle those transactions weekly through the existing IBS procedure and as such the acquired BUC's settlement to Supplier or it's agent (Citibank) in the case of FX contracts, must occur, in full, within 2 business days of notice. (9) Settlement of Foreign to Foreign: To the extent a foreign Billing Unit Code (a BUC) of the acquired company transacts with a foreign BUC of Supplier, or vice-versa, Supplier will settle those transactions weekly through the existing IBS procedure and as such the acquired BUC's settlement to the corresponding foreign BUC or it's agent (Citibank) in the case of FX contracts, must occur, in full, within 2 business days of notice. (10) Settlement of Domestic to Domestic: To the extent a Domestic Billing Unit Code (a BUC) of the acquired company transacts with a Domestic BUC of Supplier, or vice-versa, Supplier will have available a report of the all transactions on the 1st Tuesday of the following fiscal month. The Acquired BUCS will produce (run) their own reports using IBS. On the 15th of the month, or the next closest business day, Supplier will pay their payables and collect on their receivables. The cash transaction is according to the Corp Settlement report. (11) The cash payments for domestic affiliates is via wire transfer into the bank accounts that Supplier and the Acquired company specify. (12) If the Acquired company wants to delete a BUC, it is their responsibility to communicate with their counterparties (BUCS that send or receive invoices to/ from them) the timing and the process for sending/ receiving a 1st class invoice. Notice must be provided to the BUC's contact at least 60 days before the BUC is deleted in IBS. (13) If the divested company requests customized programming, the costs for the programming efforts will be billed at a mutually agreed to rate. (14) All system changes/enhancements must be adopted and implemented consistent with other Supplier businesses (15) When a FX contract is required, the divested company will execute the FX contract, make payment and report the details of the FX contract back to IBS within 2 business days. Supplier will not execute FX contracts on behalf of the divested company.	IBS usages will be billed at prevailing rates. Current bill-out rates are (\$ 0.75 \$ 0.85) for incoming/outgoing invoices plus a ready to serve fee of \$ 2,500 per quarter	SSO	GE Corporate		24 months	
Fin-9	Non-IT Support Service	Fixed Assets Record Maintenance North America	Fixed Assets Record Maintenance North America	Supplier to provide accounting services and record maintenance for fixed assets and depreciation, including required general ledger feeds and reporting to support reconciliations.	included in other charges		GE Corporate		12 months	
Fin-10	Non-IT Support Service	Fixed Assets Record Maintenance Asia/Pac	Fixed Assets Record Maintenance Asia/Pac	Supplier to provide accounting services and record maintenance for fixed assets and depreciation, including required general ledger feeds and reporting to support reconciliations.	included in other charges		GE Corporate		18 months	
Fin-11	Non-IT Support Service	Escatement Services for Unclaimed Property associated with Payroll and Interest Assessments	Escatement Services for Unclaimed Property associated with Payroll and Interest Assessments	Supplier to provide a Non-IT Support Service for Unclaimed Property Escatement used by the Company prior to IPO Date. The Service will include the following: • Unclaimed property compliance and consulting services including management of third party provider's reporting of unclaimed property, generation of specific Legal Entity attachments, and retention of certain reporting documentation. • Unclaimed property compliance and consulting services interest assessment management related to transactions reported late are routinely paid by submitting business, and would therefore be transferred to the Company • Unclaimed property entity set-up, as GE/Company. Legal entity set-up for third party service provider. Company to provide specific legal entity information. • Unclaimed property compliance and consulting services, related to GGO Payroll consolidated process. Company unclaimed property will continue to be reported through Corp. Tax UP COE processes.	included in other charges See Additional Terms		GE Corporate		Until Trigger Date	Corporate Tax expenses incurred for this service are funded through recovery efforts of valid removal of Unclaimed dollars, not needing to be reported due to State Law. If there are processes or services beyond normal Fall and/or Spring reporting functions, billing is based on effort.
Fin-12	Non-IT Support Service	Escatement Services for Unclaimed Property associated with Accounts Payable	Escatement Services for Unclaimed Property associated with Accounts Payable	Supplier to provide a Non-IT Support Service for Unclaimed Property Escatement used by the Company prior to IPO Date. The Service will include the following: • Unclaimed property compliance and consulting services including management of third party provider's reporting of unclaimed property, generation of specific Legal Entity attachments, and retention of certain reporting documentation.	included in other charges See Additional Terms		GE Corporate		Co-terminus with SSS/AP Duration	Corporate Tax expenses incurred for this service are funded through recovery efforts of valid removal of Unclaimed dollars, not needing to be reported due to State Law. If there

Fin-13	IT Application Service	SIMCON	Integrity checking application on SOx spreadsheets	<ul style="list-style-type: none"> <li>Unclaimed property entity set-up, as GE/Company. Legal entity set-up for third party service provider. Company to provide specific legal entity information.</li> <li>Unclaimed property compliance and consulting services, related to GGO Accounts Payable consolidated process. Company unclaimed property will continue to be reported through Corp. Tax UP COE processes during such time as GE is the majority owner.</li> <li>When GE is a minority owner (&lt;50%), unclaimed property will be issued back to the Company for it to report.</li> </ul>	Included in GEMS charges	GE Capital	Until Trigger Date	are processes or services beyond normal Fall and/or Spring reporting functions, billing is based on effort.
<b>Human Resources</b>								

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
HR-1	IT Application Service & IT Access Right	Oracle HR	HR platform for staff management. Oracle HR is also the master repository for downstream applications including, but not limited to, SSO and email.	Supplier will provide access and support for the following systems, applications and content: OHR (includes Self-service tools, Security Module and COLA bolt on), Oracle Data Warehouse (provided the Company Obtains Business Objects licenses), Company Organization Directory, eEMS, MyGoals, My Organization/Session C, HR Analytics, eComp (including Salary and IC planning), MyInformation, MyLearning LMS (all content, including SkillsSoft and HMM licensed content, SkillsSoft Individually licensed IT curriculum and e360 functionality), Global Reward & Recognition. All current Business inbound and outbound interfaces will be supported during the duration of this TSA item. The Company will be required to comply with any/all data configuration requirements or modifications applied to all Supplier businesses as directed by Supplier.	\$50 per employee per year	GE Network Services - WAN	GE Corporate Oracle		24 months	Service Level as provided in Schedule 7
HR-2	Non-IT Support Service	Non-US Payroll and Benefit Administration (includes India and Philippines)	Payroll and benefits services as provided prior to closing.	Supplier will provide non-US payroll services and benefits plan administration, including use of the eLeave where applicable. Such services and access rights will be provided only if provided by GE immediately prior to the Effective Date. The scope and cost of this service will be adjusted on a pro rata basis for reductions in employees. The GE Shares plan will continue to be offered and administered by GE in the locations that it is currently offered until such point as GE owns less than 50% of the Company. It is specifically agreed that services associate with the Chubb Pan-European Personal Travel and Accident Policy for all European locations and GE UK Defined Benefit Plan will not be provided.	Pass through of current administration cost. Roughly .6% gross payroll for Payroll in India, .8% in Philippines, benefits administration billed separately	Oracle HR	GE Corporate		12 months post Trigger Date	Service Level as provided in Schedule 7
HR-3	Non-IT Support Service	US Payroll and Benefit Administration (includes Canada and Puerto Rico)	Payroll and benefits services as provided prior to IPO Date.	Supplier to provide payroll services, benefit program administration (including, Executive Compensation administration) processing and subject to insurance provisions of the sale agreement. Workers' Compensation Insurance), access to JoinGE, Employment verification services and the Service Award System. Such services and access rights will be provided only if provided by Supplier immediately prior to IPO Date.	Pass through of current administration cost.	Oracle HR	GE Corporate		Until Trigger Date	Service Level as provided in Schedule 7
HR-4	IT Application Service	HRiS Interpay Non-US	Program which extracts data from Oracle HR and transforms it into a file that is readable by the payroll system, avoiding double keying of information and ensuring integrity of payroll data	In the jurisdictions and locations where these services have been provided by Supplier to the transferred employees immediately prior to IPO Date, Supplier will provide the Interpay application for as long as: (1) payroll services are provided by Supplier, (2) OHR is used and (3) the current payroll configurations are maintained. The services would be limited to ensuring that the application is operational, payroll files are sent according to schedule to existing vendor under current conditions, and any follow up activities would be limited to basic RTS (Readiness to Serve) activities which would include responding to basic queries from a single power user from each region or country, as appropriate. No interface modifications to this highly customized tool will be made in order to continue service. This service will terminate in each jurisdiction when payroll transitions.	Included in Payroll and Benefit Administration Costs	Oracle HR Payroll and Benefit Administration	GE Corporate HRIS		12 months post Trigger Date	
HR-5	IT Application Service	HRiS Interpay US	Program which extracts data from Oracle HR and transforms it into a file that is readable by the payroll system, avoiding double keying of information and ensuring integrity of payroll data	In the jurisdictions and locations where these services have been provided by Supplier to the transferred employees immediately prior to IPO Date, Supplier will provide the Interpay application for as long as: (1) payroll services are provided by Supplier, (2) OHR is used and (3) the current payroll configurations are maintained. The services would be limited to ensuring that the application is operational, payroll files are sent according to schedule to existing vendor under current conditions, and any follow up activities would be limited to basic RTS (Readiness to Serve) activities which would include responding to basic queries from a single power user from each region or country, as appropriate. No interface modifications to this highly customized tool will be made in order to continue service. This service will terminate in each jurisdiction when payroll transitions.	Included in Payroll and Benefit Administration Costs	Oracle HR Payroll and Benefit Administration	GE Corporate HRIS		Until Trigger Date	
HR-6	IT Application Service	Benefits.ge.com Non-US	Employee self service site where employees can access their benefits, payroll information, employee services information & FAQ's	In the jurisdictions and locations where these services have been provided by Supplier to the transferred employees immediately prior to IPO Date Supplier will continue to provide Benefits.ge.com for as long as payroll is still being provided by Supplier. This service will terminate in each jurisdiction when payroll transitions.	Included in Payroll and Benefit Administration Costs	Oracle HR Payroll and Benefit Administration	GE Corporate		12 months post Trigger Date	
HR-7	IT Application Service	Benefits.ge.com US	Employee self service site where employees can access their benefits, payroll information, employee services information & FAQ's	In the jurisdictions and locations where these services have been provided by Supplier to the transferred employees immediately prior to IPO Date Supplier will continue to provide Benefits.ge.com for as long as payroll is still being provided by Supplier. This service will terminate in each jurisdiction when payroll transitions.	Included in Payroll and Benefit Administration Costs	Oracle HR Payroll and Benefit Administration	GE Corporate		Until Trigger Date	
HR-8	Non-IT Support Service	HR Operations Administration Non-US	HR Operations services as provided prior to closing.	In the jurisdictions and locations where these services have been provided by Supplier to the transferred employees immediately prior to IPO Date, Supplier will provide HR Operations services consistent with past practice. The scope and cost of this service will be adjusted from time to time as the Company transitions employees of this support on a country basis. HR Operations services must remain in effect for same duration as payroll and benefits support by country. This includes compensation survey data.	Included in Payroll and Benefit Administration Costs	Oracle HR Payroll and Benefit Administration	GE Corporate		12 months post Trigger Date	
HR-9	Non-IT Support Service	HR Operations Administration US	HR Operations services as provided prior to closing.	In the jurisdictions and locations where these services have been provided by Supplier to the transferred employees immediately prior to IPO Date, Supplier will provide HR Operations services consistent with past practice. The scope and cost of this service will be adjusted from time to time as the Company transitions employees of this support on a country basis. HR Operations services must remain in effect for same duration as payroll and benefits support by country. This includes compensation survey data.	Included in Payroll and Benefit Administration Costs	Oracle HR Payroll and Benefit Administration	GE Corporate		Until Trigger Date	
HR-10	Non-IT Support Service	U.S. Disability Management	U.S. Disability Management (STD, SCP, LTD, Disability Pension)	For all existing Disability claims incurred prior to the IPO Date, Supplier will continue to provide management of claims until the employee returns to work or exhausts their GE benefits. Direct Access to GE Disability Management systems will not be allowed. However, a periodic update report will be provided. Frequency of update report to be agreed upon between the Company and Supplier. (Insurance Section in EMA describes how Workers' Comp coverage will be covered.	Dependent on Employee Matters agreement as to who pays cost of disabled employees. If the Company, will just be pass through costs.		GE Corporate Supplier	1 month	Up to point where all Disability cases have returned to work or exhausted their GE benefits	
HR-11	IT Application Service	HR Hiring Simplified	Software application to assist with the employee on-boarding process	Supplier to provide continued access and use of Hiring Simplified (a Kinexa 3rd party application) for one to two users in order to run reports using historical data only. During the period post IPO to Trigger Date, Access to these systems will be granted to a limited number of users in order to run reports on historical data only. These systems will all be available to the business at current cost.	Annual: \$102,000	None	GE Corporate Kanada	1 month	3 months post Trigger Date	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
HR-12	Non-IT Support Service	GE International Support / Global Mobility Services for expatriates	GE International Support / Global Mobility Services for Expatriates	Supplier to provide expatriate administration, relocation, immigration and tax preparation services where these services have been provided by Supplier to the Business employees immediately prior to IPO Date. The full suite of services must continue during the transitional period. It is not possible to continue a subset of these services. The length of expatriate transitional support will vary based on the transition of the home and host country payroll to the Company. Typically, when Supplier ceases to support the home country payroll, the expatriate support will also cease. Note: US outbound GMEs will need to transition when US Payroll and Benefits support ceases.	Charges to be billed at the current per employee rate based on the services provided, as applicable to all GE businesses	OHR	GE Corporate		The lesser of 12 months post Trigger Date or the duration of the OHR TSA item	
HR-13	Non-IT Support Service	Corporate-sponsored Leadership Training Programs	Corporate-sponsored Leadership Training Programs (HRLP, CLP, OMLP, FMP, IITL, ECLP)	Supplier to provide training program participants who elect to transfer to the Company upon IPO Date the ability to continue to participate in GE leadership program coursework and receive GE certificates upon graduation from their respective program.	Billed at actual costs		GE Corporate		For duration of current rotational assignment	
HR-14	Non-IT Support Service	ISOS - Emergency Travel Services	ISOS - Emergency Travel Services	Subject to the terms of any contracts with the providers, Supplier to make available ISOS and Global Travel Services-includes Medical alerts, repatriation and recommendations for travel-email notification system as well as coordinates medical services on a corporate contract. Supplier will not have liability for these services.	Pass through of actual cost (if service is utilized), no admin cost		GE Corporate		12 months Post Trigger Date	
HR-15	IT Support Service	Historical HR Data	Historical HR Data	Supplier to provide Business Payroll, Benefits and HR historical data to the Company.  If data is provided in an existing standard extract format, there will be no cost to the Company. If a new format or customized format is requested by the Company or a third-party is engaged to extract or manipulate the data, the costs will be billed to the Company.	included in other charges if standard format provided; if customization required, cost to be quoted prior to initiating work		GE Corporate		Prior to TSA Close	
HR-16	IT Application Service	GE Learning	Online courses	Supplier to provide access to GE Learning and online courseware used by the Company prior to IPO Date.	Annual: \$166,000 Variable based upon headcount		GE Corporate		24 months	
HR-17	Non-IT Support Service	GE Capital Leadership Learning CoE	GE Capital Leadership Learning CoE	Supplier to provide access to the GE Capital Leadership Learning CoE which provides design, delivery of leadership classes to Company used by the Company prior to IPO Date.	Annual: \$466,000		GE Capital		6 months	
HR-18	Non-IT Support Service	Medical Facilities in CT	Access to Medical Facilities in CT and Gym Facility at 800 Long Ridge Road in Stamford	Supplier to provide access to the medical facilities in CT and Gym Facilities at 800 Long Ridge Road in Stamford used by the Company prior to IPO Date.	Annual Cost: \$57,000 \$6 per employee per year		GE Capital		6 months	
HR-19	Non-IT Support Service	Training Courses	Training Courses including Crotonville	Supplier to provide training program curricula (including Crotonville leadership, essential skills, finance, HR, Commercial, IT, etc. .) to the same extent provided to all GE businesses and consistent with previous levels of support offered to Company. Support includes access to courses offered at Crotonville and other GE Learning Center locations globally and other courses offered regionally at other locations.	Charges to be billed at standardized billing by course as applicable to all GE businesses.		GE Corporate		Until Trigger Date	
HR-20	Non-IT Support Service	Employee Assistance Program	Employee Assistance Program	Supplier to provide use of the Employee Assistance Program used by the Company prior to IPO Date.	\$17.76 per employee per year		GE Capital		Until Trigger Date	
HR-21	Non-IT Support Service	GE Product Purchase Plan	GE Product Purchase Plan	Supplier to provide access to the GE Product Purchase Plan used by the Company prior to IPO Date.	included in other charges		GE Corporate		Until Trigger Date	
HR-22	Non-IT Support Service	GE Opinion Survey	GE Opinion Survey	Supplier to provide access to the GE Opinion Survey used by the Company prior to IPO Date.	included in other charges		GE Corporate		Until Trigger Date	
<b>Insurance</b>										
Ins-1	N/A	Property and Casualty Insurance	Property and Casualty Insurance	Supplier to provide a non-IT Support Service consisting of the continuation of such Insurance coverage for the Company and its relevant Affiliates that was in place prior to IPO Date for the following insurance coverages:  <ul style="list-style-type: none"> <li>• Auto Liability</li> <li>• General Liability</li> <li>• Global Property</li> <li>• Specialty</li> <li>• Surety</li> <li>• Worker's Compensation</li> </ul>	Based on Actuals Annual Costs: \$12,800,000		GE Capital		Until Trigger Date	Refer to master agreement for early termination (prior to Trigger Date)
<b>Information Technology</b>										
IT-1	IT Application Service & IT Access Right	Email	Email Infrastructure, e-Mail address use, e-Mail Processing	Supplier will provide to the Company an IT Application Service & IT Access Right in relation to the MS-Exchange server-side application used by the Company prior to IPO Date. As part of this Transitional Arrangement, GECC will provide to the Company:  use of the <employee>@ge.com email address for the Company's employees (Supplier will work with the Company to define and implement a mutually acceptable method of forwarding <employee>@ge.com email to corresponding Company's email accounts;  <ul style="list-style-type: none"> <li>• SMTP relay;</li> <li>• spam filtering,</li> <li>• email routing support to domains registered to the Company;</li> <li>• Enterprise Mobility Services;</li> <li>• system operation and capacity management of Exchange servers; software updates;</li> <li>• Relevant AD management;</li> <li>• mailbox restoration support; and</li> <li>• snapshot of email boxes of the Company's employees in .pst format as of time of migration to the Company's email system (including only email boxes which reside on GE Exchange servers and excluding locally stored folders and mailboxes).</li> </ul> As part of this Transitional Arrangement, Supplier will also provide Second-Level Support.  In addition, Supplier will provide to the Company an IT Access Rights to the following applications:  <ul style="list-style-type: none"> <li>• Microsoft Windows Server CALs</li> <li>• Microsoft Exchange CALs &amp; Mobility CALS</li> <li>• X.509 security certificates</li> </ul>	Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments IT Assessment: \$2301960	GE Network services - WAN or VPN Remote Access	GE Corporate GE Capital Microsoft		24 months	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
IT-2	IT Application Service	Support Central	Tool used to store files and documents online. Provide portal and generic workflow services across functions.	Supplier will provide to the Company an IT Application Service in relation to the Support Central application used by the Company prior to IPO Date as: <ul style="list-style-type: none"> <li>A user support request tool;</li> <li>An intranet;</li> <li>A knowledge sharing and collaboration tool (e.g., its GE Folders functionality, GE Libraries, Calendar, GE Wiki);</li> <li>An externally available secure portal for certain third parties (e.g., insurance, collections); and</li> <li>Helpdesk tool.</li> </ul> SupportCentral may be utilized by the Company in support of workflows associated with the Transferred Business, or as required for receipt of other Services defined in the TSA. <p>As part of this Transitional Arrangement, &lt;GECC&gt; will provide to the Company Second-Level Support in relation to the above application(s).</p> Project-based elements of this Transitional Arrangement Supplier will provide to the Company, upon request, the documents (but not the trouble ticket data, workflows or data forms) stored in SupportCentral that were generated by, or are exclusively relevant to, the Company. There may be a charge for this data extract.	Included in IT Assessments	SSO GE Network services WAN or VPN Remote Access	GE Corporate		12 Months	
IT-3	IT Application Service	Collaboration Tools: Instant Messaging and Web Meeting Service	Internal instant messaging system / Instant meeting tool	Subject to the software vendors' consent(s), Supplier will provide to the Company an IT Application Service in relation to the following collaboration tools: Instant messaging and Web meetings used by the Company. <p>As part of this Transitional Arrangement, Supplier will also provide Second-Level Support.</p>	Included in IT Assessments	SSO GE Network services WAN or VPN Remote Access	GE Corporate GE Capital		12 Months	
IT-4	IT Application Service	Intranet	InsideGE System	Supplier will provide access to the Inside GE home page, including access to the named applications in the schedule that reside on the home page. As part of this Service, Supplier will also provide to the Company Second-Level Support in relation to the GE Intranet.	Included in IT Assessments	GE Network Services - WAN or VPN Remote Access	GE Corporate Brightcove		24 months	
IT-5	IT Application Service	VPN Remote Access	Remote VPN services including user administration	Supplier will provide to the Company an IT Application Service in relation to remote access services with secure token management enablement through the ACE and RADIUS applications used by the Company prior to IPO Date. As part of this Transitional Arrangement, Supplier will provide to the Company Second-Level Support, relevant hard tokens and client software.	\$.71 per PC per month	SSO	GE Corporate		18 months	Service Level as provided in Schedule 7
IT-6	IT Application Service	VisionPLUS	Credit card processing and installment loan software	Supplier will provide to the Company an IT Application Service in relation to the VisionPLUS and related software used by the Company prior to IPO Date for receivables processing provided, however the Transferred Business has no Access Right to source code, associated modules or technical documentation. However production use of object code and user documentation is included in the Transitional Arrangement. Permitted Access does not extend beyond the Transferred Business. <p>As part of the VisionPLUS Service, Supplier will:</p> <ul style="list-style-type: none"> <li>Provide to the Company Production Support Services in relation to the VisionPLUS software and associated modules using GE preferred third parties.</li> <li>Make available a team with appropriate knowledge of the VisionPLUS software and associated modules, and subject to clauses 2.7 and 5 of the Agreement that team shall make such developments and modifications to the VisionPLUS software application and associated modules.</li> <li>Provide to the Company hosting, disaster recovery and other services provided by CSC pursuant to &lt;GECC&gt;'s existing arrangement with CSC which are relevant to the Company's use of VisionPLUS</li> <li>Provide to the Company Second-Level Support in relation to the VisionPLUS software and associated modules.</li> </ul> Also with respect to the VisionPLUS Service,(subject to costs quoted by GECC). <GECC> will: <ul style="list-style-type: none"> <li>Implement if requested by the Company any software enhancement upgrades that are received from FDI pursuant to GE'S existing arrangement with FDI and that are relevant to the Company</li> <li>Use its best efforts to procure for the Company, via GE's third party arrangements, any developments or modifications to the applicable VisionPLUS software modules and/or interfaces which are requested by the Company and which are reasonably required to implement;</li> <li>Any changes which are required to the VisionPLUS software as a result of a change in any Applicable Laws</li> <li>The Company's transition off the VisionPLUS software within the Transition Period to the Company's designated replacement system</li> <li>Provide if requested by the Company conversion assistance in relation to the Company's designated replacement system</li> </ul>	Annual Costs: \$77,549	GE WAN	GE Capital FDI	12 months		
IT-7	IT Support Service	GE Network Service - WAN/LAN	Network, switching & support services	Supplier will: <ul style="list-style-type: none"> <li>permit the Company to use GE's network, including the network links provided to GE by third parties;</li> <li>provide circuit provisioning services (data and voice) using GE third party providers subject to consent, until such time as Company negotiates their own contracts with 3rd party providers.</li> <li>permit the Company to use IP addresses within the IP range registered by or on behalf of GE;</li> <li>provide to the Company network and switching services particularly in relation to network hub peering points to the GE WAN and internet proxy;</li> <li>provide support to the Company in resolution of network faults and domain name contentions; and provide session management support for connection to the in-scope application system environments;</li> <li>provide device (routers, load-balancers, proxies and switches) management for data center locations</li> <li>provide firewall Management at data center locations</li> <li>provide device (routers) management for domestic branch network</li> </ul> each to the extent required by the Company to use the other GE IT Services. The Parties acknowledge that Supplier may enhance its security standards or requirements pertaining to access to the IT Support Service. <p>Supplier will provide to the Company Second-Level Support in relation to the Company's network and systems to the extent that Supplier also uses after IPO Date, and therefore has some expertise in, the same network devices or systems.</p> On an as requested basis, GECC will transfer ownership of existing circuits to Company (subject to consent) upon the expiry or termination of the use of GE's 3rd party telecom contracts.	Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments Annual costs = \$34,872,237	None	GE Go-IT Telecomms Providers		24 months	Service Level as provided in Schedule 7

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
IT-8	IT Support Service	ISS Data Centers	Shared data centers at: Alpharetta Cincinnati (Hill) Cincinnati (Mason)	Supplier will continue to provide floor space, cooling, and associated LAN ports as currently managed by GO-IT. Service includes storage, backup, server hosting including all utilities, and other services consistent with pre-close support and billing included in the current GO-IT billing model.	Included in Data Center - Midrange Charges Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments	GE Network Services - WAN	GE Go-IT 3rd party data centers		24 months	Service Level as provided in Schedule 7
IT-9	IT Support Service	Data Center - AS/400 (US)	Data Center - AS/400 (US)	AS/400 Computing (hosting and administration related), Storage, Backup, LAN, and associated services in GO-IT Data Centers and remote managed sites (per the configuration at date of Listing). 2 Disaster Recovery tests per year are included in this service.	Annual Costs: \$438,151 Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments	GE Network Services - WAN	GE Go-IT		24 months	Service Level as provided in Schedule 7
IT-10	IT Support Service	Data Center - Mainframe (US)	Data Center - Mainframe (US)	Mainframe, Storage, Backup, Disaster Recovery services and Network services currently provided by an GO-IT Data Center. Includes continued support and operations of the CAT job scheduling. 2 Disaster Recovery tests per year are included in this service.	Annual Costs: \$19,279,578 Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments	GE Network Services - WAN	GE Go-IT		24 months	Service Level as provided in Schedule 7
IT-11	IT Support Service	Data Center and Business Center - Midrange (US)	Data Center - Midrange (US)	Supplier will provide the company with Data Center hosting, midrange system administration Network Management and associated services within GO-IT Data Centers and remote managed sites where there are GO-IT Fully Managed devices (per the configuration at date of signing)  The scope of Systems administration includes: Windows, Solaris & Linux as well as virtualization platforms (VMWare, Citrix, Solaris Zones and LDOMS)  Data Center Hosting and system administration will adhere to the standards of GO-IT fully managed services including but not limited to: HPA Compliance Level 2 & Level 3 Support Change, Incident & Problem Management Access to System Management tools such as SAPM, SUPM, etc. Server Patching and Vulnerability remediation Software Packaging (Citrix) Standard GO-IT Monitoring & Automation support Data Center Support Services (Hands & Feet) Continued use of HP 4-walls support for Hardware support Access to vendor support agreements provided as part of the GO-IT sysadmin service  Avamar data backup and restore services for limited sites	Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments Annual Costs: \$12,129,000	GE Network Services - WAN	GE Go-IT		24 months	Service Level as provided in Schedule 7
IT-12	IT Application Service	Mark Monitor	Web brand protection services	Supplier will provide web monitoring of GE Capital brands (but not any new company branding) for potential phish manipulation or fraudulent domain redirection used by the Company prior to IPO Date as long as the Company is utilizing some form of GE Capital Branding	included in other charges	None	Mark Monitor		6 months	
IT-13	IT Application Service	Commercial Media	Commercial Media	Supplier will provide infrastructure hosting (including 3DNS and DR Site) of current web sites (including gogecapital) used by the Company prior to IPO Date at the Cincinnati and Alpharetta Data Centers.  Commercial Media services also include support for: Responsys eMail Marketing Secure Messaging Portal (SMP) Atlas mobile application Access GE Gomez Application Monitoring service Omniure customer behavior tracking and eCMS  As part of this Transitional Arrangement, GECC will provide 24x7 infrastructure support, outage management, and dedicated content managers.	Annual charges: \$953,625		GE Capital		12 months provided Google licenses are only until Trigger Date	
IT-14	IT Support Service	Domain Names	Maintenance and administration of GE Capital domains	Supplier will provide Website URL/DNS registration and management used by the Company prior to IPO Date.  What redirection will be required?  Domain names are in Exhibit A to this Schedule 1.	Annual costs: \$149,837 Based on Actuals	None	CSC		Provide notice within 12 months and redirect for 12 months	
IT-15	IT Support Service	End User Services in India only	Maintenance and management of end user desk side assets (laptops, desktops, blackberries, WYSE terminals)	Supplier to provide access to and use of Level 2 services to support standard Core Load applications (If Level 1 is unable to resolve the issue they dispatch the case to a Level 2 support individual). Where EUS / DTU is in place "Standard Core Load applications" is extended to include all services delivered under the existing EUS / DTU Local Services Agreement.	Billed directly to the Company by Third Party Supplier subject to an early termination fee equivalent to 15% of fees to the end of the contractual term.	SSO	Dell - Asia	3 Months	24 months	Tri-Party agreement required between GE, Company and Dell upon Trigger Date.
IT-16	IT Support Service	Telecommunications Services (Global) - Voice	Telecommunications Services (Global) - Voice	Supplier to assist in securing continued availability for all voice related services such as Inbound (800 services)/Outbound dialing plans, LEC services.	Charges included in Network WAN/LAN Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments	None	Various Suppliers		24 months	
IT-17	IT Support Service	Telecommunications Services (Global) - Personal Voice	Telecommunications Services (Global) - Personal Voice	Supplier to provide access to Global Telecommunication Services under GE global contracts including: telecomm maintenance plans, long distance calling, audio conferencing, Domestic Calling Cards, International Direct Dials), Granite, Mobile Phones and Blackberries used by the Company prior to IPO Date. Access to Personal Services Portal and MyITems will continue until such time as these personal services expire.	Annual Costs: \$2,618,551 Based upon actuals	None	Various Suppliers		24 months	
IT-18	IT Support Service	GDC Access	GDC Support/Outsourcing Connectivity	Supplier to continue to provide communications/ connectivity to outsourced functions in various locations.	Included in Network Costs	Use of GE GDC MSA	Various Suppliers		12 months	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
IT-19	IT Support Service	GDC's	Use of GE MSAs with GDCs for terms re. SOWs for application support services	Supplier will provide access to selected GE suppliers under the auspices of GE's contract for Company's application maintenance and support services (development and break fix activities) services for software used in business applications used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier	None	Birlasoft (Gate Tech Mahindra Pacteria (formerly HSoft) Genpact Softtek		12 Months	Subject to vendor consent at IPO Date for Softtek
IT-20	IT Application Service	Enhanced Authentication Services	Authentication Services	Supplier will provide to the Company an IT Application Service in relation to the Enhanced Authentication Service used by the Company prior to IPO Date.  As part of this Transitional Arrangement, GECC will provide expertise and support for the Company's EAS environment.	Annual Costs: \$2,170,627	None	GE Capital RSA		18 months	Service Level as provided in Schedule 7
IT-21	IT Support Service	ISS Helpdesk	Level 1 Helpdesk Services	Supplier will provide access to the GO-IT helpdesk service for all level 1 application and infrastructure support as used by the Company prior to IPO.	Annual Costs: \$973,000 Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments	None	GE Go-IT Genpact CompuCom		24 months	Service Level as provided in Schedule 7
IT-22	IT Application Service	ITAM	Client Asset Management services	Supplier to provide to the Company a GE IT Application Service in relation to the ITAM services (IT client management & application packaging) used by the Company prior to completion.	Annual costs: \$76003	GE Network Services - WAN	GE Corporate GE Capital		12 months	
IT-23	IT Application Service	Opaware	Server Asset Management services provided by the GE Capital Americas team	Supplier to provide to the Company a GE IT Application Service in relation to the Opaware services (IT server management) used by the Company prior to completion.	\$7 per month per server	GE Network Services - WAN	GE Corporate		18 months	
IT-24	IT Application Service & IT Access Right	Data Loss Prevention	Data Loss Prevention	Supplier to provide IT Application Service & IT Access Right for the Data Loss Prevention services including Digital Guardian and Global Access Controls. The service will include IT Access Rights to Digital Guardian for all existing services and functionality used by the Company prior to IPO Date.  Supplier will provide agent deployment and compliance as used by the Company prior to IPO Date.  As part of this Transitional Arrangement, GECC will provide to the Company:  Continued reporting and metrics on removable media exceptions and agent deployment across agent endpoints.	Annual costs: \$919,366		GE Capital GE Corporate Verdasy CA		18 Months	Service Level as provided in Schedule 7
IT-25	IT Support Service	Telepresence	Telecommunication - Video Telepresence Services	Supplier to provide continued remote support for Video conferencing, Telepresence and video bridging systems including support for Company rooms and use of shared backend services (bridging, call managers, etc.). Provide assistance to the Company at agreed upon time or prior to termination of TSA term in transitioning services to the Company-specific backend and transition to a new provider. Any transition costs (hardware or labor) will be the responsibility of the Company, the Company will be subject to any new costs or liquidations consistent with all devices and users of GO-IT Video Service offerings.	Annual Costs: \$319,000 Based on Actuals	MS Exchange	Cisco		24 months	
IT-26	IT Support Service	MozyPro	Cloud Backups	Supplier will provide to the Recipient access to MozyPro for the purposes of providing cloud backup and restore services for individual personal computers.	Approximately \$390 per month Based upon usage (\$4.50 per account per month)		MozyPro		12 months	
IT-27	IT Application Service & IT Access Right	Colab	Collaboration Tool	Supplier will provide to the Company an IT Application Service & Access Right for Colab used by the Company prior to IPO Date.	Included in IT Assessments		GE Corporate Cisco		12 months	
IT-28	IT Application Service & IT Access Right	ServiceNow	ITIL Tool for Change and Configuration Management	Supplier will provide to the Company an IT Application Service & IT Access Right for ServiceNow used by the Company prior to IPO Date.	Annual Costs: \$269904 (\$18.70 per user)	SSO	GE Corporate ServiceNow		24 months	
IT-29	IT Application Service & IT Access Right	NBSM	NBSM software product supporting credit card, personal loan and mortgage processes	Supplier will provide to the Company an IT Application Service & IT Access Right in relation to the NBSM analytics software used by the Company prior to IPO Date for new customer credit scoring.  As part of this Service, Supplier will also provide Second-Level Support for this software	Annual Costs: \$111,273		GE Capital Expertan		180 days	
IT-30	IT Application Service	Movi / Cisco Jammer	Movi Desktop software (renamed to CISCO Jabber Video)	Supplier to provide IT Application Service for Movi (Cisco Jammer) desktop video conferencing service used by Company prior to IPO Date	Annual Costs: \$ 12,155 (one-time license fee of \$150 and a \$5 recurring monthly fee) Based upon Actuals	GE Network connection (or through VPN)	GE Corporate CISCO		December 31, 2014	
IT-31	IT Support Service	EUS - Core Image & Patching Management	Core Load Management Support & Patch Management	Supplier to provide IT Support Service for Coreload Management services used by Company prior to IPO Date.  Design and build of common, standard Windows 7 GE image, supporting GE approved hardware, providing certified software and individual business settings, presented in 22 different languages. Windows 7 image containing core applications and business required software titles. Online image process driven by client engineer selections, drives business by business software installations and settings.  New core load services will be built on a time and materials basis.  Client patching comprises of two services Windows Software Update Services (WSUS) and PCHS for Windows XP, Windows 7 and Windows 8 PCs including operating system patches, Office 2k3/2k7/2k10 patches and Internet Explorer patches. The WSUS service includes environment management, GE trackable patch distribution, non-GE trackable patch distribution at business request. PCHS application manages the deployment and defect resolution of PC vulnerability remediation (patches) leveraging the software distribution environment (ITAM). Focus areas include Microsoft Super Tuesday patching, non-Microsoft patching such as Adobe products and patch execution data reporting. PCHS package creation, standard process for testing and implementation via business ITAM environments, patching data analysis & reporting, assistance with resolution of issues that arise due to patch deployments (including Microsoft engagement), additional security and configuration toolsets to enhance health of PCs and standardized communication process are included in this service.	Included in IT Assessment		GE Corporate - Go-IT		24 months	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
IT-32	IT Support Service & IT Access Right	Security Services - GE Capital	Security Services performed by GE Capital	Supplier to provide IT Support Service for the following services used by Company prior to IPO Date: <ul style="list-style-type: none"> <li>Provide policy sets and facilitating the deployment of sensors (ESG)</li> <li>Remote forensics imaging - Investigative services through remote forensic imaging of user endpoints (Encase)</li> <li>Security Incident management, tracking, and metrics; Trending information around security incidents can be provided upon request.</li> <li>Ad-hoc reporting, troubleshooting, report template creating, user access provisioning, and act as the liaison between Corporate and Company (Qualys)</li> <li>Provide compliance tracking of endpoint deployments (McAfee EPO)</li> <li>Tracking of assessment completions, provide escalation point and issue management (Blue Team)</li> <li>Tracking of assessment completions, provide escalation point and issue management (Red Team)</li> <li>Tracking of remedial actions, compensating controls, and mitigation recommendations (3PC)</li> <li>Regularly scheduled reporting of current open vulnerabilities, and outstanding operational variance and exceptions. Report on current authentication and scan coverage of the tool set (Vulnerability Mgmt)</li> <li>HPA activity reports, alerting, ticketing processing, issue management and metrics</li> </ul>	Annual Costs: \$9,600,000		GE Capital		24 Months provided Encase licenses are only 18 months	
IT-33	IT Support Service	CTO - Capital IT Risk Solutions group	Sun IDM & Critical Path, Active Directory Services	Supplier will continue to provide access and support to the existing services and functionalities offered by the CTO organization, used by the Company prior to IPO Date. <p>As part of this Transitional Arrangement, Supplier will provide to the Company:</p> <ul style="list-style-type: none"> <li>Support for Sun IDM and access to Critical Path, including managing, monitoring, configuring and troubleshooting issues related to the infrastructure;</li> <li>Authentication to Domain Services that manage user logins to the GE Domain used by the Company prior to completion including Active Directory authentication services, DNS name resolution services, and Active Directory group administration (as per GE security policy), upgrades, Password Reset/Account Lockout cases, and Implementation of AD Design Changes</li> <li>Deployment of DG, Splunk, CA Access Control (AC) and UNAB policies; Troubleshooting and leading upgrades (new versions); Installation, and configuration.</li> </ul> Supplier will only support a trustless AD migration between GECC domain and Company during the TSA period.	Annual Costs for: \$654,373		GE Capital		24 Months	Service Level as provided in Schedule 7
IT-34	IT Support Service & IT Access Right	IAM Identity & Access Controls	Identity & Access control solutions & services	Supplier will provide creation of digital identity, authorization of identity to applications and ability to authenticate/provide access to integrated applications based on identity. The applications required to support these processes may include: <ul style="list-style-type: none"> <li>Identity Management Services (IDM)</li> <li>Directory Services (Corp Directory &amp; SunOne)</li> <li>Dual Factor Authentication services (RSA - SecureID &amp; SmartCard)</li> <li>Authentication Services (SiteMinder)</li> <li>Access Review Services (ART/OIA)</li> <li>Enterprise Password Vault (CyberArk)</li> <li>Data Transfer Services (Critical Path)</li> </ul>	Included in IT Assessments Any project work will be billed separately		GE Corporate		24 Months	Service Level as provided in Schedule 7
IT-35	IT Support Service & IT Access Right	Security Infrastructure & SIEM	Client, server & network security solutions & services	Supplier will provide services and support to the Company specific to the following services which may include use of the listed applications: <ul style="list-style-type: none"> <li>Email &amp; Application Encryption (Digital Certificates)</li> <li>Antivirus/Anti-Malware (Sophos &amp; McAfee EPO)</li> <li>Data encryption (Vormetric)</li> <li>Detection solutions (ESG)</li> <li>Centralized log collection, aggregation and reporting (Splunk)</li> </ul>	Charges included in Security Services - GE Capital Any project work will be billed separately		GE Corporate		24 Months	Service Level as provided in Schedule 7
IT-36	IT Support Service & IT Access Right	Threat & Vulnerability services	Threat & Vulnerability services	Supplier will provide services and support to the Company specific to the following services, which may include the use of the listed applications: <ul style="list-style-type: none"> <li>Cyber Intelligence services (CRITS, CTU) and Incident response services</li> <li>Subscription service and support contacts for Vulnerability scanning (Qualys)</li> <li>Security related reporting console (IRIS)</li> <li>Threat simulation engagements (Red Team)</li> <li>Application vulnerability assessments (Blue Team)</li> <li>Vulnerability tools</li> <li>Third party security assessments (3PC)</li> </ul>	Charges included in Security Services - GE Capital Any project work will be billed separately		GE Corporate	Price is locked in for 12 calendar months as of January 1 for Qualys software	24 Months	Service Level as provided in Schedule 7
IT-37	IT Support Service	CTO - Compute Services	Support Windows, Linux, Unix storage machines, Solutions Architecture Consultation, Storage Management Solution, Coordinate between business and GE teams for 4th Level Escalations on all devices.	Supplier will provide access to and use of Compute services and functionalities used by the Company prior to IPO Date. <p>As part of this Transitional Arrangement, GECC will provide to the Company:</p> <ul style="list-style-type: none"> <li>Life Cycle Management. Review all changes that are introduced into the environment. Ensure they meet with the current technology stack.</li> <li>Work with the IT application teams of the Capital businesses and Capital HQ to help develop server &amp; storage infrastructure requirements and plans.</li> <li>Project management for medium to large storage infrastructure / engineering projects.</li> </ul>	Annual Cost: \$4,601,339		GE Capital		24 months	
IT-38	IT Support Service	Software Procurement, Governance and Administration of Licenses for Software	Software Procurement and Administration of Licenses for Desktop and Open Source Software	Supplier will provide an IT Support Service for software procurements and administration of software licenses using EARL (and Aspera) used by the Company prior to IPO Date.	Annual Cost: \$105,565		GE Capital		24 months	
IT-39	IT Support Service	Geom	Cloud Based Telephony Solution	Supplier will provide an IT Support Service for GCom used by the Company prior to IPO Date.	\$21 per user per month	SSO	GE Corporate		24 months	
IT-40	IT Support Service	Digital Certificates (SSL-Digital Signature)	A digital certificate establishes your credentials when doing business or other transactions on the Web.	Supplier will provide an IT Support Service for Digital Certificates used by the Company prior to IPO Date.	Included in Domain Name Charges	SSO	GE Corporate CSC		24 months	
IT-41	IT Application Service	DevCloud	The Dev Cloud is built on the Confluence, JIRA, and Bamboo products under the standard End User License Agreement provided by the vendor Atlassian	Supplier will provide an IT Application Service for DevCloud used by the Company prior to IPO Date. Supplier will provide, on an as requested basis, data extracts up to and including the limits of the software. Any project-based work would be separately priced.	included in other charges		GE Corporate Software COE		6 months	
IT-42	IT Application Service	Media Central and Video Central	Media Central and Video Central	Supplier will provide an IT Application Service for Media Central and Video Central used by the Company prior to IPO Date.	included in other charges		GE Corporate		6 months	
IT-43	IT Support Service	Microsoft Premier Contract	Microsoft Premier Contract	Supplier will provide an IT Support Service to the Microsoft Premier Contract used by the Company prior to IPO Date.	Annual Costs: \$6,350		GE Corporate Microsoft		6 months	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
IT-44	IT Support Service	NOLA IT Resources	NOLA IT Resources	Supplier will provide as an IT Support Service the continued availability of GECC NOLA Technology Center resources supporting the Company during the [X] months prior to IPO Date for the following roles: System Engineer – MQ Administrator Application Engineer - J2EE, Weblogic - IT Applications System Engineer – J2EE / JSP - E Commerce Manager, IT Projects Lead Data Warehouse Developer Data Warehouse Developers (2)  The GECC resources providing the services to Company shall not be restricted from posting for a new role at any time during the TSA period. If one of the employees takes another position, GECC's obligations to provide Company with the services performed by such employee will cease on the day the employee leaves the NOLA role.	Annual Costs: \$1,389,580		GE Capital			The earlier of (i) 24 months and (ii) the GECC employee's last day of employment by the NOLA Technology Center within their current role.
IT-45	IT Support Service	Mobile COE	Enterprise signing of IOS mobile apps and hosting of enterprise mobile apps on internal mobile AppStore	Supplier will provide an IT Support Service for the Mobile COE used by the Company prior to IPO Date.	included in other charges		GE Corporate		6 months	
IT-46	IT Support Service	Digital Signage Service	Digital signage service – Cloud based solution that allows users to go to a website (CHD) and upload content (pictures, videos, etc.) and push that content down to displays at various sites.	Supplier will continue to provide an IT Support Service for Digital Signage Boards used by the Company prior to IPO Date.	\$35 per media device Based on actual consumption at published GO-IT rates, inclusive of future published rate changes/adjustments		GE Corporate Industry Weapon Cisco Digital Media Manager (until August 2014)		24 months	
IT-47	IT Support Service	End User Services (US and Canada)	Maintenance and management of end user desk side assets (laptops, desktops, blackberries, WYSE terminals)	Supplier to provide access to and use of Level 2 services to support standard Core Load applications (If Level 1 is unable to resolve the issue they dispatch the case to a Level 2 support individual). Supplier will continue to provide hardware (PC and IMAC) full lifecycle management services as defined in our EUS and DTU agreements.	Billed directly to the Company by Third Party Supplier		CompuCom		24 months	
IT-48	Non-IT Support Service	Offsite Paper and Media Storage	Offsite Paper and Media Storage	Supplier will continue to provide a Non-IT Support Service for offsite paper and media storage used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Iron Mountain		24 months	
IT-49	IT Support Service	Hosting Services for Internet Facing Applications	Hosting Services for Internet Facing Applications	Supplier will continue to provide an IT Support Service for Data Center Hosting Services for Internet Facing Applications used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Savvis		Until Trigger Date	
IT-50	IT Application Service & IT Access Right	HP Tools	Quality Centre / ALM ITG Topaz/BAC Sitescope	Supplier will provide access to the centralized software application Quality Centre / ALM used by the Company prior to IPO Date for a transitional period. Supplier will provide access to the centralized software application ITG for Change Management used by the Company prior to IPO Date for a transitional period. Supplier will provide use of centralized software application Topaz/BAC instance for monitoring applications used by the Company prior to IPO Date. Supplier will provide use of centralized software application Sitescope instance for monitoring applications used by the Company prior to IPO Date.	Annual costs: \$349,972	SSO	HP		18 months	
IT-51	IT Application Service & IT Access Right	Mobility Software for Encryption on IOS Devices	Mobility Software for Encryption on IOS Devices	Supplier will provide to the Company an IT Application Service & IT Access Right for Good encryption mobility software used by the Company prior to IPO Date for IOS devices. Post-Trigger Date, Browser access to the GE network will be disabled.	\$10 per device per month (Costs included in Personal Voice)		Good		12 months	
IT-52	IT Application Service & IT Access Right	Mobility Software for Device Management on IOS Devices	Mobility Software for Device Management on IOS Devices	Supplier will provide to the Company an IT Application Service & IT Access Right for Enterprise Mobility Management software used by the Company prior to IPO Date for IOS devices.	\$10 per device per month (Costs included in Personal Voice)		Airwatch		24 months	
IT-53	IT Application Service	GenSuite	Environment Health and safety program management application	Supplier to provide an IT Access Right to Gensuite application for Environment Health and safety program management	Billed directly to the Company by Third Party Supplier	SSO and GE Network WAN	GE Capital Gensuite		Until Trigger Date	
<b>Software Licenses</b>										
SL-1	IT Access Right	SAS Desktop Licenses	SAS software product supporting risk and marketing analytics	Supplier will provide to the Company an IT Access Right in relation to use of the SAS management information system (MIS) and risk analytics software used by the Company prior to IPO Date in relation to scoring for the Company's lending business.	Annual Costs: \$350,539	None	GE Capital SAS	Price is locked in for 12 calendar months as of January 1	End of calendar year or if Trigger Date occurs past 1 - November	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
SL-2	IT Access Right	Connect Direct	Connect Direct software product supporting point-to-point data transfer services	Supplier will provide to the Company an IT Access Right in relation to the existing portion of the installed base of the Connect Direct software derived from the Supplier master software license used by the Company prior to IPO Date as a data transfer application.	Annual Costs: \$179,210		GE Capital Sterling Commerce	Price is locked in for 12 calendar months as of January 1	6 months	
SL-3	IT Access Right	NICE	Call recording software licenses, as well as professional services and maintenance	Supplier to continue to provide ongoing use of Nice software and maintenance used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier	None	NICE		18 months	
SL-4	IT Access Right	Oracle	Oracle Technology Products	Supplier will provide to the Recipient access to Oracle support / maintenance in relation to the existing installation base of Oracle Technology Products used by the Recipient prior to IPO Date for Server Relational Database Management System.	Annual Costs: \$1,407,429	None	Oracle	Price is locked in for 12 calendar months as of January 1	12 Months	
SL-5	IT Access Right	Salesforce.com	Salesforce.com	Supplier will provide to the Company an IT Access Right for Salesforce.com used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier	SSO	GE Corporate Salesforce.com		6 months	
SL-6	IT Access Right	Computer Associates	Computer Associates Software	Supplier will provide an IT Access Right for the following Computer Associates software used by the Company prior to IPO Date: Autosys eHealth Spectrum Introscope Wiley Access Controls Server Automation Dispatch MM Application Performance Manager	Billed directly to the Company by Third Party Supplier		Computer Associates		6 months	
SL-7	IT Access Right	HP	HP Software	Supplier will provide an IT Access Right for the following HP software used by the Company prior to IPO Date: Openview Openview DBSPI Plugin Autonomy Enterprise Secure Key Manager Operations Manager Application Response Measurement Openview Measureware SiteSeer Web Inspect OCR Insight Manager Insight Manager Business Availability Center	Billed directly to the Company by Third Party Supplier		HP		6 months	
SL-8	IT Access Right	Citrix	Citrix Software	Supplier will provide an IT Access Right for Citrix software used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Citrix		6 months	
SL-9	IT Access Right	IBM	IBM Software	Supplier will provide an IT Access Right for the following IBM software used by the Company prior to IPO Date: FileNet Bsafe Advanced Case Manager WTX Content Manager Udeploy MQ Series Algorithmics Gentrax	Billed directly to the Company by Third Party Supplier		IBM		6 months	
SL-10	IT Access Right	Oracle	Oracle Software	Supplier will provide an IT Access Right for the following Oracle software used by the Company prior to IPO Date: RMAN ZFS Storage eSSO eBusiness Suite Oracle Financials Receivables Oracle Financials G/L Discoverer ADI SOA Suite UCM Web Logic KMS Manager SL Console	Billed directly to the Company by Third Party Supplier		Oracle		6 months	
SL-11	IT Access Right	Symantec	Symantec Software	Supplier will provide an IT Access Right for the following Symantec software used by the Company prior to IPO Date: Netbackup Storage Foundation Gdisk PGP Anti-Virus Veritas SIEM Symcli	Billed directly to the Company by Third Party Supplier		Symantec		6 months	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
SL-12	IT Access Right	VMWare	VMWare Software	Supplier will provide an IT Access Right for VMware software used by the Company prior to IPO Date: <ul style="list-style-type: none"> <li>VMWare</li> <li>Virtual Center</li> <li>VMWare Site Recovery Manager</li> <li>VMWare View</li> <li>HA Application Monitoring</li> </ul>	Annual Charges: \$265,366		VMWare	Price is locked in for 12 calendar months as of January 1	6 months	
SL-13	IT Access Right	ASG	ASG Software	Supplier will provide an IT Access Right for the following <vendor name> software used by the Company prior to IPO Date: TMON CICS Jobscan Docutext Document Direct DocuAnalyzer	Billed directly to the Company by Third Party Supplier		ASG		18 months	
SL-14	IT Access Right	Anixis	Anixis Software	Supplier will provide an IT Access Right for the following Anixis software used by the Company prior to IPO Date: Password Policy Enforcer	Billed directly to the Company by Third Party Supplier		Anixis		6 months	
SL-15	IT Access Right	NetApp	Netapp Software	Supplier will provide an IT Access Right for the following Netapp software used by the Company prior to IPO Date: OnCommand Distributed Fabric Manager OnCommand System Manager	Billed directly to the Company by Third Party Supplier		NetApp		6 months	Subject to vendor consent at Trigger Date
SL-16	IT Access Right	Avaya	Avaya Software	Supplier will provide an IT Access Right for Avaya software used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Avaya		6 months	
SL-17	IT Access Right	EMC	EMC Software	Supplier will provide an IT Access Right for the following EMC software used by the Company prior to IPO Date: Control Center Data Protection Advisor Powerpath Prosphere Recover Point SMC Web Console Solution Enabler SRDF Symmetrix Performance Analyzer Timefinder Unified Manager Watchnet Application Xtender ATMOS DiskXtender Avamar Unisphere Virtual Storage Integrator Navisphere	Billed directly to the Company by Third Party Supplier		EMC		6 months	
SL-18	IT Access Right	Microsoft Office Professional 2010	Microsoft Office Professional 2010	Supplier will provide an IT Access Right for the following Microsoft software used by the Company prior to IPO Date: Office Professional 2010	Included in IT Assessment		Microsoft		6 months	
SL-19	IT Access Right	Microsoft	Microsoft Software	Supplier will provide an IT Access Right for the following Microsoft software used by the Company prior to IPO Date: WSUS Project Visio Key Management Server (KMS)	Billed directly to the Company by Third Party Supplier		Microsoft		18 months	
SL-20	IT Access Right	PKWare	PKWare Software	Supplier will provide an IT Access Right for PKWare software used by the Company prior to IPO Date.	Annual: \$5,755		PKWare		6 months	
SL-21	IT Access Right	IBM Websphere	IBM Websphere Software	Supplier will provide an IT Access Right for IBM Websphere software used by the Company prior to IPO Date.	Annual: \$840,978		IBM	Price is locked in for 12 calendar months as of January 1	6 months	
SL-22	IT Access Right	Fair Isaac	Fair Isaac Software	Supplier will provide an IT Access Right for Falcon software used by the Company prior to IPO Date: Falcon RMS-NG London Bridge	Billed directly to the Company by Third Party Supplier		FICO		24 months	
SL-23	IT Access Right	eFax	eFax	Supplier will provide an IT Access Right for eFax software used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		J2Global		6 months	
SL-24	IT Access Right	Dell Software (formerly Quest)	Dell Software (formerly Quest)	Supplier will provide an IT Access Right for Dell software used by the Company prior to IPO Date: Vfoglight Quest Change Auditor (AD) Quest Migration Manager (AD) Script Logic Quest Migration Manager for PSTs Toad for Oracle Expert, DBA Suite, RAC Edition Quest In Trust Recovery Manager Quest Reporter	Billed directly to the Company by Third Party Supplier		Dell		6 months	
SL-25	IT Access Right	Deloitte & Touche's ABS-Suite	Deloitte & Touche's ABS-Suite	Supplier will provide an IT Access Right for Deloitte & Touche software used by the Company prior to IPO Date: ABS-Suite	Billed directly to the Company by Third Party Supplier		Deloitte & Touche		6 months	
SL-26	IT Access Right	Ensignten Software	Ensignten Software	Supplier will provide an IT Access Right for Ensignten software used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Ensignten		6 months	
SL-27	IT Access Right	Cisco Software	Cisco Software	Supplier will provide an IT Access Right for Cisco software used by the Company prior to IPO Date: ICM/Geotel Secure Access Control System NCS Prime Fabric Manager	Billed directly to the Company by Third Party Supplier		Cisco		12 months	

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SL-28	IT Access Right	Forum Sentry Software	Forum Sentry Software	Supplier will provide an IT Access Right for Forum Sentry software used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Forum Systems		12 months	
SL-29	IT Access Right	F-Check software	F-Check software	Supplier will provide an IT Access Right for F-Check used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Integrity		6 months	
SL-30	IT Access Right	OpNet Software	OpNet Software	Supplier will provide an IT Access Right for OpNet used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		Riverbed		12 months	
SL-31	IT Access Right	Watchlist Screening	Fircosoft software based tool to perform watchlist screening.	Supplier will provide to the Company an IT Access Right in relation to the Fircosoft software used by the Company prior to IPO Date for customer, merchant, and existing employee/contingent worker screening against watchlists. Additionally, GECC will provide a copy of the watchlist file to the Company as provided prior to IPO Date.	Annual Costs: \$55,917		Fircosoft		24 months	
SL-32	IT Access Right	Model Builder	Software-based payment card fraud detection systems	<Supplier> will provide to the Recipient an IT Access Right in relation to the existing installation base of Model Builder MBPA and Model Builder MBDT software used for scorecard development.	Charged locally		Fair Isaac		24 months	
SL-33	IT Access Right	GES	Global Enterprise System used for workflow associated with Lease Management	Supplier to provide an IT Access Right to GES application used by the Company prior to IPO Date	included in other charges		IBM		6 months	
SL-34	IT Access Right	Business Objects	Business Objects	Supplier to provide an IT Access Right to Business Objects used by the Company prior to IPO Date	Billed directly to the Company by Third Party Supplier		SAP		12 months	
SL-35	IT Access Right	Kronos	Kronos	Supplier to provide an IT Access Right to Kronos used by the Company prior to IPO Date	Billed directly to the Company by Third Party Supplier		Kronos		6 months	
SL-36	IT Access Right	UC4 Software	UC4 Software	Supplier to provide an IT Access Right to UC4 Software used by the Company prior to IPO Date: V8 Application Manager	Billed directly to the Company by Third Party Supplier		UC4		18 months	
SL-37	IT Access Right	Ensignten Software	Ensignten Software	Supplier to provide an IT Access Right to Ensignten used by the Company prior to IPO Date	Billed directly to the Company by Third Party Supplier		Ensignten		6 months	
SL-38	IT Access Right	TRECS Software	TRECS Software	Supplier to provide an IT Access Right to TRECS used by the Company prior to IPO Date	Billed directly to the Company by Third Party Supplier		Chesapeake Systems		6 months	
SL-39	IT Access Right	Lexis Nexis Software	Lexis Nexis Software	Supplier to provide an IT Access Right to Lexis Nexis software used by the Company prior to IPO Date: AFQD verid Bridger Insight Lexis Nexis SBF, Banko One Time Passcode	Billed directly to the Company by Third Party Supplier		Lexis Nexis		6 months	
SL-40	IT Access Right	Accuity Software	Accuity Software	Supplier to provide an IT Access Right to Accuity Financial Application used by the Company prior to IPO Date	Billed directly to the Company by Third Party Supplier		Accuity		6 months	
SL-41	IT Access Right	Adobe Software	Adobe Software	Supplier to provide an IT Access Right to Adobe Software used by the Company prior to IPO Date: Dreamweaver Acrobat Professional	Billed directly to the Company by Third Party Supplier		Adobe		6 months	
SL-42	IT Access Right	PingFederate	PingFederate	Supplier to provide an IT Access Right to PingFederate used by the Company prior to IPO Date	Billed directly to the Company by Third Party Supplier		Ping Identity		6 months	
<b>Legal</b>										
Leg-1	IT Application Service & IT Access Right	GEMS	GEMS - Corporate Compliance	Supplier to provide IT Access rights and IT Application Service for GEMS for Corporate Governance used by the Company prior to IPO Date.	Annual Charge: \$4239	SSO	GE Capital Computershare Governance Services Inc.		Until Trigger Date	
Leg-2	IT Application Service & IT Access Right	T360 - Litigation and Legal Billing	Matter Management (litigation) and billing/PO functions.	Supplier to provide an IT Application Service & IT Access Right for T360 as used by the Company prior to IPO Date.	\$2000 Any custom extract work will be charged separately.	SSS/AP SSO	GE Corporate T360		6 months	
Leg-3	IT Application Service	Atlas Legal Hold	Atlas Legal Hold	Supplier to provide an IT Application Service for Atlas Legal Hold as used by the Company prior to IPO Date.	\$2000 Any custom extract work will be charged separately	SSO	GE Corporate		9 months	
Leg-4	IT Application Service	Inventor Center	Patent submission system	Supplier to provide access to relevant data and use of application, including support, to enable migration of required historical data of acquired entities and assets to Company systems	\$1000 a month + \$250 per hour of data extraction	SSO, IDM, Support Central	GE Corporate		6 months	
Leg-5	IT Application Service	Page	Patent docket database	Supplier to provide access to relevant data and use of application, including support, to enable migration of required historical data of acquired entities and assets to Company systems	\$2,000 a month which includes 10h of service. Any additional hour required costs an additional \$250—Data extractions costs \$250 per hour	SSO, IDM, Support Central	GE Corporate		6 months	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
Leg-6	IT Support Service	IPPO	Trademark database for all GE	Supplier will work with Company to effectuate the transfer of the relevant trademark data to Company's docketing system. Supplier will run IPPO reports on all marks acquired by Company as requested during the transition period.	\$1000 a month. \$120 per hour for data extraction		GE Corporate		6 months	
<b>Real Estate, EHS and Facilities</b>										
RE-1	IT Application Service	Site Security Access System (Picture Perfect)	Site Security Access System	Supplier to provide an IT Application Service to Picture Perfect application used by the Company prior to IPO Date	included in other charges		GE Capital Red Hawk		The sooner of 9 months or Trigger Date	
RE-2	Non-IT Support Service	Facilities	Facilities Usage in Hoffman Estates, Chicago and Van Buren	Supplier to provide access to and use of the following Facilities used by the Company prior to IPO Date: Hoffman Estates, IL; Chicago, IL; and Van Buren, MI	Annual Costs: \$1,087,239		GE Capital		December 31, 2014	
RE-3	Non-IT Support Service	EHS	Environment Health and Safety Support	Supplier to provide Environmental, Health & Safety Services used by the Company prior to IPO Date.	included in other charges		GE Capital		Until Trigger Date	
RE-4	Non-IT Support Service	Legal Support for existing leases	Legal Support for existing leases	Supplier to provide Legal support to assign, obtain consents, seek GECC removal from lease liability and to draft and negotiate leases and lease amendments, as used by the Company prior to IPO Date.	Annual Costs: \$14,283 The amount is an estimate that subject to increase based on historical billing practices		GE Corporate		Until Trigger Date	
RE-5	Non-IT Support Service	Physical Security	Physical Security	Supplier to provide Physical Security Services used by the Company prior to IPO Date.	Billed directly to the Company by Third Party Supplier		GE Capital G4S		Until Trigger Date	
RE-6	Non-IT Support Service	Facility Management	Facility Management	Supplier to provide Facility Management Services at the Stamford Campus used by the Company prior to IPO Date.	Annual Cost: \$2,711,454 (This amount is an estimate only and is subject to increase based on the parties' practices prior to the IPO Date and/or the cost incurred by GECC for providing facility management services to the Company at the Stamford Facility)		GE Corporate		The earlier of the two: within 90 days after GECC vacates the Stamford Facility; or 24 months	
<b>Risk</b>										
Risk-1	IT Application Service & IT Access Right	EOR System (MetricStream)	System of Record for Operational Risk information	Supplier to provide an IT Application Service and IT Access Rights to EOR (MetricStream) application for Operational Risk Management. It includes issues, risk assessments, control information, internal loss data, supplier risk assessments and key risk indicators.  As part of this Service, Supplier will also provide limited functional support for this service.  Any data migration requests will require 90 days lead time.	Annual Costs: \$80,000 Need to include project costs for separate Blue instance and new run costs as model has now changed	SSO GE Network Access ServiceNow	GE Capital MetricStream		24 Months	Service Level as provided in Schedule 7
Risk-2	IT Application Service	Carma	Inventory of Models and Workflow Engine	Supplier to provide an IT Application Service to Carma application used by the Company prior to IPO Date.	included in other charges	SSO	GE Capital		12 months	
Risk-3	IT Application Service	GCF eBoardroom	Deal Workflow Tool	Supplier to provide an IT Application Service to GCF e-Boardroom application used by the Company prior to IPO Date.	included in other charges	SSO	GE Capital		6 months	
Risk-4	IT Application Service	Ark	Credit Rating Tool for Public Companies	Supplier to provide an IT Application Service to Ark application used by the Company prior to IPO Date.	included in other charges	SSO	GE Capital		The sooner of: 9 months; or Until Trigger Date	
Risk-5	IT Application Service	Stress Testing Model	Stress Testing Model	Supplier to provide an IT Application Service to the Stress Testing Model used by the Company prior to IPO Date.	included in other charges	SSO	GE Capital		6 months	
Risk-6	Non-IT Support Service	Risk Services	Risk Services including E-Cap, Stress Testing, and Model Validation	Supplier to provide Non-IT Support Services for the following Risk Services used by the Company prior to IPO Date: • e-Cap – Determining Debt/Equity structure which in turn drives funding requirements • Stress Testing - Semi-annual exercise that documents financial performance before, during, and after various levels of stress (mild to severe). • Model Validation - Models are inventoried and periodically validated to ensure accuracy and that certain quality control standards are met.	included in other charges		GE Capital		Until Trigger Date	
Risk-7	IT Application Service & IT Access Right	Records Management Tools	Records Management Tools including EMRT and Zazio VRI	Supplier to provide an IT Application Service & IT Access Right for the following Records Management Tools as used by the Company prior to IPO Date: EMRT Zazio VRI	included in other charges	SSO GE Network Access	GE Capital Zazio		The sooner of 9 months or Trigger Date	
Risk-8	IT Application Service	e-Cap (Consumer Simulation Engine)	e-Cap (Consumer Simulation Engine)	Supplier to provide an IT Application Service to the Consumer Simulation Engine used by the Company prior to IPO Date.	included in other charges		GE Capital		Until Trigger Date	

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<b>Sourcing</b>										
Src-1	IT Application Service & IT Access Right	SSS Purchasing / AP Platform	Oracle based Buy to Pay and Purchasing system	Supplier to provide continued access to use of, and support of the SSS application as used by the Company prior to IPO Date. These Services include: <ul style="list-style-type: none"> <li>Purchase Order Processing: Assumes access to Support Central and SSO capability.</li> <li>Indirect Catalog (Punchouts): Where acquired business can demonstrate contractual entitlement with the punch out vendor (bridge or new contract), GE to provide access to catalog data and subscriptions for indirect purchasing system.</li> <li>Oracle Sourcing e-Auction tool: GE to provide access to, use of, and support of the Oracle Sourcing application as is currently provided. e-Auction (Not currently used by the Company).</li> <li>Access to Vendor Management repository (Araavo).</li> <li>Access to Spend Analytics data and tools</li> <li>System Administration Support to the business for technical issues related to SSS access and use. (Note: This service is subject to the direction of the SSS capability for GE Businesses).</li> </ul>	Annual Cost : \$1,381,054	SSO	GE Corporate Oracle		24 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.  Service Level as provided in Schedule 7
Src-2	Non-IT Support Service	SSS AP Invoice Processing	SSS AP Invoice Processing	Supplier to continue to provide the Account Payables services for the Oracle SSS application as used by the Company prior to IPO Date. <ul style="list-style-type: none"> <li>Access to AP workflow solutions: This refers to any application designed to work with the global SSS Accounts Payable system. These include any imaging servers used to associate scanned images of invoices to invoice data entered into the SSS Accounts Payable system and to allow interaction between the Business user and the GE AP support team agents. GE to provide continuing access to, use of, and support of the AP workflow solutions as is currently provided. Subject to the Company purchasing any additional required own license for use of any such AP workflow solution.</li> <li>Check Printing: SSS AP currently uses EPIQ Systems as its check printing service in North America where daily files are sent from the AP system for invoice payment runs. GE to provide access to, use of, and support of the EPIQ Systems application as is currently provided.</li> <li>Payment COE: The Pay COE team is responsible for supporting the SSS Payables process and providing first line support for any detected issues with payments to be processed by electronic means (e.g. EFT or Wire transfers). If necessary, Pay COE will also liaise with GE Treasury &amp; the relevant banks concerning the resolution of any issues with payments.</li> <li>Mailroom services: The service includes mail receipt, sorting &amp; preparation for scanning as well as the scanning activity itself plus rescanning if required. This service is dependent, amongst other things, upon the GE service provider receiving invoices that are compliant and of sufficient quality to allow identification of ownership and scanning.</li> <li>Data entry of invoice information: GE will provide timely and accurate input of all paper invoices received from the business unit or vendor provided that the invoices are compliant and of sufficient quality to allow the relevant information to be input into the GE AP system.</li> <li>AP Customer Service: GE to provide support for the invoice payment process including dealing with reasonable inquiries from vendors and business users and will act upon reasonable instructions to ensure that invoices are paid on time or rejected back to the vendor as the case may be.</li> <li>IPO Date support: GE is to adhere wherever possible to the business IPO Date schedule and to take appropriate actions to ensure the business requirements are met as per agreed SOPs and with instructions from the business unit.</li> <li>Document storage &amp; retrieval services for paper invoices. When required by the business this service can be provided through 3rd party providers and the business will be charged accordingly.</li> </ul>	The through April rate is \$3.74/invoice/month. The next rates will be defined in March and start effectively May. Rates are defined by IQ Annually, and are announced before effective start dates		GE Corporate Oracle		24 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.  Service Level as provided in Schedule 7
Src-3	Non-IT Support Service	Ongoing Supplier Screening	Ongoing Supplier Screening	Supplier to provide a non-IT Support Service for the ongoing watchlist screening of suppliers as used by the Company prior to IPO Date.	included in other charges		GE Corporate		24 months	
Src-4	IT Support Service	EMIS Central Settlement	SSS AP Vertical System for processing and payment of energy and utility invoices	Energy and Utility account invoices are processed via a 3rd party vendor in the GE EMIS tool. Payment files are sent to SSS for payment by Corporate. Invoices are processed through IBS for charging the corresponding business. The tool is used for aggregating purchase of energy contracts and managing demand of facilities.	10.50 USD Minimum or 0.44 % of Invoice Amount up to 900 USD Maximum per invoice plus 5 USD Per Invoice for SSS processing		GE Corporate		24 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.
Src-5	IT Support Service	TEMS	SSS AP Vertical System for processing and payment of telecom invoices	Telecom invoices payment system. The Verticals team provides implementation and integration support for the application. The team monitors invoice transactions that are sent to the SSS and ensures that invoice transactions post to the respective AP system.	6 % of Invoice Amount plus 5 USD per transaction for SSS processing Charges included in Telecom Charges		GE Corporate		24 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.
Src-6	IT Support Service	GETServices (SSS AP Vertical System for processing and payment of temporary labor invoices)	GETServices	Temporary labor requisition and invoices payment system. The Verticals team provides implementation and integration support for the application. The team monitors invoice transactions that are sent to the SSS and ensures that invoice transactions post to the respective AP system. In addition to the implementation and integration support, the verticals team also provides production support for the GETServices application which involves both functional and technical support to suppliers and GE business support teams.	Charges included in SSS/AP Charges		GE Corporate		24 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.
Src-7	IT Support Service	V-Payment (V-Payment processing)	V-Payment	Supplier to continue to provide access to and use of the v-payment application including purchasing and processing.	Charges included in SSS/AP Charges		GE Corporate American Express		18 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.
Src-8	Non-IT Support Service	Vendor Management COE	SSS AP Vendor management services through 3rd party provider	Vendor Management Center of Excellence (VMCOE) maintains the Global Supplier List (GSL); indexes vendors - manages supplier identification numbers in a standard format. GE to provide access to, use of, and support of the GSL application as is currently provided. VMCOE team also does vendor setups in SSS.	Standard Charge is 6.70 USD per request for Add, modify or delete. Bulk Load charge is 3.75 USD per supplier.		GE Corporate		24 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.
Src-9	IT Support Service	Alpha Support Service	SSS AP Alpha Help desk support services through 3rd party provider	Alpha Helpdesk provide buy side support to SSS. The team provides Level 1 to Level 3 support. Level 4 is passed on the SSS Technical by Alpha but Alpha keeps a track of the issue on behalf of the business. Alpha also helps the business in testing and changes that SSS is doing on the PO side.	Annual Cost : \$53,400		GE Capital		24 months	R12 Upgrade required by March 2015. If Company does not move to R12, SSS R11 usage will end when GE retires R11 after March 2015.
Src-10	IT Application Service & IT Access Right	Oracle Contracts Data Base	Oracle Contracts Data Base	Supplier to provide an IT Application Service & IT Access Right for Oracle Contracts Database used by the Company prior to IPO Date.	included in other charges		GE Corporate Oracle		6 months	
Src-11	IT Application Service	Sourcing Project Tracker	Sourcing Project Tracker	Supplier to provide IT Application Service to the Sourcing Project Tracker used by Company prior to IPO Date.	included in other charges		GE Capital		24 months	
Src-12	IT Application Service	Capital Sourcing Data warehouse	Capital Sourcing Data warehouse	Supplier to provide IT Application Service to the Capital Sourcing Data warehouse used by Company prior to IPO Date.	included in other charges		GE Capital		24 months	
Src-13	Non-IT Support Service	Freight Processing	Freight Processing	Supplier to provide Freight invoice processing and rate audit services. Utilizing platform of 3rd party provider, IPS Worldwide and TRAXX. This service includes invoice receipt through imaging, keying, audit and payment. US/Europe.	Based upon actuals		GE Corporate		24 months	
Src-14	IT Support Service	SSS Separation Services	SSS Separation Services	Supplier to provide the following:  A complete extract of all the Company data from the SSS. GE will provide up to 3 extracts of the data for purposes of testing/validation and 1 final extract for purposes of final exit. This data will be provided using the Standard extracts already in place at GE for a 1-time cost of \$20K. Any changes to the standard extracts as requested by the Company, will be charged based on additional Time and Material cost to the Company.	\$20,000 one time cost for standard extract		GE Corporate		24 months	

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Src-15	IT Application Service	Third Party Bank Reconciliations	Third Party Bank Reconciliations	Supplier to provide IT Application Service to the 3rd Party Reconciliation Tool used by Company prior to IPO Date.  Reconciliation services will be provided under the condition that the account activity is and will remain purely driven by or fed from the Global AP process. Reconciliation of the bank/cash account will be performed on a monthly basis. Reconciliation of non-cash accounts will be performed on a quarterly basis. Non-cash reconciliations include AP liability, AP accrual, cash or AP in transit, TPS accrual, AP refund and unclaimed property, or the current set of accounts already reconciled for the exiting business. Based on the business' preference, reconciliations will either be loaded to the Global Operations – Finance account rec tool (eRec) or will be placed in a dedicated GE Library for retrieval and review by the owning team. The duration of the account reconciliation service will be dependent on the agreed upon timeframe of the TSA. Once the TSA expires, reconciliations will be provided based on activity through the end date of the TSA. At the end of the agreement, the ownership and storage of the reconciliations will be transferred to the exiting business and they will be required to furnish any copies or backup documentation related to the reconciliations, upon request.	Costs included in SSS/AP Platform costs		GE Corporate			The sooner of SSS/AP duration or when Blue starts using its non-GE bank accounts & reconciliations.
Src-16	IT Application Service	Corporate Sourcing Portal	Corporate Sourcing Portal	Supplier to provide an IT Application Service to the Corporate Sourcing Portal (Sourcing.ge.com) application used by the Company prior to IPO Date.	included in other charges		GE Corporate		6 months	
Src-17	IT Application Service	Sourcing Intelligence Tool	Sourcing Intelligence Tool	Supplier to provide an IT Application Service to the Sourcing Intelligence Tool application used by the Company prior to IPO Date.	included in other charges		GE Corporate		6 months	
Src-18	Non-IT Support Service	Fleet Services	Company Cars	Supplier will provide access to Corporate Cars used by the Company prior to IPO Date as well as to leasing new Corporate Cars under and subject to the terms of such GE Capital Fleet agreements in place at time of IPO Date.  As part of the agreement, <ul style="list-style-type: none"> <li>insurance will be provided by Electric Insurance and</li> <li>Company will be eligible for GE negotiated incentives (OEMs)</li> </ul> The provision of the services is subject to continued compliance with all the rights, obligations and processes by Company in place prior to IPO Date, including but not limited to the performance of the standard full annual review followed by a credit approval by GE Capital Fleet.	Annual Costs: \$3,365,558 for lease and monthly service fees Plus fuel card charges, maintenance done on the vehicles or any one time charges (Property taxes, violations, etc.). Based upon actuals		GE Capital Fleet Services		6 months	Upon termination of the Transitional Arrangement, Company will assume via novation all existing leases obtained through date of termination.
Src-19	Non-IT Support Service	Trade Payable Services	Trade Payable Services	Supplier to provide services in respect of accelerated payments to the Company's North American suppliers for which suppliers receive invoice amounts less discount based on the number of days the payment is accelerated. TPS will execute marketing campaigns, solicit & negotiate supplier participation, calculate the early payment discounts on approved invoices, provide accelerated payment instructions, and provide client reporting. Duration will coincide with the Company's ability to access the GE SSS Platform for AP services unless the parties mutually agree prior to the termination of the Company's access to the GE SSS Platform services for TPS to continue providing services with the integration of a new AP service provider for the Company.	Fees are deducted from the discounts generated from the suppliers and split between GE and the Company	SSS/AP	GE Capital Trade Payables Services		24 months	TPS and the Company will need to sign a trade payables program agreement that describes the various services to be performed, the duration of the services and the parties' responsibilities.  3 months prior to initial term expiration, Company to notify TPS of any planned AP service provider changes.
Tax										
COMPLIANCE / INCOME TAX RETURNS										
Tax-1	IT Application Service	GOLD or Successor (Legal Entity DB)	GOLD	GOLD is the centralized database to capture all GE Legal Entities and investments in partnerships >  Supplier to provide data extracts prior to TSA Close.	included in other charges	SSO	GE Corporate		Until Quarter Close following Trigger Date	
Tax-2	Non-IT Support Service	Federal Compliance - post-separation returns	Prepare and file Federal income tax returns	Company will be required to file stand-alone Federal and state income tax returns for 2015 (for the post-separation portion of 2015) and later years. Company will need access to historical information and tax attributes related to legal entities in the Company group post-separation  Supplier to provide data extracts prior to TSA Close.	\$5,000		GE Corporate Tax Albany		18 Months Post Trigger Date	
Tax-3	Non-IT Support Service	State and Local Compliance - post-separation returns	Prepare and file State and Local income tax returns	Company will be required to file stand-alone Federal and state income tax returns for 2015 (for the post-separation portion of 2015) and later years. Company will need access to historical information and tax attributes related to legal entities in the Company group post-separation  GE to provide data extracts and copies of separate and proforma tax returns for the three years prior to TSA close.	\$5,000		GE Corporate Tax Albany/Stamford		18 Months Post Trigger Date	
Tax-4	IT Application Service & IT Access Right	US Federal and state Income Tax Returns	Supplier uses multiple proprietary and third-party systems to prepare the Federal and state income tax returns. Company will need access to these systems during transition. Company will need to replace the GE proprietary systems with similar proprietary or third-party systems, and will need to license the third-party systems.	Federal Tax Compliance Systems: • DCS • PCS • FIR • GHOST • Virtual File Room • 988 Database • DIT Tracker • Capital Gain / Loss Tracker • Fixed Asset Depreciation • FACTS • DCS Basis Module • DST • State Tax Compliance Systems: • STARS Package • STARS System • SWP • Vantage Tax • OSCAR • NOL Database • Business Objects • SPIDER • BNA Superforms Corp Tax Stamford Shared Drive: K:\Groupdata\State Business\GE Money K:\Groupdata\State Compliance 2006 K:\Groupdata\State Compliance 2007 K:\Groupdata\State Compliance 2008 K:\Groupdata\State Compliance 2009 K:\Groupdata\State Compliance 2010 K:\Groupdata\State Compliance 2011 K:\Groupdata\State Compliance 2012 K:\Groupdata\State Compliance 2013 K:\Groupdata\State Compliance 2014 K:\Groupdata\State Tax Accounting\RF State ETR Scenarios K:\Groupdata\State Investment in Subs K:\Groupdata\State Tax Legislation and Planning K:\Groupdata\State Audits" and "K:\Groupdata\State Audits – GE K:\Groupdata\State Audits – GE GECA Shared Drive: N:\Finance Tax\GECA TAX COMPLIANCE (GECA 2009 Forward)\RETURN\2013\Retail Finance - Files for PwC Support Central Sites: <a href="http://supportcentral.ge.com/products/sup_products.asp?prod_id=213143">http://supportcentral.ge.com/products/sup_products.asp?prod_id=213143</a> <a href="http://supportcentral.ge.com/products/sup_products.asp?prod_id=301804">http://supportcentral.ge.com/products/sup_products.asp?prod_id=301804</a> <a href="http://supportcentral.ge.com/products/sup_products.asp?prod_id=19328">http://supportcentral.ge.com/products/sup_products.asp?prod_id=19328</a> <a href="http://libraries.ge.com/foldersIndex.do?entity_id=21302846101&amp;sid=101&amp;SF=#19695302101">http://libraries.ge.com/foldersIndex.do?entity_id=21302846101&amp;sid=101&amp;SF=#19695302101</a> <a href="http://libraries.ge.com/foldersIndex.do?entity_id=19695302101&amp;sid=101&amp;SF=#19695302101">http://libraries.ge.com/foldersIndex.do?entity_id=19695302101&amp;sid=101&amp;SF=#19695302101</a> <a href="http://libraries.ge.com/foldersIndex.do?entity_id=30450495101&amp;sid=101&amp;SF=#30450495101">http://libraries.ge.com/foldersIndex.do?entity_id=30450495101&amp;sid=101&amp;SF=#30450495101</a> <a href="http://libraries.ge.com/foldersIndex.do?entity_id=30450815101&amp;sid=101&amp;SF=#30450815101">http://libraries.ge.com/foldersIndex.do?entity_id=30450815101&amp;sid=101&amp;SF=#30450815101</a> <a href="http://libraries.ge.com/foldersIndex.do?entity_id=30450826101&amp;sid=101&amp;SF=#30450826101">http://libraries.ge.com/foldersIndex.do?entity_id=30450826101&amp;sid=101&amp;SF=#30450826101</a> <a href="http://libraries.ge.com/foldersIndex.do?entity_id=15744740101&amp;sid=101&amp;SF=#26682443101">http://libraries.ge.com/foldersIndex.do?entity_id=15744740101&amp;sid=101&amp;SF=#26682443101</a>	\$45,000	SSO	GE Corporate Tax		18 Months Post Trigger Date	
Tax-5	Non-IT Support Service	Canada Compliance	Prepare and file Canada income tax returns	The Supplier prepares and files the Canada income tax returns. Due date for 2015 is June 30, 2016	Annual Charges: \$40,000 2015 Annual Charges: \$50-\$60,000		Corporate Tax COE Canada		18 Months Post Trigger Date	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
Tax-6	Non-IT Support Service	India Compliance	Prepare and file India income tax returns	Prepare and file India income tax returns	Annual Charges: \$15,200		Corporate Tax India PwC		18 Months Post Trigger Date	
Tax-7	Non-IT Support Service	Philippines Compliance	Prepare and file Philippines income tax returns	Prepare and file Philippines income tax returns	Annual Charges: \$19,084		Corporate Tax Philippines E&Y		18 Months Post Trigger Date	
Tax-8	Non-IT Support Service	Puerto Rico Compliance	Prepare and file Puerto Rico income tax returns and personal property tax return	Prepare and file Puerto Rico income tax returns and personal property tax return	included in other charges		GE Corporate Puerto Rico PwC		18 Months Post Trigger Date	
Tax-9	IT Application Service & IT Access Right	Foreign Income Tax Returns	GE Internal (including eCompliance, STIR, etc.); Systems) for Foreign Fixed Asset Details for Depreciation(Oracle FA and Excel); Tax Prep	Supplier to provide access to GE Internal (including eCompliance, STIR, TaxComp etc.) system(s) for Foreign Fixed Asset Details for Depreciation(Oracle FA and Excel); Tax Prep Libraries: <a href="http://libraries.ge.com/foldersIndex.do?entity_id=15744740101&amp;sid=101&amp;SF=1#26682443101">http://libraries.ge.com/foldersIndex.do?entity_id=15744740101&amp;sid=101&amp;SF=1#26682443101</a> Shared Drive: <a href="veansv03corpge@share2\$GC2244">veansv03corpge@share2\$GC2244</a>	Annual Charge: \$1735	SSO			18 Months Post Trigger Date	
Tax-10	Non-IT Support Service	Non-US Withholding tax payments on cross-border funds flows (dividends, interest, royalties, etc.)	Obtain Tax Treaty exemptions / relief. Prepare and file withholding tax payments	Supplier to prepare and file withholding tax payments	\$5,000		Corporate Tax (India, Philippines)		12 Months Post Trigger Date	
Tax-11	Non-IT Support Service	U.S. information reporting	Advise on collection of W-8 & W-9 Forms from depositors.	Supplier to prepare and file forms 1099 INT, 1099 C, 1099 K, 1099-Q, 1099 R, 1098, 5498, 5498 ESA, 1042 S, 1099 DIV. Prepare and file information reporting forms for pre-Trigger Date years. Consult on preparation and filing of information reporting forms for year of Trigger Date.	\$20,000		GECA Corporate Tax Thomson Reuters		15 Months Post Trigger Date Date provided Thomson Reuters licenses are only until Trigger Date	
Tax-12	IT Application Service	Federal and State Information Reporting and Withholding	Support Central Tax Workflow	Supplier to provide IT Application Service for the following: Support Central Tax Workflow <a href="http://libraries.ge.com/foldersIndex.do?entity_id=13901870101&amp;sid=101&amp;SF=1">http://libraries.ge.com/foldersIndex.do?entity_id=13901870101&amp;sid=101&amp;SF=1</a> <a href="http://libraries.ge.com/foldersIndex.do?entity_id=40799220101&amp;sid=101&amp;SF=1">http://libraries.ge.com/foldersIndex.do?entity_id=40799220101&amp;sid=101&amp;SF=1</a> P:\Finance Tax\2013\GECA Information Reporting \MLB WIRE & ACH Template-Drafts	Cost included in U.S. Information Reporting	SSO	GE Corporate		15 Months Post Trigger Date	
<b>TAX ACCOUNTING / CONTROLLERSHIP</b>										
Tax-13	Non-IT Support Service	Year-End SEC Reporting	Provide Year-End SEC reporting services	Supplier to preparation tax footnote and related information in 10-K	\$10,000		GE Corporate		Until Trigger Date	
Tax-14	Non-IT Support Service	Interim SEC Reporting	Provide Interim SEC reporting services	Supplier to prepare tax footnote and related information in 10-Q	\$5,000		GE Corporate		Until Trigger Date	
Tax-15	IT Application Service & IT Access Right	Tax Accounting and SEC Reporting	FIRM (FIN 48 Reporting)	Supplier to provide IT Application Service and IT Access Rights to Oracle; Oracle Tax Program; Discoverer Queries; Hyperion; FIRM (FIN 48 Reporting)	\$5,000	SSO	GE Corporate Oracle		Until Trigger Date	
Tax-16	Non-IT Support Service	404 Controls	Provide 404 Controls readiness and compliance services	Supplier to provide 404 Controls readiness and compliance services	\$5,000		GE Corporate		Until Trigger Date	
Tax-17	Non-IT Support Service	Foreign Accounting and Reporting	Prepare and assist with all U.S. and Local Tax Accounting and Reporting for RF Foreign requirements	Supplier to prepare and assist with all U.S. and Local Tax Accounting and Reporting for RF Foreign requirements including account reconciliations, quarter closes and tax filings/return to accruals.	\$25,000		Corporate Tax / GECA		Until Trigger Date	
Tax-18	Non-IT Support Service	Coordination with External Auditor	Coordinate with External Auditor	Supplier to coordinate with External Auditor	included in other charges		GE Corporate		Until Trigger Date	
Tax-19	Non-IT Support Service	FP&A Deliverables	Prepare FP&A Deliverables	Supplier to prepare FP&A Deliverables such as forecasting, Blueprints, stress test, pre-close review, etc.	\$25,000		GE Corporate		Until Trigger Date	
<b>TAX COMPLIANCE / INDIRECT TAX (SALES, USE, VALUE ADDED &amp; PROPERTY TAX)</b>										
Tax-20	Non-IT Support Service	Sales and Use Tax	Prepare and file Sales and Use Tax returns	Supplier to prepare and file Sales and Use Tax returns	Annual Charges: \$33,680		Corporate Tax/Xerox		12 Months Post Trigger Date	
Tax-21	Non-IT Support Service	Business License	Prepare and file Business License Applications	Supplier to prepare and file Business License Applications	Annual Charges: \$400		Corporate Tax		12 Months Post Trigger Date	
Tax-22	Non-IT Support Service	Personal Property Tax	Prepare and file Personal Property Tax returns	Supplier to prepare and file Personal Property Tax returns	Annual Charges: \$10,000		Corporate Tax Ryan & Co.		12 Months Post Trigger Date	
Tax-23	IT Application Service	US Sales Tax Returns	Preparation and filing of sales tax returns is outsourced to Xerox; multiple systems are used to gather and transmit data to Xerox for preparation of the returns	Supplier to provide IT Application Service for P8 (Data Retention); Eaudit; Support Central; Interface (E-Tax/Xerox)	Included in Sales and Use Tax	SSO	Corporate Tax		12 Months Post Trigger Date	
Tax-24	Non-IT Support Service	Real Property Tax	Prepare and file Real Property Tax returns	Supplier to provide valuation and appeals consultation for Real Property Tax (Any information on new properties will be provided by Company)	\$5,000		Corporate Tax/Ft Meyers		12 Months Post Trigger Date	
Tax-25	Non-IT Support Service	Sales Tax Recovery	Prepare and file Sales Tax Recovery returns	Supplier to prepare and file Sales Tax Recovery returns	\$6,250		GECA/Corporate Tax		12 Months Post Trigger Date	
Tax-26	IT Application Service	Sales Tax Recovery	BDRS [BAD DEBT RECOVERY SYSTEM]	Supplier to provide an IT Application Service for BDRS [BAD DEBT RECOVERY SYSTEM] as used by the Company prior to IPO Date.	\$37,000	SSO			12 Months Post Trigger Date	
Tax-27	Non-IT Support Service	India/Philippines VAT	Prepare and file India and Philippines VAT returns	Supplier to prepare and file India and Philippines VAT returns	Annual Charges Philippines \$2,300		Corporate Tax (India and Philippines) COE		18 Months Post Trigger Date	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
Tax-28	Non-IT Support Service	Canadian Indirect Tax Returns	Prepare and file Canadian Indirect Tax returns	Supplier to prepare and file Canadian PST, GST and HST tax returns	Annual Charges: \$10,000		Corporate Tax		18 Months Post Trigger Date	
<b>TAX COMPLIANCE / TRANSFER PRICING</b>										
Tax-29	Non-IT Support Service	Transfer Pricing - Direct	Provide Direct Transfer Pricing support services	Supplier to provide Direct Transfer Pricing support services	Annual Charges India: \$2,149		GE Corporate Tax		Until Trigger Date	
Tax-30	Non-IT Support Service	Transfer Pricing - US/FSB	Provide US/FSB Transfer Pricing support services	Supplier to provide US/FSB Transfer Pricing support services	\$2,500		GE Corporate Tax		Until Trigger Date	
<b>TAX PLANNING / LEGISLATION</b>										
Tax-31	Non-IT Support Service	Transaction Support/Planning	Provide Transaction Support services related to the separation transaction	Supplier to provide impact of post-separation transactions, including tax planning, by Company on tax-free treatment of the split-off to be discussed with GE Corporate Tax	included in other charges		GE Corporate Tax		18 Months Post Trigger Date	
Tax-32	IT Application Service & IT Access Right	US Sales & Property Tax Planning including Audits, Reviews and Appeals	Provide Bad Debt data via Sabrix	Supplier to provide an IT Application Service and IT Access Right to Sabrix as used by the Company prior to IPO Date.	\$20,000	SSO	GE Corporate Tax		15 Months Post Trigger Date	
Tax-33	Non-IT Support Service	US Sales & Property Tax Planning including Audits, Reviews and Appeals	Tax Planning, Audit and Review services	Tax Planning, Audit and Review services, including access to documentation needed throughout the course of the audit.	\$30,000		GE Corporate and GECA		18 Months Post Trigger Date	
Tax-34	Non-IT Support Service	Capital Markets and Treasury Support	Capital Markets Tax Services	Consult on pre-Trigger Date tax reporting and tax planning history for capital markets and treasury related matters	\$10,000		GE Corporate and GECA		18 Months Post Trigger Date	
<b>Treasury</b>										
Treas - 1	Non-IT Support Service	Cash Management - Bank Account Management	Cash Management - Bank Account Management	Upon direction from Company, GECC will create and modify bank accounts. GECC will provide visibility to activity in bank accounts. This will include use of workflows & databases. GECC will enable Company to have access to Vault and provide assistance in transitioning from Vault to Company's bank Administrator software and process. GECC will provide Company with introductions to its bank relationship contacts. GECC will provide banking information needed to support the separation and data migration activities including, support transition and migration of >300 bank accounts, balance reports, bank fee reporting from [BRM], and certain related data.	Annual Costs: \$325,241 Bank Fees for transactional volume with be passed through at Cost	SSO GE Network	GE Capital Treasury		15 months	Service Level as provided in Schedule 7
Treas - 2	Non-IT Support Service	Cash Management	Cash Management	Upon direction from Company, GECC will set up new bank accounts and structures to construct cash pools. GECC will provide the ability for Company to manage cash pools including monitoring balances, clearing intercompany payments, and maintaining sufficient liquidity. GECC will provide data, assistance and support for cash positioning, include set-up, training and transition.	Annual Costs: \$163,165		GE Capital Treasury		15 months	Service Level as provided in Schedule 7
Treas - 3	Non-IT Support Service	Cash Management - Intercompany Loan Management	Cash Management - Intercompany Loan Management	GECC will continue to service loans and provide advice and data as needed for Company intercompany loans on existing on GECC systems. GECC will advise Company, as needed, on GECC intercompany loan processes including set up of an intercompany loan, and transition to new process.	Annual Costs: \$133,766	SSO, GE Network	GE Capital Treasury		15 months	
Treas - 4	Non-IT Support Service	Transaction Systems/Data - Corporate Investments	Transaction Systems/Data - Corporate Investments	Upon direction from the Company, GECC will provide Company with access to trade, loan servicing, cash systems & data, as well as, an interface to Company's general ledger to record transaction activity and related accounting information and back up for Corporate Investments. GECC will provide resources to support for the following activities: <ul style="list-style-type: none"> <li>Trade execution (capture, confirm, settle) as needed;</li> <li>Daily uploading of transaction activity;</li> <li>Accounting support as needed (included Hedge accounting);</li> <li>Monitoring activities and remediation of errors;</li> <li>Ensuring proper uploading process;</li> <li>Acting as the backup interface between Company transaction systems in case of technical uploading issues.</li> </ul> Company is also responsible for running the activity of the daily upload from transaction systems to it's Oracle application. GECC will provide IT Support as needed.	Annual Costs: \$75,224		GE Capital Treasury		15 months	
Treas - 5	Non-IT Support Service	Transaction Systems/Data - Brokered CD's	Transaction Systems/Data - Brokered CD's	Upon direction from the Company, GECC will provide Company with access to trade, loan servicing, cash systems & data, as well as, an interface to Company's general ledger to record transaction activity and related accounting information and back up for Brokered CD's. GECC will provide resources to support for the following activities: <ul style="list-style-type: none"> <li>Trade execution (capture, confirm, settle) as needed;</li> <li>Daily uploading of transaction activity;</li> <li>Accounting support as needed (included Hedge accounting);</li> <li>Monitoring activities and remediation of errors;</li> <li>Ensuring proper uploading process;</li> <li>Acting as the backup interface between Company transaction systems in case of technical uploading issues.</li> </ul> Company is also responsible for running the activity of the daily upload from transaction systems to it's Oracle application. GECC will provide IT Support as needed.	Annual Costs: \$75,224		GE Capital Treasury		15 months	
Treas - 6	Non-IT Support Service	Transactions (processes/systems)	Transaction Systems/Data - Debt	Upon direction from the Company, GECC will provide Company with access to trade, loan servicing, cash systems & data, as well as, an interface to Company's general ledger to record transaction activity and related accounting information and back up for Debt. GECC will provide resources to support for the following activities: <ul style="list-style-type: none"> <li>Trade execution (capture, confirm, settle) as needed; Daily uploading of transaction activity;</li> <li>Accounting support as needed (included Hedge accounting);</li> <li>Monitoring activities and remediation of errors;</li> <li>Ensuring proper uploading process;</li> <li>Acting as the backup interface between Company transaction systems in case of technical uploading issues.</li> </ul> Company is also responsible for running the activity of the daily upload from transaction systems to it's Oracle application. GECC will provide IT Support as needed.	Annual Costs: \$411,191		GE Capital Treasury		15 months	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
Treas -7	Non-IT Support Service	Transaction Systems/Data - Derivatives	Transaction Systems/Data - Derivatives	Upon direction from the Company, GECC will provide Company with access to trade, loan servicing, cash systems & data, as well as, an interface to Company's general ledger to record transaction activity and related accounting information and back up for Derivatives. GECC will provide resources to support for the following activities: <ul style="list-style-type: none"> <li>Trade execution (capture, confirm, settle) as needed;</li> <li>Daily uploading of transaction activity;</li> <li>Accounting support as needed (included Hedge accounting);</li> <li>Monitoring activities and remediation of errors;</li> <li>Ensuring proper uploading process;</li> <li>Acting as the backup interface between Company transaction systems in case of technical uploading issues.</li> </ul> Company is also responsible for running the activity of the daily upload from transaction systems to it's Oracle application. GECC will provide IT Support as needed.	included in other charges		GE Capital Treasury		15 months	
Treas -8	Non-IT Support Service	Transaction Systems/Data - FX Spots	Transaction Systems/Data - FX Spots	Upon direction from the Company, Supplier will provide Company with access to trade, loan servicing, cash systems & data, as well as, an interface to Company's general ledger to record transaction activity and related accounting information and back up for FX Spots. Supplier will provide resources to support for the following activities: <ul style="list-style-type: none"> <li>Trade execution (capture, confirm, settle) as needed;</li> <li>Daily uploading of transaction activity;</li> <li>Accounting support as needed (included Hedge accounting);</li> <li>Monitoring activities and remediation of errors;</li> <li>Ensuring proper uploading process;</li> <li>Acting as the backup interface between Company transaction systems in case of technical uploading issues.</li> </ul> Company is also responsible for running the activity of the daily upload from transaction systems to it's Oracle application. Supplier will provide IT Support as needed.	included in other charges		GE Capital Treasury		15 months	
Treas -9	Non-IT Support Service	Exposure Management	ALM/Risk Management	Supplier will advise Company, as needed, on its current basic ALM/Risk Management activities, including support the development of Company's ALM/Risk framework, transition and set up of retail finance related risk models (including Balance Volatility, Average Life, Term Deposit and Bancware models). Supplier will provide modeling data that it creates related to Retail Finance to Company.	Annual Costs: \$215,000		GE Capital Treasury		15 months	
Treas -10	IT Application Service	Vault	Bank Account administration systems	Supplier will provide Company with access to its Bank Administration system to create, modify, and close bank accounts.	Annual Costs: \$416,866	SSO; GE Network	GE Capital Treasury		15 months	
Treas -11	IT Application Service & IT Access Right	WebCash, Hot Scan, Swift	Transaction Systems	Supplier will provide Company access to applications to monitor and execute its transactions as appropriate. Access to the following applications will be provided by Supplier to Company: <ul style="list-style-type: none"> <li>Web Cash Banking Application for balance and transaction reporting, funds transfers, and data feeds;</li> <li>Hot Scan for screening payments;</li> <li>SWIFT access with Webcash to process payments directly to multiple banks</li> </ul> As part of this Transitional Services Agreement, Supplier will also provide Second-Level IT Support on the applications.	Annual Costs: \$416,866 Please note that Webcash costs will increase when GE ownership drops below 30%	SSO GE Network	GE Capital Treasury G. TREASURY SS LLC		15 months	Subject to vendor consent
Treas -12	IT Application Service & IT Access Right	Bancware	Bancware	Supplier will provide Company access to the Bancware application for interest rate risk management. As part of this Transitional Services Agreement, Supplier will also provide Second-Level IT Support on the application.	Annual Costs: \$416,866	SSO GE Network	GE Capital Treasury Bancware		15 months	Subject to vendor consent
Treas -13	IT Application Service & IT Access Right	Atom	Atom	Supplier will provide Company access to the Atom for Brokered CDs / Investment Activity. As part of this Transitional Services Agreement, Supplier will also provide Second-Level IT Support on the application.	Annual Costs: \$416,866	SSO GE Network	GE Capital Treasury Financial Services Corporation		15 months	Subject to vendor consent
Treas -14	IT Application Service & IT Access Right	Summit	Summit	Supplier will provide Company access to the Summit for Investment Activity. As part of this Transitional Services Agreement, Supplier will also provide Second-Level IT Support on the application.	Annual Costs: \$416,866	SSO GE Network	GE Capital Treasury Mysys		15 months	Subject to vendor consent
Treas -15	IT Application Service & IT Access Right	WSS Debt & Derivatives	WSS Debt & Derivatives	Supplier will provide Company access to WSS Platforms for external debt and derivatives. As part of this Transitional Services Agreement, Supplier will also provide Second-Level IT Support on the application.	Annual Costs: \$416,866	SSO GE Network	GE Capital Treasury Wall Street Systems / Ion		15 months	Subject to vendor consent
Treas -16	IT Application Service & IT Access Right	WSS Intercompany Debt	WSS Intercompany Debt	Supplier will provide Company access to WSS Platforms for Internal debt. As part of this Transitional Services Agreement, Supplier will also provide Second-Level IT Support on the application.	Annual Costs: \$416,866	SSO GE Network	GE Capital Treasury Wall Street Systems / Ion		15 months	Subject to vendor consent
Treas -17	Non-IT Support Service	Electronic Funds Transfer Activities	Electronic Funds Transfer Activities	As part of this Transitional Services Agreement, Supplier will serve as business continuity plan for Company's funds transfer activities.	Costs included in WebCash, Hot Scan and Swift	SSO GE Network	GE Capital Treasury		15 months	Subject to vendor consent
Treas -18	IT Application Service	Data Services & Reporting	Data Services & Reporting	Supplier will provide Company with reporting data for treasury related data (MOR/GAP rates, trading activity, accounting reports, intercompany reports, bank account, SEC & regulatory reporting files, stress testing assumptions, market / pricing data through in.treasury.corp.ge.com, etc.)	Annual Costs: \$416,866		GE Capital Treasury		15 months	
<b>Supplier Contracts</b>										
Supp-1	Non-IT Support Service	Supplier Contractual Access	Miscellaneous Services	Supplier will provide Company with access to GE and / or GECC terms under the following contracts: <ul style="list-style-type: none"> <li>LexisNexis Risk &amp; Information Analytics Group Inc.</li> <li>Crisis Management International (CMI) (#157488)</li> <li>CRMFusion Inc. (#221270)</li> <li>Daniel J. Edelman, Inc. (#219485)</li> <li>Provitil Inc. (#153139)</li> <li>Edutainment Media, Inc. (#147621)</li> <li>Recall Total Information Management (#23472)</li> <li>Worldwide Trade Partners LLC (#22092)</li> <li>CDW Direct LLC (#213892)</li> <li>Transperfect Inc. (#131765)</li> <li>DeH Financial (#20767)</li> <li>Adesa Inc. (#18202)</li> <li>iNOVA Corporation and iNova Solutions, Inc. (#212809)</li> <li>Adesa (#18202)</li> </ul>	Billed directly to the Company by Third Party Supplier		See Description		Until Trigger Date	
Supp-2	Non-IT Support Service	Supplier Contractual Access	Office Supplies, Print and Mail Services	Supplier will provide Company with access to GE and / or GECC terms under the following contracts: <ul style="list-style-type: none"> <li>Fedex Kinkos Office and Print Services, Inc. (#122283)</li> <li>Staples</li> </ul>	Billed directly to the Company by Third Party Supplier		See Description		Until Trigger Date	
Supp-3	Non-IT Support Service	Supplier Contractual Access	Research and Subscription Services	Supplier will provide Company with access to GE and / or GECC terms under the following contracts: <ul style="list-style-type: none"> <li>Forrester</li> <li>Gartner</li> <li>Dun &amp; Bradstreet (#29720)</li> <li>Informa Research Services, Inc. (#150061)</li> </ul>	Billed directly to the Company by Third Party Supplier		See Description		Until Trigger Date	

#	Type of Service	Title	Summary	Description	2014 Costs (Monthly unless otherwise stated)	Dependencies	Supplier	Notice Period if different from 60 days	Duration	Additional Terms (is third party consent required; is specific SLA scheduled; etc.)
Supp-4	Non-IT Support Service	Supplier Contractual Access	Consulting Services	Supplier will provide Company with access to GE and / or GECC terms under the following contracts: <ul style="list-style-type: none"> <li>• Price Waterhouse Coopers</li> <li>• Deloitte LLP (#216675)</li> <li>• Ernst &amp; Young LLP (#216836)</li> <li>• Ernst &amp; Young US LLP (#200757)</li> </ul>	Billed directly to the Company by Third Party Supplier		See Description		Until Trigger Date	
Supp-5	Non-IT Support Service	Supplier Contractual Access	Facilities Services	Supplier will provide Company with access to GE and / or GECC terms under the following contracts: <ul style="list-style-type: none"> <li>• Sodexo Operations LLC (#23389)</li> <li>• Tanne US Inc. (#230722)</li> <li>• Health Fitness Corporation (#22316) - Steelcase Inc. (#23740)</li> <li>• Xerox Corporation (#24332 and #145326)</li> </ul>	Billed directly to the Company by Third Party Supplier		See Description		Until Trigger Date	

**Schedule 2**

Company Transitional Arrangements

**Project Blue Reverse TSA Schedule Draft**

#	Service	Upstream Supplier	Type of Service	Description of Transitional Arrangement	Transition Period (from the date of Closing)	2014 Costs (Monthly unless otherwise stated)	Additional Terms (e.g. third party consent)
1	Financial Reporting Requirements	Company	Non-IT Support Service	Provide all financial, regulatory, tax and VAT reporting as deemed required by GE Capital Corporation including supplementary SEC requirements.	Co-terminus with TSA duration	No charge	30 day notice period for termination for convenience
2	Risk Reporting Requirements	Company	Non-IT Support Service	Provide all risk reporting as deemed required by GE Capital Corporation.	Co-terminus with TSA duration	No charge	30 day notice period for termination for convenience
3	Compliance Reporting Requirements	Company	Non-IT Support Service	Provide all compliance reporting as deemed required by GE Capital Corporation.	Co-terminus with TSA duration	No charge	30 day notice period for termination for convenience
4	GE Network Service - WAN - WMC	Company	IT Support Service	Provides Architecture and L3+ support for WMC	6 months	Annual Charges: \$369,996	
5	GE Network Service - LAN - WMC	Company	IT Support Service	Provides Architecture and L3+ support for WMC	6 months	Included in GE Network Service - WAN - WMC	
6	End User Services - WMC	Company	IT Support Service	Maintenance and management of end user desk side assets (laptops, desktops, blackberries, WYSE terminals) for WMC - passthrough for CompuCom	6 months	Included in GE Network Service - WAN - WMC	
7	WMC Applications	Company	IT Support Service	Provides hardware, systems and database administration services for WMC	6 months	Included in GE Network Service - WAN - WMC	
8	Enhanced Authentication Hosting for GECC	Company	IT Support Service	Provides application hosting and database hosting and service for multiple GEC businesses	6 months	TBD	
9	File Transfers for GE Corp and GECA	Company	IT Support Service	Use GEntran to provide file transfer services a. 6 GE Corporate inbound files from AMEX and MasterCard b. 7 GE Commercial Finance files to/from AMEX	6 months	TBD	
10	Shared Facility - Bentonville	Company	Non-IT Support Service	Company to provide access to and use of the Bentonville MDF and conference rooms used by GE Lighting prior to IPO Date.	Until 12/31/14	Annual Charges: \$88,513.87	
11	Financial Planning Processes	Company	Non-IT Support Service	Provide FP&A and IR support for planning and estimation processes as well as responses to external inquiries.	TBD	No Charge	

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**Project Blue Reverse TSA Schedule Draft**

#	Service	Upstream Supplier	Type of Service	Description of Transitional Arrangement	Transition Period (from the date of Closing)	2014 Costs (Monthly unless otherwise stated)	Additional Terms (e.g. third party consent)
12	Tax Accounting (Controllership)	Company	Non-IT Support Service	Provide the following Tax related services: Year-End SEC reporting services - Preparation tax footnote and related information in 10-K Interim SEC Reporting - Preparation tax footnote and related information in 10-Q Tax Accounting and SEC Reporting Monthly Close 404 Controls readiness and compliance services Prepare and file Foreign Statutory Reporting requirements in Puerto Rico, Canada, India and the Philippines Prepare regulatory filings and provide planning for BOD/Call reports and BASEL III Prepare quarterly and annual account reconciliations Coordinate with Internal Audit (CAS) and External Auditors Prepare FP&A Deliverables such as forecasting, blueprints, stress test, pre-close review, etc. Provide Audit support services for external audits or exams Provide Bank Reporting using Hyperion, Discoverer and Shared Drive Provide Stub period tax returns	Until Trigger Date	TBD	
13	Risk - Capital Management	Company	Non-IT Support Service	Provide Capital Management reporting and narrative requirements including required analysis, modeling, narratives and monitoring to support the GECC Capital Plan, Recovery Plan, CCAR requirements and Resolution Plan requirements.	Until Trigger Date	No Charge	
14	Audit Support Services	AIII - primarily Finance	Non-IT Support Service	Provide Audit support services for external audits or exams.	Until Trigger Date	No Charge	
15	Corporate / GECA Tax IT Access to WebCSR, Payment Tax Manager, AFP on Demand, RF Share Drive	Company	IT Access Right	Provide Corporate/GECA Tax with IT Access Rights to WebCSR, Payment Tax Manager, AFP on Demand, FIS, RF Share Drive, Oracle G/L	18 months Post-Trigger Date	No charge	
16	MARS Reporting	Company	IT Support Service	Provide feed from Company General Ledger to MARS. MARS feeds regulatory reporting processes.	Until Quarter Close following Trigger Date	No charge	
17	IRIS	Company	Non-IT Support Service	Provide data/input to IRIS system on a monthly basis.	Until Quarter Close following Trigger Date	No charge	
18	Federal and State/Local Tax Input	Company	Non-IT Support Service	Provide data/input to GE Corporate and GECA Tax teams for Federal and State/Local Taxes.	18 months Post-Trigger Date	No charge	
19	CARS	Company	IT Support Service	Provide server information (ex. count, utilization, etc) as they currently do to CARS. Provide PC asset management data and information for CARS reports.	24 months or until such time as Security and CTO Services are provided.	No Charge	

**Project Blue Reverse TSA Schedule Draft**

#	Service	Upstream Supplier	Type of Service	Description of Transitional Arrangement	Transition Period (from the date of Closing)	2014 Costs (Monthly unless otherwise stated)	Additional Terms (e.g. third party consent)
20	IT Security Response and Actions	Company	IT Support Service	Provide the following: <ul style="list-style-type: none"> <li>• Exception &amp; Exemption Management- file an Exception or Exemption for approval and registration in the Risk Register in the event a business process does not meet GE policy</li> <li>• continue to provide corporate metrics data/reporting for compliance and associated dashboards</li> <li>• submit application for security assessments and remediate findings in accordance with GE Policies and Standards, including report back</li> <li>• remediate Penetration Test Findings in accordance with GE Policies and Standards, including report back</li> <li>• address 3rd Party assessment findings and report remediation to the 3PC team</li> <li>• provide vulnerability scan findings and/or access. Applicable findings must be remediated and reported</li> <li>• address compliance with data loss prevention mechanisms including but not limited to removable media and Digital Guardian installations. This includes exception requests and report back</li> <li>• address compliance with endpoint security and management mechanisms including but not limited to anti-virus (McAfee), managed workstations (ITAM), laptop encryption (safe boot), and mobile security (Good/AirWatch). This includes analysis and report back.</li> <li>• address HPA alert violations in accordance with GE Policies and Standards, including analysis and report back</li> <li>• accept incident reports from Capital, remediate the incident, then report remediation</li> </ul>	24 months or until such time as IT Security Services are provided.	No Charge	
21	Financial Systems and Accounting Support	Company	Non-IT Support Service	Provide IT Application support and accounting services to GECC for the following legal entities: <ul style="list-style-type: none"> <li>186-Retailer Credit Services, Inc.</li> <li>BL4-GE Capital Canada CAD Liquidity Funding LP</li> <li>D82-Montgomery Ward, LLC</li> <li>DH4-GE Capital Canada US Funding GP</li> <li>N21-Monogram Credit Services, LLC</li> <li>N46-GE Consumer Finance, Inc.</li> <li>RP6-GE Pacific (Mauritius) Ltd.</li> <li>RP7-GE Pacific Private Limited</li> <li>W03-GE Canada Holdings, Inc.</li> <li>W05-General Electric Canada Company</li> <li>XCY-GE Capital Mauritius Funding</li> <li>214-GE Funding Holdings, Inc.</li> <li>D01-GE Funding Government Services, Inc.</li> <li>D80-GE Capital Canada Funding Company</li> </ul>	6 months	No Charge	

**Project Blue Reverse TSA Schedule Draft**

<u>#</u>	<u>Service</u>	<u>Upstream Supplier</u>	<u>Type of Service</u>	<u>Description of Transitional Arrangement</u>	<u>Transition Period (from the date of Closing)</u>	<u>2014 Costs (Monthly unless otherwise stated)</u>	<u>Additional Terms (e.g. third party consent)</u>
22	Financial Systems and Accounting Support	Company	Non-IT Support Service	Provide IT Application support and accounting services to GECC for the following legal entities: 001-General Electric Capital Corporation 033-Gelco Corporation D79-GE Capital Registry Inc. 117-General Electric Capital Corporation of Puerto Rico 080-GECC Consolidations/Eliminations-Non Legal Entity 0CA-GECC Interest Allocations-Non Legal Entity 0AL-GECC Inter-Bus Allocation-Non Legal Entity 0FA-International Interest Allocations-Non Legal Entity	12 months	No Charge	
23	Access to US G/L information for stay behind entities	Company	IT Support Service	Company to provide reporting/queries from the US G/L on an as requested basis for stay behind legal entities defined in #28 & 29.	12 months	No charge	
24	Provide input to the Loan Review Process	Company	Non-IT Support Service	Company to input to Internal audit functions at GECC and CAS for the purposes of Peer Loan Services review.	Until Trigger Date	TBD	
25	Network Service for GE Capital Invest Direct applications	Company	IT Support Service	Provide Network Support for the GE Capital Invest Direct Applications hosted in the Savvis Data Center	6 months	TBD	
26	Access to Responsys contract	Company	Non-IT Support Service	Company to provide access to Responsys Master Services Agreement used by GECC prior to IPO.	Until Trigger Date	TBD	
27	Access to Sarcom contract	Company	Non-IT Support Service	Company to provide access to Sarcom Master Services Agreement used by GECC prior to IPO.	Until Trigger Date	TBD	
28	Access to Cincinnati Bell Technology Solutions, Inc. (#21065) contract	Company	Non-IT Support Service	Company to provide access to Cincinnati Bell Technology Solutions, Inc. (#21065) Master Services Agreement used by GECC prior to IPO.	Until Trigger Date	TBD	
29	Access to Comperemedia, Inc. (#238802) contract	Company	Non-IT Support Service	Company to provide access to Comperemedia, Inc. (#238802) Master Services Agreement used by GECC prior to IPO.	Until Trigger Date	TBD	
30	Access to Equifax Information Services LLC (#151514 & #151227) contract	Company	Non-IT Support Service	Company to provide access to Equifax Information Services LLC (#151514 & # 151227) Master Services Agreement used by GECC prior to IPO.	Until Trigger Date	TBD	
31	IdM hosting and systems administration services	Company	IT Support Service	Company to provide hosting and system administration support for the Money IdM environment Master Services Agreement used by GECC prior to IPO.	24 months	TBD	

URL	CHVIP	NJVIP
nja.onlinecreditcenter6.com	NA	216.74.188.42
njb.onlinecreditcenter6.com	NA	216.74.188.48
cha.onlinecreditcenter6.com	216.64.220.154	NA
chb.onlinecreditcenter6.com	216.64.220.232	NA
nja2.onlinecreditcenter6.com	NA	216.74.188.36
njb2.onlinecreditcenter6.com	NA	216.74.188.58
cha2.onlinecreditcenter6.com	216.64.207.15	NA
chb2.onlinecreditcenter6.com	216.64.207.16	NA
*.creditapply.mobi	216.64.207.59	216.74.188.63
*.mycreditcard.mobi	216.64.207.25	216.74.148.204
amazon.gewebsservices.com	216.64.220.230	216.74.148.215
apply.lowes.com	216.35.172.62	216.74.188.162
credit.lowes.com	216.35.172.53	216.74.188.153
DL Swipe VIPs	216.64.220.153	216.74.188.41
ebill.onlineebillcenter.com	216.64.207.24	216.74.148.203
lowes.gecsreports.com	216.64.220.148	216.74.188.75
lowes1.gecsreports.com	216.64.207.40	216.74.188.117
lowescanada.gecsreports.com	216.64.220.237	216.74.188.79
team48.lowes.com	216.64.207.124	216.74.148.160
wmms.gecbrreports.com	216.64.220.167	216.74.188.53
www.aceptyouoffer.com	216.35.172.8	216.74.188.104
www.bananarepubliccredit.com	216.35.172.12	216.74.148.157
www.belkcredit.com	216.35.172.37	216.74.188.137
www.brooksbrotherscredit.com	216.64.220.175	216.74.188.55
www.cardoverview.com	216.35.172.57	216.74.188.157
www.chevroncards.ca	216.64.220.168	216.74.188.31
www.chevrontaxcocards.com	216.35.172.9	216.74.188.81
www.gapstorecard.com	216.64.220.174	216.74.188.56
www.gecapcardcredit.com	216.35.172.40	216.74.188.140
www.gecbr.com	216.35.172.61	216.74.188.161
www.gecbrapply.com	216.35.172.54	216.74.188.154
www.gecbrcredit.com	216.35.172.39	216.74.188.139
www.gecbrreports.com	216.64.207.96	216.74.148.247
www.gecbrterms.com	216.35.172.33	216.74.188.173
www.geflexloan.com	216.35.172.60	216.74.188.160
www.ge-mastercard.com	216.35.172.55	216.74.188.155
www.gecbracept.com	216.64.207.12	216.74.188.115
www.gemoneyaccept.com	216.35.172.7	216.74.188.103
www.gemoneyaccount.com	216.35.172.47	216.74.188.147
www.gemoneychat.com	216.64.207.56	216.74.188.34
www.gemoneycreditorffer.com	216.64.220.235	216.74.188.133
www.gemoneyloan.com	216.35.172.41	216.74.188.141
www.gemoneyloans.com	216.35.172.42	216.74.188.142
www.gemoneynewcard.com	216.35.172.29	216.74.188.113
www.inbranchapply.com	216.35.172.58	216.74.188.158
www.jcpenneycreditcenter.com	216.64.220.152	216.74.188.106
www.jcpenneymastercard.com	216.35.172.64	216.74.188.164
www.lowesbusinesscredit.ca	216.64.207.75	216.74.148.231
www.lowescredit.ca	216.35.172.52	216.74.188.152
www.lowesvisacredit.com	216.35.172.50	216.74.188.150
www.modellscredit.com	216.35.172.51	216.74.188.151
www.modellscreditapply.com	216.35.172.30	216.74.188.114
www.oldnavystorecard.com	216.35.172.13	216.74.148.158
www.onlinecreditcenter2.com	216.35.172.70	216.74.188.170
www.onlinecreditcenter4.com	216.64.207.13	216.74.148.194
www.onlinecreditcenter6.com	216.35.172.35	216.74.188.135
www.reviewmyaccount.com	216.35.172.48	216.74.188.148
www.samsclubcredit.com	216.35.172.65	216.74.188.165
www.samsclubdiscover.com	216.35.172.63	216.74.188.163
www.shopnbcredit.com	216.35.172.45	216.74.188.145
www.shopnbcredit.com	216.35.172.46	216.74.188.146
www.steinmartcredit.com	216.35.172.44	216.74.188.144
www.storecreditreports.com	216.64.220.151	216.74.188.105
www.tjxrewards.com	216.35.172.26	216.74.188.62
www.walmartcreditcard.com	216.35.172.56	216.74.188.156
www2.onlinecreditcenter2.com	216.35.172.71	216.74.188.171
www2.onlinecreditcenter6.com	216.35.172.36	216.74.188.136
www3.onlinecreditcenter6.com	216.64.207.20	216.74.148.192
www.geprotect.com	216.64.220.224	216.74.148.224
www.ruscreditcard.com	216.64.220.171	216.74.148.135
m.gewebsservices.com	216.35.172.74	216.74.188.188
www.gebcs.com	216.35.172.67	216.74.188.167
www.gebusinesscreditservices.com	216.35.172.66	216.74.188.166
www.ikeacards.com	216.35.172.68	216.74.188.168
www.jcpcreditcard.com - 1	216.35.172.43	216.74.188.143
www.gemoneyuniversal.com	216.35.172.73	216.74.188.187
www.gecbrchat.com	216.64.220.229	216.74.148.232

PCSS	NJCredit8		ATCredit8		NJCredit10		ATCredit10		NJCredit9		NJCredit11			
URL	NJ Real IP:Port	NJ Virtual IP	Chicago Real IP:Port	Chicago Virtual IP	NJ Real IP:Port	NJ Virtual IP	Chicago Real IP:Port	Chicago Virtual IP	URL	NJ Real IP:Port	NJ Virtual IP	URL	NJ Real IP:Port	NJ Virtual IP
<a href="http://www.advancedesk.com">www.advancedesk.com</a>	10.33.4.97:8081:444	216.74.188.5	10.47.7.121:8081:444	216.64.207.97	NA	NA	NA	NA	<a href="http://www.advancedesk.com">www.advancedesk.com</a>	10.33.4.120:8081:444	216.74.188.189	<a href="http://www.advancedesk.com">www.advancedesk.com</a>	10.33.4.120:8082:445	216.74.188.197
<a href="http://secure.retailsalesfinance.com">secure.retailsalesfinance.com</a>	10.33.4.97:8082:445	216.74.188.6	10.47.7.121:8082:445	216.64.207.98	NA	NA	NA	NA	<a href="http://secure.retailsalesfinance.com">secure.retailsalesfinance.com</a>	10.33.4.120:8082:445	216.74.188.197	<a href="http://secure.retailsalesfinance.com">secure.retailsalesfinance.com</a>	10.33.4.120:8083:446	216.74.188.196
<a href="http://secure.advancedesk.com">secure.advancedesk.com</a>	10.33.4.97:8083:446	216.74.188.7	10.47.7.121:8083:446	216.64.207.99	NA	NA	NA	NA	<a href="http://secure.advancedesk.com">secure.advancedesk.com</a>	10.33.4.120:8083:446	216.74.188.196	<a href="http://secure.advancedesk.com">secure.advancedesk.com</a>	10.33.4.120:8084:447	216.74.188.201
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<a href="http://www.paybillnow.com">www.paybillnow.com</a>	10.33.4.97:8088:451	216.74.188.12	10.47.7.121:8088:451	216.64.207.104	NA	NA	NA	NA	<a href="http://www.paybillnow.com">www.paybillnow.com</a>	10.33.4.120:8088:451	216.74.188.217	<a href="http://www.paybillnow.com">www.paybillnow.com</a>	10.33.4.120:8089:452	216.74.188.204
<a href="http://www.financing.com">www.financing.com</a>	10.33.4.97:8089:452	216.74.188.13	10.47.7.121:8089:452	216.64.207.105	NA	NA	NA	NA	<a href="http://www.financing.com">www.financing.com</a>	10.33.4.120:8089:452	216.74.188.204	<a href="http://www.financing.com">www.financing.com</a>	10.33.4.120:8093:456	216.74.188.208
<a href="http://www.cuttimedegard.com">www.cuttimedegard.com</a>	10.33.4.97:8093:456	216.74.188.17	10.47.7.121:8093:456	216.64.207.109	NA	NA	NA	NA	<a href="http://www.cuttimedegard.com">www.cuttimedegard.com</a>	10.33.4.120:8093:456	216.74.188.208	<a href="http://www.cuttimedegard.com">www.cuttimedegard.com</a>	10.33.4.120:8096:459	216.74.188.210
<a href="http://www.careerone.net">www.careerone.net</a>	10.33.4.97:8096:459	216.74.188.20	10.47.7.121:8096:459	216.64.207.112	NA	NA	NA	NA	<a href="http://www.careerone.net">www.careerone.net</a>	10.33.4.120:8096:459	216.74.188.210	<a href="http://www.careerone.net">www.careerone.net</a>	10.33.4.120:8098:461	216.74.188.211
<a href="http://www.enroll-today.com">www.enroll-today.com</a>	10.33.4.97:8098:461	216.74.188.21	10.47.7.121:8098:461	216.64.207.113	NA	NA	NA	NA	<a href="http://www.enroll-today.com">www.enroll-today.com</a>	10.33.4.120:8098:461	216.74.188.211	<a href="http://www.enroll-today.com">www.enroll-today.com</a>	10.33.4.120:8099:462	216.74.188.190
<a href="http://www.geonlineapply.com">www.geonlineapply.com</a>	10.33.4.97:8099:462	216.74.188.22	10.47.7.121:8099:462	216.64.207.114	NA	NA	NA	NA	<a href="http://www.geonlineapply.com">www.geonlineapply.com</a>	10.33.4.120:8099:462	216.74.188.190	<a href="http://www.geonlineapply.com">www.geonlineapply.com</a>	10.33.4.120:8101:463	216.74.188.191
<a href="http://www.geonlinequickscreen.com">www.geonlinequickscreen.com</a>	10.33.4.97:8101:463	216.74.188.23	10.47.7.121:8101:463	216.64.207.115	NA	NA	NA	NA	<a href="http://www.geonlinequickscreen.com">www.geonlinequickscreen.com</a>	10.33.4.120:8101:463	216.74.188.191	<a href="http://www.geonlinequickscreen.com">www.geonlinequickscreen.com</a>	10.33.4.120:8102:464	216.74.188.218
<a href="http://www.retailsalesfinance.com">www.retailsalesfinance.com</a>	10.33.4.97:8102:464	216.74.188.24	10.47.7.121:8102:464	216.64.207.123	NA	NA	NA	NA	<a href="http://www.retailsalesfinance.com">www.retailsalesfinance.com</a>	10.33.4.120:8102:464	216.74.188.218	<a href="http://www.retailsalesfinance.com">www.retailsalesfinance.com</a>	10.33.4.120:8103:465	216.74.188.213
<a href="http://www.gelandscapefinance.com">www.gelandscapefinance.com</a>	10.33.4.97:8103:465	216.74.188.227	10.47.7.121:8103:465	216.64.207.125	NA	NA	NA	NA	<a href="http://www.gelandscapefinance.com">www.gelandscapefinance.com</a>	10.33.4.120:8103:465	216.74.188.213	<a href="http://www.gelandscapefinance.com">www.gelandscapefinance.com</a>	10.33.4.120:8104:466	216.74.188.215
<a href="http://www.homedesignterms.com">www.homedesignterms.com</a>	10.33.4.97:8104:466	216.74.188.147	10.47.7.121:8104:466	216.64.207.119	NA	NA	NA	NA	<a href="http://www.homedesignterms.com">www.homedesignterms.com</a>	10.33.4.120:8104:466	216.74.188.215	<a href="http://www.homedesignterms.com">www.homedesignterms.com</a>	10.33.4.120:8105:467	216.74.188.216
<a href="http://www.homesourcefinance.com">www.homesourcefinance.com</a>	10.33.4.97:8105:467	216.74.188.148	10.47.7.121:8105:467	216.64.207.126	NA	NA	NA	NA	<a href="http://www.homesourcefinance.com">www.homesourcefinance.com</a>	10.33.4.120:8105:467	216.74.188.216	<a href="http://www.homesourcefinance.com">www.homesourcefinance.com</a>	10.33.4.120:8106:468	216.74.188.214
<a href="http://www.esureb2c.com">www.esureb2c.com</a>	10.33.4.97:8106:468	216.74.188.150	10.47.7.121:8106:468	216.64.220.228	NA	NA	NA	NA	<a href="http://www.esureb2c.com">www.esureb2c.com</a>	10.33.4.120:8106:468	216.74.188.214	<a href="http://www.esureb2c.com">www.esureb2c.com</a>	10.33.4.120:8111:472	216.74.188.192
<a href="http://www.secureb2c.com">www.secureb2c.com</a>	10.33.4.97:8111:472	216.74.188.110	10.47.7.121:8111:472	216.35.172.16	NA	NA	NA	NA	<a href="http://www.secureb2c.com">www.secureb2c.com</a>	10.33.4.120:8111:472	216.74.188.192	<a href="http://www.secureb2c.com">www.secureb2c.com</a>	10.33.4.120:8120:481	216.74.188.194
<a href="http://www.myareacredit.com">www.myareacredit.com</a>	10.33.4.97:8120:481	216.74.188.132	10.47.7.121:8120:481	216.35.172.31	NA	NA	NA	NA	<a href="http://www.myareacredit.com">www.myareacredit.com</a>	10.33.4.120:8120:481	216.74.188.194	<a href="http://www.myareacredit.com">www.myareacredit.com</a>	10.33.4.120:8121:482	216.74.188.195
<a href="http://www.gelcentral.com">www.gelcentral.com</a>	10.33.4.97:8121:482	216.74.188.134	10.47.7.121:8121:482	216.35.172.32	NA	NA	NA	NA	<a href="http://www.gelcentral.com">www.gelcentral.com</a>	10.33.4.120:8121:482	216.74.188.195	<a href="http://www.gelcentral.com">www.gelcentral.com</a>	10.33.4.120:8122:483	216.74.188.198
<a href="http://www.b2berediservices.com">www.b2berediservices.com</a>	10.33.4.97:8122:483	216.74.188.175	10.47.7.121:8122:483	216.35.172.75	NA	NA	NA	NA	<a href="http://www.b2berediservices.com">www.b2berediservices.com</a>	10.33.4.120:8122:483	216.74.188.198	<a href="http://www.b2berediservices.com">www.b2berediservices.com</a>	10.33.4.120:8124:485	216.74.188.177
<a href="http://businesscenter.gocapital.com">businesscenter.gocapital.com</a>	10.33.4.97:8124:485	216.74.188.176	10.47.7.121:8124:485	216.35.172.84	NA	NA	NA	NA	<a href="http://businesscenter.gocapital.com">businesscenter.gocapital.com</a>	10.33.4.120:8124:485	216.74.188.177	<a href="http://businesscenter.gocapital.com">businesscenter.gocapital.com</a>	10.33.4.153:8124:485	
<a href="http://www.gequickvacents.net">www.gequickvacents.net</a>	10.33.4.97:8125:486	216.74.188.85	10.47.7.121:8125:486	216.35.172.85	NA	NA	NA	NA	<a href="http://www.gequickvacents.net">www.gequickvacents.net</a>	10.33.4.120:8125:486	216.74.188.194	<a href="http://www.gequickvacents.net">www.gequickvacents.net</a>	10.33.4.120:8128:489	216.74.188.238
<a href="http://www.gecreditvacancies.com">www.gecreditvacancies.com</a>	10.33.4.97:8126:487	216.74.188.86	10.47.7.121:8126:487	216.35.172.86	NA	NA	NA	NA	<a href="http://www.gecreditvacancies.com">www.gecreditvacancies.com</a>	10.33.4.120:8126:487	216.74.188.195	<a href="http://www.gecreditvacancies.com">www.gecreditvacancies.com</a>	10.33.4.120:8132:493	216.74.188.238
<a href="http://www.gemoneyvelay.com">www.gemoneyvelay.com</a>	10.33.4.97:8127:488	216.74.188.231	10.47.7.121:8127:488	216.35.172.89	NA	NA	NA	NA	<a href="http://www.gemoneyvelay.com">www.gemoneyvelay.com</a>	10.33.4.120:8127:488	216.74.188.230	<a href="http://www.gemoneyvelay.com">www.gemoneyvelay.com</a>	10.33.4.120:8132:493	216.74.188.238
<a href="http://consumercenter.gocapital.com">consumercenter.gocapital.com</a>	NA	NA	NA	NA	10.33.5.15:8081/4443-4451	216.74.188.242	10.47.7.155:8081/4443-4451	216.64.207.103	<a href="http://consumercenter.gocapital.com">consumercenter.gocapital.com</a>	10.33.4.120:8132:493	216.74.188.238	<a href="http://consumercenter.gocapital.com">consumercenter.gocapital.com</a>	10.33.4.120:8133:494	216.74.188.237
<a href="http://businesscenter.gocapital.com">businesscenter.gocapital.com</a>	10.33.4.97:8132:493	216.74.188.240	10.47.7.121:8132:493	216.35.172.126	NA	NA	NA	NA	<a href="http://businesscenter.gocapital.com">businesscenter.gocapital.com</a>	10.33.4.120:8132:493	216.74.188.238	<a href="http://businesscenter.gocapital.com">businesscenter.gocapital.com</a>	10.33.4.120:8133:494	216.74.188.237
<a href="http://www.careercreditpro.com">www.careercreditpro.com</a>	10.33.4.97:8133:494	216.74.188.241	10.47.7.121:8133:494	216.64.207.127	NA	NA	NA	NA	<a href="http://www.careercreditpro.com">www.careercreditpro.com</a>	10.33.4.120:8133:494	NA	<a href="http://www.careercreditpro.com">www.careercreditpro.com</a>	10.33.4.153:8133:494	
<a href="http://www.gecareers.com">www.gecareers.com</a>														
<a href="http://www.gocapital.com">www.gocapital.com</a>														

newco.com (placeholder for new name)

<https://banking.gecbr.com>

Redirects for Retail Card

Domain	URL	301 Redirect To	CNAME To
<a href="http://gecapcardcredit.com">gecapcardcredit.com</a>	<a href="http://www.gecapcardcredit.com">www.gecapcardcredit.com</a>	<a href="http://www.synchrocredit.com">www.synchrocredit.com</a>	
<a href="http://www.gecbr.com">www.gecbr.com</a>	<a href="http://www.gecbr.com">www.gecbr.com</a>	<a href="http://www.myoptimizerplus.com">www.myoptimizerplus.com</a>	
<a href="http://gecbraccept.com">gecbraccept.com</a>	<a href="http://www.gecbraccept.com">www.gecbraccept.com</a>	<a href="http://accept.synchrocredit.com">accept.synchrocredit.com</a>	
<a href="http://gecbrchat.com">gecbrchat.com</a>	<a href="http://www.gecbrchat.com">www.gecbrchat.com</a>	NA	<a href="http://www.synchrochat.com">www.synchrochat.com</a>
<a href="http://gecbrcredit.com">gecbrcredit.com</a>	<a href="http://www.gecbrcredit.com">www.gecbrcredit.com</a>	<a href="http://www.synchrocredit.com">www.synchrocredit.com</a>	
<a href="http://gecbrreports.com">gecbrreports.com</a>	<a href="http://www.gecbrreports.com">www.gecbrreports.com</a>	<a href="http://www.syfreports.com">www.syfreports.com</a>	
<a href="http://gecbrterms.com">gecbrterms.com</a>	<a href="http://www.gecbrterms.com">www.gecbrterms.com</a>	<a href="http://www.synchrobankterms.com">www.synchrobankterms.com</a>	
<a href="http://ge-mastercard.com">ge-mastercard.com</a>	<a href="http://www.ge-mastercard.com">www.ge-mastercard.com</a>	<a href="http://www.synchrocredit.com">www.synchrocredit.com</a>	
<a href="http://gemoneyaccount.com">gemoneyaccount.com</a>	<a href="http://www.gemoneyaccount.com">www.gemoneyaccount.com</a>	affinity.synchrobank.com	
<a href="http://gemoneycards.com">gemoneycards.com</a>	<a href="http://www.gemoneycards.com">www.gemoneycards.com</a>	<a href="http://www.synchrocredit.com">www.synchrocredit.com</a>	
<a href="http://gemoneymastercard.com">gemoneymastercard.com</a>	<a href="http://www.gemoneymastercard.com">www.gemoneymastercard.com</a>	<a href="http://www.synchrocredit.com">www.synchrocredit.com</a>	
<a href="http://gemoneyuniversal.com">gemoneyuniversal.com</a>	<a href="http://www.gemoneyuniversal.com">www.gemoneyuniversal.com</a>	myamex.synchrobank.com	
<a href="http://www.geprotect.com">www.geprotect.com</a>	<a href="http://www.geprotect.com">www.geprotect.com</a>	protect.synchrofinancial.com	
<a href="http://gecsreports.com">gecsreports.com</a>	lowes1.gecsreports.com	lowes.syfreports.com	
<a href="http://gecbrreports.com">gecbrreports.com</a>	wmus.gecbrreports.com	wmus.syfreports.com	

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**Schedule 3**

GECC Facility Licenses to Company

5595 Trillium Blvd. Hoffman Estates, IL

500 W Monroe, Chicago, IL

1 Village Center Drive, Van Buren Township, MI

Employee medical facilities located in the State of Connecticut, including 800 Long Ridge Road, Stamford

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**Schedule 4**

Company Facility Licenses to GECC

1801 Phyllis Street, Lakeside Center II, Bentoville, AR

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Schedule 5

VARIATION REQUEST

Service Name / Number (from TSA Schedule 1 or Schedule 2):

Prepared by:

Date (MM/DD/YYYY):

Variation Control No.:

**I. Requestor Information**

Fill in with appropriate information or place an "X" next to all those that apply:

Area of Change:

Change to Existing Service

Addition of New Service

Is this Change a Regulatory Variation pursuant to Section 5.4 of the TSA?

No

Yes

If yes, specify relevant change in Applicable Law

**Proposed Variation Description and References:**

*Provide information below concerning the requested change. Create links to any supporting documentation.*

Description / Justification:

Impact of Not Implementing Proposed Change:

Available Alternatives:

Requested Production Start Date (MM/DD/YYYY)

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2. Initial Impact Analysis

Initial Review Date:  
(MM/DD/YYYY)

Assigned to:

IT Environments Affected:

Impact on Cost / Resources:

Impact on Transition Plan:

Pre-Closing Form(s) / Standard(s) Affected:

Risk associated with implementing the Variation:

Risk associated with not implementing the Variation:

Final Review Date:  
(MM/DD/YYYY)

3. Impact Analysis Results

Task / Milestone (or other expense)	Estimated Quantity	Daily Rate	Estimated No. of Days	Estimated Resource Availability Dates	
				From	To
Requirements & Analysis:		\$			
Development Effort:		\$			
Infrastructure Effort:		\$			
Testing & Release Effort:		\$			
Training (if applicable):		\$			
Travel and Expense estimate (if applicable):		\$			
Estimated Total Costs:		\$			

Impact of Not Implementing the Variation:

Alternatives to the Proposed Variation:

Estimated Release to Production Date: (MM/DD/YYYY)

4. Final Recommendation(s)

Approve --

Reject --

Defer Until (MM/DD/YYYY)

Express Treatment --

4. Final Recommendation(s)  
Treatment

5. Variation Request Form / Signatures

GECC Representative:

ATTACHED TO AND MADE A PART OF THE TRANSITIONAL SERVICES AGREEMENT DATED AS OF \_\_\_\_\_

Agreed and Accepted:

GECC: \_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Signature)

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_  
(The "Effective Date")

Purchaser Representative:

Purchaser: \_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Signature)

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Schedule 6

Deleted Service

<u>Manufacturer</u>	<u>Software/Services to be removed at IPO / Trigger Date</u>	<u>Product</u>
<b>Remove at IPO Date</b> Directors & Officers Insurance Software AG Link Systems	Applinx Prolease	
<b>Remove at Trigger Date</b> Minitab PKWare Critical Path Decisioneering Interwoven Knowledge Management GE Secure Computing Synovate SalesForce.com	Minitab All Products under Corporate Terms and Conditions Critical Path Meta Directory Crystal Ball Interwoven Meekeo Graphics Screensavers & logos on PC's Smartfilter Net Promoter Score SalesForce.com	

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Schedule 7

Service Levels

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**SCHEDULE 7  
PERFORMANCE MEASUREMENTS**

**1. Introduction**

This Schedule 7 sets forth the methodology that will be used to measure and assess the degree to which GECC's performance of the Transitional Arrangements is meeting Company's operational performance requirements for such Transitional Arrangements.

**2. Definitions and Interpretation**

2.1 Defined Terms

The following terms, when used in this Schedule 7, will have the meanings given them below unless otherwise specified or required by the context in which the term is used. Any capitalized term used but not defined in this Schedule 7 will have the meaning indicated in the main body of the Agreement.

Defined Term	Meaning
"Amount At Risk"	Ten percent (10%) of the At Risk Charges each month, excluding pass-through expenses and taxes with respect to the Transitional Arrangements provided hereunder (representing the maximum amount of Service Level Credits for which GECC is potentially at risk each month).
"At Risk Charges"	GECC's charges for the specific Transitional Arrangements to which the Service Levels apply (as such specific Transitional Arrangements are listed in Exhibit 7-A).
"Compliance Date"	The date on which Service Level Credits first become applicable to a Service Level Default, as specified in a Service Level Table.
"Measurement Period"	The period (typically, a calendar month) during which GECC is to measure and report on its performance against the Service Levels.
"Monthly Performance Report"	The performance report to be issued to Company each month by GECC as described in Section 3.3(a).
"Performance Failure"	A failure of GECC to meet a Service Level, whether or not the failure is excused.
"Service Level"	A standard of performance designated in Exhibit 7-A (Service Levels).
"Service Level Credit" or "SLC"	A monetary credit payable to Company by GECC in respect of a Service Level Default.
"Service Level Default"	A failure of GECC to meet a Service Level in any applicable Measurement Period that is not excused pursuant to Section 3.5(b), or as provided in Section 3.3(e).
"Service Level Table"	An Exhibit to this Schedule 7 that sets forth Service Levels, together with other pertinent information.
"Validation Period"	For any Service Level that is subject to validation, a period of six months beginning on the first day of the first month after GECC first becomes capable of measuring its performance relative to such Service Level.

2.2 References to Specific Resources

Where this Schedule 7 includes references to specific resources (e.g., tools, systems, equipment or software) that are to be used by GECC, if GECC implements any successors or replacements to such resources, the applicable references will be deemed to include such successor or replacement resources.

3. Service Level Framework

3.1 General

- (a) GECC will perform the Transitional Arrangements provided pursuant to this Agreement in a manner that meets (or exceeds) the applicable Service Levels. GECC will be responsible for measuring and reporting on its performance with respect to the Service Levels.
- (b) In cases where this Schedule 7 does not prescribe or otherwise regulate the manner or quality of GECC's performance, GECC will render such Transitional Arrangements in accordance with Clause 2.1 of the Agreement.

3.2 Performance Measurement Tools

- (a) GECC will measure its performance with respect to each Service Level using the corresponding measurement tools and methodologies identified in the Service Level Tables or, where the measurement tools and methodologies are not identified, using such other means as are mutually agreed upon by the Parties in writing. Performance monitoring and measurement must permit reporting at a level of detail sufficient to verify GECC's compliance with the Service Levels and will be subject to audit by Company.
- (b) Except as otherwise expressly provided in the Agreement, GECC will have operational, administrative, maintenance and financial responsibility for all tools and functions required to monitor, measure and report on GECC's performance against the Service Levels.
- (c) If a Party desires to use a different measuring tool than is specified for any Service Level, the issue shall be raised to and addressed by the Steering Committee. As part of such review, the Steering Committee may review and consider reasonable adjustments to the affected Service Levels as necessary to account for any increased or decreased sensitivity in the new measuring tool. The Parties may utilize different measuring tools only to the extent the tool, and any associated Service Level adjustments, are approved by the Steering Committee.

3.3 Performance Assessment and Reporting

- (a) GECC will track its performance with respect to each Service Level each month and report the results to Company in a monthly performance report, the format and structure of which will be as mutually agreed by Company and GECC (the "**Monthly Performance**").

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*Report*). GECC will deliver the Monthly Performance Report to Company in both printed and electronic form by the 15<sup>th</sup> day of the following month (or such other date as directed by the Steering Committee). The Monthly Performance Reports and any supporting data and information will constitute Company Confidential Information under the Agreement. The Steering Committee will meet each month promptly after the delivery of the Monthly Performance Report (i) to review any issues with the Transitional Arrangements provided pursuant to this Agreement or with any on-going projects and (ii) to discuss GECC's overall performance of the Transitional Arrangements provided pursuant to this Agreement.

- (b) Except as otherwise stated in a Service Level Table, performance against all Service Levels will be measured 7 days a week, 365 days a year (or, in the case of any specific Transitional Arrangement for which the hours of operation are limited, during the scheduled hours of operation).
- (c) The Monthly Performance Report (i) will identify and describe each Service Level Default and (ii) for each Service Level Default, will calculate the amount of the corresponding Service Level Credit Company is entitled to receive in accordance with Section 4.1.
- (d) Upon Company's request, GECC will provide detailed supporting information for any Monthly Performance Report. In certain cases where practicable, GECC will also give designated Company personnel online access to GECC's monitoring systems so that they can view real-time or near real-time operational status and performance data.
- (e) If GECC fails to properly assess and report on its performance relative to any Service Level on or before the date the Monthly Performance Report is due, it shall be deemed to be a Performance Failure subject to the provisions of Section 3.5, unless GECC provides the complete Monthly Performance Report to Company within five days after receiving written notice from Company that GECC failed to provide such report when due.

3.4 Service Levels Measured by Percentage

- (a) Some Service Levels are expressed in terms of achievement of a level of performance over a percentage of incidents occurring during a Measurement Period. In these instances, if the number of incidents occurring during a given Measurement Period is less than or equal to 100, then the following algorithm will be used to determine the number of instances that GECC must successfully complete the required performance to have achieved the Service Level concerned, notwithstanding the percentage expressed in the Service Level Table as the required level of performance for such Service Level:
  - (i) the number of instances occurring during the Measurement Period will be multiplied by the stated percentage; and
  - (ii) if the product of that multiplication is not a whole number, then the product will be rounded down to the nearest whole number.

(b) For example, assume that a Service Level states that GECC must complete at least 95% of instances within a stated interval of time in order to achieve the applicable Service Level. The following sample calculations illustrate how the above algorithm would function to determine the number of instances that GECC must complete within the stated interval of time in order to achieve the Service Level (in each case given a different number of total instances occurring during the corresponding Measurement Period):

- (i) If the actual number of instances was 100, GECC must successfully complete 95 or more instances on time (100 incidents x 95% = 95 instances);
- (ii) If the actual number of instances was 99, GECC must successfully complete 94 instances on time (99 incidents x 95% = 94.05 instances, rounded down to 94 instances); and
- (iii) If the actual number of instances was 9, GECC must successfully complete 8 instances on time (9 instances x 95% = 8.55 instances, rounded down to 8 instances).

3.5 Performance Failures, Excused Failures and Service Level Defaults

- (a) In the event of a Performance Failure, GECC will: (i) promptly investigate and report on the root cause of the problem; (ii) remedy the cause of the Performance Failure and resume meeting the affected Service Levels to the extent the actions required or appropriate to remedy the Performance Failure are within GECC's scope of responsibility; (iii) identify and inform Company of the actions, if any, that are required of Company to remedy and prevent recurrence of the Performance Failure; (iv) implement and notify Company of measures taken by GECC to prevent recurrences if the Performance Failure is otherwise likely to recur; and (v) make written recommendations to Company for improvements in procedures. As appropriate, GECC will implement new (or enhance its existing) standard operating procedures (SOPs) to prevent recurrences of Performance Failures and will update the procedures manuals (if applicable) to include the new or enhanced SOPs.
- (b) Each Performance Failure will constitute a Service Level Default except when (and to the extent that) (i) the Performance Failure is excused pursuant to the Force Majeure provisions of the Agreement, or (ii) the Performance Failure is directly attributable to (A) Company's failure to perform (or cause to be performed) or (B) improper performance of, Company's express responsibilities relating to the applicable Transitional Arrangement, so long as in either case, that GECC promptly notifies Company of the problem and uses commercially reasonable efforts to perform the affected Transitional Arrangements and meet the Service Levels notwithstanding Company's failure, but the Performance Failure occurs nevertheless; provided that GECC will notify Company in writing in advance of any out of pocket expenses, if any, incurred by GECC directly as the result of such event and such out of pocket expenses shall be reimbursed by Company.
- (c) If GECC wishes to avail itself of one of the excuses set out in Section 3.5(b) above, then GECC will so state in the Monthly Performance Report. In the Monthly Performance Report, GECC will also indicate the following:
  - (i) which Service Level(s) is(are) affected by the excuse(s); and
  - (ii) all of the circumstances that give rise to the excuse, in sufficient detail to permit Company to evaluate whether GECC's claim of excuse is valid.
- (d) GECC will at all times bear the burden of proof as to the existence of an excuse and the applicability of the excuse to the Performance Failure at issue, including during dispute resolution proceedings and without regard to any procedural rules of the dispute resolution forum that would otherwise impose the burden of proof on Company.

3.6 Cooperation with Other Parties

The achievement of the Service Levels by GECC may require the coordinated, collaborative effort of GECC with other parties. GECC will provide a single point of contact for the prompt resolution of all Performance Failures, regardless of whether the Performance Failure at issue was caused, in whole or in part, by GECC, Company, or some other party or event.

4. Service Level Credit Methodology

4.1 Service Level Credits

- (a) In the event that a single Service Level experiences a Service Level Default (i) in any two (2) calendar months occurring within a rolling six (6) calendar month period, or (ii) in such a manner as may be otherwise expressly provided in Exhibit 7-A, Company will be entitled to receive a monetary credit (i.e., a Service Level Credit) against GECC's Charges to reflect the reduced level of services actually received by Company.
- (b) If Company becomes entitled to a Service Level Credit for a Service Level Default, the Monthly Performance Report will so indicate, specifying each affected Service Level and the amount of the Service Level Credit that Company is entitled to receive. Service Level Credits shall be calculated as provided in the Exhibit 7-A. Unless otherwise directed by Company, GECC will give Company a credit in the amount owed to Company on GECC's next invoice pursuant to Clause 8.2 of the Agreement.
- (c) If more than one Service Level Credit is payable during a month, Company will be entitled to receive the sum of the corresponding Service Level Credits; *provided, however*, that in no event will Company be entitled to receive Service Level Credits for a single month in an amount that exceeds the dollar value of the Amount At Risk for that month.
- (d) Service Level Credits are intended to compensate Company for the difficult to quantify diminution in the value or quality of the Transitional Arrangements rendered as a result of a Service Level Default. For the avoidance of doubt, nothing herein is intended to preclude Company from exercising its rights under Clause 17.12 of the Agreement. GECC hereby irrevocably waives any claim or defense that Service Level Credits are not enforceable or that they constitute Company's sole and exclusive remedy of Company with respect to an occurrence or event that results in the occurrence of a Service Level Default.

5. Changes to Service Levels and Service Level Credit Amounts

5.1 Changes to Service Level Credit Amounts

A Party may propose that the then-current Service Level Credit amount for one or more Service Levels be increased or decreased, by proposing a Variation (in accordance with Clause 5 of the Agreement). Any agreed changes to the Service Level Credits as a result of an approved Variation shall become effective upon the timetable approved by the Steering Committee.

5.2 Deletion of Service Levels

A Party may propose deletions to one or more Service Levels at any time during the Term by proposing such for consideration by the Steering Committee. Any agreed-upon deletion of a Service Level will take effect on the date as specified by the Steering Committee.

5.3 Addition of New Service Levels

- (a) In response to changes in Company's business needs, or to reflect changes in or evolution of the Transitional Arrangements provided hereunder, the means of delivery or regulatory requirements, Company may propose to add additional Service Levels by proposing a Variation (in accordance with Clause 5 of the Agreement).
- (b) If the addition of a new Service Level or measurement tool results in additional, demonstrable costs to GECC, GECC may request an increase in the Charges via the Variation process, by providing information documenting such additional costs to Company. If the Parties do not resolve any such issue pursuant to the Variation process, the Parties will negotiate and resolve the dispute concerning such proposed increase in the Charges using the dispute resolution procedures set forth in the Agreement.

5.4 Determination of Service Level Values

Unless the Parties mutually agree on the value for each Service Level set forth in a Service Level Table, the following methodology will be used to establish their initial values:

- (a) If recent historical performance data exists for the Service Level, the performance data for the most recent six months will be used as follows:
  - (i) The performance data for the best and the worst performance months in the six-month period will be discarded; and
  - (ii) The Service Level will be set equal to the average monthly measurement out of the remaining monthly performance measurements. For example, if the six monthly performance measurements for a Service Level for which 100% reflects perfect performance were 99.90%, 99.91%, 99.92%, 99.93%, 99.94% and 99.95%, then 99.95% and 99.90% would be dropped and the Service Level will be set to 99.925%.
- (b) If recent historical performance data does not exist for the Service Level and sufficient empirical or qualitative data does not exist for the Parties to reasonably determine what level of performance GECC should be capable of achieving, the Service Level will be subject to validation and will be set as provided in Section 5.4(a) following the completion of the Validation Period. In the interim, Company will specify a reasonable provisional value for the Service Level based on available information.

5.5 Validation Procedure

- (a) The terms of this Section 5.5 apply to any of the Service Levels that Exhibit 7-A provides are subject to validation or that the Parties otherwise agree are subject to validation.
- (b) During the Validation Period for each Service Level designated as being subject to validation:
  - (i) GECC will measure and reports its performance monthly against each such Service Level in accordance with Sections 3.2 and 3.3; and
  - (ii) GECC will use commercially reasonable efforts to meet (or exceed) the provisional Service Levels set by Company pursuant to Section 5.4(b) and to otherwise comply fully with the provisions of this Schedule 7 with respect to such Service Levels; *provided, however*, that Service Level Credits will not apply to any Service Level that is subject to validation during its Validation Period.
- (c) Company, in its sole discretion, may extend the Validation Period for any Service Levels by so notifying GECC in writing, stating the period of extension.
- (d) At the end of the Validation Period, the affected Service Levels will be set in the manner specified in Section 5.4(a) or at such other levels as the Parties may otherwise agree taking into account pertinent factors, including the performance data obtained during the Validation Period, applicable industry standards for comparable environments, performance prior to the Validation Period, improvements in GECC's performance and non-recurring (or remedied) events responsible for any performance degradations during the Validation Period.

5.6 Service Level Credit Amounts for New Service Levels

When a new Service Level is added pursuant to this Section 5, the Steering Committee will determine a Service Level Credit amount allocable to the new Service Level.

EXHIBIT 7-A

SERVICE LEVELS

I. Definitions

- a. **“Actual Uptime”** means the aggregate number of minutes in any calendar month during which the applicable equipment, software, services, or data are Available for Use.
- b. **“Available for Use”** means the ability of equipment, software, services or data to be utilized or accessed by Company at the applicable level or capacity to be provided to Company or other users in accordance with normal operations that are consistent with the stated requirements of Company or other users (including, as applicable, equipment and software specifications and Service Levels).
- c. **“Availability”** measures the Actual Uptime of the equipment, software, services or data to be utilized or accessed by Company, expressed as a percentage of the Scheduled Uptime for such equipment, software, services or data (i.e., Availability % = ((Actual Uptime)/(Scheduled Uptime)) x 100).
- d. **“Change Management Accuracy”** means, for all changes that are required to be performed by GECC through the change management process utilized by the Parties, the percentage of such changes that are completed and implemented during the Measurement Period such that no Severity 2 or above Incidents result. This shall be calculated as: (Number of changes completed and implemented during the Measurement Period such that no such Incidents result) / (Number of changes that are scheduled to be completed and implemented by GECC during the Measurement Period).
- e. **“Incident”** means an event which is not part of the standard operation of a service and which causes or may cause interruption to or a reduction to the quality of the service.
- f. **“Response Time”** means the elapsed time between: (i) the earlier of the moment that an Incident is reported to GECC (e.g., through automatic notification; a call to GECC’s help desk or call from Company; or other form of communication) or the moment that GECC otherwise becomes aware of such Incident; and (ii) notification of acknowledgement to the applicable Company contact and the commencement of resolution efforts by the group responsible for resolution.
- g. **“Scheduled Uptime”** means 24 hours per day, 7 days per week, but excluding routinely scheduled maintenance windows during which the applicable system or device is not Available for Use.
- h. **“Service Request”** means a request from a service recipient for (i) information or advice, (ii) a standard change or (iii) access to a GECC-provided Service. Service Requests do not include any Incident for which a Priority Level applies.

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- i. **"Service Request Closure Time"** means the elapsed time between: (i) the earlier of the moment that a Service Request (e.g., a support request, enhancement request, new access request, or role change request) is made to GECC (e.g., a call to GECC's help desk or call from Company, or other form of communication); and (ii) the moment that (A) GECC fulfills the Service Request, and (B) the corresponding Service Request ticket is updated to reflect that such Service Request has been fulfilled.
  - j. **"Severity Level"** means the level of business impact to Company for each Incident, and Severity Level 0, 1, 2 and 3 Incidents are described in Exhibit 7-B (Severity Level Definitions).
  - k. **"Speed of Answer"** measures (on a 24 hours x 7 day basis), the time elapsed, in seconds, between (a) the time of a service recipient's selection of a voice response unit option that requires answer by the help desk analyst or the time that the voice response unit completes its menued message, and (b) the time when a live help desk staff analyst answers the call.
  - l. **"Time to Restore"** means the elapsed time between: (i) the earlier of the moment that an Incident is reported to GECC (e.g., through automatic notification; a call to GECC's help desk or call from Company; or other form of communication) or the moment that GECC otherwise becomes aware of such Incident; and (ii) the moment that (A) the affected equipment, software, data or services for which GECC is responsible are restored to normal operations in accordance with applicable performance standards and specifications, or GECC implements a commercially reasonable workaround, such that the recipient of the corresponding services incur(s) no more than a de minimis, insignificant degradation of service that does not affect such recipient's ability to perform their work, and (B) the corresponding Incident ticket is updated to reflect that such Incident has been resolved. An Incident ticket that is managed by GECC and associated with a particular Incident shall not be closed until the service recipient reporting the Incident or other appropriate Company contact agrees that such ticket may be closed.

2. Service Levels

<u>Service</u>	<u>Service Level</u>	<u>Alternate Service Level Default under Section 4.1(a)(ii) (if applicable)</u>	<u>Measurement Period</u>	<u>Measurement Tool / Process</u>	<u>Does Validation Period Apply (Section 5.3)?</u>	<u>Service Level Credit</u>
GIS Data Center	[99%] of all Severity 0 and Severity 1 Incidents will have a Time to Restore of 2 hours <b>AND</b> Change Management Accuracy shall be at least [99%]		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Data Center – AS/400 (US)	[95%] of all Severity 0 and Severity 1 Incidents will have a Time to Restore of 2 hours <b>AND</b> Change Management Accuracy shall be at least [95%]		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Data Center – Mainframe (US)	[99%] of all Severity 0 and Severity 1 Incidents will have a Time to Restore of 2 hours <b>AND</b> Availability of the Data Center – Mainframe shall be at least [99%]	Availability of the Data Center – Mainframe shall be at least [94%]	Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Data Center – Midrange (US)	[TBD%] of all Severity 0 and Severity 1 Incidents will have a Time to Restore of 2 hours		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]

<u>Service</u>	<u>Service Level</u>	<u>Alternate Service Level Default under Section 4.1(a)(6) (if applicable)</u>	<u>Measurement Period</u>	<u>Measurement Tool / Process</u>	<u>Does Validation Period Apply (Section 5.5)?</u>	<u>Service Level Credit</u>
Active Directory	[98%] of all Severity 1 Incidents will have a Time to Restore of 2 hours, [95%] of all Severity 2 Incidents will have a Time to Restore of 8 hours and [95%] of all Severity 3 Incidents will have a Time to Restore of 24 hours.		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Enhanced Authentication Services	Availability of the Enhanced Authentication Services shall be at least [98%]. <b>AND</b> Transaction response time will be less than 2 seconds [95%] of the time.	Availability of the Enhanced Authentication Services shall be at least [93%].	Monthly	ITIL: Topaz moving to Intrascope	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Data Loss Prevention	All Severity 0 and 1 Incidents will meet [TBD%] of the Incident Response Time. (Incident response time varies by issue type)		Monthly	ITIL: ServiceNow	Yes	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]

<u>Service</u>	<u>Service Level</u>	<u>Alternate Service Level Default under Section 4.1(a)(ii) (if applicable)</u>	<u>Measurement Period</u>	<u>Measurement Tool / Process</u>	<u>Does Validation Period Apply (Section 5.5)?</u>	<u>Service Level Credit</u>
IDM	<p>[95%] of all:</p> <ul style="list-style-type: none"> <li>Severity 1 Incidents will have a Response Time of 4 hours; and</li> <li>Severity 2 Incidents will have a Response Time of 8 hours</li> </ul> <p><b>AND</b></p> <p>[95%] of all:</p> <ul style="list-style-type: none"> <li>Severity 1 Incidents will have a Time to Restore of 8 hours; and</li> <li>Severity 2 Incidents will have a Time to Restore of 16 hours</li> </ul> <p><b>AND</b></p> <p>Change Management Accuracy shall be at least [95%]</p>		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Network Service – WAN/LAN	<p>[95% of all Severity 0 and Severity 1 Incidents will have a Time to Restore of 2 hours]</p> <p><b>AND</b></p> <p>Change Management Accuracy shall be at least [93%]</p>		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]

<u>Service</u>	<u>Service Level</u>	<u>Alternate Service Level Default under Section 4.1(a)(ii) (if applicable)</u>	<u>Measurement Period</u>	<u>Measurement Tool / Process</u>	<u>Does Validation Period Apply (Section 5.5)?</u>	<u>Service Level Credit</u>
VPN Remote Access - Remote VPN services including user administration	Availability of the VPN shall be at least [95%]		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
OneGE Helpdesk	[85%] of calls to the OneGE Helpdesk shall have a Speed of Answer of 60 seconds or less		Monthly	Vendor IVR System	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Identity, Access & Security Infrastructure	[90%] of all incidents will have a Median Time to Restore of: Severity 0: 4 hours; Severity 1: 24 hours; Severity 2: 72 hours; Severity 3: 120 hours.		Monthly	ITIL: ServiceNow	Yes	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Third Party Assessments - 3PC	Complete [90%] of risk profiles within 7 days of receipt Complete [90%] of 3PC assessment issue/scoring logs within 14 days of receiving the completed SAQ.		Monthly	Support Central	Yes	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Cyber Intelligence (CRITS)	Deliver [100%] of daily threat updates (CTU) for each Business Day during the month (unless changes to the update rhythm (i.e., daily) are agreed upon by the Parties)		Monthly	Manual	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Red Team / Blue Team	Complete [95%] of their engagements/assessments within the estimated end date based on the latest agreed upon SOW.		Monthly	Blue Team: SupportCentral Red: WIKI	Yes	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]

<u>Service</u>	<u>Service Level</u>	<u>Alternate Service Level Default under Section 4.1(a)(B) (if applicable)</u>	<u>Measurement Period</u>	<u>Measurement Tool / Process</u>	<u>Does Validation Period Apply (Section 5.5)?</u>	<u>Service Level Credit</u>
Actimize / AML	Availability of Actimize shall be at least [98%]		Monthly	Topaz	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
US Payroll Services	[TBD %] of direct deposit employees to be paid within 24 hours of scheduled pay date.  Speed / Service – For all Retail Finance HR inquiries / escalations, GE will provide an initial response within [24 hours] providing either an answer, solution, or update.  *provided GE has all data and input necessary to pay the employee, on the Monday prior to the planned check date.		Monthly	[TBD]	Yes	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Oracle HR (OHR)	[TBD%] of all:  • Severity 0 Incidents will have a Response Time of 24 Hours;  <b>AND</b>  Availability of the OHR shall be at least [99.6%]		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]

<u>Service</u>	<u>Service Level</u>	<u>Alternate Service Level Default under Section 4.1(a)(i) (if applicable)</u>	<u>Measurement Period</u>	<u>Measurement Tool / Process</u>	<u>Does Validation Period Apply (Section 5.5)?</u>	<u>Service Level Credit</u>
Metricstream	[90%] of all tickets will have a Time to Restore (TTR) of: Severity 1 = 48 hrs Severity 2 = 5 business days Severity 3 = 14 business days  <b>AND</b> Availability of MetricStream shall be at least [99%]		Monthly	ServiceNow Topaz	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Oracle SSS Accounts Payable	Availability of Oracle SSS shall be at least [90%]		Monthly	ITIL: ServiceNow	No	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]
Treasury Cash Management	[TBD]		Monthly	[TBD]	Yes	[Lesser of (i) \$250,000 or (ii) 50% of the monthly Charges for this particular Service]

**Exhibit 7-B**  
**Severity Level Definitions**

<u>Severity Level</u>	<u>Definitions [To be confirmed for each service listed in Exhibit 7-A]</u>
Severity 0	Means a critical or major incident that result in a simultaneous and complete loss of access to an entire system, region, network, or application for one or more Company business units. These types of incidents result in a high business impact or high visibility failures.
Severity 1	A significant, urgent, or high severity incident that results in slow response or limited access for an entire Company Business unit/business unit location or a loss of access for one or more Company business unit locations for system, region, or application. These types of incidents result in a high business impact or high visibility failure.
Severity 2	A significant or high severity incident that results in a partial loss of the network, system, region, or application that impacts a Company business unit location. It also includes batch or operational failures requiring immediate response, and/or application transaction failures.
Severity 3	A normal, medium, or minor incident that results in a single user loss of access to system, region, or application, batch failure not requiring immediate response. These types of incidents result in minimal impact to Company or a single Company business unit.

**TRANSITIONAL TRADEMARK LICENSE AGREEMENT**

**THIS TRANSITIONAL TRADEMARK LICENSE AGREEMENT** (this "Agreement"), dated as of [—], 2014 (the "Effective Date"), is made and entered into by and between GE Capital Registry, Inc. ("Licensor") and Synchrony Financial ("Company").

WHEREAS, General Electric Company ("GE"), General Electric Capital Corporation ("GECC") and Company previously entered into that certain Master Agreement, dated [—], 2014 (as amended, modified or supplemented from time to time in accordance with its terms, the "Master Agreement");

WHEREAS, the Master Agreement requires the execution and delivery of this Agreement by the Parties as of the Effective Date;

WHEREAS, GE, the parent of Licensor, owns the Licensed Marks (as defined below) and holds registrations thereof in various countries of the world for various products and services, and has granted Licensor the right to sublicense the Licensed Marks;

WHEREAS, Licensor has the right to grant the licenses granted in this Agreement to Licensee (as defined below);

WHEREAS, the Licensed Marks constitute valuable rights owned and used by GE in conducting its and its Affiliates' business and designating the origin or sponsorship of its and its Affiliates' distinctive products and services;

WHEREAS, Licensor desires to enhance and protect the goodwill of the Licensed Marks and to preserve GE's and its Affiliates' right to label products with and associate services with the Licensed Marks so as to avoid consumer confusion;

WHEREAS, Licensee and Licensor agree that certain rules regarding Licensee's use of the Licensed Marks are necessary to enhance and protect the goodwill of the Licensed Marks, and to ensure that Licensor's rights in the Licensed Marks are preserved; and

WHEREAS, in connection with the transactions contemplated by the Master Agreement, Licensor desires to grant to Licensee a license to use the Licensed Marks in accordance with the terms, and subject to the conditions, set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Licensor and Company, intending to be legally bound, hereby agree as follows:

**1. DEFINITIONS**

Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to such terms in the Master Agreement. The following capitalized terms as used in this Agreement have the meanings set forth in this Article 1:

A. "Commercialize" means (i) with respect to products, to develop, design, offer, distribute, sell and/or otherwise commercialize and (ii) with respect to services, to perform, offer, distribute, render, sell and/or otherwise commercialize.

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B. "Licensed Marks" means and is limited to (i) the Specified GE Marks and (ii) the Licensed Tagline.

C. "Licensed Tagline" means the phrase "Built from GE Heritage", but only all of the words "Built from GE Heritage" used in that order.

D. "Licensee" means collectively Company and the Permitted Sublicensees/Assignees.

E. "License Territory" means the jurisdictions set forth on Exhibit B attached hereto.

F. "New Products and Services" means all products and services not being actively Commercialized as of the Effective Date that are first Commercialized by Licensee within six (6) months after the Effective Date utilizing the Licensed Marks and (i) are of a quality that is equal to or better than the Products and Services offered by GECC and its Affiliates (including Company and its Subsidiaries) in the conduct of the Company Business prior to the Effective Date, (ii) are intended for the same or substantially similar purpose and application as such Products and Services, and (iii) are not any of the Products and Services listed in Exhibit C attached hereto; provided that, to the extent such products or services are not natural extensions of Products and Services, such products and services shall be approved by the Company Board.

G. "Party" means Licensor and Company individually, and "Parties" means Licensor and Company collectively.

H. "Permitted Assignees" means Company's direct and indirect wholly-owned Subsidiaries to which this Agreement has been assigned under Section 9.A.

I. "Permitted Sublicensees" means Company's direct and indirect wholly-owned Subsidiaries which have been granted a sublicense under Section 2.C.

J. "Permitted Sublicensees/Assignees" means Permitted Sublicensees and/or Permitted Assignees, as the context requires.

K. "Products" and "Services" mean, respectively, (i) products and services Commercialized prior to the Effective Date by GECC and its Affiliates (including Company and its Subsidiaries) in the conduct of the Company Business, (ii) products and services listed in Exhibit C attached hereto, and (iii) New Products and Services subject to the approval of Licensor as set forth in Section 3.A.

L. "Specified GE Marks" means the Marks listed and referenced in Exhibit A attached hereto alone and in such combinations with other words, phrases and logos that are (a) in use by GECC and its Affiliates in the conduct of the Company Business as of the Effective Date and (b) in conformance with the Usage Guidelines (unless otherwise approved in writing by Licensor).

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**M.** “Standards of Quality” means at least the same high standards of quality, appearance, service and other standards that are observed immediately prior to the Effective Date by GECC and its Affiliates in the Commercialization, advertising, marketing and promotion of Products sold and Services rendered immediately prior to or as of the Effective Date, provided that the foregoing standards shall be no less than the standards that Licensee observes in its Commercialization, advertising, marketing and promotion from time to time of any products and services similar to the Products and Services.

**N.** “Transitional Services Agreement” means that certain Transitional Services Agreement entered into by and between GECC and the Company, dated [—], 2014 (as amended, modified or supplemented from time to time).

**O.** “Trigger Date” means the first date on which members of the GE Group cease to beneficially own (excluding for such purposes shares of Company Common Stock beneficially owned by GE but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GE being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) more than fifty percent (50%) of the outstanding Company Common Stock.

**P.** “Usage Guidelines” means Licensor’s guidelines for use of the Licensed Marks as may be provided and amended from time to time by Licensor in its sole discretion, including the General Electric Company’s Brand Identity Guidelines ([www.gebrandcentral.com/brand/design\\_library/](http://www.gebrandcentral.com/brand/design_library/)); provided, however, that such guidelines shall not be more onerous than those which apply to use of the Licensed Marks by GE and its Affiliates in connection with products or services that are similar to the Products and Services.

## 2. LICENSE GRANT

### A. Grants.

1. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Company a worldwide, non-exclusive, non-transferable, non-assignable (other than to Permitted Assignees as expressly provided in Section 9.A), royalty-free, fully paid up license, with no right to sublicense (other than to Permitted Sublicensees as expressly provided in Section 2.C), for a period not to exceed the Term, or such longer time periods as set forth in Exhibit D corresponding to each item thereon (each, a “Maximum License Term”), and only in the License Territory to use the Specified GE Marks only in connection with Products and Services Commercialized by Company and its Permitted Sublicensees/Assignees in the form in which such Specified GE Marks were applied to such materials prior to the Effective Date; provided, however, that Company shall use reasonable efforts to cease and discontinue use of such Specified GE Marks as soon as practicable after the Effective Date; and provided, further, that in each case, all such Specified GE Marks shall be removed from such applicable items following the end of the applicable Maximum License Term (except to identify Products and Services

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bearing such Licensed Marks, in which case such identification may be made through the Term subject to the terms and conditions of this Agreement). All such use shall be in strict accordance with the Standards of Quality and otherwise in accordance with the terms and conditions of this Agreement.

2. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Company a worldwide, non-exclusive, non-transferable, non-assignable (other than to Permitted Assignees as expressly provided in [Section 9.A](#)), royalty-free, fully paid up license, with no right to sublicense (other than to Permitted Sublicensees as expressly provided in [Section 2.C](#)), for a period not to exceed three (3) years after the Trigger Date and only in the License Territory to use, subject to Licensor's prior written approval prior to each type of use (which approval process is described in [Section 2.B](#) below), the Licensed Tagline in connection with (i) the Products and Services Commercialized by Company and its Permitted Sublicensees/Assignees or (ii) the general promotion of the Company Business, in each case in strict accordance with the Standards of Quality and otherwise in accordance with the terms and conditions of this Agreement.

**B. License Limitations; Approval Process.** The foregoing license to use (i) the Specified GE Marks is limited to use on or in connection with the Products or Services only (including any advertising, display, promotional copy, and other associated materials bearing such Licensed Marks that are in the form used prior to the Effective Date or otherwise approved in advance of their use by Licensor (which approval process is described below)) and (ii) the Licensed Tagline is limited to use on or in connection with the Products or Services or in the general promotion of the Company Business only. Company shall not, and shall cause its Subsidiaries not to, except as specifically permitted in this Agreement or approved in advance by Licensor, use the Licensed Marks or give consent to the use of the Licensed Marks to any other Person in any manner. In connection with any proposed use of the Specified GE Marks or Licensed Tagline that requires Licensor's prior approval pursuant to the foregoing [Section 2.A.2](#) or subpart (i) of this Section, Licensee shall provide Licensor with prior written notice of such proposed use and Licensor shall thereafter have thirty (30) days to approve or reject such use. If Licensor fails to respond within that thirty (30) day period, Licensee may send Licensor a reminder notice in writing (with a copy to Weil, Gotshal & Manges LLP as set forth in [Section 9.D](#)) and, if Licensor fails to respond to such reminder notice within thirty (30) days of receiving such reminder notice, such submission shall be deemed approved by Licensor. If Licensor rejects any such proposed use, the Licensed Marks and any materials bearing the Licensed Marks may not be used or disseminated unless the Licensed Marks are entirely removed therefrom.

**C. Permitted Sublicenses.** Company may grant sublicenses of the rights and licenses granted under [Sections 2.A.1](#) and [2.A.2](#) to a direct or indirect wholly-owned Subsidiary, which Subsidiary has executed an agreement to be bound by all obligations of Company and/or Licensee under this Agreement relating to such right and license and providing Licensor standing to enforce the terms and conditions of this Agreement without joinder of Company. Company shall promptly provide a copy of such agreement to Licensor. Company shall cause the Permitted Sublicensees to comply with the terms and conditions of this Agreement.

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**D. Reservation of Rights.** Any rights not granted to Licensee in this Agreement are specifically reserved by and for Licensor, GE and their Affiliates. Except as expressly provided in Sections 2.A, 2.B and 2.C, no licenses or other rights are implied or granted by estoppel or otherwise. Company hereby accepts, and shall cause its Permitted Sublicensees/Assignees to accept, this grant of license subject to the terms and conditions set forth in this Agreement.

### **3. NEW PRODUCTS AND SERVICES**

**A.** The grant of a license to use the Licensed Marks in connection with all New Products and Services is subject to the advance written approval of Licensor as to quality, purpose, and application, such approval not to be unreasonably withheld if such New Products and Services meet the Standards of Quality. For the avoidance of doubt, nothing in this Agreement shall be construed as requiring approval by Licensor of Licensee's Commercialization of products or services that do not utilize the Licensed Marks.

**B.** Licensee shall submit representative samples of all New Products and Services to Licensor at the address specified in Section 9.D or such other address as specified by Licensor. Licensor shall thereafter have thirty (30) days to approve or reject each such New Product or Service. If Licensor fails to respond within such thirty (30) day period, Licensee may remind Licensor in writing and, if Licensor fails to respond to such reminder within ten (10) days of receiving such reminder, such submission shall be deemed disapproved by Licensor. No New Product or Service may be sold under or in connection with a Licensed Mark prior to receipt of written approval from Licensor.

**C.** On the date that is six (6) months after the Effective Date, Licensee shall provide to Licensor a complete and accurate list of all New Products and Services existing as of such date in accordance with this Agreement.

### **4. EXAMINATION OF PRODUCTS AND SERVICES**

**A.** Licensor shall have the right to supervise and control the use of the Licensed Marks by Licensee with respect to the nature and quality of the Products and Services Commercialized by Licensee and the materials used to advertise, market and promote such Products and Services for the purpose of protecting and maintaining the goodwill associated with the Licensed Marks and the reputation of Licensor, GE and their Affiliates. The Steering Committee (as defined in the Transitional Services Agreement) shall monitor the progress of Licensee in ceasing use of the Licensed Marks by Licensee pursuant to the time periods for each media set forth in Exhibit D hereto, as if each media of use in Exhibit D were a Transitional Arrangement (as defined in the Transitional Services Agreement). All Products and Services (including New Products and Services and all such materials using the Licensed Marks) shall meet all requirements as set forth in Articles 2 and 3 herein and shall comply with all applicable Laws (collectively, the "Applicable Standards"). For the avoidance of doubt, nothing in this Section 4.A shall be construed as providing the Licensor with authority over any aspect of the Products and Services other than the use of the Licensed Marks in connection with the Products and Services.

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**B.** Licensor shall have the right to obtain from Licensee, at any time during the Term upon reasonable notice, reasonable information as to the nature and quality of the Products and Services and advertising, marketing and promotional materials therefor using the Licensed Marks and the manner in which the Licensed Marks are used in connection with the Products, Services or such materials.

**C.** If Licensor notifies Licensee that it has a bona fide belief that the Products or Services or the use of the Licensed Marks are not in conformance with the requirements of this Agreement: (i) Licensor and its authorized representatives shall, upon reasonable notice to Licensee, have the right to visit the offices and facilities of Licensee where Products, Services or such materials using the Licensed Marks are Commercialized, advertised, marketed, or promoted in order to conduct a reasonable inspection and examination of such offices and facilities solely for the purpose of determining compliance with this Agreement, provided that the right to have such visits, inspections and examinations shall be exercised in such manner and at such times so as not to interfere unreasonably with the business or operations of the Licensee; (ii) upon Licensor's reasonable request, Licensee shall furnish Licensor representative samples of all Products to which the Licensed Marks are affixed and representative samples showing all other uses of the Licensed Marks by Licensee; and (iii) upon Licensor's reasonable request, and upon reasonable notice, Licensee shall permit Licensor to promptly examine and audit documents, books and records pertaining specifically to the Commercialization, servicing, quality, performance, and other characteristics of Products and Services as Licensor may reasonably require to verify that all Products and Services using the Licensed Marks and all advertising, marketing and promotional materials therefor meet the Standards of Quality and that Licensee's use of the Licensed Marks complies with Licensee's obligations under this Agreement. In conducting any such inspection or audit under this Section 4.C, Licensor shall take all steps reasonably required by Licensee to minimize disruption to Licensee's business and to avoid disclosure of Licensee's confidential and proprietary information and materials, including executing reasonable nondisclosure agreements, provided that such steps and agreements shall not prevent Licensor from pursuing any claims that it may have in connection with this Agreement. Licensee shall submit representative samples of all marketing, advertising and promotional material not in use as of the Effective Date incorporating the Licensed Marks ("New Promotional Materials") (including packaging for Products) to Licensor at the address specified in Section 9.D or such other address as specified by Licensor. Licensor shall thereafter have thirty (30) days to approve or reject each such New Promotional Material; provided that Licensor shall only reject such New Promotional Material if Licensor reasonably believes that such New Promotional Material does not comply with this Agreement and the Standards of Quality. If Licensor fails to respond within that thirty (30) day period, Licensee may send Licensor a reminder notice in writing (with a copy to Weil, Gotshal & Manges LLP as set forth in Section 9.D) and, if Licensor fails to respond to such reminder notice within thirty (30) days of receiving such reminder, such submission shall be deemed approved by Licensor. If Licensor rejects any such proposed use, such New Promotional Material may not be used or disseminated unless the Licensed Marks are entirely removed therefrom.

**D.** Licensee may display, advertise and/or sell the Products and Services on or in connection with the World Wide Web or other Internet-based services (collectively, the "Internet") provided that Licensee strictly adheres to the terms of this Agreement, including the

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following conditions: (i) the Licensed Marks shall neither be used in the domain name of Licensee's website(s) nor as part (nor whole) of the URL(s) relating to Licensee's website(s) or any other website(s) controlled by Licensee, unless specifically approved by Licensor in its sole discretion and (ii) Licensee shall not link from web pages featuring the Licensed Marks and/or the Products and Services to any website owned by the GE or its Affiliates, unless Licensee has obtained written approval from Licensor for use of such link.

E. If, at any time, the Commercialization, advertising, marketing, promotion, servicing, quality or performance of any Products or Services fail, in the reasonable opinion of Licensor, to conform to the Standards of Quality or any other requirement of this Agreement, and Licensor notifies Licensee using the Licensed Marks of such failure, Licensee shall take all necessary steps to bring such Products and Services into conformance with the Standards of Quality and other requirements of this Agreement. If Licensee fails to cure any such non-conformity within thirty (30) days of such notice of nonconformity, then, without prejudice to Licensor's right to terminate the Agreement pursuant to [Section 7.B](#), Licensee shall use its best efforts to promptly cease Commercializing, advertising, marketing, promoting, and servicing such non-conforming Products and Services and/or advertising, marketing and promotional materials in connection with the Licensed Marks. Licensee acknowledges that any use of the Licensed Marks during a suspension period in contravention of this [Section 4.E](#) shall be deemed unauthorized and infringing.

## 5. USE OF LICENSED MARKS

A. Under the license and rights granted herein, Licensee is authorized to use the Licensed Marks only as provided in [Article 2](#).

B. Licensee shall comply with the Usage Guidelines with respect to the appearance and manner of use of the Licensed Marks. In using the Licensed Marks, Licensee shall indicate that the Licensed Marks are registered trademarks of GE. Any use of the Licensed Marks not specifically provided for by the Usage Guidelines (including any uses not contemplated by the Usage Guidelines, any uses in contravention of the Usage Guidelines and any clarifications of the Usage Guidelines) shall be adopted by Licensee only upon prior written approval by Licensor.

C. Without limiting [Section 5.B](#), all use of the Licensed Marks by Licensee hereunder shall be in accordance in all respects with the provisions of this Agreement, and with the Usage Guidelines. Licensee shall not: (i) unless otherwise approved in writing by Licensor in advance of such use, alter the Licensed Marks in any manner, including proportions, colors, elements, or otherwise; or animate, morph or otherwise distort its perspective or two-dimensional appearance; or alter any proprietary indicators, such as "TM," or ®, which appear with the Licensed Marks; (ii) use the Licensed Marks in any manner that (a) disparages GE or its Affiliates, or their products or services, (b) infringes Licensor's, GE's or their Affiliates' Intellectual Property rights, or (c) violates any applicable Laws; (iii) use the Licensed Marks in any manner that implies sponsorship or endorsement of Licensee or its products and services by Licensor, GE or their Affiliates; (iv) use the Licensed Marks as a feature or design element of or alongside or in conjunction with any other logo or any other company's name and/or Mark other

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than as permitted with respect to the Licensed Tagline in the form agreed upon in advance of any such use by Licensor in writing: (v) intentionally or negligently (a) commit or cause to be committed any illegal or unethical acts or (b) engage in any conduct that disparages, disputes, attacks, challenges, impairs, dilutes or is likely to harm the reputation or goodwill associated with Licensor, GE or any of their Affiliates, or their products or services, or the Licensed Marks or the rights of Licensor, GE and their Affiliates therein; or (vi) use the Licensed Marks in connection with any Licensed Products or Services or advertising, marketing, promotional or other materials that infringe, misappropriate or violate any Intellectual Property of any third party.

**D.** Licensee shall comply with all applicable Laws pertaining to the Licensed Marks, including those pertaining to the proper use and designation of Licensed Marks and pertaining to the Commercialization, advertising, marketing and promotion of Products and Services.

**E.** Licensee shall use its reasonable best efforts (taking into consideration among other things any adverse impact or consequences that might arise from Licensee's continued use of the Licensed Marks) to cease use of the Licensed Marks upon notice from Licensor to Licensee that, in the good faith opinion of Licensor, such use of the Licensed Marks might result in any trademark liability on the part of either Licensor, GE or their Affiliates or Licensee or a challenge to any of the Licensed Marks. Licensee shall comply fully and promptly with all guidelines provided to Licensee from time to time by Licensor for the purpose of distinguishing the Licensor's Marks and preventing confusion of itself and another entity.

**F.** Licensee shall supply Licensor with such information as Licensor may reasonably request in order for Licensor to acquire, maintain and renew registrations of the Licensed Marks, to record this Agreement, to enter Licensee as a registered or authorized users of the Licensed Marks or for any purpose reasonably related to Licensor's maintenance and protection of the Licensed Marks (including information concerning sales and other dispositions of Products and Services that are required in connection with the foregoing). Licensee shall fully cooperate with Licensor's reasonable requests in the execution, filing, and prosecution of any registration of a Mark or copyright relating to the Licensed Marks that Licensor may desire to obtain. For the foregoing purpose, Licensee shall supply to Licensor such samples, labels, letterheads and other similar materials bearing the Licensed Marks as may be reasonably required by Licensor.

**G.** Licensor and GE retain the sole right to protect at their sole discretion the Licensed Marks, including deciding whether and how to file and prosecute applications to register the Licensed Marks, whether to abandon such applications or registrations, and whether to discontinue payment of any maintenance or renewal fees with respect to any such registrations. Notwithstanding anything to the contrary in [Article 2](#), Licensee will not use the Licensed Marks, nor may any particular Product or Service be Commercialized, marketed, advertised, or promoted (i) in any jurisdiction where the Licensed Marks have not been registered in the relevant Mark class(es) for Products and Services, until an appropriate Mark search has been conducted and an application to register the particular Licensed Mark in the relevant Mark class(es) for Products and Services has been filed in such jurisdiction, or Licensor determines in good faith on the advice of its trademark counsel that (a) it would be preferable not to seek to register such Licensed Mark in such jurisdiction but that there is no material

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impediment to the use of such Licensed Mark therein or (b) use of such Licensed Mark without registration is not likely to adversely affect Licensor's rights in and to such Licensed Mark in such jurisdiction, and (ii) in a jurisdiction where entry of Licensee as a registered or authorized users is required by Law, prior to the execution of an appropriate registered user agreement or similar agreement and the filing thereof with the appropriate governmental agency. In the event that Licensee desires to Commercialize, market, advertise or promote any Product or Service under a Licensed Mark in any jurisdiction where such Licensed Mark has not been registered in the relevant Mark class(es), Licensee shall provide prior written notice thereof to Licensor and Licensee shall pay all reasonable, preapproved, documented costs for the Mark search and for any application to register such Licensed Mark in such jurisdiction. Not in limitation of the foregoing or Licensor's rights hereunder (including pursuant to Articles 7 and 8), in the event that Licensor determines that Licensee is using the Licensed Marks in a jurisdiction where such Licensed Marks are not registered in the appropriate Mark class(es) for Products and Services, Licensor at its sole discretion shall have the option to require such registration at Licensee's expense. GE will own all right, title and interest in and to any and all registrations and applications for registration of the Licensed Marks, whether filed before or after the Effective Date.

**H.** Other than with the prior written consent of Licensor, to be granted or withheld in Licensor's sole discretion, Licensee shall not enter into any agreements relating to the placement of paid listings for "keyword" or similar Website searches that consist of any of the Licensed Marks either alone or in combination with other words or phrases. Upon expiration or termination of this Agreement, Licensee shall assign any agreements relating to the placement of listings in response to Website search terms and keywords that include the Licensed Marks to Licensor, unless such agreements by their own terms are non-assignable, in which case Licensee shall terminate such agreements.

## **6. OWNERSHIP AND VALIDITY OF LICENSED MARKS**

**A.** Licensee admits the validity, and GE's ownership, of the Licensed Marks and agrees that any and all goodwill, rights or interests that might be acquired by the use of the Licensed Marks by Licensee shall inure to the sole benefit of GE. If Licensee obtains rights or interests in the Licensed Marks, Licensee hereby transfers, and shall execute upon request by Licensor any additional documents or instruments necessary or desirable to transfer, those rights or interests to GE and its Affiliates. Licensee admits and agrees that, as between the Licensor and Licensee, Licensee has been extended only a mere permissive right to use the Licensed Marks as provided in this Agreement which is not coupled with any ownership interest.

**B.** Licensee agrees not to: (i) use or register in any jurisdiction any Marks confusingly similar to, or consisting in whole or in part of, the Licensed Marks, (ii) register the Licensed Marks in any jurisdiction, without in each case the express prior written consent of Licensor, or (iii) use the Licensed Marks in any trade name, service name, corporate name or designation including any of the Licensed Marks. Whenever Licensee becomes aware of any reasonable likelihood of confusion or risk thereof between a Mark used by Licensee and a Licensed Mark, Licensee shall take appropriate steps to promptly remedy or avoid such confusion or risk of confusion.

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C. Licensee shall give Licensor notice promptly of any known or presumed infringements or other violations of the Licensed Marks of which it becomes aware. Licensee shall render to Licensor full and prompt cooperation (and, subject to Article 5, at Licensor's expense) for the enforcement and protection of the Licensed Marks. Licensor shall retain all rights to bring all actions and proceedings in connection with infringement or other violations of the Licensed Marks at its sole discretion. If Licensor decides to enforce the Licensed Marks against an infringer, all costs incurred and recoveries made shall be for the account of Licensor.

D. Licensee will not at any time during the Term, and any time thereafter for as long as Licensor, GE or any of their Affiliates shall own any rights in the Licensed Marks, willingly do or cause to be done any act or thing disparaging, disputing, attacking, challenging, impairing, diluting, or in any way tending to harm the reputation or goodwill associated with Licensor, GE, GECC, or their Affiliates or any of the Licensed Marks.

E. Licensee has no right, and shall not represent that it has any right, to bind or obligate Licensor in any way.

## 7. TERM AND TERMINATION

A. Unless sooner terminated pursuant to any provision of this Article 7, and subject to the survival of certain provisions as set forth in Section 7.G, the term of this Agreement shall commence on the Effective Date and continue until the Trigger Date ("Term").

B. In the event that Company or any of its Permitted Sublicensees/Assignees breach in any material respect any representation, warranty or covenant of this Agreement, and Licensor gives Company written notice of such breach (which notice shall provide a description of the breach that is reasonable under the circumstances), Company and any such Permitted Sublicensee/Assignee shall have thirty (30) days from its receipt of such notice to remedy such breach. If such breach is not remedied within such thirty (30) day period, Licensor shall have the right to terminate this Agreement, in whole or in part, at any time thereafter by giving Company notice of such termination.

C. This Agreement shall automatically terminate upon notice to Company (i) in its entirety upon any of the following events with respect to Company and (ii) with respect to any Permitted Sublicensee/Assignee, upon any of the following events with respect to such Permitted Sublicensee/Assignee:

1. any merger or consolidation of Company or such Permitted Sublicensee/Assignee with a third party that is not an Affiliate of Licensee;
2. the sale of all or substantially all of the assets of Company or such Permitted Sublicensee/Assignee to a third party that is not an Affiliate of Licensee; or
3. a change of control of Company or such Permitted Sublicensee/Assignee whereby any third party that is not an Affiliate of Licensee acquires fifty percent (50%) or more of the outstanding voting securities of Company or such Permitted Sublicensee/Assignee or the power, directly or indirectly, to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of Company or such Permitted Sublicensee/Assignee.

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D. In the event of any termination in connection with any such merger, consolidation, sale, or change of control, Licensee may submit to Licensor a written request to continue its then-current use of the Licensed Marks for a transition period (which in each case shall not be longer than the applicable Maximum License Term), which period will be subject to Licensor's prior written approval, which approval will not be unreasonably withheld.

E. This Agreement shall automatically terminate with respect to Company or a Permitted Sublicensee/Assignee without notice to Licensee by Licensor in the event that Company or such Permitted Sublicensee/Assignee commences, or has commenced against it, proceedings under bankruptcy, insolvency or debtor's relief laws or similar laws in any other jurisdiction, which proceedings are not dismissed within sixty (60) days; Company or such Permitted Sublicensee/Assignee makes a general assignment for the benefit of its creditors; or Company or such Permitted Sublicensee/Assignee ceases operations or is liquidated or dissolved.

F. Upon any expiration or termination of this Agreement, Licensee shall cease and completely discontinue use of the Licensed Marks other than as provided in: (i) Section 2.A.1 with respect to the Specified GE Marks solely as to the items for the applicable Maximum License Terms that extend beyond the Term; and (ii) Section 2.A.2 with respect to the Licensed Tagline for the remainder of the period set forth therein.

G. The following provisions of this Agreement shall survive any termination or expiration of this Agreement: (i) the licenses granted pursuant to Sections 2.A.1 (solely for the applicable Maximum License Term for such items in Exhibit D that are intended to survive the Term) and Section 2.A.2 (only for the time period set forth therein); (ii) all other terms and conditions of this Agreement applicable to such license grants; and (iii) Sections 6.A, 6.B and 6.D and Articles 8 and 9. Subject to the preceding sentence and except as expressly provided otherwise herein, upon termination or expiration of this Agreement, all licenses granted to Licensee herein shall immediately terminate.

## **8. INDEMNIFICATION; DISCLAIMERS; ASSUMPTION OF RISK**

A. Licensee shall fully indemnify and hold harmless Licensor, GE and their Affiliates and their directors, officers, partners, employees and agents (collectively, "GECC Indemnified Parties") from and against any and all claims, losses, damages, liabilities, costs (including reasonable attorneys' fees), and expenses asserted against or suffered by any such party and arising out of or relating to (i) Licensee's breach of this Agreement; (ii) any claim that Licensee's use of the Licensed Marks other than in accordance with the terms set forth in this Agreement, infringes or otherwise violates the Intellectual Property rights of any third party; and (iii) any claim arising from products or services Commercialized, advertised, marketed or promoted by Licensee from and after the Effective Date under or in connection with the Licensed Marks.

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**B. EACH PARTY AGREES AND ACKNOWLEDGES THAT THE LICENSED MARKS ARE LICENSED HEREUNDER AS IS, WITH ALL FAULTS, WITHOUT WARRANTY OF ANY KIND, AND SUBJECT TO ALL EXISTING LICENSES AND RIGHTS GRANTED, AND THAT LICENSOR DOES NOT MAKE, AND LICENSOR HEREBY SPECIFICALLY DISCLAIMS, ANY REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

**C. Each of Licensor and Licensee expressly disclaims that it is owed any duties not expressly set forth in this Agreement, and waives and releases any and all tort claims and causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement.**

**D. Licensee hereby assumes all risk and liability resulting from Licensee's use of the Licensed Marks.**

## **9. MISCELLANEOUS PROVISIONS**

**A. Assignment.** This Agreement shall not be assigned, in whole or in part, by operation of Law or otherwise without the prior written consent of both Parties, except that (i) Licensor may assign any or all of its rights and obligations under this Agreement to any of its Affiliates or (ii) Licensee may assign any or all of its rights and obligations under this Agreement to any of its direct or indirect wholly-owned Subsidiaries, provided that (x) such Subsidiary executes an agreement to be bound by all of the obligations under this Agreement, (y) Company has a continuing obligation to cause such Subsidiary to perform under this Agreement and (z) Company guarantees the performance of such Subsidiary. Any attempted assignment in violation of this Section 9.A shall be void. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by the Parties and their permitted successors and assigns.

**B. Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of Laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

**C. Force Majeure.** No party hereto (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (i) notify the other parties of the nature and extent of any such Force Majeure condition and (ii) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

**D. Notices.** All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by

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facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to Licensor and Licensee at the following addresses (or at such other address as shall be specified in a notice given in accordance with this [Section 9.D](#)):

Licensor:

GE Capital Registry, Inc.  
120 Long Ridge Road, 2C-34  
Stamford, CT 06902-1247  
Attention: George Thompson  
Facsimile: +353 402 29100

with a copy (which shall not constitute notice) to:

General Electric Company  
Corporate Trademark Operation  
3135 Easton Turnpike  
Fairfield, CT 06828  
Attention: Kathryn Barrett Park  
Facsimile: (203) 373-2181

with a copy (which shall not constitute notice) to:

General Electric Company  
3135 Easton Turnpike  
Fairfield, CT 06828  
Attention: Senior Counsel for Transactions  
Facsimile: (203) 373-3008

with a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attention: Howard Chatzinoff, Esq.  
Facsimile: (212) 310-8007

Licensee:

Synchrony Financial  
777 Long Ridge Road  
Stamford, CT 06902  
Attention: General Counsel  
Fax: (203) 567-8103

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**E. Severability.** If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

**F. Entire Agreement.** Except as otherwise expressly provided in this Agreement, this Agreement (including the Exhibits hereto), together with the Master Agreement, constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matter of this Agreement.

**G. No Third Party Beneficiaries.** Except as provided in Section 2.C with respect to Permitted Sublicensees and Article 8 with respect to GECC Indemnified Parties, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**H. Public Announcements.** The Parties shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system.

**I. Amendment.** No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties hereto. No waiver by any party hereto of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party hereto so waiving. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

**J. Rules of Construction.** Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (b) references to the terms Article, Section, paragraph, and Exhibit are references to the Articles, Sections, paragraphs, and Exhibits to this Agreement unless otherwise specified, (c) the word “including” and words of similar import shall mean “including, without limitation,” (d) provisions shall apply, when appropriate, to successive events and transactions, (e) the table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement and (f) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

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**K. Dispute Resolution.** Any dispute, controversy or claim arising out of or relating to this Agreement or the validity, interpretation, breach or termination of any provision of this Agreement shall be resolved in accordance with Article IX of the Master Agreement.

**L. Specific Performance.** Licensee acknowledges and agrees that the breach of this Agreement would cause irreparable damage to Licensor, GE and their Affiliates and that none of Licensor, GE and their Affiliates will have an adequate remedy at law. Therefore, the obligations of Licensee under this Agreement shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies which Licensor may have under this Agreement or otherwise.

**M. Waiver of Jury Trial.** EACH PARTY HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY HERETO (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.M.

**N. Relationship of the Parties.** Nothing contained herein is intended or shall be deemed to make either Party the agent, employee, partner or joint venturer of the other Party or be deemed to provide such Party with the power or authority to act on behalf of the other Party or to bind the other Party to any contract, agreement or arrangement with any other individual or entity.

**O. Counterparts.** This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of any such Agreement.

*[The remainder of this page has been intentionally left blank.]*

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

GE CAPITAL REGISTRY, INC.

By: \_\_\_\_\_  
Name:  
Title:

SYNCHRONY FINANCIAL

By: \_\_\_\_\_  
Name:  
Title:

Signature Page to Transitional Trademark License Agreement

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**Exhibit A**

Specified GE Marks

(i) The following General Electric Monogram Logo as defined and set forth in GE's identity program manual and as updated and provided by Licensor to Licensee from time to time at [http://gebrandcentral.com/brand/design\\_library/](http://gebrandcentral.com/brand/design_library/):



(ii) The word marks "GE", "GE Capital", "GE Capital Retail Bank", "GE Money" and "GECAF";

The following GECAF WITH ARCH DESIGN logo:



The following REFINED DESIGN BY GECAF WITH ARCH DESIGN logo:



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**Exhibit B**

License Territory

The United States of America, its territories and possessions, and Canada

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**Exhibit C**

**Near-Launch Products and Services**

None.

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**Exhibit D**

**Maximum License Terms**

**MEDIA OF USE**

**Stationery and Administrative**

Corporate Cards (P Card and T&L Card)

**Online**

URL portal for customers and partners containing the Licensed Marks including but not limited to <http://www.gogecapital.com>, [www.mgogecapital.com](http://www.mgogecapital.com) and <https://banking.gecra.com>

(without prejudice to the services relating to this URL under the Transitional Services Agreement)

Online servicing through partner (includes account servicing sites, alerts, e-mails, etc.)  
Intranet (internal non-customer facing)

**Other IT**

Email addresses / signatures (without prejudice to the services relating to email addresses under the Transitional Services Agreement)

**Product Materials**

Print and online cardholder documentation (e.g. application form, terms and conditions, change in terms, promo financing terms, replacement terms, etc.)

Print and online cardholder documentation (i.e. privacy policy)

Partner training materials

**Facilities Signs (Branches & Other Premises)**

In-store signs / communications (retailer locations)

**MEDIA OF USE**

**HR Communications**

Paychecks (India & Philippines)

Employee resources (e.g., benefits, EAP, rewards and recognition, etc.)

Recruiting materials, advertisements

Training materials

Employee programs/ initiatives

**MAXIMUM LICENSE TERM**  
**(Trigger Date for anything not otherwise explicitly listed below)**

6 months after the Trigger Date

6 months after Trigger Date

6 months after the Trigger Date

**MAXIMUM LICENSE TERM**

12 months after the Trigger Date

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**MEDIA OF USE**

**Stationery and Administrative**

GE Inspira Font

**IT**

Partner websites (e.g. Walmart.com) not hosted by RF with references to GE or GEGRB

Supplier portals

In-store POS (retailer/provider/branch locations)

Removal of GE marks, fonts, templates from internal systems (e.g., Workstation)

**MAXIMUM LICENSE TERM**

18 months after the Trigger Date

**MEDIA OF USE**

**Products**

Existing cards in market as of 6 months after the Effective Date (e.g. Care Credit,

Payment Solutions, PLCC and Dual Retail Cards, ATM, BRC)

**MAXIMUM LICENSE TERM**

As soon as practicable after the Effective Date and in no event later than 3.5 years from such date

For the avoidance of doubt, the Specified Licensed Marks may be used on the following media, and any other media not identified in this Exhibit D, for a period not to exceed the Term (the Effective Date through the Trigger Date), subject to the requirements of [Section 2.A.1](#) and other requirements and limitations of the Agreement.

**MEDIA OF USE**

**Stationery and Administrative**

Branded office supplies (e.g. letterhead, envelopes, fax cover sheets, mailing/labels, etc.)

Templates (e.g. PowerPoint, e-mail signature, screen saver, business cards, etc.)

Employee / Visitor / Contractor badges

Parking passes

Voicemails

Bills / invoices / purchase orders

**Other IT**

ATM screens (Deposits)

**Products**

New cards to be issued (e.g. new accounts, replacement, lost/stolen)

**Other Product Materials**

Plastic package (includes card carrier, marketing inserts, envelope, etc.)

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Deposits collateral (e.g. checkbook, deposit slips, check order form, envelope, etc.)  
Customer billing statement – GE branded (overlay, backer, remit slip)  
Customer billing statement - retailer branded (overlay, backer, remit slip)  
Billing statement package (e.g. outer envelope, remit envelope, inserts, etc.)  
Call center / IVR / outbound call scripts  
Servicing letters and envelopes (e.g. Risk, Ops, Collections, etc.)  
Credit Bureau submissions  
Bank Account tags (ACH, Direct Deposit)

**PR / IR Communications**

Press release, financial reports, press kits  
Social (e.g. Twitter, Facebook, LinkedIn, YouTube, podcasts, etc.)  
White papers, trade pub articles

**HR Communications**

Paychecks (for US, Canada and Puerto Rico)

**Facilities Signs (Branches & Other Premises)**

Building signs (e.g. exterior, interior, parking, etc.)

**Marketing / Sales**

Advertising (print, TV, radio, billboard, online, trade pubs, institutional ads)  
Direct marketing (direct mail, e-mail, texts, AVM, etc.)  
Merchandise (t-shirts, hats, mugs, etc.)

**Special events**

Sponsorship materials/events  
Community events (e.g. Habitat for Humanity)  
Tradeshow booths

**Other**

Credit Bureaus  
CFPB  
Associations (e.g., Visa, MasterCard)

**INTELLECTUAL PROPERTY CROSS LICENSE AGREEMENT**

This INTELLECTUAL PROPERTY CROSS LICENSE AGREEMENT (this "Agreement"), dated as of [—], 2014 (the "Effective Date"), is made and entered into by and between General Electric Company, a New York corporation ("GE") and General Electric Capital Corporation, a Delaware corporation ("GECC"), on the one hand, and Synchrony Financial, a Delaware corporation ("Company"), on the other hand.

WHEREAS, GE, GECC and Company previously entered into that certain Master Agreement, dated as of [—], 2014 (as amended, modified or supplemented from time to time in accordance with its terms, the "Master Agreement");

WHEREAS, the Master Agreement requires the execution and delivery of this Agreement by the parties hereto as of the Effective Date;

WHEREAS, GE and its Affiliates Control certain Intellectual Property that they desire to license to Company and its Subsidiaries in accordance with the terms, and subject to the conditions, set forth herein; and

WHEREAS, Company and its Subsidiaries Control certain Intellectual Property that they desire to license to GE and its Affiliates in accordance with the terms, and subject to the conditions, set forth herein.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**ARTICLE I  
DEFINITIONS**

Section 1.01. Certain Defined Terms. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to such terms in the Master Agreement. The following capitalized terms used in this Agreement shall have the meanings set forth below:

(a) "Company Intellectual Property" means Intellectual Property that is (i) Controlled by Company and its Subsidiaries as of the Effective Date or the date it is assigned to Company and such Subsidiaries pursuant to the Master Agreement and (ii) in Use, held for Use or Contemplated To Be Used by GE and its Affiliates as of the Effective Date or the date of such assignment.

(b) "Contemplated To Be Used" means that there are contemporaneous books or records, whether in hard copy or electronic or digital format (including emails, databases, and other file formats) evidencing a specific, good faith intention of future Use.

(c) "Control" or "Controlled" means, with respect to any Intellectual Property, the right to grant a license or sublicense to such Intellectual Property as provided for herein without (i) violating the terms of any agreement or other arrangement with any third party

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(ii) requiring any consent, approvals or waivers from any third party, or any breach or default by the Party being granted any such license or sublicense being deemed a breach or default affecting the rights of the Party granting such license or sublicense, or (iii) requiring the payment of material compensation to any third party.

(d) “FSB” means GE Capital Retail Bank.

(e) “GE Intellectual Property” means Intellectual Property that is (i) Controlled by GE and its Affiliates as of the Effective Date or the date it is assigned to GE and its Affiliates pursuant to the Master Agreement and (ii) in Use, held for Use or Contemplated To Be Used by the Company and its Subsidiaries as of the Effective Date or the date of such assignment, but specifically excludes (A) the GE Materials, (B) Intellectual Property Controlled by GE and its Affiliates that is expressly made available under the Transitional Services Agreement, (C) any and all rights in internet protocol addresses, and (D) any Patents that are subject to standard-setting organization obligations.

(f) “GE Materials” means, collectively, (i) the accounting policies and related documentation of GE and its Affiliates (“Accounting Policies”), (ii) Six Sigma and LEAN Software, documentation and materials of GE and its Affiliates (the “Six Sigma Materials”), (iii) the corporate policies and manuals of GE and its Affiliates, and (iv) the training materials of GE and its Affiliates.

(g) “Improvement” means any modification, derivative work or improvement of any Technology, whether patented or not and whether patentable or not.

(h) “Intellectual Property” means all of the following, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction, including: (i) all invention disclosures (whether patentable or unpatentable and whether or not reduced to practice) and all United States and non-U.S. patents, patent applications (along with all patents issuing thereon), statutory invention registrations, divisions, continuations, continuations-in-part, substitute applications of the foregoing and any extensions, reissues, restorations and reexaminations thereof, and all rights therein provided by international treaties or conventions (collectively, “Patents”), (ii) copyrights, mask work rights, database rights and design rights, whether or not registered, published or unpublished, and registrations and applications for registration thereof; and all rights therein whether provided by international treaties or conventions or otherwise, (iii) trade secrets, and (iv) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) - (iii) above. As used in this Agreement, the term “Intellectual Property” expressly excludes (x) trademarks, service marks, trade names, service names, trade dress, logos, monograms, domain names, domain name locators, and other identifiers of source, including all goodwill associated therewith, and any and all common law rights, and registrations and applications for registration thereof, all rights therein provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, and (y) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations.

(i) “Licensee” means a Party receiving a license or sublicense under this Agreement.

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(j) "Licenseor" means a Party granting a license under this Agreement.

(k) "Party" means, on the one hand, GE and its Affiliates (including GECC) and, on the other hand, Company and its Subsidiaries, and "Parties" means, collectively, GE and its Affiliates and Company and its Subsidiaries. To the extent the term "Party" or "Parties" is used in this Agreement and the context applies to a right or obligation that would be enjoyed or performed by of an Affiliate of GE or GECC, or a Subsidiary of Company, such right shall be deemed to flow to the Affiliate or Subsidiary, as applicable, while GE and GECC shall cause the applicable Affiliate to perform the obligation, and Company shall cause the applicable Subsidiary to perform the obligation.

(l) "party hereto" means, on the one hand, GE and GECC, and on the other hand, Company. "parties hereto" means, collectively, GE, GECC and Company.

(m) "Representatives" means, with respect to a Person, the Affiliates of such Person (or in the case of Company, the Subsidiaries of Company) and the directors, officers, partners, employees, agents, consultants, contractors, advisors, legal counsel, accountants and other representatives of such Person and its Affiliates (or in the case of Company, the Subsidiaries of Company).

(n) "Software" means the object and source code versions of computer programs and associated documentation, training materials and configurations to use and modify such programs, including programmer, administrator, end user and other documentation.

(o) "Technology" means, collectively, all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, inventions (whether patentable or unpatentable and whether or not reduced to practice) apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or non-public information, and other similar materials, and all recordings, graphs, drawings, reports, analyses, other writings, and other tangible embodiments of the foregoing, in any form, whether or not specifically listed herein, and all related technology, including Software.

(p) "Use" means to use and practice, license, sublicense, and otherwise exploit; to make, have made, use, sell, offer to sell, have sold, import and otherwise provide, commercialize and legally dispose of products and services under; and to develop and create Improvements in connection with.

## ARTICLE II LICENSE GRANT

### Section 2.01. Grant from GE to Company and its Subsidiaries.

(a) GE hereby grants and agrees to grant, and shall cause its Affiliates to grant and agree to grant, to Company and its Subsidiaries a non-exclusive, irrevocable, royalty-free, fully paid-up, worldwide, perpetual right and license, with no right to sublicense except as expressly provided in Section 2.01(b), under the GE Intellectual Property: (i) to allow

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employees, directors and officers of Company and its Subsidiaries to use and practice the GE Intellectual Property solely for internal purposes; (ii) to make, have made, use, sell, offer to sell, have sold, import, and otherwise provide, commercialize and legally dispose of products and services under the GE Intellectual Property; and (iii) to develop and create Improvements in connection with the GE Intellectual Property. As a condition to having any product or service made by any third party pursuant to the foregoing sentence, Company and its Subsidiaries will obtain a written agreement from such third party (a) with confidentiality undertakings that are no less restrictive than those contained in this Agreement and (b) that provides that such third party will make such products or services only on behalf of and at the direction of Company and its Subsidiaries. For the avoidance of doubt, the licenses granted in this Section 2.01(a) cover Technology embodying Intellectual Property identified in this Section 2.01(a).

(b) Company and its Subsidiaries may grant sublicenses of the rights and licenses granted under this Section 2.01 to an acquirer of any of the businesses, operations or assets of Company or its Subsidiaries to which this Agreement relates with regard solely to such business, operations or assets (and not any other businesses, operations, or assets of such acquirer), which acquirer executes an agreement to be bound by all obligations of Company and its Subsidiaries under this Agreement relating to such right and license. Company and its Subsidiaries shall promptly provide a copy of such agreement to GE.

(c) Subject to the terms and conditions of Article VI, Company and its Subsidiaries may permit their suppliers, contractors and consultants to exercise any or all of the rights and licenses granted to Company and its Subsidiaries under this Section 2.01 on behalf of and at the direction of Company and its Subsidiaries (and not solely for the benefit of such suppliers, contractors and consultants).

(d) Notwithstanding anything in this Agreement to the contrary, Company and its Subsidiaries will not Use the Intellectual Property set forth on Exhibit A (the “GE Restricted Intellectual Property”) in the territories and fields set forth on Exhibit A without the prior written consent of GE, which shall not be unreasonably withheld.

Section 2.02. Grant from Company to GE and its Affiliates.

(a) Company hereby grants and agrees to grant, and shall cause its Subsidiaries to grant and agree to grant, to GE and its Affiliates a non-exclusive, irrevocable, royalty-free, fully paid-up, worldwide, perpetual right and license, with no right to sublicense except as expressly provided in Section 2.02(b), under the Company Intellectual Property: (i) to allow employees, directors and officers of GE and its Affiliates to use and practice the Company Intellectual Property solely for internal purposes; (ii) to make, have made, use, sell, offer to sell; have sold, import, and otherwise provide, commercialize and legally dispose of products and services under the Company Intellectual Property; and (iii) to develop and create Improvements in connection with the Company Intellectual Property. As a condition to having any product or service made by any third party pursuant to the foregoing sentence, GE and its Affiliates will obtain a written agreement from such third party (a) with confidentiality undertakings that are no less restrictive than those contained in this Agreement and (b) that provides that such third party will make such products or services only on behalf of and at the direction of GE and its Affiliates. For the avoidance of doubt, the licenses granted in this Section 2.02(a) cover Technology embodying Intellectual Property identified in this Section 2.02(a).

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(b) GE and its Affiliates may grant sublicenses of the right and license granted under this Section 2.02 to an acquirer of any of the businesses, operations or assets of GE or its Affiliates to which this Agreement relates with regard solely to such business, operations or assets (and not any other businesses, operations, or assets of such acquirer), which acquirer executes an agreement to be bound by all obligations of GE and its Affiliates under this Agreement relating to such right and license. GE and its Affiliates shall promptly provide a copy such agreement to Company.

(c) Subject to the terms and conditions of Article VI, GE and its Affiliates may permit their suppliers, contractors and consultants to exercise any or all of the rights and licenses granted to GE and its Affiliates under this Section 2.02 on behalf of and at the direction of GE and its Affiliates (and not solely for the benefit of such suppliers, contractors and consultants).

(d) Notwithstanding anything in this Agreement to the contrary, GE and its Affiliates will not Use in the United States and Canada the Company Intellectual Property set forth on Exhibit B (the “Company Restricted Intellectual Property”) in the fields set forth on Exhibit B without the prior written consent of Company, which shall not be unreasonably withheld. For the avoidance of doubt, it shall not be deemed unreasonable to withhold consent if any such Use is for or in connection with a competitor, customer or potential customer of the Company and its Subsidiaries.

Section 2.03. Third Party Licenses. To the extent that any Intellectual Property owned by a third party is licensed under Sections 2.01 or 2.02, the license of such Intellectual Property hereunder shall be subject to all of the terms and conditions of the relevant agreement between the Licensor and such third party pursuant to which such Intellectual Property has been licensed to Licensor.

Section 2.04. Improvements. As between the Parties, Improvements made after the Effective Date and all Intellectual Property rights therein shall be owned by the Party making such Improvement or on whose behalf such Improvement was made. For the avoidance of doubt, (i) such Party making such Improvement shall not own any Intellectual Property rights licensed to such Party hereunder and (ii) such Party may freely assign or license such Improvements but shall not have the right to assign any underlying Intellectual Property of the other Party and shall only have the right to sublicense the underlying Intellectual Property of the other Party as expressly set forth herein. No rights are granted hereunder to a Party to any Improvements made by, or on behalf of another Party or any Intellectual Property rights therein to the extent such Improvement was made after the Effective Date.

Section 2.05. Section 365(n) of the Bankruptcy Code. All rights and licenses granted under this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the “Bankruptcy Code”), licenses of rights to “intellectual property” as defined under Section 101(35A) of the Bankruptcy Code. The Parties shall retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code.

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Section 2.06. Customers. Each Party agrees that it shall use reasonable efforts to not knowingly bring any legal action or proceeding against, or otherwise communicate with, any customer of another Party with respect to any alleged infringement, misappropriation or violation of any Intellectual Property of such other Party to the extent licensed hereunder based on such customer's use of the other Party's products or services without first providing the other Party written notice of such alleged infringement, misappropriation or violation.

Section 2.07. Reservation of Rights. All rights not expressly granted by a Party hereunder are reserved by such Party. Without limiting the generality of the foregoing, the Parties expressly acknowledge that nothing contained herein shall be construed or interpreted as a grant, by implication or otherwise, of any licenses other than the licenses expressly set forth in this Article II. The licenses granted in Sections 2.01 and 2.02 are subject to, and limited by, any and all licenses, rights, limitations and restrictions with respect to, as applicable, the GE Intellectual Property and the Company Intellectual Property previously granted to or otherwise obtained by any third party that are in effect as of the Effective Date.

### ARTICLE III COVENANTS

Section 3.01. Further Assistance. Until one (1) year after the Effective Date, each Party hereby covenants and agrees that it shall, at the request and expense of another Party, use commercially reasonable efforts to assist the other Party in its efforts to obtain any third party consent, approval or waiver necessary to enable such other Party to obtain a license to any Intellectual Property (for the avoidance of doubt, other than Intellectual Property excluded pursuant to Section 1.01(e)(A)-(D)) that, but for the requirements set forth in the definition of Control, would be the subject of a license granted pursuant to Section 2.01 or 2.02 hereunder; provided, however, that such Party shall not be required to seek broader rights or more favorable terms for the other Party than those applicable to such Party prior to the date hereof or as may be applicable to such Party from time to time thereafter. For the avoidance of doubt, Licensor shall not be required to compensate any third party, commence or participate in litigation or offer or grant any accommodation (financial or otherwise) to any third party to obtain any such consent or approval under this Section 3.01. The Parties acknowledge and agree that there can be no assurance that such Party's efforts will be successful or that the other Party will be able to obtain such licenses or rights on acceptable terms or at all.

Section 3.02. Ownership. No Party shall represent that it has any ownership interest in any Intellectual Property of another Party licensed hereunder.

Section 3.03. Prosecution and Maintenance. Each Party retains the sole right to protect at its sole discretion the Intellectual Property and Technology owned by such Party, including deciding whether and how to file and prosecute applications for registration (including for patents, copyrights and mask work rights) included in such Intellectual Property, whether to abandon prosecution of such applications, and whether to discontinue payment of any maintenance or renewal fees with respect to any such registration.

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Section 3.04. Third Party Infringements, Misappropriations, Violations.

(a) Each Party shall promptly notify the other Party in writing of any actual or possible infringements, misappropriations or other violations by a third party of the Intellectual Property of the other Party being licensed hereunder that come to such Party's attention, as well as the identity of such third party or alleged third party and any evidence of such infringement, misappropriation or other violation within such Party's custody or control that such Party is reasonably able to provide. The other Party shall have the sole right to determine at its sole discretion whether any action shall be taken in response to such infringements, misappropriations or other violations.

(b) Each Party shall promptly notify another Party in writing upon learning of the existence or possible existence of rights held by any third party that may be infringed, misappropriated or otherwise violated by the Use of the Intellectual Property of the other Party (or any element or portion thereof) licensed hereunder, as well as the identity of such third party and any evidence relating to such purported infringement, misappropriation or other violation within such Party's custody or control that such Party is reasonably able to provide. Such Party shall cooperate fully with the other Party to avoid infringing, misappropriating or violating any third party rights, and shall discontinue all Use of such Intellectual Property that is the subject of such purported infringement, misappropriation or other violation upon the reasonable request of the other Party to discontinue such Use.

(c) Each Party shall promptly notify another Party in writing upon learning of the existence or possible existence of rights held by any third party that may be infringed, misappropriated or otherwise violated by the Use of the Intellectual Property (or any element or portion thereof) licensed to the other Party hereunder, as well as the identity of such third party. The other Party shall cooperate fully with such Party to avoid infringing, misappropriating or violating any third party rights, and shall discontinue all Use of such Intellectual Property that is the subject of such purported infringement, misappropriation or other violation upon the reasonable request of such Party to discontinue such Use and shall provide such Party any evidence relating to such purported infringement, misappropriation or other violation within the other Party's custody or control that such Party is reasonably able to provide.

Section 3.05. Patent Marking. Each Party acknowledges and agrees that it shall comply with all reasonable requests of another Party relative to patent markings required to comply with or obtain the benefit of statutory notice or other provisions.

Section 3.06. Cooperation Regarding Restrictions and Limitations Applicable to Licensed Intellectual Property. Until one (1) year after the Effective Date, each Party, at the request of another Party, agrees to use commercially reasonable, good faith efforts to provide the other Party such copies of agreements (subject to any confidentiality restrictions that would prevent disclosure of such agreements) or other information (including summaries of the applicable limitations) that are sufficient to inform the other Party about any limitations or restrictions on the Use of the Intellectual Property licensed to it hereunder and set forth on Exhibit A or B hereto, as applicable, or other specific Intellectual Property licensed hereunder and identified by the other Party in writing to such Party, which has not already been provided to the other Party and which is not otherwise in the possession of the other Party. Such Party shall not have any liability to the other Party resulting or arising from the failure or inability to provide such agreements or information.

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**ARTICLE IV  
GE MATERIALS**

Section 4.01. Prior to the Trigger Date. Until the Trigger Date and subject to the limitations and conditions set forth in Section 4.04, GE shall permit Company and its Subsidiaries to use the GE Materials in accordance with GE's standard policies, procedures and guidelines for use thereof by its Subsidiaries.

Section 4.02. Accounting Policies. On and after the Trigger Date and subject to the limitations and conditions set forth in Section 4.04, GE shall permit Company and its Subsidiaries to use the GE Materials that are identified as "Accounting Policies" and are in use as of the Trigger Date: (i) with the modifications required by Section 4.04(d), for the accounting and reporting purposes of Company and its Subsidiaries (the "Company Accounting Policies") and (ii) for historical purposes of Company and its Subsidiaries.

Section 4.03. Company Policies and Training Materials. On and after the Trigger Date and subject to the limitations and conditions set forth in Section 4.04, GE shall permit Company and its Subsidiaries to adopt and use the corporate policies, manuals and training materials included in the GE Materials that are in use as of the Trigger Date, with the modifications required by Section 4.04(d), as Company and its Subsidiaries' own policies, procedures and guidelines (the "Company Policies and Training Materials").

Section 4.04. Certain Limitations and Conditions.

(a) On and after the Trigger Date, GE shall have no obligation under this Agreement (i) to notify Company and its Subsidiaries' of any changes or proposed changes to any of the GE Materials, (ii) to include Company and its Subsidiaries' in any consideration of proposed changes to any of the GE Materials, (iii) to provide draft changes of any of the GE Materials to Company and its Subsidiaries for review or comment, or (iv) to Company and its Subsidiaries' with any updated materials relating to any of the GE Materials.

(b) The parties hereto acknowledge and agree that, except as expressly set forth above in this Article IV, GE reserves all rights in, to and under, including all Intellectual Property rights with respect to, the GE Materials and no rights with respect to ownership or use shall vest in Company and its Subsidiaries. Further, Company and its Subsidiaries agree to use the same degree of care that Company and its Subsidiaries use with respect to their own information and materials of a similar nature, but in no event less than a reasonable degree of care, to ensure that the GE Materials are not used for any purpose other than the purposes set forth above. Company and its Subsidiaries will allow GE reasonable access to personnel and information as reasonably necessary to determine Company's and its Subsidiaries' compliance with the provisions set forth above. If the Company and its Subsidiaries cease to avail themselves of any of the GE Materials referred to in this Article IV or upon expiration of any period during which the Company and its Subsidiaries are permitted to use any of the GE Materials, GE and the Company shall cooperate in good faith to take reasonable appropriate actions to effectuate such cessation or expiration and protect GE's and its Affiliates' rights and interests in the GE Materials.

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(c) It is understood and agreed that GE makes no representation or warranty as to the suitability of the GE Materials for use by Company and its Subsidiaries or any of their respective divested businesses.

(d) On and after the Trigger Date, and except as set forth in Section 2.A.1 of the Transitional Trademark License Agreement, notwithstanding anything in this Agreement to the contrary, the text of any Company Accounting Policies and Company Policies and Training Materials shall not contain (i) any references to GE or its Affiliates, GE or its Affiliates' publications, GE or its Affiliates' personnel (including, without limitation, senior management) or (ii) the title of any policy, manual or other materials in the GE Materials (i.e., "Integrity: the Spirit and Letter of Our Commitment"), any portion thereof, or any confusingly similar phrase; provided such restriction shall not apply to any wholly descriptive title or phrase not confusingly similar to any GE Name and Marks.

(e) Subject to the limitations and conditions set forth in this Section 4.04, Company and its Subsidiaries may create (and their respective contractors may create on their behalf), and Company and its Subsidiaries shall own, derivative works and modifications of the Company Accounting Policies and the Company Policies and Training Materials.

(f) The Company Accounting Policies and the Company Policies and Training Materials may only be (i) used by Company and its Subsidiaries' employees (including contractors), customers (including brokers and licensed agents) and suppliers, (ii) disclosed as required by applicable Law, and (iii) used by an acquirer of Company and its Subsidiaries or any of the businesses, operations or assets of Company and its Subsidiaries to which this Agreement relates, provided that such acquirer executes an agreement to be bound by all obligations of Company and its Subsidiaries under this Agreement relating to such Company Accounting Policies and Company Policies and Training Materials (a copy of which agreement is provided to GE) and provided further that such acquirer shall be limited to use of such Company Accounting Policies and Company Policies and Training Materials solely in connection with such businesses, operations or assets (and not any other businesses, operations or assets of the acquirer).

(g) To the extent that any GE Materials owned by a third party are provided under this Article IV, the provision of such GE Materials hereunder and any use thereof by the Company and its Subsidiaries along with any and all related Company Accounting Policies and Company Policies and Training Materials shall be subject to all of the terms and conditions of the relevant agreement between GE and/or its Affiliate and such third party pursuant to which such GE Materials have been provided to GE.

#### Section 4.05. Six Sigma Materials.

(a) GE, subject to any existing legal or contractual obligations in connection with GE's agreements with the Six Sigma Providers (as defined below) that require GE to assert a claim, agrees not to assert any claim that GE may, now or in the future, have against the Company or its Subsidiaries arising solely out of the Company's or its Subsidiaries' internal use

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of Six Sigma Materials owned by GE or any of its Affiliates relating to the Six Sigma program in use by the Company or its Subsidiaries prior to the Effective Date by its or their employees. Notwithstanding the foregoing, GE's agreement not to assert claims against the Company or its Subsidiaries shall not extend to any claim that GE may have at any time against Company or any of its Subsidiaries arising out of or in connection with, and solely to the extent of, (a) any breach of any obligation to maintain the confidentiality of the Six Sigma Materials, (b) use of the GE Name and Marks in connection with the Six Sigma Materials, (c) any use, other than the Company's or its Subsidiaries' internal use in the Business with its employees in accordance with the foregoing, of the Six Sigma Materials, including use of the Six Sigma Materials by the customers or suppliers of the Business, or (d) any claim arising out of circumstances or facts relating to a claim or proceeding against GE or any of its Affiliates by or on behalf of a Six Sigma Provider or any Affiliate thereof. The Company and its Subsidiaries acknowledge and agree that the Six Sigma Materials and other materials owned by others and relating to the Six Sigma program are confidential and proprietary information. Further, the Company agrees to, and shall cause each of its Subsidiaries to, take all actions necessary or advisable to ensure that the Six Sigma Materials and such other materials are not disclosed to any Person other than the Company and its Subsidiaries unless the Company or one of its Subsidiaries procures from the Six Sigma Providers the right to disclose such Six Sigma Materials.

(b) If and to the extent requested by the Company, GE shall use commercially reasonable efforts to assist the Company in its efforts to obtain non-exclusive licenses (or other appropriate rights) to use, duplicate distribute, practice and otherwise exploit as necessary, materials, concepts, software and methodology necessary for the Company and its Subsidiaries to continue the Six Sigma program in use by the Business immediately prior to the Effective Date from the Six Sigma Academy, Maurice L. Berryman, Minitab, Inc., Decisioneering, Inc., PROMODEL Corporation and any other Person with whom GE has a license relating to such Six Sigma program (each, a "Six Sigma Provider"); provided, however, that GE shall not be required to pay any fees or other payments or incur any obligations to enable Company to obtain any such license or rights. The Parties acknowledge and agree that there can be no assurance that GE's efforts will be successful or that Company or any of its Subsidiaries will be able to obtain such licenses or rights on acceptable terms or at all.

(c) If and to the extent that on or prior to the Trigger Date the Company and its Subsidiaries have not obtained licenses (or other appropriate rights) from Six Sigma Providers to use, duplicate and distribute, as necessary, the materials, concepts, software and methodology described in Section 4.05(b), the Company and its Subsidiaries shall cease using any and all such materials, concepts, software and methodologies owned by the party or parties with whom the Company has been unable to obtain such licenses or other rights and return to GE on the Trigger Date all such materials, concepts, software and methodologies.

## ARTICLE V TERM AND TERMINATION

Section 5.01. Term. This Agreement shall remain in full force and effect in perpetuity unless terminated in accordance with its terms.

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Section 5.02. No Termination. This Agreement may only be terminated upon the mutual written agreement of the parties hereto. In the event of a breach of this Agreement, the sole and exclusive remedy of a non-breaching Party shall be to recover monetary damages and/or to obtain injunctive or equitable relief.

## **ARTICLE VI CONFIDENTIALITY**

Section 6.01. Confidential Information. The provisions of this Article VI shall apply to any confidential or proprietary information or materials included in the GE Intellectual Property or the Company Intellectual Property licensed, and the GE Materials provided, pursuant to this Agreement (“Confidential Information”). Each Party (“Receiving Party”) shall keep all Confidential Information of another Party (“Disclosing Party”) confidential and shall not and shall cause their Representatives not to, directly or indirectly disclose, reveal, divulge or communicate to any Person (other than its Representatives who reasonably need to know such Confidential Information and are licensed to receive such Confidential Information under Article II and its legal counsel) any such Confidential Information without the prior written consent of the Disclosing Party. The Receiving Party shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the Disclosing Party’s Confidential Information by any of its Representatives as it currently uses for its own confidential information of a like nature, but in no event less than a reasonable standard of care.

Section 6.02. Exclusions. The confidentiality obligations in this Article VI shall not apply to any Confidential Information which:

(a) is or becomes generally available to and known by the public (other than as a result of a non-permitted disclosure or other wrongful act directly or indirectly by the Receiving Party),

(b) is or becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party, provided that the Receiving Party has no knowledge that such source was at the time of disclosure to the Receiving Party bound by a confidentiality agreement with or other obligation of secrecy which was breached by the disclosure,

(c) has been or is hereafter independently acquired or developed by the Receiving Party without reference to such Confidential Information and without otherwise violating any confidentiality agreement with or other obligation of secrecy to the Disclosing Party,

(d) was in the possession of the Receiving Party at the time of disclosure by the Disclosing Party without restriction as to confidentiality, or

(e) is required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to be disclosed by any Governmental Authority (including bank regulators acting in accordance with their authority) or pursuant to applicable Law, provided that the Receiving Party (i) uses all reasonable efforts to provide the Disclosing Party with written notice of such request or demand as promptly as

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practicable under the circumstances so that the Disclosing Party shall have an opportunity to seek an appropriate protective order or other appropriate remedy, (ii) furnishes only that portion of the Confidential Information which is in the opinion of the Receiving Party's counsel legally required, and (iii) takes, and causes its Representatives to take, all other reasonable steps necessary to obtain confidential treatment for any such Confidential Information required to be furnished. Subject to the foregoing, the Party that received such request or demand may thereafter disclose or provide any Confidential Information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

Section 6.03. Confidentiality Obligations. The Receiving Party shall ensure, by instruction, Contract, or otherwise with its Representatives that such Representatives comply with the provisions of this Article VI. The Receiving Party shall indemnify and hold harmless the Disclosing Party in the event of any breach by the Receiving Party's Representatives of this Article VI. The Receiving Party shall promptly notify the Disclosing Party in the event that the Receiving Party learns of any unauthorized use or disclosure of such Confidential Information by it or its Representatives, and shall promptly take all actions necessary to correct and prevent such use or disclosure.

## **ARTICLE VII INDEMNIFICATION; DISCLAIMERS; ASSUMPTION OF RISK**

Section 7.01. Indemnification by Company. Company shall fully indemnify and hold harmless GE and its Affiliates and their respective directors, officers, employees and agents (collectively, "GE Indemnified Parties") from and against any and all losses, damages, liabilities, costs (including reasonable attorneys' fees) and expenses (collectively, "Damages") incurred by any such GE Indemnified Party based on any third party claim arising out of or relating to (i) except for any third party Intellectual Property covered by Section 7.04, Company's or its Subsidiaries' breach of this Agreement or (ii) the performance, rendering, offering to perform or render, sale, offering for sale, development, promotion or other disposition of products or services by Company or any of its Subsidiaries of products and services using or based on the GE Intellectual Property licensed hereunder (including products liability claims) or other Use of the GE Intellectual Property or GE Materials.

Section 7.02. Indemnification by GE. GE shall fully indemnify and hold harmless Company and its Subsidiaries and their respective directors, officers, employees and agents (collectively, "Company Indemnified Parties") from and against any and all Damages incurred by any such Company Indemnified Party based on any third party claim arising out of or relating to (i) except for any third party Intellectual Property covered by Section 7.04, GE's or its Affiliates' breach of this Agreement or (ii) the performance, rendering, offering to perform or render, sale, offering for sale, development, promotion or other disposition of products or services by GE or any of its Affiliates of products and services using or based on the Company Intellectual Property licensed hereunder (including products liability claims) or other Use of the Company Intellectual Property.

Section 7.03. Indemnity Procedures. Any indemnified party submitting an indemnity claim under Section 7.01 or 7.02, as applicable ("Indemnified Party"), shall:  
(a) promptly notify the indemnifying Party under Section 7.01 or 7.02, as applicable ("Indemnifying

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Party”), of such claim in writing and furnish the Indemnifying Party with a copy of the applicable communication, notice or other action relating to the event for which indemnity is sought; provided that no failure to provide such notice pursuant to this clause (a) shall relieve the Indemnifying Party of its indemnification obligations, except to the extent such failure materially prejudices the Indemnifying Party’s ability to defend or settle the claim; (b) give the Indemnifying Party the authority, information and assistance necessary to defend or settle such suit or proceeding in such a manner as the Indemnifying Party shall determine; and (c) give the Indemnifying Party sole control of the defense (including the right to select counsel, at the Indemnifying Party’s expense) and the sole right to compromise and settle such suit or proceeding; provided, however, that in the case of the foregoing clauses (b) and/or (c), the Indemnifying Party shall not, without the written consent of the Indemnified Party, compromise or settle any suit or proceeding unless such compromise or settlement (i) is solely for monetary damages (for which the Indemnifying Party shall be responsible), (ii) does not impose injunctive or other equitable relief against the Indemnified Party and (iii) includes an unconditional release of the Indemnified Party from all liability on claims that are the subject matter of such proceeding. Notwithstanding anything in this Article VII to the contrary, with respect to any claim covered by Section 7.01 or 7.02, as applicable, the Indemnified Party (in its capacity as such) may participate in the defense at its own expense.

Section 7.04. Third Party IP. To the extent that any Intellectual Property owned by a third party is sublicensed under Section 2.01 or 2.02 by a Licensor, such Licensor shall offer to provide the Licensee with the benefit of any representations, warranties and indemnities in connection with such Intellectual Property that are permitted to be offered by such Licensor to the Licensee under and subject to the terms and conditions of the applicable agreement

Section 7.05. DISCLAIMER OF WARRANTIES. SUBJECT TO SECTION 7.04 BUT OTHERWISE NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE INTELLECTUAL PROPERTY LICENSED BY THE LICENSOR PURSUANT TO THIS AGREEMENT IS FURNISHED “AS IS”, WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT, QUALITY, USEFULNESS, COMMERCIAL UTILITY, ADEQUACY, OR COMPLIANCE WITH ANY LAW, DOMESTIC OR FOREIGN, AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. EACH OF THE PARTIES EXPRESSLY DISCLAIMS THAT IT IS OWED ANY DUTIES NOT EXPRESSLY SET FORTH IN THIS AGREEMENT, AND WAIVES AND RELEASES ANY AND ALL TORT CLAIMS AND CAUSES OF ACTION THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT.

Section 7.06. DISCLAIMER OF CONSEQUENTIAL AND OTHER DAMAGES. OTHER THAN IN CONNECTION WITH ANY BREACH OF ARTICLE VI, NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (PROVIDED THAT ANY SUCH LIABILITY WITH RESPECT TO A THIRD PARTY CLAIM SHALL BE CONSIDERED DIRECT DAMAGES) OF SUCH OTHER PARTY ARISING IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREUNDER.

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Section 7.07. Assumption of Risk. The Licensee hereby assumes all risk and liability in connection with its use of the GE Intellectual Property or the Company Intellectual Property, as the case may be.

**ARTICLE VIII  
MISCELLANEOUS PROVISIONS**

Section 8.01. Assignment.

(a) This Agreement shall not be assignable, in whole or in part, by any party hereto to any third party, including Affiliates of any party hereto, without the prior written consent of the other parties hereto, and any attempted assignment without such consent shall be null and void. Notwithstanding the foregoing, this Agreement may be assigned by any party hereto as follows without obtaining the prior written consent of the other parties hereto:

(i) GE, in its sole discretion, may assign this Agreement, and any or all of its rights under this Agreement, and may delegate any or all of its duties under this Agreement to any Affiliate of GE at any time, which expressly accepts such assignment in writing and assumes, as applicable, any such duties, provided that GE shall continue to remain liable for the performance by such assignee.

(ii) Company, in its sole discretion, may assign this Agreement, and any or all of its rights under this Agreement, and may delegate any or all of its duties under this Agreement to any Subsidiary of Company at any time, which expressly accepts such assignment in writing and assumes, as applicable, any such duties, provided that Company shall continue to remain liable for the performance by such assignee.

(iii) Each party hereto may assign any or all of its rights, or delegate any or all of its duties, under this Agreement to (i) an acquirer of all or substantially all of the equity or assets of the business of such party to which this Agreement relates or (ii) the surviving entity in any merger, consolidation, equity exchange or reorganization involving such party, provided that such acquirer or surviving entity, as the case may be, executes an agreement to be bound by all the obligations of such party under this Agreement and a copy of such agreement is provided to the other parties hereto.

(b) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their successors, legal representatives, and permitted assigns. All license rights and covenants contained herein shall run with all Intellectual Property of the Parties licensed hereunder and shall be binding on any successors in interest or assigns thereof.

Section 8.02. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of Laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

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Section 8.03. Force Majeure. No Party hereto (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (i) notify the other Parties of the nature and extent of any such Force Majeure condition and (ii) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 8.04. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.04):

If to GE and its Affiliates, to:

General Electric Company  
3135 Easton Turnpike  
Fairfield, CT 06828  
Attention: Senior Counsel for Transactions  
Fax: (203) 373-3008

General Electric Capital Corporation  
901 Main Avenue  
Norwalk, CT 06851  
Attention: William Bandon, Lead Executive Counsel – IT, Sourcing and Operations  
Fax: (203) 907-1806

with a copy to:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attention: Howard Chatzinoff, Esq.  
Fax: (212) 310-8007

If to Company and its Subsidiaries, to:

Synchrony Financial  
777 Long Ridge Road  
Stamford, CT 06902  
Attention: General Counsel  
Fax: (203) 567-8103

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Section 8.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 8.06. Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement (including the Exhibits hereto), together with the Master Agreement, constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matter of this Agreement.

Section 8.07. No Third-Party Beneficiaries. Except as provided in Article VII with respect to the GE Indemnified Parties and Company Indemnified Parties, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.08. Public Announcements. The Parties shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system.

Section 8.09. Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties hereto. No waiver by any party hereto of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party hereto so waiving. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

Section 8.10. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (b) references to the terms Article, Section, paragraph, and Exhibit are references to the Articles, Sections, paragraphs, and Exhibits to this Agreement unless otherwise specified, (c) the word “including” and words of similar import shall mean “including, without limitation,” (d) provisions shall apply, when appropriate, to successive events and transactions, (e) the table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement and (f) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

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Section 8.11. Dispute Resolution. Any dispute, controversy or claim arising out of or relating to this Agreement or the validity, interpretation, breach or termination of any provision of this Agreement shall be resolved in accordance with Article IX of the Master Agreement.

Section 8.12. Specific Performance. Each Party acknowledges and agrees that the breach of this Agreement would cause irreparable damage to another Party affected thereby and that such Party will not have an adequate remedy at law. Therefore, the obligations of the Parties under this Agreement shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies which any Party may have under this Agreement or otherwise.

Section 8.13. Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.13.

Section 8.14. Relationship of the Parties. Nothing contained herein is intended or shall be deemed to make a Party the agent, employee, partner or joint venturer of the other Parties or be deemed to provide such Party with the power or authority to act on behalf of the other Parties or to bind the other Parties to any contract, agreement or arrangement with any other individual or entity.

Section 8.15. Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of any such Agreement.

*[The remainder of this page has been intentionally left blank.]*

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IN WITNESS WHEREOF, GE, GECC and Company have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GENERAL ELECTRIC COMPANY

By \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By \_\_\_\_\_  
Name:  
Title:

SYNCHRONY FINANCIAL

By \_\_\_\_\_  
Name:  
Title:

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**EXHIBITS**

EXHIBIT A GE Restricted Intellectual Property

EXHIBIT B Company Restricted Intellectual Property

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**EXHIBIT A**

**GE Restricted Intellectual Property**

None.

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**EXHIBIT B**

**Company Restricted Intellectual Property**<sup>1</sup>

**Patents**

<u>Title</u>	<u>Abstract</u>	<u>App. Serial No.</u>	<u>Patent No.</u>	<u>Date of Filing</u>	<u>Date of Issuance</u>	<u>Expires</u>
Method for Dual Credit Card System	A dual credit card system is in two parts: a) the creation of a dual credit card; and b) the usage of a dual credit card. The creation begins with the receipt of an application by merchant for a dual credit card. The issuing organization issues the dual credit card to the applicant. The user may make a purchase with the dual credit card at either a private label merchant location or at a location accepting the bankcard. These locations may traditional physical locations, a web site on the Internet or a catalog. When a purchase is made at a merchant location, the processing of the merchant location dual credit card purchase is done via a private-label processing channel. If the user uses the dual credit card at a non-merchant location, the purchase may be processed through the VISA/MasterCard network.	09/593,199	6,915,277	6/14/2000	7/5/2005	4/28/2023

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<sup>1</sup> The field of use for the Intellectual Property on this Exhibit B is the Competing Business (as such term is defined in the Master Agreement).

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Method, Apparatus, and Code for Issuing a Dual Credit Card	A method for issuing a dual credit card includes receiving information regarding an applicant and assigning a credit line to a dual credit card for the applicant.	10/423,527	N/A	4/25/2003
Method and Apparatus for Pre-Screening Customer Credit Card Approval based on Name and Address Information	An exemplary embodiment of the invention allows entities to instantly pre-screen customers for a pre-approved credit card based on customer information captured during the registration, promotion or checkout process while on an Internet web page. "Pre-approved" is a credit industry term that means that the customer has passed preliminary credit-information screening. The goals of this process include: creating a process that is seamless to the customer; automating the process for the entity; generating a response time that is in seconds; reducing the cost of additional card accounts per approved customer; developing a process that can be used by a credit card supplier for multiple entities; and establishing an entity implementation tool kit by the credit card supplier.	09/677,234	N/A	10/2/2000

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Method, System, and Storage Medium for Pre-Screening Customers for Credit Card Approval at a Point of Sale

An exemplary embodiment of the invention relates to a method, system and storage medium for pre-screening customers for a credit card at a point of sale. The method includes receiving the customer data at a point of sale system and, during a check out process: transmitting the customer data to a server; searching a database for the customer data; and based upon results of the searching, performing a credit worthiness check and providing said customer with an invitation to open a charge account. If the customer accepts the invitation, a charge account is opened before a payment method is selected whereby the customer can place the items selected for purchase on the new charge account while at the point of sale system. The system includes at least one point of sale system coupled to a communications link; a server coupled to the point of sale system via the communications link; a data storage device in communication with the server; and a link to a credit information server.

09/682,787 7,546,266 10/18/2001 6/9/2009 4/19/2026

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Method, System, and Storage Medium for Pre-Screening Customers for Credit Card Approval at a Point of Sale

An exemplary embodiment of the invention relates to a method, system and storage medium for pre-screening customers for a credit card at a point of sale. The method includes receiving the customer data at a point of sale system and, during a check out process: transmitting the customer data to a server; searching a database for the customer data; and based upon results of the searching, performing a credit worthiness check and providing said customer with an invitation to open a charge account. If the customer accepts the invitation, a charge account is opened before a payment method is selected whereby the customer can place the items selected for purchase on the new charge account while at the point of sale system. The system includes at least one point of sale system coupled to a communications link; a server coupled to the point of sale system via the communications link; a data storage device in communication with the server; and a link to a credit information server.

12/480,297 8,112,349 6/8/2009 2/7/2012 3/18/2022

Event-Driven Credit Offers

A system may include detection of an event indicating a potential future credit need, identification of a person based on data associated with the event, determination of a credit product based on the detected event, and determination of whether the person qualifies for the credit product based on a creditworthiness of the person. In some aspects, the determination of whether the person qualifies for the credit product includes determination of a creditworthiness requirement associated with the credit product, and determination of whether the creditworthiness of the person satisfies the creditworthiness requirement.

12/099,853 N/A 4/9/2008

Payment Card Processing System and Methods

A payment card processing system and method is provided that allows an account holder to upgrade a private label card to a dual card. The dual card may be used for both private label transactions and bankcard transactions. Methods for upgrading to the dual card account include selecting a private label account having associated monetary and non-monetary data and maintained on a first processing platform for upgrade to a dual card account, creating the

10/656,798 7,774,274 9/5/2003 8/10/2010 7/14/2027

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dual card account on a second processing platform, transferring the non-monetary data associated with the private label account from the first processing platform to the second processing platform for association with the dual card account, and initiating a trailing activity process to identify monetary and non-monetary activity associated with the private label account and update a cross reference table to associate the trailing activity with the dual card account.

Payment Card Processing System and Methods

CA 2537917

9/5/2003

**Software**

<b><u>Application</u></b>	<b><u>Description</u></b>
<b>Business Center</b>	Internet Application portal used by our Payment Solutions Merchants and Care Credit Providers to provide services such as apply for credit, authorize sales, receive reports and reorder collateral (Also called CCPRO)
<b>Consumer Center</b>	Internet application used by our Payment Solutions and Care Credit account holders to service account
<b>Customer Presentment</b>	Application used to present documents to cardholders online (ebills, letters etc)
<b>Deposits Origination</b>	Mobile application for online origination of new Deposit accounts
<b>Deposits Servicing</b>	Mobile application for online servicing of Deposits Accounts
<b>Deposits Workstation</b>	Application used by Customer Service representatives to service Deposits customers
<b>eApply BRC/CML</b>	Internet application to allow commercial and Business Revolving Credit (BRC) customers to apply for credit
<b>eApply Consumer</b>	Internet application to allow consumer to apply for credit
<b>eDealer Apply</b>	Internet application to allow dealers to apply for credit

<b>Edison</b>	Application used to process Commercial credit applications for RC Clients
<b>eService BRC/CML,</b>	Internet application to allow commercial and BRC account holders to service their accounts
<b>eService Consumer</b>	Internet application to allow RC cardholders to service their accounts
<b>eTail</b>	Internet application to provide powerful customized solutions for Payment Solutions and Care Credit consumers to apply for credit
<b>Ge Online Apply</b>	Internet application to allow Payment Solutions and Care Credit consumers to apply for credit (Note: This application will ultimately be replaced by eTail and will be referred to as eTail as of Closing.)
<b>GECOM</b>	Application that managed Commercial PROX accounts. It includes receivables processing, customer service, billing etc.
<b>Genasys</b>	Primary consumer Credit Originations platform for Retail Card portfolios. Includes embedded and highly customized rule engines
<b>IVR</b>	IVR solutions to provide call response for GECRB cardholders, merchants, providers, clients etc
<b>Midrange Remittance</b>	Application that processes majority payment files for GECRB
<b>OEM CEDA</b>	Internet application used by Yamaha Payment Solutions merchant
<b>POS</b>	Full suite of Point of Sales solutions used to process new credit applications and to process sales authorizations. Also includes sophisticated standin system that performance processing if primary applications are down.
<b>Remittance</b>	Mainframe application that processes payment files for GECRB. This will be replaced by Midrange Remittance
<b>Settlement MBS (local mods)</b>	Local modifications made to Visionplus to provide settlement processing with GECRB retail clients
<b>Surveyor</b>	Application that processes Payment Solutions and Care Credit consumer and commercial new credit applications.
<b>Symphony</b>	Customer Service application used to provide originate and service new credit applications for Payment Solutions and Care Credit
<b>Workstation</b>	Sophisticated application use by Customer Service, Collections and Fraud agents to manage cardholder accounts, provide work queuing and ensure compliant engagement with the cardholder
<b>Alpha Search</b>	Application that allows customer service to search customers by a variety of criteria
<b>Gesmart</b>	Application that processes commercial sales authorizations using rule engine
<b>Ptc</b>	Application to capture and manage new merchant and provider prospects for Payment Solutions and Care Credit.
<b>secureb2c</b>	Internet application used by Payment solutions merchants to provide Business to consumer functionality
<b>Snss</b>	Application that processes settlement files received by RC clients
<b>Ab initio Middleware Graphs</b>	Middleware services that provide front end applications with access to back end services. In use by Business Center and Consumer Center

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<b>b2b web services</b>	Internet web services used by Payment Solutions Merchants and Care Credit providers to access back end business services such as processing new credit applications and authorizing sales
<b>business accelerator</b>	Suite of services used to access FDR systems to retrieve data for customer service and collections agents
<b>eCom Web Services</b>	Internet Web Services used by Paypal to access backend services to allow Paypal to provide account services solutions
<b>Genius</b>	Application used by Call Center and Collection agents to verify processes and procedures
<b>WTX Middleware</b>	Suite of middleware services to applications to access back end services and to interface with each other
<b>FDR Gforce (models)</b>	Models used by FDR authorization solution to apply GECRB specific rules to sales authorizations
<b>OSB</b>	Middleware solution that provides orchestration and business services to calling applications such as Consumer Center and DOC.
<b>Business Dealer Locator</b>	Internet application service that allows users to look up dealers online based on location
<b>Alp</b>	Account level profitability data mart
<b>business objects universes</b>	Suite of data stores that allow reporting of business information extracted from data marts
<b>Cdci</b>	Primary Consumer cardholder data ware house
<b>Cmap</b>	Provides a single consumer customer view across all account relationships within GE Money.
<b>collections dw</b>	Collections Data warehouse
<b>commercial dw</b>	Commercial Data warehouse
<b>deposit DW</b>	Deposits data warehouse
<b>dts dw</b>	Contains Consumer Customer Service Data sourced from the Workstations application system.
<b>gforce DM</b>	Authorizations data mart
<b>jcp credit central</b>	Internet portal to allow JCP client to access reporting
<b>Oev</b>	One customer view allows fraud underwriters and collections to view customers across production lines. URL is <a href="https://prod-epsilon.rfs">https://prod-epsilon.rfs</a> .
<b>operations dw</b>	Operations data warehouse
<b>Ots72</b>	Datamart that provides 72 months of cardholder data
<b>Pdr</b>	Primary consumer cardholder data warehouse for Payment Solutions and Care Credit
<b>quality DW</b>	Quality data warehouse
<b>Recovery dw</b>	Recovery data warehouse
<b>sku cml</b>	SKU level data warehouse for commercial accounts
<b>sku consumer</b>	SKU level data warehouse for consumer accounts
<b>token dm</b>	Data Mart used for account tokenization
<b>walmart credit central</b>	Internet portal to allow Walmart client to access reporting
<b>Sas Analytic models</b>	Marketing and Risk analytic models
<b>Deposits marketing site</b>	Primary landing page for Deposits prospects and account holders
<b>Inside compliance</b>	Static webpage that contains articles around compliance

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**Risk-Collection Scores**

<u>Name</u>	<u>Description</u>
<b>Radar 3.0</b>	Consumer risk score
<b>Compass</b>	Commercial acquisition score
<b>JCP Behavior</b>	Consumer account management score
<b>CAM Behavior</b>	Consumer account management score
<b>Internal Behavior</b>	Consumer account management score
<b>CAM Bureau Triggers</b>	Consumer account management score
<b>Internal Collections Scores</b>	Consumer collections scores (four versions)
<b>Internal Placement Optimizer</b>	Consumer collections scores

**Customer List**

<u>Name</u>	<u>Description</u>
<b>GEGRB Customer Data</b>	Data related to GEGRB customer relationship

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CREDIT AGREEMENT

Dated as of [—], 2014

among

SYNCHRONY FINANCIAL,

as Borrower,

the Lenders party hereto,

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent,

and

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BARCLAYS BANK PLC, CITIGROUP GLOBAL MARKETS INC., CREDIT SUISSE SECURITIES (USA) LLC, DEUTSCHE BANK SECURITIES INC., GOLDMAN SACHS BANK USA, JPMORGAN SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED AND MORGAN STANLEY SENIOR FUNDING, INC.,

as Joint Bookrunners and Joint Lead Arrangers

[BNP PARIBAS SECURITIES CORP., THE BANK OF TOKYO MITSUBISHI UFJ, LTD., HSBC BANK USA, NATIONAL ASSOCIATION, MIZUHO BANK, LTD., RBC CAPITAL MARKETS, RBS SECURITIES INC., SANTANDER BANK, N.A., SUMITOMO MITSUI BANKING CORPORATION, SOCIETE GENERALE AND FIFTH THIRD BANK]

as Co-Lead Arrangers

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EXHIBITS:

Exhibit A	Form of Assignment and Acceptance
Exhibit B	Form of Compliance Certificate
Exhibit C	Form of Note
Exhibit D	Form of Committed Loan Notice

CREDIT AGREEMENT (this "Agreement"), dated as of [—], 2014, among SYNCHRONY FINANCIAL, as borrower (the "Borrower"), the Lenders party hereto and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, in connection with the Transactions (as defined below), the Borrower has requested that the Lenders and the Administrative Agent provide the Term Facility (as defined below), and the Lenders and the Administrative Agent are willing to do so on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS**

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"2014-2016 Required Prepayment Amount" means, for the calendar years ended December 31, 2014, December 31, 2015 and December 31, 2016, the greater of (a) the excess of (x) the Post-IPO Debt Proceeds received by the Borrower in such calendar year over (y) the sum of \$500,000,000 plus 20% of any Post-IPO Debt Proceeds received by the Borrower in excess of \$500,000,000 in such calendar year and (b) the Early Maturing Bond Proceeds received by the Borrower in such calendar year.

"2017-2019 Required Prepayment Amount" means, for the calendar year ended December 31, 2017 and each calendar year thereafter, the greater of (a) the excess of (x) the Post-IPO Debt Proceeds received by the Borrower in such calendar year over (y) the sum of \$750,000,000 plus 20% of any Post-IPO Debt Proceeds received by the Borrower in excess of \$750,000,000 in such calendar year and (b) the Early Maturing Bond Proceeds received by the Borrower in such calendar year.

"Additional IPO Debt Proceeds" means the Net Debt Proceeds of any debt securities issued by the Borrower and evidenced by bonds, debentures, notes or similar instruments during the Initial Period; provided, that Additional IPO Debt Proceeds shall exclude (a) any Initial IPO Bond Proceeds, (b) the Net Debt Proceeds of (i) the Loans and the GECC Term Loan and (ii) any loans issued pursuant to any bilateral or syndicated credit facility with third party lenders and (c) Excluded Debt Proceeds.

"Administrative Agent" has the meaning given to such term in the preamble hereto and shall include any successor administrative agent appointed pursuant to this Agreement.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent Party” has the meaning given to such term in Section 9.01(d).

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction applicable to the Borrower and its affiliated companies from time to time concerning or relating to bribery or corruption.

“Anti-Money Laundering Laws” has the meaning given to such term in Section 3.16.

“Applicable Debt Proceeds” means Additional IPO Debt Proceeds and Post-IPO Debt Proceeds, as the context may require.

“Applicable Margin” means the rate per annum, in basis points, set forth under the relevant column heading below based upon the Debt Rating:

Pricing Level	Debt	Base Rate	Eurodollar Rate
	Rating (S&P/Moody's/Fitch)	Loans	Loans
I	BBB/Baa2/BBB	65.0	165.0
II	BBB-/Baa3/BBB-	90.0	190.0
III	BB+/Ba1/BB+	115.0	215.0
IV	BB/Ba2/BB	140.0	240.0

As used in this definition, “Debt Rating” means, as of any date of determination, the rating as determined by either S&P, Moody’s or Fitch (collectively, the “Debt Ratings”) of (x) the Borrower’s senior unsecured non-credit-enhanced long-term Indebtedness for borrowed money (the “Subject Debt”) or (y) if any Rating Agency shall not have assigned a rating to the Subject Debt, the Corporate Rating, if any, assigned by such Rating Agency; provided, that solely for purposes of determining the Applicable Margin, (a) if a Debt Rating is issued by each of S&P, Moody’s and Fitch, and such Debt Ratings fall within different levels, (i) if two of such agencies have assigned Debt Ratings that fall within the same level, then the Debt Rating assigned by such two agencies shall apply and (ii) if three agencies assign ratings that fall within three different levels, then the middle of such Debt Ratings shall apply, (b) if a Debt Rating is issued by two Rating Agencies, then the higher of such Debt Ratings shall apply (with Pricing Level I being the highest and Pricing Level IV being the lowest), unless there is a split in Debt Ratings of more than one level, in which case the level that is one level higher than the lower Debt Rating shall apply, (c) if a Debt Rating is issued by one Rating Agency, then the level that is one level lower than such Debt Rating shall apply. Initially, the Debt Ratings shall be determined based on the Borrower’s Debt Rating on the Funding Date giving effect to the Transactions. Thereafter, the Debt Ratings shall be determined from the most recent public announcement of any changes in the Debt Ratings. If and for so long as there shall be no Debt Rating from any Rating Agency, then the Debt Rating will be deemed to be at Pricing Level IV. Notwithstanding anything to the contrary contained herein, any Debt Rating assigned by a Rating Agency that was not solicited or requested by the Borrower shall be deemed not to have been “assigned” or “issued” and such Debt Rating shall be disregarded for all purposes of this definition.

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“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its activities and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means, collectively, the Lead Arrangers and the Co-Lead Arrangers.

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Attributable Indebtedness” means, with respect to any Sale-Leaseback Transaction, the present value (discounted at the rate set forth or implicit in the terms of the lease included in such Sale-Leaseback Transaction) of the total obligations of the lessee for rental payments (other than amounts required to be paid on account of taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights) during the remaining term of the lease included in such Sale-Leaseback Transaction (including any period for which such lease has been extended). In the case of any lease that is terminable by the lessee upon payment of a penalty, the Attributable Indebtedness shall be the lesser of the Attributable Indebtedness determined assuming termination on the first date such lease may be terminated (in which case the Attributable Indebtedness shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date on which it may be so terminated) or the Attributable Indebtedness determined assuming no such termination.

“Audited Financial Statements” means the audited combined statements of financial position of the Borrower and its combined Affiliates as of December 31, 2011, December 31, 2012 and 2013 and the related combined statements of earnings, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2013.

“Bank Regulatory Authority” means the Board, the OCC, the Federal Deposit Insurance Corporation and any other relevant bank regulatory authority having jurisdiction over the Borrower or Synchrony Bank, as applicable.

“Bank Secrecy Act” means the Currency and Foreign Transactions Reporting Act, Pub. L. No. 91-508, Title II (1970), as amended by Title III of the Patriot Act.

“Base Rate” means for any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate in effect for such day plus 1/2 of 1%, (b) the Prime Rate in effect on such day and (c) the Eurodollar Rate that would be calculated as of such day (or, if such day is not a Business Day, as of the next preceding Business Day) in respect of a proposed Eurodollar Loan with a one month Interest Period plus 1%; provided that, for the avoidance of

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doubt, the Eurodollar Rate for any day shall be based on the Eurodollar Screen Rate at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate, respectively.

“Base Rate Borrowing” means a borrowing of Base Rate Loans.

“Base Rate Loan” means a Loan bearing interest based on the Base Rate.

“Basel I” means the minimum bank capital requirements developed in 1988 by the Basel Committee on Bank Supervision for enactment by the Group of Ten (G-10) industrialized countries with respect to the large internationally active banks that operate within such countries, as implemented by the applicable Bank Regulatory Authority.

“Basel III” means the comprehensive set of bank regulatory and supervisory measures focusing on capital adequacy, stress testing and liquidity which were developed in 2010 and 2011 by the Basel Committee on Bank Supervision for enactment by the Group of 20 (G-20) major economies with respect to the internationally active banks that operate within those economies, as implemented by the applicable Bank Regulatory Authority.

“Basel III Implementation Date” means, with respect to any entity, the date on which such entity is required to comply with Basel III as implemented by the applicable Bank Regulatory Authority.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America (or any successor).

“Borrower” has the meaning given to such term in the preamble hereto.

“Borrower Common Stock” means the common stock of the Borrower.

“Borrowing” means a borrowing of Loans hereunder.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the State of New York, if such day relates to any Eurodollar Rate Loan or any Base Rate Loan bearing interest at a rate based on the Eurodollar Rate, means any such day that is also a London Banking Day.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Equivalents” means, as at any date of determination, (i) marketable securities and repurchase agreements for marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States government, or (b)

issued by any agency of the United States, the obligations of which are backed by the full faith and credit of the United States, in each case, maturing within one year after such date; (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case, maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iii) commercial paper maturing no more than one year from the date of issuance thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iv) time deposits or bankers' acceptances maturing within one year after such date and issued or accepted by any Lender or by any commercial bank (including any branch of a commercial bank) that (a) in the case of a commercial bank organized under the laws of the United States of America, any state thereof or the District of Columbia is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator), and has Tier 1 capital (as defined in such regulations) of not less than \$1,000,000,000 or (b) in the case of any other commercial bank has a short-term commercial paper rating from S&P of at least A-1 or from Moody's of at least P-1; and (v) shares of any money market mutual fund that has (a) net assets of not less than \$500,000,000, and (b) ratings of at least AA or Aa from S&P or Moody's, respectively.

"Change in Law" means the occurrence after the date of this Agreement or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement, of (a) any change in applicable Law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration, application or interpretation thereof or (b) the adoption or enactment after the date of this Agreement of any requirement or directive (whether or not having the force of law) of any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory Governmental Authorities, in each case pursuant to Basel III, shall, in each case, be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"Change of Control" means (i) prior to the consummation of the IPO, GE ceases to own, directly or indirectly, beneficially or of record, in the aggregate, 100% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower and (ii) after the consummation of the IPO, the ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder, as in effect on the date hereof), other than GE, of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower. For purposes of the foregoing, references to GE shall include its Subsidiaries.

"Charges" has the meaning given to such term in Section 9.17.

"Co-Lead Arrangers" means BNP Paribas Securities Corp., The Bank of Tokyo Mitsubishi UFJ, Ltd., HSBC Bank USA, National Association, Mizuho Bank, Ltd., RBC Capital Markets<sup>1</sup>, RBS Securities Inc., Santander Bank, N.A., Sumitomo Mitsui Banking Corporation, Societe Generale and Fifth Third Bank.]

<sup>1</sup> RBC Capital Markets is a brand name for the capital markets businesses of Royal Bank of Canada and its affiliates.

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“Code” means the Internal Revenue Code of 1986, as amended.

“Commitment” means, with respect to each Lender, the amount set forth under the heading “Commitment” opposite such Lender’s name on Schedule 1.01 or in the Assignment and Acceptance pursuant to which such Lender became a party to this Agreement, as such amount may be reduced or adjusted from time to time in accordance with the terms of this Agreement. The original aggregate principal amount of the Commitments of all Lenders on the Effective Date is \$[—].

“Committed Loan Notice” means a notice of (a) a Borrowing, (b) a Conversion of Loans from one Type to the other or (c) a Continuation of Eurodollar Rate Loan, which, if in writing, shall be substantially in the form of Exhibit D.

“Communications” has the meaning given to such term in Section 9.01(d).

“Compliance Certificate” means a certificate substantially in the form of Exhibit B, properly completed and signed by a Responsible Officer of the Borrower.

“Confidential Supervisory Information” means information that is not permitted to be disclosed to the Lenders pursuant to the directive, guidance, order or regulation of a Bank Regulatory Authority.

“Consent Trigger Date” means the first date on which the GE Group shall beneficially own less than twenty percent (20%) of the outstanding shares of the Borrower Common Stock.

“Continuation” and “Continue” mean, with respect to any Eurodollar Rate Loan, the continuation of such Eurodollar Rate Loan as a Eurodollar Rate Loan on the last day of the Interest Period for such Loan.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Conversion” or “Convert” mean, with respect to any Loan, the conversion of the Loan from or into another Type of Loan.

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“Corporate Rating” means (a) with respect to Moody’s, the public “Corporate Family Rating” of the Borrower and (b) with respect to S&P and Fitch, the public “Corporate Rating” of the Borrower.

“Debt Rating” has the meaning given to such term in the definition of Applicable Margin.

“Default” means any event or condition which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” means an interest rate equal to (a) the Base Rate plus (b) the Applicable Margin for Base Rate Loans plus (c) 2% per annum; provided, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to (i) the Eurodollar Rate plus (ii) the Applicable Margin for Eurodollar Rate Loans plus (iii) 2% per annum.

“Deregistration” means the deregistration of GECC or any Affiliate of GECC (other than the Borrower) as a registered savings and loan holding company subject to regulation by the Board, under section 10 of the Home Owners’ Loan Act and Regulation LL.

“Dollars” or “\$” refers to lawful money of the United States of America.

“Early-Maturing Bond Proceeds” means the Net Debt Proceeds of any Indebtedness which constitute Post-IPO Debt Proceeds having a maturity date prior to the Maturity Date.

“Effective Date” means the first date on which each of the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“Electronic System” means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar®, Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements with any Governmental Authority, relating in any way to pollution, the protection of the environment, including natural resources, or health and safety, or to pollutants, contaminants or chemicals or any toxic or otherwise hazardous substances, materials or wastes.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of or relating to the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) any Environmental Law, including any violation thereof or liability thereunder, (b) the generation, use, handling, transportation, storage, treatment or disposal of or exposure to any Hazardous Materials, (c) the Release or threatened Release of any Hazardous Materials or (d) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

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“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“ERISA” means the Employee Retirement Income Security Act of 1974 and any regulations issued pursuant thereto, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Sections 414(b) or (c) of the Code (and Sections 414 (m) and (o) of the Code for purposes of provisions relating to Sections 302 of ERISA and 412 of the Code). For the avoidance of doubt, when any provision of this Agreement relates to a past event or period of time, the term “ERISA Affiliate” includes any person who was, as to the time of such past event or period of time, an “ERISA Affiliate” within the meaning of the preceding sentence.

“ERISA Event” means (a) a “reportable event” within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Plan (excluding those for which the 30-day notice period has been waived), (b) a Lien of the PBGC shall be filed against the Borrower or any Subsidiary or any of their respective ERISA Affiliates under Section 4068 of ERISA and such Lien shall remain undischarged for a period of 25 days after the date of filing, (c) the Borrower or any Subsidiary or any of their respective ERISA Affiliates shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA, (d) the requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reportable pursuant thereto with respect to such Plan, (e) a determination that any Plan is or is reasonably expected to be in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA), (f) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (g) the incurrence by the Borrower or any Subsidiary or any of their respective ERISA Affiliates of any liability under Title IV of ERISA (other than non-delinquent premiums payable to the PBGC under Sections 4006 and 4007 of ERISA), (h) the termination, or the filing of a notice of intent to terminate, any Plan pursuant to Section 4041(c) of ERISA, (i) the receipt by the Borrower or any Subsidiary or any of their respective ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate or cause a trustee to be appointed to administer any such Plan or Plans and such proceeding shall not have been dismissed, (j) the cessation of operations at a facility of the Borrower or any Subsidiary or any of their respective ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA, (k) conditions contained in Section 303(k)(1)(A) of ERISA for imposition of a lien shall have been met with respect to any Plan, (l) the receipt by the Borrower or any Subsidiary or any of their respective ERISA Affiliates of any notice imposing Withdrawal Liability or of a determination that a Multiemployer Plan is, or is expected to be, “insolvent” (within the meaning of Section 4245 of ERISA), in “reorganization” (within the meaning of Section 4241 of ERISA), or in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 304 of ERISA) or (m) any Foreign Benefit Event.

“Eurodollar Base Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration<sup>2</sup> (or any other Person that takes over the administration of such rate for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case the “Eurodollar Screen Rate”) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the Eurodollar Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; provided further that if the Eurodollar Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) then the Eurodollar Base Rate shall be the Interpolated Rate; provided that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Eurodollar Rate” means for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

“Eurodollar Rate Loan” means a Loan bearing interest based on the Eurodollar Rate.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in respect of “Eurocurrency liabilities” (or in respect of any other category of liabilities, which includes deposits by reference to which the interest rate on Eurodollar Rate Loans is determined or any category of extensions of credit or other assets which includes loans by a non- United States office of any Lender to United States residents). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage. The determination of the Eurodollar Reserve Percentage by the Administrative Agent shall be conclusive in the absence of manifest error.

“Eurodollar Screen Rate” has the meaning given to such term in the definition of “Eurodollar Base Rate.”

“Event of Default” means any of the events specified in Section 7.01.

<sup>2</sup> ICE Benchmark Administration Limited makes no warranty, express or implied, either as to the results to be obtained from the use of ICE LIBOR and/or the figure at which ICE LIBOR stands at any particular time on any particular day or otherwise. ICE Benchmark Administration limited makes no express or implied warranties of merchantability or fitness for a particular purpose in respect of any use of ICE LIBOR.

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“Excluded Debt Proceeds” means the Net Debt Proceeds of any loans or securities issued or incurred in order to comply with applicable Law or regulatory capital or liquidity requirements (including, for the avoidance of doubt, any regulatory requirement or condition necessary to effect Split-off or Deregistration) of the Borrower, Synchrony Bank or GECC, as applicable, to the extent the Borrower, Synchrony Bank or GECC, as the case may be, based on their respective discussions with and/or guidance received from applicable Bank Regulatory Authorities, in good faith reasonably determines in consultation with the Lead Arrangers that such proceeds must be either applied to repay the GECC Term Loan or retained by the Borrower to satisfy such Law or regulatory capital or liquidity requirement, which determination shall be evidenced by a written certification from the chief risk officer of the Borrower or GECC.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income taxes imposed on (or measured by) its net income or net profits and franchise taxes (imposed in lieu of net income taxes) by any jurisdiction as a result of such party being organized or resident, having its principal office or applicable lending office or doing business in such jurisdiction or having any other present or former connection with such jurisdiction (other than a business or other connection deemed to arise solely from such person having executed, delivered, become a party to, or performed its obligations or received a payment under, or enforced and/or engaged in any activities contemplated with respect to, this Agreement or any other Loan Document), (b) any withholding or backup withholding taxes attributable to any person’s failure to comply with Section 2.10(e) of this Agreement, (c) any tax that is imposed pursuant to a law in effect at the time such Lender becomes a party to this Agreement or designates a new lending office, except to the extent that such Lender or its assignor, if any, was entitled, immediately prior to such designation of a new lending office or assignment, to receive additional amounts from the Borrower with respect to any tax pursuant to Section 2.10 and other than assignments pursuant to a request of the Borrower under Section 2.12, (d) any tax in the nature of the branch profits tax within the meaning of Section 884(a) of the Code and any similar tax imposed by any jurisdiction and (e) any U.S. federal withholding taxes that are imposed by reason of or pursuant to FATCA.

“FATCA” means Sections 1471–1474 of the Code as of the date of this Agreement (or any successor Code provisions that are substantively similar thereto and which do not impose criteria that are materially more onerous than those contained in such Sections as of the date of this Agreement) and any current or future regulations issued thereunder or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

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“Fitch” means Fitch, Inc. or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities ratings agency, such other nationally recognized securities rating agency agreed upon by the Borrower and the Administrative Agent and approved by the Required Lenders.

“Foreign Benefit Event” means, with respect to any Foreign Pension Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (b) the failure to make the required material contributions or payments, under any applicable law, on or prior to the due date for such contributions or payments, or (c) the receipt of a notice by a Governmental Authority alleging the insolvency of any such Foreign Pension Plan.

“Foreign Pension Plan” means any material pension benefit plan that under applicable law other than the laws of the United States or any political subdivision thereof, is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

“Funding Date” means the date on which the conditions specified in Section 4.02 are satisfied (or waived in accordance with Section 9.02).

“GAAP” means generally accepted accounting principles in the United States of America.

“GE” means General Electric Company.

“GE Group” means GE and each Person (other than any member of the Synchrony Group) that is an Affiliate of GE immediately after the consummation of the IPO. As used in this definition, “GE” shall include GE’s Subsidiaries and/or Affiliates.

“GECC” means General Electric Capital Corporation.

“GECC Transfer Restrictions” has the meaning given to the term “Transfer Restrictions” in the GECC Term Loan Agreement as in effect on the date hereof.

“GECC Term Loan” means “Loans” under and as defined in the GECC Term Loan Agreement.

“GECC Term Loan Agreement” means that certain Credit Agreement, dated as of the date hereof, by and among the Borrower and GECC, as amended, supplemented or otherwise modified, from time to time, not in violation of this Agreement.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Group Members” means the Borrower and its Subsidiaries (other than Securitization Entities).

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“Guaranty Obligation” means, as to any Person, any (a) guaranty by such Person of Indebtedness of any other Person or (b) legally binding obligation of such Person to purchase or pay (or to advance or supply funds for the purchase or payment of) Indebtedness of any other Person, or to purchase property, securities, or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or to maintain working capital, equity capital or other financial statement condition of such other Person so as to enable such other Person to pay such Indebtedness; provided, that the term Guaranty Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, covered by such Guaranty Obligation or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the Person in good faith.

“Hazardous Materials” means all explosive or radioactive substances, materials or wastes, hazardous or toxic substances, materials or wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to, or which can form the basis for liability under, any Environmental Law.

“Impacted Interest Period” has the meaning given to such term in the definition of “Eurodollar Base Rate.”

“Indebtedness” means, as to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (e) all Indebtedness of others secured by any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (f) all Guaranty Obligations of such Person with respect to Indebtedness of others, (g) all Capital Lease Obligations and Synthetic Lease Obligations of such Person, (h) all Attributable Indebtedness under Sale-Leaseback Transactions under which such Person is the lessee and (i) all obligations of such Person as an account party in respect of outstanding letters of credit (whether or not drawn) and bankers’ acceptances; provided, that Indebtedness shall not include (i) trade and other ordinary course payables and accrued expenses arising in the ordinary course of business, (ii) deferred compensation, pension and other post-employment benefit liabilities and (iii) bank deposits; provided, further, that in the case of any obligation of such Person which is recourse only to certain assets of such Person, the amount of such Indebtedness shall be deemed to be equal to the lesser of the amount of such Indebtedness or the value of the assets to which such obligation is recourse as reflected on the balance sheet of such Person at the time of the incurrence of such obligation; provided, further, that the amount of any Indebtedness described in clause (e) above shall be the lesser of the amount of the Indebtedness or the fair market value of the property securing such Indebtedness.

“Indemnified Taxes” means Taxes (other than Excluded Taxes and Other Taxes) that are imposed in respect of a payment by, or on account of an obligation of, the Borrower hereunder.

“Indemnitee” has the meaning given to such term in Section 9.03(b).

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“Initial Period” means the period commencing on the Effective Date and ending on the date that is three months after the Funding Date.

“Initial IPO Bond Proceeds” means the first \$3,000,000,000 of Net Debt Proceeds of any debt securities (excluding, for the avoidance of doubt, the Loans and the GECC Term Loan) issued by the Borrower on or after the Funding Date.

“Interest Payment Date” means (a) with respect to any Base Rate Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to such Eurodollar Rate Loan and, in the case of Eurodollar Rate Loans with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period.

“Interest Period” means, in connection with a Eurodollar Rate Loan, (i) initially, the period commencing on the date such Eurodollar Rate Loan is disbursed or Continued as, or Converted into, such Eurodollar Rate Loan and (ii) thereafter, the period commencing on the last day of the preceding Interest Period, and ending, in each case, on the earlier of (A) the scheduled maturity date of such Loan, or (B) one, two, three, six, or to the extent consented to by each Lender, 12 months, thereafter; provided, that (a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (b) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period.

“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the Eurodollar Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Eurodollar Screen Rate (for the longest period for which the Eurodollar Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the Eurodollar Screen Rate for the shortest period (for which that Eurodollar Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

“Investment Securities” means any instrument qualifying as a level 1, level 2A or level 2B high-quality liquid asset under Basel III; provided, that to the extent no criteria for a level 1, level 2A or level 2B high-quality liquid asset is finally promulgated under Basel III, “Investment Securities” shall mean any instrument that would qualify as a level 1, level 2A or level 2B high-quality liquid asset as proposed by the appropriate Bank Regulatory Authority, beginning at page 71860 of volume 78 of the United States Federal Register published on November 29, 2013.

“IPO” means the initial public offering of the Borrower.

“IPO Proceeds” means the gross proceeds raised from the IPO.

“Laws” or “Law” means all international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents or authorities, including, if consistent therewith, the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof.

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“Lead Arrangers” means Barclays Bank PLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs Bank USA, JPMorgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc.

“Lenders” means the Persons listed on Schedule 1.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

“Lien” means any mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), charge or other security interest (including any conditional sale or other title retention agreement, or any financing lease or Sale-Leaseback Transaction having substantially the same economic effect as any of the foregoing), including the interest of a purchaser of accounts receivable; provided, that Lien shall not include ordinary and customary contractual set off rights with respect to deposit and brokerage accounts.

“Liquid Assets” means, with respect to any Person, the sum of all unrestricted (a) cash, (b) Cash Equivalents and (c) Investment Securities, in each case, held by such Person as of the relevant date of determination. For the avoidance of doubt assets subject to a Lien contemplated by Section 6.01(n) shall not constitute “Liquid Assets”.

“Loan Documents” means this Agreement, each Note and each other instrument or agreement from time to time delivered by the Borrower pursuant to this Agreement.

“Loans” has the meaning given to such term in Section 2.01.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Master Agreement” means the Master Agreement, dated as of [—], 2014 (as amended, supplemented or otherwise modified from time to time as permitted hereunder), by and among the Borrower, GECC and, for certain limited purposes set forth therein, General Electric Company, including all exhibits and schedules thereto; provided that as used in Sections 6.01 and 6.02, “Master Agreement” shall mean the Master Agreement as in effect on the date hereof or as amended, supplemented or otherwise modified from time to time with the approval of the Required Lenders.

“Material Adverse Effect” means a material adverse effect upon (a) the ability of the Borrower to perform its material obligations hereunder, (b) the business, assets, financial condition or results of operations of the Borrower and its Subsidiaries, taken as a whole, or (c) the validity or enforceability of this Agreement or the rights or remedies of the Administrative Agent or the Lenders under the Loan Documents.

“Maturity Date” means the day that falls on the fifth anniversary of the Funding Date; provided that if such day is not a Business Day, the “Maturity Date” shall be the Business Day immediately preceding such day.

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“Maximum Rate” has the meaning given to such term in Section 9.17.

“Minimum Tier 1 Common Ratio” means, with respect to any Person, as of any date of determination, (a) prior to the Basel III Implementation Date (or such earlier date that such Person’s public disclosures with respect to tier 1 capital are calculated in accordance with Basel III), the ratio of Tier 1 Common Capital to Total Risk-Weighted Assets (calculated in accordance with Basel I) and (b) on or after the Basel III Implementation Date (or such earlier date that such Person’s public disclosures with respect to tier 1 capital are calculated in accordance with Basel III), the ratio of common equity tier 1 capital to Total Risk-Weighted Assets (in each case, for the purposes of this clause (b), calculated in accordance with Basel III).

“Moody’s” means Moody’s Investors Service, Inc., or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities ratings agency, such other nationally recognized securities rating agency agreed upon by the Borrower and the Administrative Agent and approved by the Required Lenders.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA.

“Net Debt Proceeds” means the cash proceeds (net of all fees and expenses incurred in connection therewith, including, without limitation, attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges incurred in connection with such issuance or sale and net of taxes paid or payable or reasonably estimated to be payable as a result of such issuance or sale) from the issuance and incurrence of debt securities by the Borrower.

“Notes” means a note substantially in the form of Exhibit C.

“Obligations” means all advances to, and debts, liabilities, and obligations of, the Borrower arising under any Loan Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest that accrues after the commencement of any proceeding under any debtor relief laws by or against the Borrower.

“OCC” means the Office of the Comptroller of the Currency within the United States Department of the Treasury.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement, except any such Taxes that are imposed with respect to an assignment (other than an assignment made pursuant to Section 2.10(f) or 2.12) and as a result of a present or former connection between any Lender or Administrative Agent and the jurisdiction imposing such Tax (other than connections arising from the Lender or Administrative Agent having executed, delivered, become a party to, performed its obligations under, received payments under, or enforced this Agreement).

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“Participant” has the meaning given to such term in Section 9.04(f).

“Participant Register” has the meaning given to such term in Section 9.04(f).

“Parties” means the Borrower or any of its Affiliates.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity thereto performing similar functions.

“PDF” means portable document format or a similar electronic file format.

“Permitted Liens” means any Liens permitted to be incurred by the Group Members pursuant to Section 6.01.

“Permitted Receivables Master Trust” has the meaning set forth in the definition of Permitted Securitization.

“Permitted Receivables Related Assets” means any assets that are customarily transferred or in respect of which security interests are customarily granted in connection with securitization transactions involving credit card receivables or other loan receivables, and any collections or proceeds of any of the foregoing.

“Permitted Securitization” means, without limitation as to amount, any of the following transactions:

(a) any issuance of notes by GE Capital Credit Card Master Note Trust, GE Money Master Trust, GE Sales Finance Master Trust or another master trust or similar securitization vehicle established by Synchrony Bank, the Borrower or any of their Affiliates from time to time (each such trust, a “Permitted Receivables Master Trust”), including without limitation (i) any issuance of notes to or other borrowing from any bank-sponsored commercial paper program or (ii) any other securitization transaction reasonably consistent with Synchrony Bank’s customary practice or the customary practice within the credit card industry (for the avoidance of doubt, any such issuance may bear a fixed or floating rate (including a rate tied to the program costs for a bank-sponsored commercial paper conduit) or be issued at a discount to par, be denominated in Dollars or foreign currency, be issued publicly or privately, and shall have such maturities, credit enhancement, liquidity support, related derivative agreements and other terms as the seller, depositor, other applicable transferor or the issuer thereof shall determine from time to time, in each case so long as such terms are commercially reasonable and negotiated on an arm’s length basis);

(b) any issuance of any other securities backed by credit card receivables or loans originated by Synchrony Bank, the Borrower or its Affiliates, in each case the collateral for which shall consist primarily of such credit card receivables, loan receivables, cash collateral accounts, deposit accounts, spread or reserve accounts, credit enhancement agreements, letters of credit, insurance policies, liquidity agreements, derivative agreements, other Permitted Receivables Related Assets and/or the proceeds thereof (for the avoidance of doubt, any such issuance may bear a fixed or floating rate (including a rate tied to the program costs for a bank-sponsored

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commercial paper conduit) or be issued at a discount to par, be denominated in Dollars or foreign currency, be issued publicly or privately and shall have such maturities, credit enhancement, liquidity support, related derivative agreements and other terms as the seller, depositor, other transferor or the issuer thereof shall determine from time to time, in each case so long as such terms are commercially reasonable and negotiated on an arm's length basis);

(c) any sale, contribution, transfer, pledge, grant of a security interest in, grant of a floating charge over, grant of fixed security whether by way of a charge or assignment, or such other arrangement having the effect of ring-fencing of credit card receivables, other loan receivables and the proceeds thereof, together with any other Permitted Receivables Related Assets, to any Permitted Receivables Master Trust or any other Securitization Entity or otherwise in furtherance of any of the transactions described in clauses (a) and (b) above, so long as the seller, depositor or transferor thereof receives reasonably equivalent value therefor (including without limitation by receiving a retained seller's interest or other residual or equity interest in any such trust, Securitization Entity or other vehicle, rights to deferred purchase price payments, or the proceeds net of expenses (including the expenses of funding any required reserve accounts) of any securities sold by any such trust or other vehicle; and

(d) any provision of credit enhancement (including through subordination of transferor interests or other interests of the Borrower or its Affiliates) to, funding of cash collateral or other spread or reserve accounts for, establishment of overcollateralization or overcollateralization reserves for or agreements to maintain minimum levels of assets in connection with, acquisition of letters of credit or insurance policies for, or entry into and performance of credit enhancement agreements, derivative agreements, liquidity agreement, collateral account control agreements, trust agreements, transfer agreements, note purchase agreements, indentures or other agreements in connection with any of the foregoing or such other agreements, contracts and arrangements as shall be reasonably necessary or commercially reasonable in connection with any of the foregoing transactions;

provided, that none of Synchrony Bank, the Borrower or any Subsidiary of the Borrower (other than a Receivables Seller or a Securitization Entity that is the issuing entity with respect to the notes or other similar obligations issued in such Permitted Securitization) shall guarantee the principal or interest of the obligations arising under any such transaction or assume any other responsibility with respect thereto except pursuant to Standard Securitization Undertakings.

"Person" means any individual, trustee, corporation, general partnership, limited partnership, limited liability company, joint stock company, trust, unincorporated organization, bank, business association, firm, joint venture or Governmental Authority.

"Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA, other than a Multiemployer Plan), that is subject to Title IV of ERISA or Section 412 or 430 of the Code and in respect of which the Borrower or any Subsidiary or any of their respective ERISA Affiliates is, or if such Plan were terminated, would under Section 4062 or 4069 of ERISA be deemed to be, an "employer" as defined in Section 3(5) of ERISA.

"Post-IPO Debt Proceeds" means the Net Debt Proceeds of any debt securities issued by the Borrower and evidenced by bonds, debentures, notes or similar instruments after the Initial Period; provided, that Post-IPO Debt Proceeds shall exclude (a) any Initial IPO Bond Proceeds, (b) the Net Debt Proceeds of any loans issued pursuant to any bilateral or syndicated credit facility with third party lenders and (c) Excluded Debt Proceeds.

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“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its office located at 270 Park Avenue, New York, New York; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Projections” means the financial projections of the Borrower and its Subsidiaries, covering fiscal years 2014 through 2017 (inclusive) delivered to the Lead Arrangers on [—], 2014.

“Public-Sider” means a Lender or any representative of such Lender that does not want to receive material non-public information within the meaning of the federal and state securities laws.

“Rating Agency” means S&P, Moody’s or Fitch, as applicable.

“Receivables Sellers” means Synchrony Bank, GEMB Lending Inc., GE Sales Finance Holding, L.L.C., RFS Holding, L.L.C., PLT Holding, L.L.C., GEM Holding L.L.C., and any other Subsidiary of the Borrower which originates or acquires credit card receivables or other loan receivables in the ordinary course of its business.

“Register” has the meaning given to such term in Section 9.04(d).

“Registration Statement” means that certain Registration Statement of the Borrower on Form S-1 (Registration No. 333-194528) filed with the SEC on March 13, 2014, as amended from time to time, together with any prospectus related thereto.

“Regulation U” means Regulation U of the Board as in effect from time to time.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, partners, employees, agents, representatives, controlling persons, advisors, successors and assigns of such Person and such Person’s Affiliates.

“Related Party Debt” means all outstanding Indebtedness owed by the Borrower to GECC and/or its Affiliates prior to the Funding Date, excluding, for the avoidance of doubt, the GECC Term Loan.

“Release” means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, migrating, injection or leaching into the indoor or outdoor environment, or into, on, from or through any building, structure or facility.

“Representatives” has the meaning given to such term in Section 9.08.

“Required Lenders” means, as of any date of determination, Lenders holding more than 50% of (a) prior to the Funding Date, the Commitments then in effect and (b) on and after the Funding Date, the sum of the aggregate unpaid principal amount of the Loans then outstanding.

“Required Prepayment Amount” means the 2014-2016 Required Prepayment Amount or the 2017-2019 Required Prepayment Amount, as applicable, with respect to any calendar year.

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“Resignation Effective Date” has the meaning given to such term in Section 8.06.

“Responsible Officer” means, as to any Person, the president, any vice president, the controller, the chief financial officer, chief risk officer, the treasurer or any assistant treasurer of such Person. Any document or certificate hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

“S&P” means Standard & Poor’s Ratings Services a division of McGraw Hill Financial Inc., or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities rating agency, such other nationally recognized securities rating agency agreed upon by the Borrower and the Administrative Agent and approved by the Required Lenders.

“Sale-Leaseback Transaction” means any arrangement whereby the Borrower or any Group Member shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

“Sanctioned Country” means a country or territory which at any time is the subject or target of any Sanctions.

[“Sanctioned Person” means, at any time, any (a) Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council or any similar list maintained by the European Union or any EU member state, (b) any Governmental Authority of any Sanctioned Country, (c) any Person located, organized or resident in a Sanctioned Country or (d) any Person directly or indirectly 50 percent or more owned by, or otherwise controlled by, any Person referenced in clauses (a) or (b).]

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, France or Her Majesty’s Treasury of the United Kingdom.

“SEC” means the Securities and Exchange Commission.

“Securitization Entity” means each of RFS Holding Inc., GEM Holding L.L.C., GE Money Master Trust, RFS Holding, L.L.C., PLT Holding, L.L.C., GE Capital Credit Card Master Note Trust, GEMB Lending Inc., GE Sales Finance Holding, L.L.C., GE Sales Finance Master Trust, any other entity that is substantially similar in its organizational documents and/or organizational purposes to any of the foregoing, and any other entity (whether or not a Subsidiary of the Borrower) that has organizational documents that comply with the then existing market standard requirements for entities engaged in securitization transactions including, without limitation, transactions that involve acquiring or transferring notes backed by credit card receivables or other loan receivables; acquiring or transferring credit card receivables or other loan receivables; acquiring or transferring ancillary rights including rights under credit enhancement agreements, liquidity agreements, derivative agreements and/or the proceeds thereof, including Permitted Receivables Related Assets and other assets associated with or

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related to Permitted Securitizations; investing any cash deposits or the proceeds of any of the foregoing; issuing securities supported by such assets; making loans to, deposits for, investments in or otherwise providing credit enhancement for Permitted Receivables Master Trusts or otherwise in connection with Permitted Securitizations; purchasing or selling interests in loan receivables and/or issuing notes supported by or otherwise borrowing against such loan receivables; and engaging in other activities in connection with or related to such corporate purposes or otherwise in connection with or related to the financing of receivables of the Receivables Sellers.

“Significant Subsidiary” means (i) Synchrony Bank and (ii) any other Subsidiary of the Borrower whose assets comprise more than 5% of Total Assets of the Borrower and its Subsidiaries, as of the last day of the fiscal quarter most recently ended.

“Solvent” means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is not less than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (c) the capital of such Person is not unreasonably small in relation to the business conducted by such Person or as expected to be conducted by such Person and (d) such Person will be able to pay its debts and other liabilities, and does not intend to incur or incur debts and liabilities beyond its ability to pay such debts and liabilities, in each case, as such debts and other liabilities become absolute and matured. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5.

“Specified Documents” has the meaning given to such term in Section 9.10(b).

“Split-off” means the consummation of a distribution of all shares of the Borrower held by GE after the IPO to certain electing shareholders of GE in exchange for shares of GE’s common stock.

“Standard Securitization Undertakings” means representations, warranties, covenants, repurchase obligations and indemnities entered into by Synchrony Bank, the Borrower or any of their respective Subsidiaries in connection with a Permitted Securitization and which are customary in a receivables financing transaction.

“Subject Debt” has the meaning given to such term in the definition of Applicable Margin.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company, trust or other business entity of which more than 50% of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, directly or indirectly, through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

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“Successor Corporation” has the meaning given to such term in Section 6.03.

“Synchrony Bank” means Synchrony Bank (or any successor thereto).

“Synchrony Group” means the Borrower, each Subsidiary of the Borrower immediately after the consummation of the IPO (in each case so long as such Subsidiary remains a Subsidiary of the Borrower) and each other Person that is controlled either directly or indirectly by the Borrower immediately after the consummation of the IPO in each case so long as such Person continues to be controlled either directly or indirectly by the Borrower).

“Synthetic Lease” means, as to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) that is designed to permit the lessee (a) to treat such lease as an operating lease, or not to reflect the leased property on the lessee’s balance sheet, under GAAP and (b) to claim depreciation on such property for U.S. Federal income tax purposes, other than any such lease under which such Person is the lessor.

“Synthetic Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any Synthetic Lease, and the amount of such obligations shall be equal to the sum (without duplication) of (a) the capitalized amount thereof that would appear on a balance sheet of such Person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations and (b) the amount payable by such Person as the purchase price for the property subject to such lease assuming the lessee exercises the option to purchase such property at the end of the term of such lease.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Term Facility” means the Commitments and the Loans made thereunder.

“Tier 1 Common Capital” means with respect to any Person, as of any date of determination, tier 1 capital (as calculated in accordance with Basel I) less the non-common equity elements of tier 1 capital, including any perpetual preferred stock and related surplus, minority interest in subsidiaries, trust preferred securities and mandatory convertible preferred securities.

“Total Assets” means the total assets of the Borrower and its Subsidiaries (excluding Securitization Entities) on a consolidated basis determined in accordance with GAAP, as shown on the most recent consolidated balance sheet of the Borrower determined on a pro forma basis.

“Total Risk-Weighted Assets” means, with respect to any Person, as of any date of determination, the aggregate balance sheet and off-balance sheet assets of such Person after giving effect to the assignment of different risk weightings to the various balance sheet and off-balance sheet assets and calculated in accordance with Basel I or Basel III, as applicable.

“Transactions” means, collectively, (a) the consummation of the IPO, (b) the repayment of the Related Party Debt, (c) the incurrence of the GECC Term Loan and (d) the entrance into this Agreement and the issuance of the Loans.

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“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Base Rate or the Eurodollar Rate.

“Unaudited Financial Statements” means the unaudited combined statement of financial position of the Borrower and its combined Affiliates as of March 31, 2014 and the related combined statements of earnings, comprehensive income, changes in equity and cash flows for the fiscal quarter ended March 31, 2014.

“Unfunded Pension Liability” means, with respect to any Plan at any time, the amount of any of its unfunded benefit liabilities as defined in Section 4001(a)(18) of ERISA.

“Wholly-Owned Subsidiary” means any Person in which 100%, directly or indirectly, beneficially or of record, of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests, is owned by the Borrower, or by one or more of the other Wholly-Owned Subsidiaries or both.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Title IV of ERISA.

“Withholding Agent” means the Borrower and the Administrative Agent.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., “Eurodollar Loans”). Borrowings also may be classified and referred to by Type (e.g., “a Eurodollar Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (b) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (c) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement.

SECTION 1.04. Accounting Terms. All accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time in the United States; provided, that for purposes of determining compliance with the financial covenants set forth in Section 6.08, if there are changes in GAAP after December 31, 2013 that materially affect the calculation of the financial covenants in Section 6.08 in such a manner as to be inconsistent with the intent of this Agreement, the Administrative Agent and the Borrower shall negotiate in good faith to determine such adjustments to the method of calculating compliance with Section 6.08 or related definitions as to make them consistent with the intent hereof. Promptly upon the Borrower and the Administrative Agent reaching such agreement, the Administrative Agent shall notify the Lenders

of such adjustments, which shall be conclusive unless the Required Lenders object to such adjustments within 30 days of receipt of notice. Each Compliance Certificate shall be prepared in accordance with this Section 1.04. Without limiting the foregoing, for purposes of determining compliance with any provision of this Agreement and any related definitions, the determination of whether a lease is to be treated as an operating lease or capital lease shall be made without giving effect to any change in GAAP that becomes effective on or after the date hereof that would require operating leases to be treated similarly to capital leases, including as a result of the implementation of proposed ASU Topic 840, or any successor or similar proposal. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

SECTION 1.05. Exhibits and Schedules. All exhibits and schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference. A matter disclosed on any Schedule shall be deemed disclosed on all Schedules.

SECTION 1.06. References to Agreements and Laws. Unless otherwise expressly provided herein, (a) references to agreements (including the Loan Documents) and other contractual instruments shall include all amendments, restatements, extensions, supplements and other modifications thereto (unless prohibited by any Loan Document) and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

## ARTICLE II

### THE LOANS

SECTION 2.01. Amounts and Terms of the Commitment. Subject to the terms and conditions set forth in this Agreement, each Lender severally agrees to make term loans under the Term Facility (the "Loans") on the Funding Date in Dollars in an aggregate principal amount equal to such Lender's Commitment. The Loans may from time to time be Eurodollar Rate Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Section 2.02 and Section 2.03. Once repaid, Loans may not be reborrowed.

SECTION 2.02. Procedure for Borrowing.

(a) The Borrower shall give the Administrative Agent notice requesting that the Lenders make the Loans on the Funding Date by delivering a Committed Loan Notice in compliance with Section 2.03(e), (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days prior to the date of the proposed Borrowing or (b) in the case of a Base Rate Borrowing, not later than 11:00 a.m., New York City time, one Business Day prior to the date of the proposed Borrowing. Following receipt of such Committed Loan Notice, the Administrative Agent shall promptly notify each Lender. Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders.

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The Administrative Agent will make such Loan available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent and designated by the Borrower in the Committed Loan Notice.

(b) The failure of any Lender to make its Loan on the Funding Date shall not relieve any other Lender of its obligation to make its Loan on the Funding Date, but the Commitments of the Lenders are several and no Lender shall be responsible for the failure of any other Lender's failure to so make its Loan.

SECTION 2.03. Conversion and Continuation Option.

(a) The Borrower may irrevocably request a Conversion or Continuation of Loans on any Business Day in minimum amount of \$5,000,000 or whole multiples of \$1,000,000 in excess thereof by delivering a Committed Loan Notice therefor by notice to the Administrative Agent not later than (i) 11:00 a.m. New York City time one Business Day prior to the proposed date of Continuation of or Conversion into Base Rate Loans and (ii) 11:00 a.m. New York City time three Business Days prior to the proposed date of Continuation of or Conversion into Eurodollar Rate Loans.

(b) Unless the Borrower pays all amounts due under Section 2.13, if any, a Eurodollar Rate Loan may be Continued or Converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of an Event of Default, upon the request of the Required Lenders, the Administrative Agent shall prohibit Loans from being requested as, Converted into, or Continued as Eurodollar Rate Loans, and the Required Lenders may demand that any or all of then outstanding Eurodollar Rate Loans be Converted immediately into Base Rate Loans.

(c) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Eurodollar Rate Loan upon determination of the same. The Administrative Agent shall from time to time notify the Borrower and the Lenders of any change in the Administrative Agent's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to Convert or Continue, any Loan if the Interest Period requested with respect thereto would end after the Maturity Date.

(e) Any notice of Continuation or Conversion may be provided telephonically; provided, that each such telephonic Committed Loan Notice shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy or email with PDF attachment to the Administrative Agent of a written Committed Loan Notice. Each telephonic and written Committed Loan Notice shall specify the following information:

(i) the Loans to which such Committed Loan Notice applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Loan (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Loan);

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(ii) the effective date of the election made pursuant to such Committed Loan Notice, which shall be a Business Day;

(iii) whether the resulting Loans are to be Base Rate Loans or Eurodollar Rate Loans; and

(iv) if the resulting Loans are Eurodollar Rate Loans, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

(f) Promptly following receipt of a Committed Loan Notice, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of the resulting Loans.

(g) If the Borrower fails to give a notice requesting a continuation of Eurodollar Rate Loans by 11:00 a.m. on the third Business Day prior to the last day of the applicable Interest Period, then the Borrower shall be deemed to have timely requested that the applicable Eurodollar Rate Loans be continued as Eurodollar Rate Loans in Dollars with an Interest Period of one month's duration. Any such automatic conversion shall be effective as of the last day of the Interest Period then in effect with respect to the Eurodollar Rate Loans. If no election as to the Type of Loans is specified, then the requested Loans shall be Eurodollar Rate Loans with an interest period of one month's duration. If any such Committed Loan Notice requests Eurodollar Rate Loans but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

#### SECTION 2.04. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of the Loans on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender to the Borrower, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section 2.04 shall be prima facie evidence of the existence and amounts of the Obligations recorded therein; provided, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans to it in accordance with the terms of this Agreement.

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(e) Upon the request of any Lender made through the Administrative Agent, a Lender's Loans may be evidenced by one or more Notes of the Borrower, instead of or in addition to its loan accounts or records. Each such Lender may attach schedules to its Notes and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower to pay any amount owing with respect to the Obligations. In any event, the Register shall remain conclusive and binding on the Borrower and each Lender, absent manifest error.

SECTION 2.05. Prepayment of Loans.

(a) Voluntary Prepayments. Subject to prior notice in accordance with this paragraph, the Borrower may at its option, at any time, without premium or penalty of any kind (other than any payments required under Section 2.13), prepay, in whole or in part, the Loans. The Borrower shall make any such prepayment to the Administrative Agent for the ratable account of each Lender (together with accrued and unpaid interest thereon).

(b) Mandatory Prepayments.

(i) The Loans shall be prepaid with Applicable Debt Proceeds in the manner set forth in Section 2.05(d) below.

(ii) The Borrower shall make any such prepayment to the Administrative Agent, for the ratable account of each Lender, on the date and in the principal amount required by Section 2.05(d) below (together with any accrued and unpaid interest thereon).

(c) Notice of Prepayment.

(i) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy or email with PDF attachment) of any prepayment hereunder (A) in the case of prepayment of Eurodollar Rate Loans, not later than 11:00 a.m., New York City time, on the date three Business Days prior to the date of prepayment and (B) in the case of prepayment of Base Rate Loans, not later than 10:00 a.m., New York City time, on the date one Business Day prior to the date of prepayment. Each such notice shall be irrevocable except to the extent contemplated by clause (ii) and shall specify the prepayment date and the principal amount of Loans to be prepaid. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.07 but shall be without premium or penalty of any kind (other than any payments required under Section 2.13).

(ii) Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided, that a notice of repayment of Loans may state that such notice is conditioned upon the effectiveness of other credit facilities or the closing of a capital markets transaction, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

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(d) Application of Prepayments with Applicable Debt Proceeds. Any Applicable Debt Proceeds received by the Borrower shall be applied to prepay the outstanding principal amount of the Loans and, subject to clause (e), the GECC Term Loan as follows:

(i) During the Initial Period, any Additional IPO Debt Proceeds received by the Borrower shall be applied first, to prepay the GECC Term Loan until the outstanding principal amount of the GECC Term Loan after giving effect to such prepayments equals \$1,500,000,000 and second, to prepay the outstanding principal amounts of the Loans and the GECC Term Loan on a pro rata basis, based on the outstanding loans thereunder; and

(ii) After the Initial Period:

(1) with respect to the remaining portion of the calendar year ended December 31, 2014 and the calendar years ended December 31, 2015 and December 31, 2016, the 2014-2016 Required Prepayment Amount of Post-IPO Debt Proceeds received by the Borrower shall be applied to prepay the outstanding principal amounts of the Loans and the GECC Term Loan on a pro rata basis, based on the outstanding principal balances thereunder; provided, that, for each calendar year, all such calculations and required prepayments shall be made on an annual basis such that to the extent, during such calendar year, the Borrower has made aggregate prepayments of the Loans and the GECC Term Loan from Post-IPO Debt Proceeds received during such calendar year (1) in an amount less than the 2014-2016 Required Prepayment Amount for such calendar year, within 10 Business Days after January 1 of the following calendar year, the Borrower shall prepay the outstanding principal amounts of the Loans and the GECC Term Loan on a pro rata basis, based on the outstanding principal balances thereunder, respectively, in an amount equal to such shortfall, and (2) in an amount greater than the 2014-2016 Required Prepayment Amount for such calendar year, the Borrower may, at its option, receive a dollar-for-dollar credit in the amount of such excess with respect to its prepayment obligations under this Section 2.05(d)(ii) in respect of the Required Prepayment Amount for the immediately following calendar year;

(2) with respect to the calendar years ended December 31, 2017, December 31, 2018 and December 31, 2019, the 2017-2019 Required Prepayment Amount of Post-IPO Debt Proceeds received by the Borrower shall be applied to prepay the outstanding principal amounts of the Loans and the GECC Term Loan on a pro rata basis, based on the outstanding principal balances thereunder; provided, that, for each calendar year, all such calculations and required prepayments shall be made on an annual basis such that to the extent, during such calendar year, the Borrower has made aggregate prepayments of the Loans and the GECC Term Loan from Post-IPO Debt Proceeds received during such calendar year (A) in an amount less than the 2017-2019 Required Prepayment Amount for such calendar year, within 10 Business Days after January 1 of the following calendar year, the Borrower shall prepay the outstanding principal amounts of the Loans and the GECC Term Loan on a pro rata basis, based on the outstanding principal balances thereunder, respectively, in an amount equal to such shortfall, and (B) in an amount greater than the 2017-2019 Required Prepayment Amount for such calendar year, the Borrower may, at

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its option, receive a dollar-for-dollar credit in the amount of such excess with respect to its prepayment obligations under this Section 2.05(d)(ii) in respect of the Required Prepayment Amount for the immediately following calendar year.

(e) Subject to the terms of the GECC Term Loan Agreement, any amount required to be applied to prepay the GECC Term Loan pursuant to Section 2.05(d) may, at the Borrower's election, be applied to prepay the Loans.

SECTION 2.06. Fees. (a) The Borrower agrees to pay to each Lead Arranger and each Co-Lead Arranger, for their own respective accounts, upfront fees in the amounts and at the times specified in one or more fee letters between the Borrower, the Lead Arrangers and the Co-Lead Arrangers.

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times set forth in the Agency Fee Letter dated as of [—], 2014 between the Borrower and the Administrative Agent.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.07. Interest.

(a) Base Rate Loans shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) Eurodollar Rate Loans shall bear interest at a rate per annum equal to the Eurodollar Rate for the Interest Period in effect for such Eurodollar Rate Loans plus the Applicable Margin.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided, that (i) in the event of any repayment or prepayment of the Loans, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (ii) in the event of any Conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such Conversion, (iii) all accrued interest on a Loan shall be payable upon the Maturity Date and (iv) interest pursuant to Section 2.07(e) shall be payable on demand.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Base Rate (other than pursuant to clause (c) of the definition thereof) shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Base Rate or Eurodollar Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(e) If any amount payable by the Borrower under any Loan Document is not paid when due, such past due amounts shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

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SECTION 2.08. Alternate Rate of Interest. If prior to the commencement of any Interest Period for Eurodollar Rate Loans:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Eurodollar Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lender or Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Committed Loan Notice that requests the Conversion of any Loans to, or Continuation of any Loans as, a Eurodollar Rate Loan shall be ineffective and (ii) if any Committed Loan Notice by the Borrower requests Eurodollar Rate Loans, such Loans shall be made as Base Rate Loans.

SECTION 2.09. Increased Costs. (a) If any Change in Law shall:

(i) subject any Lender, with respect to this Agreement, to any Taxes (other than (x) any Indemnified Taxes or Other Taxes in respect of which additional amounts are payable pursuant to Section 2.10, (y) any Indemnified Taxes or Other Taxes in respect of which additional amounts would be so payable but for an exception under Section 2.10, or (z) any Excluded Taxes) on its loans, loan principal, letters of credit, commitments or other obligations or its deposits, reserves, other liabilities or capital attributable thereto;

(ii) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Eurodollar Rate); or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other recipient of making, continuing, converting or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender or such other recipient hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or such other recipient, as the case may be, such additional amount or amounts as will compensate such Lender or such other recipient, as the case may be, for such additional costs incurred or reduction suffered.

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(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 2.09 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.09 shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section 2.09 for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.10. Taxes; Tax Documentation.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction or withholding for any Taxes, except as required by law; provided, that if the applicable Withholding Agent shall be required to deduct or withhold any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions or withholdings applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives from the Borrower an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the applicable Withholding Agent shall make such deductions or withholdings and (iii) the applicable Withholding Agent shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law. For the avoidance of doubt, a Tax imposed by reason of or pursuant to FATCA is a Tax required by Law to be deducted or withheld.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom

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or with respect thereto (other than any penalties, interest and expenses resulting from any bad faith, gross negligence or willful misconduct of the Administrative Agent or such Lender), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) The Administrative Agent and any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable Law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable Law as will permit such payments to be made without withholding or at a reduced rate. Without limiting the generality of the foregoing, (i) the Administrative Agent and each Lender (or assignee or participant) that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent two copies of IRS Form W-9 certifying that the Administrative Agent or such Lender (or assignee or participant) is exempt from U.S. federal backup withholding tax, (ii) the Administrative Agent and each Lender (or assignee or Participant) that is not a "United States person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent two complete, duly executed originals of (A) IRS Form W-8BEN, Form W-8BEN-E, Form W-8ECI or Form W-8IMY (together with any applicable underlying IRS forms), or, (B) in the case of a Non-U.S. Lender that is not a bank described in Section 881(c)(3)(A) of the Code, two complete, duly executed originals of IRS Form W-8BEN or Form W-8BEN-E, together with a statement certifying that the Administrative Agent or such Lender is not a bank described in Section 881(c)(3)(A) of the Code, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on payments under this Agreement, and (iii) if a payment made to the Administrative Agent or a Lender under this Agreement would be subject to U.S. federal withholding Tax imposed by FATCA if the Administrative Agent or such Lender were to fail to comply with the applicable documentation or reporting requirements of FATCA (including those required pursuant to Section 1471(b) or 1472(b) of the Code, as applicable), the Administrative Agent or such Lender shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations, respectively, under FATCA, to determine that the Administrative Agent or such Lender has or has not complied with the Administrative Agent's or such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment (and, solely for purposes of this Section 2.10(e)(iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement). All such forms and documentation shall be delivered by the Administrative Agent and each Lender on or prior to the date it becomes a party to this Agreement (or, in the case of any Participant, on

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or prior to the date such Participant purchases the related participation) and from time to time thereafter as required by Law or upon the request of the Borrower or the Administrative Agent. In addition, the Administrative Agent and each Lender shall deliver such forms and documentation promptly upon the expiration, obsolescence or invalidity of any form or documentation previously delivered by the Administrative Agent or such Lender. The Administrative Agent and each Lender shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this Section 2.10(e), the Administrative Agent or a Lender shall not be required to deliver any form and documentation pursuant to this Section that the Administrative Agent or such Lender is not legally able to deliver.

(f) The Administrative Agent and each Lender shall use reasonable efforts (consistent with its internal policy applied on a non-discriminatory basis and legal and regulatory restrictions) to designate a different applicable lending office for the Loans made by it and its Commitments or to take other appropriate actions if such designation or actions, as the case may be, will avoid the need for, or reduce the amount of, any payments the Borrower is required to make under this Section 2.10, and will not, in the opinion of the Administrative Agent or such Lender, be otherwise disadvantageous to the Administrative Agent or such Lender.

(g) Each Lender shall indemnify the Administrative Agent within 10 days after written demand therefor, for the full amount of any Taxes attributable to such Lender that are payable or paid by the Administrative Agent, and reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error.

(h) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.10 (including by the payment of additional amounts pursuant to this Section 2.10), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.10 with respect to Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.10(h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority, other than any penalties, interest or other charges resulting from any bad faith, negligence or willful misconduct of such indemnified party) in the event that such indemnified party is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

#### SECTION 2.11. Payments Generally.

(a) Unless otherwise specified herein, the Borrower shall make each payment required to be made by it hereunder (including under Section 2.09, 2.10, 2.13 or otherwise) prior to 1:00 p.m., New York City time, on the date when due and in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any

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date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York or at such other office as directed by the Administrative Agent, except that payments pursuant to Section 2.09, 2.10, 2.13 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment from the Borrower is due to the Administrative Agent that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each Lender severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

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(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.11(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.12. Replacement of Lenders. If any Lender (a) requests compensation, or is entitled to payments, under Section 2.09 or Section 2.10 or is affected in the manner described in Section 2.14, (b) does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable) or (c) fails to wire its applicable portion of the Loans to the Administrative Agent by 1:00 p.m. on the Funding Date, then the Borrower may, at its sole expense and effort (in the case of a claim for compensation under, or payments pursuant to, Section 2.09 or Section 2.10 or in the case of illegality, Section 2.14), upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided, that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld or delayed, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (iii) in the case of any such assignment resulting from a claim for compensation under, or payments pursuant to, Section 2.09 or Section 2.10 or from illegality under Section 2.14, such assignment will result in a reduction in such compensation or payments or eliminate the illegality, as the case may be and (iv) in the case of any assignment pursuant to clause (b), the applicable assignee shall have consented to the applicable change, waiver, discharge or termination. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.13. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the Conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, Convert, Continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.05(c) and is revoked in accordance herewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.12, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof. The provisions of this Section 2.13 shall not apply to mandatory prepayments pursuant to Section 2.05(d)(ii).

SECTION 2.14. Illegality. Notwithstanding any other provision herein, if the adoption of or any change in applicable Law or regulation or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, Continue Eurodollar Loans as such and convert Base Rate Loans into Eurodollar Loans shall forthwith be canceled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be Converted automatically to Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such Conversion or repayment of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 2.13. If circumstances subsequently change so that any affected Lender shall determine that it is no longer so affected, such Lender will promptly notify the Borrower and the Administrative Agent, and upon receipt of such notice, the obligations of such Lender to make or Continue Eurodollar Loans or to Convert Base Rate Loans into Eurodollar Loans shall be reinstated.

SECTION 2.15. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Funding Date after giving effect to the Borrowing hereunder on such date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders on the Effective Date and the Funding Date, as applicable, that:

SECTION 3.01. Existence and Qualification; Power; Compliance with Laws. Each of the Borrower and its Subsidiaries (a) is a corporation, partnership, limited liability company or trust duly organized or formed, validly existing and in good standing under the Laws of the state of its organization, (b) has the power and authority and the legal right to own, lease and operate its properties and to conduct its business, (c) is duly qualified and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of its properties or the

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conduct of its business requires such qualification, except to the extent that the failure to be so qualified and in good standing could not reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all Laws, except to the extent that noncompliance could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02. Power and Authorization. The execution, delivery and performance by the Borrower of this Agreement has been duly authorized by all necessary corporate action.

SECTION 3.03. Enforceable Obligations. This Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject however to (a) general principles of equity, regardless of whether considered in a proceeding in equity or at law and (b) applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally.

SECTION 3.04. No Conflict. The execution, delivery, and performance by the Borrower of the Loan Documents to which it is a party does not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) the Borrower's organizational documents, (ii) any applicable Laws or judicial orders or (iii) any Contractual Obligation, license or franchise of the Group Members or by which any of them or any of their property is bound or subject except, in the case of clause (ii) and (iii) only, to the extent such violation, conflict, breach or failure to obtain consent could not reasonably be expected to have a Material Adverse Effect or (b) constitute a default under any such Contractual Obligation, license or franchise except to the extent such default could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.05. Taxes. The Borrower and its Subsidiaries have filed all tax returns which are required to be filed, and have paid, or made provision for the payment of, all taxes with respect to the periods, property or transactions covered by said returns, or pursuant to any assessment received by the Borrower or its affected Subsidiaries, except such taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been established and maintained in accordance with GAAP, and, except for the failure to file tax returns and/or to pay taxes which failures could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters. (a) Except as set forth on Schedule 3.06, no litigation, investigation or proceeding of or before an arbitrator or Governmental Authority, including, in each case, relating to or arising out of any Environmental Law is pending or, to the best knowledge of the Borrower, threatened by or against the Borrower or any Subsidiary or against any of its properties or revenues that could reasonably be expected to have a Material Adverse Effect.

(b) Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to, or knows of any basis for, any Environmental Liability or (iii) has received notice of any claim with respect to any Environmental Law or Environmental Liability.

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SECTION 3.07. Financial Statements. (a) The Audited Financial Statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its combined Affiliates as of such dates and for such periods in accordance with GAAP; and (b) the Unaudited Financial Statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its combined Affiliates as of such dates and for such periods in accordance with GAAP. The Projections were prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date of their delivery to Lenders, it being understood that (i) whether or not such Projections are in fact achieved will depend upon future events some of which are beyond the control of the Borrower and its combined Affiliates and Subsidiaries, (ii) no assurance can be given that such Projections will be realized, (iii) actual results may vary from the Projections and such variations may be material and (iv) the Projections should not be regarded as a representation by the Borrower or its management that the projected results will be achieved.

SECTION 3.08. Authorizations. The Group Members possess all licenses, permits, franchises, consents, approvals, and other authorities required to be issued by Governmental Authorities that are necessary or required in the conduct of their businesses, all of which are valid, binding, enforceable, and subsisting without any defaults thereunder, other than any failures to possess or defaults that could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.09. Material Adverse Effect. Since December 31, 2013, no fact, event or circumstance has occurred (other than any fact, event or circumstance that has been disclosed in the Registration Statement (excluding any disclosure contained in any section entitled "Risk Factors" or "Cautionary Note Regarding Forward-Looking Statements" or any other statement that is cautionary, risk factor, predictive or forward-looking in nature)) that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10. No Default. No Group Member is in default under or with respect to any Contractual Obligation, license or franchise which could reasonably be expected to have a Material Adverse Effect, and no Default or Event of Default has occurred and is continuing or will result from the execution and delivery of this Agreement or any of the other Loan Documents or the consummation of the transactions contemplated hereby and thereby.

SECTION 3.11. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time furnished.

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SECTION 3.12. Employee Benefit Plans.

(a) With respect to the Borrower and its Subsidiaries (including on account of their respective ERISA Affiliates), except as, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect (i) each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code, other federal or state Laws, and the regulations and published interpretations thereunder, (ii) there are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan, (iii) no ERISA Event has occurred or is reasonably expected to occur and (iv) there exists no Unfunded Pension Liability with respect to any Plan.

(b) With respect to the Borrower and its Subsidiaries, except as, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, each Foreign Pension Plan is in compliance with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan. With respect to each Foreign Pension Plan, except as could not reasonably be expected to have a Material Adverse Effect, reserves have been established in the financial statements furnished to Lenders in respect of any unfunded liabilities, to the extent applicable, in accordance with applicable law or, where required by local accounting standards, in accordance with ordinary accounting practices in the jurisdiction in which such Foreign Pension Plan is maintained. The aggregate unfunded liabilities with respect to such Foreign Pension Plans could not reasonably be expected to have a Material Adverse Effect (based on those assumptions used to fund each such Foreign Pension Plan).

SECTION 3.13. Labor Matters. Except as could not reasonably be expected to have a Material Adverse Effect, there are no strikes, lockouts or slowdowns against the Borrower or any Subsidiary pending or, to the knowledge of the Borrower or any Subsidiary, threatened. Except as could not reasonably be expected to have a Material Adverse Effect, the hours worked by and payments made to employees of the Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. Except as could not reasonably be expected to have a Material Adverse Effect, the consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower or any Subsidiary is bound.

SECTION 3.14. Margin Regulations; Investment Company Act. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of extending credit for the purpose of “purchasing” or “carrying” “margin stock” within the respective meanings of each of the quoted terms under Regulation U of the Board as now and from time to time hereafter in effect. No part of the proceeds of any Loans will be used by the Borrower or any Subsidiary for “purchasing” or “carrying” “margin stock” as so defined in a manner which violates, or which would be inconsistent with, the provisions of Regulations T, U, or X of the Board. The Borrower is not required to be registered as an “investment company” as defined in the Investment Company Act of 1940, as amended.

SECTION 3.15. Anti-Corruption Laws and Sanctions. The Borrower maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower and its Subsidiaries and, to the knowledge of the Borrower,

their respective directors, officers, employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects, and no action, suit or proceeding by or before any Governmental Authority involving the Borrower or any of its Subsidiaries with respect to Anti-Corruption Laws or Sanctions is pending or, to the best knowledge of the Borrower, threatened. None of the Borrower or any Subsidiary nor, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers or employees or any of their respective agents that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No part of the proceeds of the Loans or the Transactions will be used by the Borrower in violation of Anti-Corruption Laws or applicable Sanctions.

SECTION 3.16. Money Laundering and Counter-Terrorist Financing Laws. The Borrower maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with the Anti-Money Laundering Laws. The operations of the Borrower and its Subsidiaries are in compliance in all material respects with the Bank Secrecy Act and implementing regulations and the applicable anti-money laundering statutes of jurisdictions where the Borrower and its Subsidiaries conduct business, and the rules and regulations thereunder (collectively, the “Anti-Money Laundering Laws”), and no action, suit or proceeding by or before any Governmental Authority involving the Borrower or any of its Subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Borrower, threatened.

SECTION 3.17. Solvency. The Borrower, together with its Subsidiaries on a consolidated basis, is Solvent.

SECTION 3.18. Ownership of Synchrony Bank. Synchrony Bank is a Wholly-Owned Subsidiary of the Borrower.

#### ARTICLE IV

#### CONDITIONS

SECTION 4.01. Effective Date. This Agreement shall become effective on the first date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from the Borrower and each Lender a counterpart of this Agreement signed on behalf of such party or parties.

(b) The Administrative Agent shall have received a customary written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (i) Weil, Gotshal & Manges LLP, counsel to the Borrower and (ii) Jonathan Mothner, general counsel of the Borrower.

(c) All representations and warranties contained in Article III shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) as of such earlier date.

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(d) The Administrative Agent shall have received copies of the organizational documents of the Borrower, certified by the Secretary of State of its jurisdiction of organization, evidence of existence and good standing of the Borrower, certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Borrower evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which the Borrower is a party.

(e) The Administrative Agent shall have received all documentation and other information reasonably requested by each Lender that is required for compliance with the Patriot Act or other "know your customer" and anti-money laundering rules and regulations (which requested information shall have been received at least three Business Days prior to the Effective Date to the extent requested by the Lenders at least 10 Business Days prior to the Effective Date).

(f) Since December 31, 2013, no fact, event or circumstance has occurred (other than any fact, event or circumstance that has been disclosed in the Registration Statement (excluding any disclosure contained in any section entitled "Risk Factors" or "Cautionary Note Regarding Forward-Looking Statements" or any other statement that is cautionary, risk factor, predictive or forward looking in nature)) that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(g) The Administrative Agent and the Lenders shall have received (i) the Audited Financial Statements, (ii) the Unaudited Financial Statements and (iii) the Projections.

(h) The Administrative Agent shall have received a fully executed copy of the GECC Term Loan Agreement, in form and substance reasonably satisfactory to the Lead Arrangers, and the GECC Term Loan Agreement shall become effective concurrently with the Effective Date.

(i) All fees and expenses required to be paid on the Effective Date shall have been paid, (in the case of expenses, to the extent invoiced at least three Business Days prior to the Effective Date).

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date and such notice shall be conclusive and binding.

SECTION 4.02. Conditions Precedent to the Funding Date. The obligations of the Lenders to make their respective Loans hereunder shall become effective on the first date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) All representations and warranties contained in Article III shall be true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the Funding Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) as of such earlier date.

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(b) Since December 31, 2013, no fact, event or circumstance has occurred (other than any fact, event or circumstance that has been disclosed in the Registration Statement (excluding any disclosure contained in any section entitled “Risk Factors” or “Cautionary Note Regarding Forward-Looking Statements” or any other statement that is cautionary, risk factor, predictive or forward looking in nature)) that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(c) The Borrower shall be in pro forma compliance with the financial covenants set forth in Section 6.08 on the Funding Date (after giving effect to the receipt of the IPO Proceeds) and assuming, for purposes of such calculations, that \$3,000,000,000 of Initial IPO Bond Proceeds were received by the Borrower on the Funding Date.

(d) The IPO shall have priced and the Administrative Agent shall be reasonably satisfied that the Borrower will receive IPO Proceeds of at least \$2,000,000,000 substantially concurrently with the funding of the Loans (it being understood that the Loans shall be funded immediately prior to the IPO).

(e) At the time of and immediately after giving effect to the Borrowing of the Loans on the Funding Date, no Default or Event of Default shall have occurred and be continuing.

(f) All fees and expenses required to be paid on the Funding Date shall have been paid, (in the case of expenses, to the extent invoiced at least three Business Days prior to the Funding Date).

(g) The Administrative Agent shall have received a duly executed Committed Loan Notice signed by a Responsible Officer of the Borrower.

(h) The capital structure of the Borrower and its Subsidiaries on the Funding Date shall be substantially consistent with the capital structure set forth in the pro forma consolidated balance sheet included in the Registration Statement.

(i) All Related Party Debt shall be repaid in full and commitments thereunder terminated substantially concurrently with the funding of the Loans on the Funding Date.

The Administrative Agent shall notify the Borrower and the Lenders of the Funding Date and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) at or prior to 3:00 p.m., New York City time, on the earlier of (x) September 30, 2014 and (y) the date that is 20 Business Days after the Effective Date (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

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**ARTICLE V**

**AFFIRMATIVE COVENANTS**

The Borrower hereby agrees that, so long as any Commitments are in effect or any Obligation remains outstanding (other than contingent indemnification obligations not yet asserted), the Borrower shall, and shall cause each Group Member (and in the case of Sections 5.06, 5.07, 5.08 and 5.09, cause each Securitization Entity) to:

SECTION 5.01. Financial Statements. Deliver to the Administrative Agent and each Lender, including their Public-Siders:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, reported without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, by KPMG LLP or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower (or with respect to the fiscal quarter immediately preceding the date of this Agreement, 45 days after the consummation of the IPO), the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal quarter and the related unaudited consolidated statements of income and of cash flows for such fiscal quarter, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

All such financial statements shall be prepared in accordance with GAAP. Filing of such statements with the SEC within the time periods above shall constitute compliance with this Section 5.01.

SECTION 5.02. Certificates, Notices and Other Information. Deliver to the Administrative Agent for distribution to each Lender:

(a) no later than the date required for the delivery of the financial statements referred to in Section 5.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(b) promptly after the same are available, copies of (i) all annual, regular, periodic and special reports, which the Borrower may file or be required to file in connection with the IPO and Split-off with the SEC under Sections 13 or 15(d) of the Securities Exchange Act of 1934 and (ii) registration statements, which the Borrower may file or be required to file in connection with the IPO and Split-Off with the SEC, and not otherwise required to be delivered to the Administrative Agent pursuant hereto (it being understood that the filing of such reports and registration statements with the SEC shall constitute compliance with this Section 5.02(b));

(c) [reserved];

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(d) promptly after the Borrower's obtaining knowledge of the occurrence thereof, notice of the commencement of, or any material development in, any litigation or inquiry by any Governmental Authority, or the receipt of a notice of an Environmental Liability affecting any Group Member that could reasonably be expected to have a Material Adverse Effect;

(e) promptly after the Borrower's obtaining knowledge of the occurrence thereof, notice of any Default or Event of Default specifying the nature thereof and what action the Borrower has taken, is taking or proposes to take with respect thereto;

(f) promptly after the Borrower obtaining knowledge of the occurrence thereof, notice of any other development that results in, or could reasonably be expected to have, a Material Adverse Effect;

(g) promptly after the Borrower obtaining knowledge of the announcement thereof, notice of any announcement by any of the Rating Agencies of any change in a Debt Rating;

(h) (i) promptly after the occurrence thereof, notice of any material amendment or other modification to the GECC Term Loan Agreement (including, for the avoidance of doubt, any modification to the GECC Transfer Restrictions) or the Master Agreement and (ii) prior to the making thereof, notice of any voluntary or mandatory prepayment of principal to be made under the GECC Term Loan; and

(i) promptly after such request, such other information as from time to time may be reasonably requested by the Administrative Agent or any Lender through the Administrative Agent.

SECTION 5.03. Preservation of Existence. Preserve and maintain its existence, good standing, licenses, permits, rights, franchises and privileges necessary or desirable in the normal conduct of its business, except (other than with respect to the Borrower's existence) where failure to do so could not reasonably be expected to have a Material Adverse Effect; provided, that nothing in this Section 5.03 shall prohibit any transaction not restricted by Section 6.03.

SECTION 5.04. Maintenance of Properties. Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good order and condition, subject to wear and tear in the ordinary course of business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.05. Maintenance of Insurance. Maintain (including by virtue of rights under GE Insurance Arrangements (as defined in the Master Agreement) to the extent provided by Section 7.3 of the Master Agreement) liability and casualty insurance that is with financially sound and reputable insurance companies that are not Affiliates of the Borrower (or that constitute part of the GE Insurance Arrangements) in such amounts with such deductibles and against such risks as is customary for similarly situated businesses, except to the extent such Group Member or any Affiliate on its behalf maintains reasonable self-insurance with respect to such risks.

SECTION 5.06. Compliance with Laws. Except as set forth in the next sentence, comply with the requirements of all applicable Laws and orders of any Governmental

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Authority (including Environmental Laws), except to the extent noncompliance could not reasonably be expected to have a Material Adverse Effect. Comply in all material respects with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions. Maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

SECTION 5.07. Payment of Taxes. Pay and discharge when due all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or any of its property, except for any such tax, assessment, charge or levy which is being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on its books in accordance with GAAP, and except for such payments which, if not paid, could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.08. Inspection Rights. At any time during regular business hours, upon reasonable notice, once per calendar year (or more often if a Default has occurred and is continuing) and subject to Section 9.08, permit the Administrative Agent or any Lender (coordinated through the Administrative Agent), or any employee, agent or representative thereof, to examine (and during the continuance of an Event of Default, make copies and abstracts from) the records and books of account of the Borrower and its Subsidiaries and to visit and inspect their properties and to discuss their affairs, finances and accounts with any of their officers and key employees; provided that the Borrower may, if it so chooses, be present at or participate in any such discussions.

SECTION 5.09. Books and Records. Keep adequate records and books of account reflecting all material financial transactions in conformity with GAAP, consistently applied, and in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or the applicable Subsidiary.

SECTION 5.10. Use of Proceeds. Use the proceeds of the Loans made on the Funding Date (a) to repay the Related Party Debt and (b) for working capital and general corporate purposes.

SECTION 5.11. Employee Benefits. (a) Except as could not reasonably be expected to have a Material Adverse Effect, comply in all material respects with the provisions of ERISA and the Code applicable to employee benefit plans as defined in Section 3(3) of ERISA and the laws applicable to any Foreign Pension Plan, (b) furnish to the Administrative Agent as soon as possible after, and in any event within ten days after any Responsible Officer of the Borrower knows or has reason to know that, any ERISA Event has occurred or is reasonably expected to occur that, alone or together with any other ERISA Event that has occurred or is reasonably expected to occur that could reasonably be expected to result in liability of the Borrower or any Subsidiary (including on account of their respective ERISA Affiliates) in an aggregate amount that could reasonably be expected to have a Material Adverse Effect, a statement of a Responsible Officer of the Borrower setting forth details as to such ERISA Event and the action, if any, that the Borrower proposes to take with respect thereto and (c) promptly and in any event within 30 days after the filing thereof with the United States Department of Labor, furnish to the Administrative Agent, upon its request, copies of each Schedule SB (Actuarial Information) to the Annual Report (Form 5500 Series) with respect to each Plan which has an Unfunded Pension Liability.

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SECTION 5.12. Ownership of Synchrony Bank. Cause Synchrony Bank to remain a Wholly-Owned Subsidiary of the Borrower.

SECTION 5.13. Certain Regulatory Matters.

(a) In the case of the Borrower, (i) comply in all material respects with the Savings and Loan Holding Company Act and (ii) maintain at all times such amount of capital (including, as applicable, a total risk-based capital ratio, Tier 1 risk-based capital ratio and leverage ratio), as may be prescribed by the Board and/or any other applicable Bank Regulatory Authority, as the case may be, from time to time, by statute, rule, regulation or order, as is necessary for the Borrower to be considered “well capitalized” (or similar term) under applicable statute, rule or regulation.

(b) In the case of Synchrony Bank, maintain at all times such amount of capital (including, as applicable, a total risk-based capital ratio, Tier 1 risk-based capital ratio and leverage ratio), as may be prescribed by the OCC and/or any other applicable Bank Regulatory Authority, as the case may be, from time to time, by statute, rule or regulation, as is necessary for Synchrony Bank to be considered “well capitalized” (or similar term) under applicable statute, rule or regulation.

(c) Unless otherwise disclosed by the Borrower in its Forms 10-Q and 10-K filed with the SEC, the Borrower shall disclose to the Administrative Agent (and the Administrative Agent shall provide to each Lender), no later than (i) 45 days after the end of each of the first three fiscal quarters and (ii) 60 days after the end of the fourth fiscal quarter, in each case, of the Borrower in each fiscal year, the Borrower’s Minimum Tier 1 Common Ratio as of the last day of that quarter and the key components used to determine such ratio.

SECTION 5.14. GECC Transfer Restrictions. If the Borrower becomes aware of any violation of the GECC Transfer Restrictions, the Borrower shall (i) promptly deliver notice in writing of such violation to the Administrative Agent and the Lenders, and (ii) take commercially reasonable efforts to enforce the GECC Transfer Restrictions, including, in the case of an assignment or participation, by notifying the transacting parties that the assignment or participation is void in accordance with the terms of the GECC Term Loan Agreement.

## ARTICLE VI

### NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as any Commitments are in effect or Obligation remains outstanding (other than contingent indemnification obligations not yet asserted):

SECTION 6.01. Liens. The Borrower shall not, nor shall it permit any Group Member to, directly or indirectly, incur, assume or suffer to exist, any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except:

(a) (i) Liens existing on the Effective Date and set forth on Schedule 6.01, (ii) Liens contemplated by the Master Agreement and (iii) any modifications, extensions, renewals, replacements or refinancings of such Liens referred to in clauses (i) and (ii) above that are not expanded to cover any other property, assets or revenues;

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(b) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being timely contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) pledges or deposits in the ordinary course of business in connection with worker's compensation, unemployment insurance and other social security legislation and to secure premiums or liability to insurance carriers under insurance or under self-insurance arrangements (or to secure obligations in respect of letters of credit, bank guarantees or similar instruments to secure the same);

(e) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, building restrictions and other similar encumbrances affecting real property which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(g) attachment, judgment or other similar Liens securing a judgment that would not constitute an Event of Default under Section 7.01(i);

(h) Liens in favor of the Borrower or any Subsidiary (other than Liens of the Borrower in favor of any Subsidiary);

(i) Liens on "margin stock" (as defined in Regulation U of the Board);

(j) Liens on property acquired (by purchase, merger or otherwise) after the Effective Date, existing at the time of acquisition thereof (but not created in anticipation thereof), or placed thereon (at the time of such acquisition or within 180 days of such acquisition to secure a portion of the purchase price thereof), and any renewals or extensions thereof, so long as the Indebtedness secured thereby is permitted hereby; provided, that such Liens do not and are not extended to cover any other property;

(k) Liens not otherwise permitted hereby which do not secure any Indebtedness;

(l) Liens (i) of a collection bank on the items in the course of collection, (ii) attaching to trading accounts or brokerage accounts incurred in the ordinary course of business, (iii) in favor of a banking or other financial institution arising as a matter of Law encumbering deposits or other funds maintained with a financial institution (including the right of set off) and which are customary in the banking industry, (iv) attaching to other prepayments, deposits or earnest money in the ordinary course of business in connection with transactions that are otherwise permitted hereunder and (v) attaching to cash collateral posted pursuant to a hedging, swap or similar contract entered into in the ordinary course of business and not for speculative purposes;

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(m) other Liens, so long as the aggregate outstanding principal amount of the Indebtedness secured thereby does not exceed at any time an amount equal to \$250,000,000; and

(n) Liens attaching to any deposit account maintained by Borrower in favor of Synchrony Bank to comply with Sections 23A and 23B of the Federal Reserve Act and Regulation W of the Federal Reserve Board (as amended, supplemented or otherwise modified from time to time).

SECTION 6.02. Indebtedness. The Borrower shall not, nor shall it permit any Subsidiary (other than Synchrony Bank) to, create, incur, assume or permit to exist any Indebtedness, except:

(a) (i) Indebtedness existing on the Effective Date and set forth on Schedule 6.02, (ii) Indebtedness contemplated by the Master Agreement and (iii) modifications, extensions, renewals, replacements or refinancings of such Indebtedness referred to in clauses (i) and (ii) above that do not increase the outstanding principal amount thereof (other than increases to reflect any unpaid and accrued interest, fees, premiums, defeasance costs related thereto and any related fees and expenses), shorten the maturity date thereof or add any obligors thereunder;

(b) Indebtedness of any Subsidiary to the Borrower or any other Subsidiary;

(c) Indebtedness in respect of Permitted Securitizations;

(d) Indebtedness of the Borrower so long as the Net Debt Proceeds thereof are applied pursuant to Section 2.05(d), as applicable;

(e) Indebtedness in respect of letters of credit issued for the account of any Subsidiary in the ordinary course of business; and

(f) other Indebtedness of Subsidiaries, so long as the aggregate principal amount thereof does not exceed at any time an amount equal to \$250,000,000.

SECTION 6.03. Fundamental Changes. (a) The Borrower shall not (A) merge or consolidate with or into any Person, (B) liquidate, wind-up or dissolve itself, (C) and shall not permit its Subsidiaries to sell, transfer or dispose of all or substantially all of the Borrower's assets, or permit its Subsidiaries to dispose of assets constituting all or substantially all of the assets of the Borrower and its Subsidiaries, taken as a whole (in each case other than a disposition of assets pursuant to a Permitted Securitization) or (D) dispose of property pursuant to Sale-Leaseback Transactions with respect to property having a value in excess of \$75,000,000 in the aggregate; provided, that nothing in this Section 6.03 shall be construed to prohibit (1) the Transactions, (2) the consummation of the transactions contemplated by the Master Agreement or (3) the Borrower from reincorporating in another jurisdiction in the United States, changing its form of organization or merging into, or transferring all or substantially all of its assets to, another Person provided that:

(i) either (x) the Borrower shall be the surviving entity with substantially the same assets immediately following the merger, reincorporation,

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reorganization or (y) the surviving entity or transferee (the “Successor Corporation”) shall, immediately following the merger or transfer, as the case may be, (A) have substantially all of the assets of the Borrower immediately preceding the merger or transfer, as the case may be, (B) have duly assumed all of the Borrower’s obligations hereunder and under the other Loan Documents in form and substance satisfactory to the Administrative Agent, (C) be organized in a jurisdiction in the United States and (D) the Borrower shall provide at least 10 days prior written notice of such transaction to the Administrative Agent for distribution to each Lender and, within 5 Business Days after the request therefor, the Borrower shall deliver to the Administrative Agent such documentation and other information required by bank regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations, including the Patriot Act relating to the Successor Corporation (and, if requested by the Administrative Agent, the Successor Corporation shall have delivered an opinion of counsel as to the assumption of such obligations); and

(ii) immediately after giving effect to such transaction no Default or Event of Default shall have occurred and be continuing (determined on a pro forma basis giving effect to such transaction).

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto, ancillary or complementary thereto or reasonable extensions thereof.

SECTION 6.04. Transactions with Affiliates. The Borrower shall not, nor shall it permit any Group Member to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, any of its Affiliates involving aggregate payments or consideration for any such transaction or series of related transactions in excess of \$75,000,000, except (a) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Group Member, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower, (b) the Transactions, (c) the GECC Term Loan Agreement, (d) the transactions contemplated by the Master Agreement and any amendment or replacement thereto that, in the reasonable judgment of the Borrower, is not materially less favorable to the Group Members, taken as a whole, than the agreement amended or replaced, (e) transactions that are at prices and on terms and conditions, taken as a whole, that are not less favorable to the Borrower or such Group Member than would be obtained on an arm’s-length basis if the parties thereto were unrelated third parties, (f) the payment of reasonable fees to directors of the Borrower or any Subsidiary who are not employees of the Borrower or any Subsidiary, and compensation and employee benefit arrangements (other than, for the avoidance of doubt, those relating to any defined benefit plan or retiree medical plan or other retiree health benefits that are not being provided, or are not in existence, as of the date hereof) paid to, and indemnities provided for the benefit of, directors, officers or employees of the Borrower or its Subsidiaries in the ordinary course of business, (g) any issuances of securities or other payments, awards or grants in cash, securities or otherwise to the employees of the Borrower or any Subsidiary pursuant to, or the funding of, employment agreements, stock options and stock ownership plans and similar arrangements approved by the Borrower’s board of directors or a committee or designee thereof, (h) Permitted Securitizations and (i) transactions undertaken in

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order to comply with applicable Law, regulatory capital or liquidity requirements (including for the avoidance of doubt any regulatory requirement or condition necessary to effect Split-off or Deregistration) of the Borrower or Synchrony Bank to the extent the Borrower or Synchrony Bank, as the case may be, based on their respective discussions with and/or guidance received from applicable Bank Regulatory Authorities, in good faith reasonably determines in consultation with the Lead Arrangers, that such transaction is necessary to satisfy such Law, regulatory capital or liquidity requirement, which determination shall be evidenced by a written certification from the chief risk officer of the Borrower or GECC.

SECTION 6.05. Amendments or Waivers of Certain Agreements. The Borrower shall not amend, waive or otherwise modify (a) the GECC Term Loan Agreement in a manner that would result in terms more favorable to the lenders party thereto than the terms hereof or that modify the GECC Transfer Restrictions or approve any assignment or participation that would violate such GECC Transfer Restrictions or (b) the Master Agreement in a manner materially adverse to the Lenders without the prior written consent of the Required Lenders.

SECTION 6.06. Limitations on Prepayments of the GECC Term Loan. The Borrower shall not repay or prepay the GECC Term Loan on any date (i) other than with Excluded Debt Proceeds to the extent required to be applied to prepay the GECC Term Loan, (ii) subject to the final sentence of this Section 6.06, in connection with voluntary prepayments, unless on such date the Loans are voluntarily prepaid in an amount at least equal to the product of the aggregate principal amount of Loans outstanding on such date immediately prior to such prepayment multiplied by the aggregate principal amount of GECC Term Loan to be prepaid on such date divided by the aggregate principal amount of GECC Term Loan outstanding on such date immediately prior to such prepayment and (iii) with respect to mandatory prepayments, except as contemplated by Section 2.05 of the GECC Term Facility as in effect on the date hereof and consistent with Section 2.05 hereof. Notwithstanding the foregoing, the Borrower shall be permitted to make voluntary prepayments of the GECC Term Loan without complying with the pro rata payment requirement of clause (ii) of this Section 6.06 to the extent that the Borrower, Synchrony Bank or GECC, as the case may be, based on their respective discussions with and/or guidance received from applicable Bank Regulatory Authorities, in good faith reasonably determines, after consultation with the Lead Arrangers that such voluntary prepayment is reasonably required to satisfy any Law or regulatory capital or liquidity requirement (including for the avoidance of doubt any regulatory requirement or condition necessary to effect Split-off or Deregistration), which determination shall be evidenced by a written certification from the chief risk officer of the Borrower or GECC.

SECTION 6.07. Restrictive Agreements. The Borrower shall not, nor shall it permit any Subsidiary (other than Securitization Entities) to, directly or indirectly agree to any restriction or limitation on (a) the ability of the Borrower or any Subsidiary (other than Securitization Entities) to create, incur or permit to exist any Lien upon any of its property or assets or (b) the ability of any Subsidiary (other than Securitization Entities) to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to either Borrower or any other Subsidiary (other than Securitization Entities); provided, that (i) the foregoing shall not apply to restrictions and conditions imposed by Law, the GECC Term Loan or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.07 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, or making more restrictive, any such restriction or condition), (iii) the foregoing shall not apply to customary

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restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale; provided, that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to Indebtedness permitted by this Agreement (in the case of secured Indebtedness, if such restrictions or conditions apply only to the property or assets securing such Indebtedness), (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof, (vi) the foregoing shall not apply to any documentation governing any Permitted Securitization, (vii) the foregoing shall not apply to transactions contemplated by the Master Agreement, (viii) the foregoing shall not apply to other restrictions that could not reasonably be expected to impair the Borrower's ability to repay the Obligations as and when due, (ix) the foregoing shall not apply to restrictions existing under or by reason of any agreement or other instrument of a Person acquired by the Borrower or any Subsidiary in existence at the time of such acquisition (but not created in contemplation thereof and not extending to any Person other than the acquired Person) and (x) the foregoing shall not apply to anti-assignment provisions in contracts restricting the assignment thereof (including any such provision in licenses and leases); provided, further, that this Section 6.07 shall not apply to any such restrictions imposed on Synchrony Bank by applicable Law, including by order of any Bank Regulatory Authority.

SECTION 6.08. Financial Covenants.

(a) As of the last day of each fiscal quarter of the Borrower (commencing with the fiscal quarter ended September 30, 2014), the Borrower shall have Liquid Assets of not less than \$4,000,000,000.

(b) As of the last day of each fiscal quarter of the Borrower (commencing with the fiscal quarter ended September 30, 2014), Synchrony Bank shall have Liquid Assets of not less than \$2,000,000,000.

(c) As of the last day of each fiscal quarter of the Borrower (commencing with the fiscal quarter ended September 30, 2014), (x) until the Basel III Implementation Date with respect to the Borrower, the Borrower and Synchrony Bank, each on a consolidated basis, shall each maintain a Minimum Tier 1 Common Ratio of not less than 10.0%, and (y) after the Basel III Implementation Date with respect to the Borrower, the Borrower on a consolidated basis shall maintain a Minimum Tier 1 Common Ratio of not less than 10.0%.

SECTION 6.09. Sanctions and Anti-Corruption Use of Proceeds Restrictions. The Borrower shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing (A) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any applicable Sanctions by the Borrower.

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**ARTICLE VII**

**EVENTS OF DEFAULT**

SECTION 7.01. Events of Default. Any of the following shall constitute an Event of Default:

(a) the Borrower shall fail to pay when due any principal of any Loan made to it;

(b) the Borrower shall fail to pay (i) any interest on any Loan, (ii) any fee payable under Section 2.06 or (iii) any other amount payable hereunder, and such failure shall not be cured within five Business Days after the due date therefor;

(c) after giving effect to any applicable grace period, any Group Member shall fail to observe or perform any other agreement or condition relating to any Indebtedness (other than the Obligations) having an aggregate principal amount in excess of \$75,000,000 or contained in any instrument or agreement evidencing, securing or relating thereto, and the effect of such failure is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on its or their behalf) to cause (with the giving of notice or otherwise), such Indebtedness to become due, or to be prepaid, redeemed, purchased or defeased, prior to its stated maturity; provided, that any such failure under this clause (c) is unremedied and is not waived by the holders of such Indebtedness prior to any termination of the Commitments or acceleration of the Loans;

(d) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(e) the Borrower or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (d) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(f) the Borrower or any Subsidiary admits in writing its inability to pay its debts as they become due;

(g) any representation or warranty made in writing or deemed made by or on behalf of the Borrower in or in connection with this Agreement, or in any report, certificate, financial statement or other document furnished in connection with this Agreement, shall prove to have been incorrect in any material respect when made or deemed made;

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(h) (i) any default occurs in the observance or performance of any agreement contained in Sections 5.02(e), 5.03, 5.10, 5.12 or Article VI or (ii) the Borrower shall fail to observe or perform any other covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (h)(i) of this Section 7.01), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or the Required Lenders to the Borrower;

(i) a judgment against any Group Member is entered for the payment of money (which is not covered by insurance as to which the relevant insurer has not denied coverage) in excess of \$75,000,000, individually or in the aggregate, or any non-monetary final judgment is entered against any Group Member which could reasonably be expected to have a Material Adverse Effect if, in each case, such judgment remains unsatisfied without procurement of a stay of execution for 30 calendar days after the date of entry of such judgment;

(j) an ERISA Event shall have occurred that, when taken either alone or together with all other such ERISA Events, could reasonably be expected to have a Material Adverse Effect;

(k) there occurs any Change of Control;

(l) this Agreement, at any time after its execution and delivery and for any reason, ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any material respect; or the Borrower denies that it has any or further liability or obligation under this Agreement, or purports to revoke, terminate or rescind this Agreement (other than pursuant to the terms hereof or thereof); or

(m) (i) Synchrony Bank ceases to accept deposits on the order of any Bank Regulatory Authority with authority to give such instruction other than pursuant to an instruction generally applicable to banks organized under the Home Owners' Loan Act, (ii) Synchrony Bank ceases to be an insured bank under the Federal Deposit Insurance Act and all rules and regulations promulgated thereunder, (iii) Synchrony Bank is required to submit a capital restoration plan to the OCC because Synchrony Bank has received notice from the OCC (or is deemed by the OCC to have received such notice) that Synchrony Bank is undercapitalized, significantly undercapitalized or critically undercapitalized based upon Synchrony Bank's actual capital levels and not based upon any reclassification of Synchrony Bank's capital category as specified in 12 CFR 165.5(a)(1) except where such reclassification results in (x) a limitation on Synchrony Bank's ability to pay dividends to the Borrower or (y) limitations or restrictions on the Borrower's ability to make any required payments to the Lenders under this Agreement or (iv) Synchrony Bank shall fail to comply with any formal order of any Bank Regulatory Authority acting pursuant to its lawful authority to impose such an order on Synchrony Bank, the failure to comply with which would reasonably be expected to have a Material Adverse Effect.

SECTION 7.02. Remedies Upon Event of Default. Upon the occurrence, and during the continuance, of any Event of Default other than an Event of Default described in Section 7.01(d) or (e), at the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate

immediately, and (ii) declare the Loans then outstanding to be due and payable and thereupon the outstanding principal amount of the Loans, together with accrued interest thereon and all fees and other Obligations, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in Section 7.01(d) or (e), the Commitments shall automatically terminate and the outstanding principal amount of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 7.03. Application of Funds. The order and manner in which the Administrative Agent's and the Lenders' rights and remedies are to be exercised shall be determined by the Administrative Agent or the Required Lenders in their sole and absolute discretion. Regardless of how a Lender may treat payments for the purpose of its own accounting, for the purpose of computing the Obligations hereunder, payments received during the existence of an Event of Default shall be applied first, to costs and expenses incurred by the Administrative Agent and each Lender (to the extent that each Lender has a right to reimbursement thereof pursuant to the Loan Documents), second, to the payment of accrued and unpaid interest on the Loans to and including the date of such application, third, to the payment of the unpaid principal of the Obligations, and fourth, to the payment of all other amounts (including fees) then owing to the Administrative Agent and the Lenders under the Loan Documents, in each case paid pro rata to each Lender in the same proportions that the aggregate Obligations owed to each Lender under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all Lenders, without priority or preference among the Lenders.

## ARTICLE VIII

### THE ADMINISTRATIVE AGENT

SECTION 8.01. Appointment. Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

SECTION 8.02. Administrative Agent in its Individual Capacity. The financial institution serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such financial institution and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

SECTION 8.03. Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) and (c) except as expressly set forth herein, the Administrative Agent

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shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the financial institution serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), as the case may be, or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.04. Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Delegation of Duties. The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities as Administrative Agent.

SECTION 8.06. Successor Administrative Agent. The Administrative Agent may resign upon 30 days prior written notice to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the written consent of the Borrower (so long as no Event of Default exists), to appoint a successor. If no successor shall have been so appointed by the Required Lenders with any requisite consent of the Borrower and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a financial institution with an office in New York, New York that has a combined capital and surplus of at least \$250,000,000, or an Affiliate of any such financial institution. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor

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shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent (other than any rights to indemnity payments owed to the retiring Administrative Agent), and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article VIII and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

SECTION 8.07. [Reserved]

SECTION 8.08. Arrangers. None of the Arrangers shall have any right, power, obligation, liability, responsibility or duty hereunder in its capacity as such. Without limiting the foregoing, none of the Arrangers in its capacity as such shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Arrangers in deciding to enter into this Agreement or in taking or not taking action hereunder.

SECTION 8.09. Independent Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.10. Qualified Intermediary. With respect to payments made by the Borrower to the Administrative Agent for the benefit, or on account of any Lender (or Participant), (i) each Administrative Agent that is a "United States person" as defined in Section 7701(a)(30) of the Code will provide an IRS Form W-9, and (ii) each Administrative Agent that is not a "United States person" as defined in Section 7701(a)(30) of the Code will provide an IRS Form W-8IMY (a) certifying its status as a qualified intermediary, (b) assuming primary withholding responsibility for purposes of chapters 3 and 4, and (c) either (1) assuming primary IRS Form 1099 reporting and backup withholding responsibility or (2) assuming reporting responsibility as a participating FFI or registered deemed-compliant FFI with respect to accounts that it maintains and that are held by specified U.S. persons as permitted under Treasury Regulations Section 1.6049-4(c)(4)(i) or (c)(4)(ii) in lieu of IRS Form 1099 reporting. No Administrative Agent shall be permitted to make the election described in Section 1471(b)(3) of the Code.

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**ARTICLE IX**

**MISCELLANEOUS**

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing (including by electronic transmission) and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or email with PDF attachment (unless any party has previously notified the Administrative Agent and the Borrower that it does not wish to receive notices by email), as follows:

(i) if to the Borrower, to it at 777 Long Ridge Road, Building B, Stamford, Connecticut 06902, Attention: Treasurer;

(ii) if to GECC, to it at 201 High Ridge Road, Stamford, CT 06927, Attention of Senior Vice President - Corporate Treasury and Global Funding Operation (Telecopy No. 203-357-4000); and

(iii) if to the Administrative Agent, to it at JPMorgan Chase Bank, N.A., 500 Stanton Christiana Road, Ops 2 Floor 3, Newark, DE 19713, Attention of (i) Sue Coplin (Telecopy No. 302-634-8459), email: [sue.a.coplin@jpmorgan.com](mailto:sue.a.coplin@jpmorgan.com), or (ii) Amanda Collins (Telecopy No. 302-634-8459), email: [amanda.collins@jpmorgan.com](mailto:amanda.collins@jpmorgan.com); with copies to:

(1) JPMorgan Chase Bank, N.A., 383 Madison Avenue, Floor 23, New York, New York 10179, Attention Neha Desai, email: [neha.r.desai@jpmorgan.com](mailto:neha.r.desai@jpmorgan.com); and

(iv) if to any other Lender, to it at its address (or telecopy number or email address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or

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other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the Administrative Agent and the Borrower.

(d) Electronic Systems.

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrower, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower’s or the Administrative Agent’s transmission of communications through an Electronic System. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. In no event shall any waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with

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the consent of the Required Lenders; provided, that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby or (iv) change any of the provisions of this Section, Section 2.11(c), or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 9.03. Expenses; Indemnity. (a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Lead Arrangers and the Administrative Agent, including the reasonable fees, charges and disbursements of a single counsel for the Lead Arrangers and the Administrative Agent, taken as a whole (and, if reasonably necessary, one regulatory counsel and one local counsel in each relevant jurisdiction and, solely in the case of an actual or perceived conflict of interest, additional counsel for similarly affected persons), in connection with the preparation, execution, delivery and administration of this Agreement and any amendments, modifications or waivers of the provisions hereof and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and the Lenders, limited to the reasonable fees, charges and disbursements of a single counsel for the Administrative Agent and the Lenders, taken as a whole (and, if reasonably necessary, one regulatory counsel and one local counsel in each relevant jurisdiction and, solely in the case of an actual or perceived conflict of interest, additional counsel for similarly affected persons), in connection with the enforcement of, or exercise of remedies in connection with, this Agreement.

(b) The Borrower shall indemnify the Lead Arrangers, the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, liabilities, costs and related expenses, including the fees, charges and disbursements of a single counsel for all Indemnitees, taken as a whole, and, if reasonably necessary, a single local counsel and a single regulatory counsel to the Indemnitees in each relevant jurisdiction and, solely in the case of an actual or reasonably perceived conflict of interest, of a single additional counsel to the similarly affected Indemnitees, taken as a whole, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or the performance by the parties hereto of their respective obligations hereunder, (ii) any Loan or the use of the proceeds therefrom, (iii) the Transactions, (iv) any actual or alleged presence or Release of Hazardous Materials on or from any property currently or formerly owned, leased or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation or proceeding is brought by the Borrower, any Lender or any other Person and whether based on tort, contract or any other theory and regardless of whether any Indemnitee is a party thereto; provided, that such indemnity shall not, as to any

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Indemnitee, be available to the extent that such losses, liabilities, costs or related expenses have resulted from (i) the bad faith, gross negligence or willful misconduct of such Indemnitee, (ii) a material breach by such Indemnitee of its express funding obligations under this Agreement or (iii) disputes solely between and among the Indemnitees and not involving any act or omission by the Borrower or its Subsidiaries (excluding, in the case of this clause (iii), actions against the Administrative Agent or any other person in an agent or arranger role), in each case, as determined by a final, non-appealable judgment of a court of competent jurisdiction. This Section 9.03(b) shall not apply with respect to Taxes.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, no party hereto shall assert, and each such party hereby waives, any claim against any other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof; provided that, nothing in this clause (d) shall relieve the Borrower of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

#### SECTION 9.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, the Lead Arrangers and, to the extent expressly contemplated hereby, Participants and the Related Parties of each of the Lead Arrangers, the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Prior to the Funding Date, any Lender may assign to one or more assignees (other than a natural person or Affiliate of the Borrower) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it), subject to the prior written consent of the Borrower, GECC and the Administrative Agent (except that no such consent shall be required for assignments to any Affiliate of any Lender).

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(c) On and after the Funding Date, any Lender may assign to one or more assignees (other than any natural person or the Borrower or any Affiliate of the Borrower) all or a portion of its rights and obligations under this Agreement (including the Loans at the time owing to it), subject to the prior written consent of (i) except in the case of an assignment to a Lender, an Affiliate or Approved Fund of a Lender, the Administrative Agent (not to be unreasonably withheld or delayed) and (ii) except in the case of an assignment to a Lender, an Affiliate or Approved Fund of a Lender and any Federal Reserve Bank or other central bank having jurisdiction over such Lender, the Borrower (not to be unreasonably withheld or delayed) and, prior to the Consent Trigger Date, GECC (not to be unreasonably withheld or delayed); provided, that no such consent shall be required from the Borrower or GECC (x) to the extent that the Borrower (and, prior to the Consent Trigger Date, GECC), as applicable, has failed to respond to a written request for consent within 10 Business Days or (y) if an Event of Default has occurred and is continuing.

and, in the case of clauses (b) and (c) above, (i) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of an entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consents; provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing, (ii) each partial assignment of a Lender's rights and obligations under the Term Facility shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under the Term Facility, (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 payable by the assignor or the assignee, (iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and (v) the assignee, if applicable, shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to the Borrower and the Administrative Agent the documentation described in Section 2.10(e). Upon acceptance and recording pursuant to paragraph (d) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.09, 2.10, 2.13, and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section 9.04.

(d) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in the City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans (and interest thereon) owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms

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hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (c) of this Section 9.04 and any written consent to such assignment required by paragraph (c) of this Section 9.04, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(f) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided, that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (g) of this Section 9.04, the Borrower agrees that each Participant shall be entitled to the benefits of Section 2.09, Section 2.10 and Section 2.13 to the same extent and subject to the same conditions as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (c) of this Section 9.04 at the time of the assignment. Each Lender that sells a participation, acting solely for tax purposes as a non-fiduciary agent of the Borrower, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant in the Loans or other obligations under this Agreement (the "Participant Register"); provided that, except as set forth in the penultimate sentence of this Section 9.04(f), no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender, the Borrower and the Administrative Agent shall treat such person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary. In consideration of this Section 9.04(f), the Participant Register shall be available for inspection by the Borrower upon reasonable request and prior notice, provided that the Borrower in good faith determines it is necessary or appropriate to access the Participant Register in order to establish that the Loans and other obligations are in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The Borrower shall keep any information obtained from the Participant Register confidential, except to the extent that a taxing authority requires disclosure for the sole purpose of establishing that the Loans and other obligations are in registered form under Section 5f.103-1(c) or the United States Treasury Regulations.

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(g) A Participant shall not be entitled to receive any greater payment under Section 2.09 or Section 2.10 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 2.10 unless the Borrower is notified of the participation sold to such Participant and such Participant complies with Section 2.10 as though it were a Lender.

(h) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank or any other central bank having jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided, that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(i) The Loans (including the Notes evidencing such Loans) are registered obligations and the right, title, and interest of the Lenders and their assignees in and to such Loans shall be transferable only upon notation of such transfer in the Register. A Note shall only evidence the Lender's or an assignee's right, title and interest in and to the related Loan, and in no event is any such Note to be considered a bearer instrument or obligation not in "registered form" within the meaning of Section 163(f) of the Code. This Section 9.04 shall be construed so that the Loans are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations (or any successor provisions of the Code or such regulations). For purposes of Treasury Regulation Section 5f.103-1(c) only, the Administrative Agent shall act as the Borrower's agent for purposes of maintaining such notations of transfer in the Register and each applicable Lender shall act as the Borrower's agent for purposes of maintaining notations in the Participant Register. Nothing in this Section 9.04 is intended to alter the U.S. federal income tax withholding and reporting obligations that would exist between any Administrative Agent and any Lender or between any Lender and any Participant in the absence of this Section 9.04 pursuant to Section 8.10 or as otherwise required by Law.

SECTION 9.05. Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Lead Arrangers and the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf, or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this

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Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall have the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.06. Governing Law; Jurisdiction.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party hereto hereby (a) submits to the exclusive jurisdiction of any state or federal court located in the Borough of Manhattan in the City of New York (or any appellate court therefrom) in connection with any suit, action or proceeding arising out of or relating to this Agreement, and (b) agrees that service of process, summons, notice or document by registered mail addressed to such party at its address specified in Section 9.01 shall be effective service of process against such person for any suit, action or proceeding relating to any such dispute. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum, and agrees that any final non-appealable judgment in any such suit, action or proceeding brought in any such court shall be conclusive and may be enforced in order jurisdictions by suit upon the judgment or in any other manner provided by law.

SECTION 9.07. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.08. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel, professionals and other advisors (collectively, "Representatives") who need to know such information for the purpose set forth in this Section 9.08 (it being understood that the Persons to whom such disclosure is made are or have been informed of the confidential nature of such Information and instructed to keep such Information confidential in accordance with this Section 9.08), (b) upon the request or demand of any regulatory or self-regulatory authority having jurisdiction over such Lender or its Affiliates (in which case such Lender shall, except with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority, (i) promptly notify the Borrower (in advance, to the extent reasonable and practical) of such disclosure to the extent permitted by law, (ii) so furnish only that portion of the information which the applicable Lender reasonably determines (which may be in reliance on the advice of legal counsel) it is legally required to disclose and (iii) use commercially reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment), (c) to the extent compelled by legal process in, or reasonably necessary to, the defense of, any legal, judicial, administrative proceeding or otherwise as required by applicable Law or regulations (in which case such Lender shall (i) promptly notify the Borrower (in advance, to the extent reasonable and practical) of such disclosure to the extent permitted by law, (ii) so furnish only

that portion of the Information which the applicable Lender reasonably determines (which may be in reliance on the advice of legal counsel) it is legally required to disclose and (iii) use commercially reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment), (d) to any other party to this Agreement, (e) to any rating agency when required by it, (f) to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans, (g) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (h) subject to an agreement containing provisions substantially the same as those of this Section 9.08, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations hereunder, (i) with the consent of the Borrower or (j) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 9.08 by the Administrative Agent, any Lender, or any of their respective Affiliates or Representatives or (ii) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than the Borrower. In addition, the Administrative Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, similar services providers to the lending industry, and service providers to the Administrative Agent and the Lenders in connection with the administration and management of this Agreement and the other Loan Documents. For the purposes of this Section 9.08, "Information" means all information received from the Borrower relating to the Borrower and its Subsidiaries or its or their business, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by the Borrower; provided that, all Information received from the Borrower or any Subsidiary after the Effective Date shall be deemed confidential unless such information is clearly identified at the time of delivery as not confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 9.08 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.09. Material Non-Public Information.

**(a) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 9.08 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.**

**(b) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR ITS SECURITIES.**

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**ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.**

SECTION 9.10. Authorization to Distribute Certain Materials to Public-Siders; Confidential Supervisory Information.

(a) If the Borrower does not file this Agreement with the SEC, then the Borrower hereby authorizes the Administrative Agent to distribute the execution version of this Agreement and the Loan Documents to all Lenders, including their Public-Siders. The Borrower acknowledges its understanding that Public-Siders and their firms may be trading in any of the Parties' respective securities while in possession of the Loan Documents.

(b) The Borrower represents and warrants that none of the information in this Agreement, any Note or any amendment, modification or waiver thereto (the "Specified Documents") constitutes or contains material non-public information within the meaning of the federal and state securities laws. To the extent that any of the executed Specified Documents constitutes at any time material non-public information within the meaning of the federal and state securities laws after the date hereof, the Borrower agrees that it will promptly make such information publicly available by press release or public filing with the SEC.

(c) No provision in this Agreement shall be construed as requiring the Borrower or Synchrony Bank to disclose Confidential Supervisory Information; provided that with respect to Confidential Supervisory Information that is otherwise required to be disclosed hereunder, the Borrower shall notify the Administrative Agent and the Lenders in writing if such required disclosure is not being made as a result of this Section 9.10(c). For the avoidance of doubt, this Section 9.10(c) shall not relieve the Borrower of its obligation to provide any required financial statements, certificates, notices and other information under this Agreement, but in providing such financial statements, certificates, notices and other information the Borrower shall not be obligated to disclose Confidential Supervisory Information otherwise contained therein.

SECTION 9.11. [Reserved]

SECTION 9.12. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.09, 2.10, 2.13 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans or the termination of this Agreement or any provision hereof.

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SECTION 9.13. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.14. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturing. The rights of each Lender under this Section 9.14 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.15. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM, ACTION, SUIT OR PROCEEDING (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY OTHER ARRANGEMENT OR OTHER MATTER REFERRED TO HEREIN OR THEREIN.

SECTION 9.16. Patriot Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower and its Subsidiaries, which information includes the name and address of such Person and other information that will allow such Lender to identify such Person in accordance with the Patriot Act. The Borrower shall promptly provide such information with respect to the Borrower or its Subsidiaries upon request by any Lender.

SECTION 9.17. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be accumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such accumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.18. No Fiduciary Duty. The Administrative Agent, the Arrangers, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "Lenders"), may have economic interests that conflict with those of the Borrower, its stockholders and/or its affiliates. The Borrower agrees that nothing in this Agreement and any related documents or otherwise will be deemed to create an advisory, fiduciary or agency

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relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its stockholders or its affiliates, on the other. The Borrower acknowledges and agrees that (i) the transactions contemplated by this Agreement and any related documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its stockholders or its Affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in this Agreement and any related documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other Person. The Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transaction or the process leading thereto.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SYNCHRONY FINANCIAL, as Borrower

By: \_\_\_\_\_  
Name:  
Title:

*[Signature page to Synchrony Credit Agreement]*

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JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent and Lender,

By: \_\_\_\_\_  
Name:  
Title:

*[Signature page to Synchrony Credit Agreement]*

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*[insert name of lender]*

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By: \_\_\_\_\_  
Name:  
Title:

[By: \_\_\_\_\_  
Name:  
Title: ]<sup>3</sup>

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<sup>3</sup> NTD – if second signature block is required.

*[Signature page to Synchrony Credit Agreement]*

CREDIT AGREEMENT

Dated as of [—], 2014

among

SYNCHRONY FINANCIAL,

as Borrower,

the Lenders party hereto,

and

GENERAL ELECTRIC CAPITAL CORPORATION,

as Administrative Agent

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EXHIBIT B	FORM OF COMPLIANCE CERTIFICATE
EXHIBIT C	FORM OF NOTE
EXHIBIT D	FORM OF COMMITTED LOAN NOTICE

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CREDIT AGREEMENT (this "Agreement"), dated as of [—], 2014, among SYNCHRONY FINANCIAL, as borrower (the "Borrower"), the Lenders party hereto and GENERAL ELECTRIC CAPITAL CORPORATION, as administrative agent (in such capacity, the "Administrative Agent").

**W I T N E S S E T H:**

WHEREAS, in connection with the Transactions (as defined below), the Borrower has requested that the Lenders and the Administrative Agent provide the Term Facility (as defined below), and the Lenders and the Administrative Agent are willing to do so on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS**

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"2014-2016 Required Prepayment Amount" means, for the calendar years ended December 31, 2014, December 31, 2015 and December 31, 2016, the greater of (a) the excess of (x) the Post-IPO Debt Proceeds received by the Borrower in such calendar year over (y) the sum of \$500,000,000 plus 20% of any Post-IPO Debt Proceeds received by the Borrower in excess of \$500,000,000 in such calendar year and (b) the Early Maturing Bond Proceeds received by the Borrower in such calendar year.

"2017-2019 Required Prepayment Amount" means, for the calendar year ended December 31, 2017 and each calendar year thereafter, the greater of (a) the excess of (x) the Post-IPO Debt Proceeds received by the Borrower in such calendar year over (y) the sum of \$750,000,000 plus 20% of any Post-IPO Debt Proceeds received by the Borrower in excess of \$750,000,000 in such calendar year and (b) the Early Maturing Bond Proceeds received by the Borrower in such calendar year.

"Additional IPO Debt Proceeds" means the Net Debt Proceeds of any debt securities issued by the Borrower and evidenced by bonds, debentures, notes or similar

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instruments during the Initial Period; provided, that Additional IPO Debt Proceeds shall exclude (a) any Initial IPO Bond Proceeds, (b) the Net Debt Proceeds of (i) the Loans and the Bank Term Loans and (ii) any loans issued pursuant to any bilateral or syndicated credit facility with third party lenders and (c) Excluded Debt Proceeds.

“Administrative Agent” has the meaning given to such term in the preamble hereto and shall include any successor administrative agent appointed pursuant to this Agreement.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent Party” has the meaning given to such term in Section 9.01(d).

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction applicable to the Borrower and its Affiliates (other than GE and any of its Affiliates that are not Subsidiaries of the Borrower) from time to time concerning or relating to bribery or corruption.

“Anti-Money Laundering Laws” has the meaning given to such term in Section 3.16.

“Applicable Debt Proceeds” means Additional IPO Debt Proceeds and Post-IPO Debt Proceeds, as the context may require.

“Applicable Margin” means the rate per annum, equal to (i) 3.00%, in the case of Base Rate Loans, and (ii) 4.00%, in the case of Eurodollar Rate Loans.

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its activities and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Attributable Indebtedness” means, with respect to any Sale-Leaseback Transaction, the present value (discounted at the rate set forth or implicit in the terms of the lease included in such Sale-Leaseback Transaction) of the total obligations of the lessee for rental payments (other than amounts required to be paid on account of taxes, maintenance, repairs,

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insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights) during the remaining term of the lease included in such Sale-Leaseback Transaction (including any period for which such lease has been extended). In the case of any lease that is terminable by the lessee upon payment of a penalty, the Attributable Indebtedness shall be the lesser of the Attributable Indebtedness determined assuming termination on the first date such lease may be terminated (in which case the Attributable Indebtedness shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date on which it may be so terminated) or the Attributable Indebtedness determined assuming no such termination.

“Audited Financial Statements” means the audited combined statements of financial position of the Borrower and its combined Affiliates as of December 31, 2011, December 31, 2012 and 2013 and the related combined statements of earnings, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2013.

“Bank Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent under the Bank Term Loan Agreement, and any successor thereto appointed pursuant to the terms of the Bank Term Loan Agreement.

“Bank Lead Arrangers” means, collectively, the Lead Arrangers as defined under the Bank Term Loan Agreement.

“Bank Lenders” means the “Lenders”, from time to time, under and as defined in the Bank Term Loan Agreement.

“Bank Regulatory Authority” means the Board, the OCC, the Federal Deposit Insurance Corporation and any other relevant bank regulatory authority having jurisdiction over the Borrower or Synchrony Bank, as applicable.

“Bank Required Lenders” means the “Required Lenders” under and as defined in the Bank Term Loan Agreement.

“Bank Secrecy Act” means the Currency and Foreign Transactions Reporting Act, Pub. L. No. 91-508, Title II (1970), as amended by Title III of the Patriot Act.

“Bank Term Commitments” means the “Commitments” under and as defined in the Bank Term Loan Agreement.

“Bank Term Facility” means the Bank Term Commitments and the Bank Term Loans.

“Bank Term Loans” means “Loans” under and as defined in the Bank Term Loan Agreement.

“Bank Term Loan Agreement” means that certain Credit Agreement, dated as of the date hereof, by and among the Borrower, the Bank Lenders and the Bank Administrative Agent, as amended, supplemented or otherwise modified, from time to time, not in violation of this Agreement.

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“Base Rate” means for any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate in effect for such day plus 1/2 of 1%, (b) the Prime Rate in effect on such day and (c) the Eurodollar Rate that would be calculated as of such day (or, if such day is not a Business Day, as of the next preceding Business Day) in respect of a proposed Eurodollar Loan with a one month Interest Period plus 1%; provided that, for the avoidance of doubt, the Eurodollar Rate for any day shall be based on the Eurodollar Screen Rate at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate, respectively.

“Base Rate Borrowing” means a borrowing of Base Rate Loans.

“Base Rate Loan” means a Loan bearing interest based on the Base Rate.

“Basel I” means the minimum bank capital requirements developed in 1988 by the Basel Committee on Bank Supervision for enactment by the Group of Ten (G-10) industrialized countries with respect to the large internationally active banks that operate within such countries, as implemented by the applicable Bank Regulatory Authority.

“Basel III” means the comprehensive set of bank regulatory and supervisory measures focusing on capital adequacy, stress testing and liquidity which were developed in 2010 and 2011 by the Basel Committee on Bank Supervision for enactment by the Group of 20 (G-20) major economies with respect to the internationally active banks that operate within those economies, as implemented by the applicable Bank Regulatory Authority.

“Basel III Implementation Date” means, with respect to any entity, the date on which such entity is required to comply with Basel III as implemented by the applicable Bank Regulatory Authority.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America (or any successor).

“Borrower” has the meaning given to such term in the preamble hereto.

“Borrower Common Stock” means the common stock of the Borrower.

“Borrowing” means a borrowing of Loans hereunder.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the State of New York, if such day relates to any Eurodollar Rate Loan or any Base Rate Loan bearing interest at a rate based on the Eurodollar Rate, means any such day that is also a London Banking Day.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

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“Cash Equivalents” means, as at any date of determination, (i) marketable securities and repurchase agreements for marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States government, or (b) issued by any agency of the United States, the obligations of which are backed by the full faith and credit of the United States, in each case, maturing within one year after such date; (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case, maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (iii) commercial paper maturing no more than one year from the date of issuance thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (iv) time deposits or bankers’ acceptances maturing within one year after such date and issued or accepted by any Lender or by any commercial bank (including any branch of a commercial bank) that (a) in the case of a commercial bank organized under the laws of the United States of America, any state thereof or the District of Columbia is at least “adequately capitalized” (as defined in the regulations of its primary Federal banking regulator), and has Tier 1 capital (as defined in such regulations) of not less than \$1,000,000,000 or (b) in the case of any other commercial bank has a short-term commercial paper rating from S&P of at least A-1 or from Moody’s of at least P-1; and (v) shares of any money market mutual fund that has (a) net assets of not less than \$500,000,000, and (b) ratings of at least AA or Aa from S&P or Moody’s, respectively.

“Change in Law” means the occurrence after the date of this Agreement or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement, of (a) any change in applicable Law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration, application or interpretation thereof or (b) the adoption or enactment after the date of this Agreement of any requirement or directive (whether or not having the force of law) of any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory Governmental Authorities, in each case pursuant to Basel III, shall, in each case, be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Change of Control” means, after the consummation of the IPO, the ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder, as in effect on the date hereof), other than GE, of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower. For purposes of the foregoing, references to GE shall include its Subsidiaries.

“Charges” has the meaning given to such term in Section 9.17.

“Code” means the Internal Revenue Code of 1986, as amended.

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“Commitment” means, with respect to each Lender, the amount set forth under the heading “Commitment” opposite such Lender’s name on Schedule 1.01 or in the Assignment and Acceptance pursuant to which such Lender became a party to this Agreement, as such amount may be reduced or adjusted from time to time in accordance with the terms of this Agreement. The original aggregate principal amount of the Commitments of all Lenders on the Effective Date is \$[3,000,000,000].

“Committed Loan Notice” means a notice of (a) a Borrowing, (b) a Conversion of Loans from one Type to the other or (c) a Continuation of Eurodollar Rate Loan, which, if in writing, shall be substantially in the form of Exhibit D.

“Communications” has the meaning given to such term in Section 9.01(d).

“Compliance Certificate” means a certificate substantially in the form of Exhibit B, properly completed and signed by a Responsible Officer of the Borrower.

“Confidential Supervisory Information” means information that is not permitted to be disclosed to the Lenders pursuant to the directive, guidance, order or regulation of a Bank Regulatory Authority.

“Continuation” and “Continue” mean, with respect to any Eurodollar Rate Loan, the continuation of such Eurodollar Rate Loan as a Eurodollar Rate Loan on the last day of the Interest Period for such Loan.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Conversion” or “Convert” mean, with respect to any Loan, the conversion of the Loan from or into another Type of Loan.

“Debt Rating” means, as of any date of determination, the rating determined by either S&P, Moody’s or Fitch of the Borrower’s senior unsecured non-credit enhanced long-term Indebtedness for borrowed money.

“Default” means any event or condition which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” means an interest rate equal to (a) the Base Rate plus (b) the Applicable Margin for Base Rate Loans plus (c) 2% per annum; provided, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to (i) the Eurodollar Rate plus (ii) the Applicable Margin for Eurodollar Rate Loans plus (iii) 2% per annum.

“Deregistration” means the deregistration of GECC or any Affiliate of GECC (other than the Borrower or any of its Subsidiaries) as a registered savings and loan holding company subject to regulation by the Board, under section 10 of the Home Owners’ Loan Act and Regulation LL.

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“Dollars” or “\$” refers to lawful money of the United States of America.

“Early-Maturing Bond Proceeds” means the Net Debt Proceeds of any Indebtedness which constitute Post-IPO Debt Proceeds having a maturity date prior to the Maturity Date.

“Effective Date” means the first date on which each of the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“Electronic System” means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar®, Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements with any Governmental Authority, relating in any way to pollution, the protection of the environment, including natural resources, or health and safety, or to pollutants, contaminants or chemicals or any toxic or otherwise hazardous substances, materials or wastes.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of or relating to the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) any Environmental Law, including any violation thereof or liability thereunder, (b) the generation, use, handling, transportation, storage, treatment or disposal of or exposure to any Hazardous Materials, (c) the Release or threatened Release of any Hazardous Materials or (d) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“ERISA” means the Employee Retirement Income Security Act of 1974 and any regulations issued pursuant thereto, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated and, excluding GE and any of its Affiliates other than the Borrower and its Subsidiaries) that, together with the Borrower, is treated as a single employer under Sections 414(b) or (c) of the Code (and Sections 414 (m) and (o) of the Code for purposes of provisions relating to Sections 302 of ERISA and 412 of the Code). For the avoidance of doubt, when any provision of this Agreement relates to a past event or period of time, the term “ERISA Affiliate” includes any person who was, as to the time of such past event or period of time, an “ERISA Affiliate” within the meaning of the preceding sentence.

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“ERISA Event” means (a) a “reportable event” within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Plan (excluding those for which the 30-day notice period has been waived), (b) a Lien of the PBGC shall be filed against the Borrower or any Subsidiary or any of their respective ERISA Affiliates under Section 4068 of ERISA and such Lien shall remain undischarged for a period of 25 days after the date of filing, (c) the Borrower or any Subsidiary or any of their respective ERISA Affiliates shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA, (d) the requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reportable pursuant thereto with respect to such Plan, (e) a determination that any Plan is or is reasonably expected to be in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA), (f) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (g) the incurrence by the Borrower or any Subsidiary or any of their respective ERISA Affiliates of any liability under Title IV of ERISA (other than non-delinquent premiums payable to the PBGC under Sections 4006 and 4007 of ERISA), (h) the termination, or the filing of a notice of intent to terminate, any Plan pursuant to Section 4041(c) of ERISA, (i) the receipt by the Borrower or any Subsidiary or any of their respective ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate or cause a trustee to be appointed to administer any such Plan or Plans and such proceeding shall not have been dismissed, (j) the cessation of operations at a facility of the Borrower or any Subsidiary or any of their respective ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA, (k) conditions contained in Section 303(k)(1)(A) of ERISA for imposition of a lien shall have been met with respect to any Plan, (l) the receipt by the Borrower or any Subsidiary or any of their respective ERISA Affiliates of any notice imposing Withdrawal Liability or of a determination that a Multiemployer Plan is, or is expected to be, “insolvent” (within the meaning of Section 4245 of ERISA), in “reorganization” (within the meaning of Section 4241 of ERISA), or in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 304 of ERISA) or (m) any Foreign Benefit Event.

“Eurodollar Base Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case the “Eurodollar Screen Rate”) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the Eurodollar Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; provided further that if the Eurodollar Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) then the Eurodollar Base Rate shall be the Interpolated Rate; provided that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

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“Eurodollar Rate” means for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

“Eurodollar Rate Loan” means a Loan bearing interest based on the Eurodollar Rate.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in respect of “Eurocurrency liabilities” (or in respect of any other category of liabilities, which includes deposits by reference to which the interest rate on Eurodollar Rate Loans is determined or any category of extensions of credit or other assets which includes loans by a non- United States office of any Lender to United States residents). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage. The determination of the Eurodollar Reserve Percentage by the Administrative Agent shall be conclusive in the absence of manifest error.

“Eurodollar Screen Rate” has the meaning given to such term in the definition of “Eurodollar Base Rate.”

“Event of Default” means any of the events specified in Section 7.01.

“Excluded Debt Proceeds” means the Net Debt Proceeds of any loans or securities issued or incurred in order to comply with applicable Law or regulatory capital or liquidity requirements (including, for the avoidance of doubt, any regulatory requirement or condition necessary to effect Split-off or Deregistration) of the Borrower, Synchrony Bank or GECC, as applicable, to the extent the Borrower, Synchrony Bank or GECC, as the case may be, based on their respective discussions with and/or guidance received from applicable Bank Regulatory Authorities, in good faith reasonably determines in consultation with the Bank Lead Arrangers that such proceeds must be either applied to repay the Loans or retained by the Borrower to satisfy such Law or regulatory capital or liquidity requirement, which determination shall be evidenced by a written certification from the chief risk officer of the Borrower or GECC.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income taxes imposed on (or measured by) its net income or net profits and franchise taxes (imposed in lieu of net income taxes) by any jurisdiction as a result of such party being organized or resident, having its principal office or applicable lending office or doing business in such jurisdiction or having any other present or former connection with such jurisdiction (other than a business or other connection deemed to arise solely from such person having executed, delivered, become a party to, or performed its obligations or received a payment under, or enforced and/or engaged in any activities contemplated with respect to, this Agreement or any other Loan Document), (b) any withholding or backup withholding taxes attributable to

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any person's failure to comply with Section 2.10(e) of this Agreement, (c) any tax that is imposed pursuant to a law in effect at the time such Lender becomes a party to this Agreement or designates a new lending office, except to the extent that such Lender or its assignor, if any, was entitled, immediately prior to such designation of a new lending office or assignment, to receive additional amounts from the Borrower with respect to any tax pursuant to Section 2.10 and other than assignments pursuant to a request of the Borrower under Section 2.12, (d) any tax in the nature of the branch profits tax within the meaning of Section 884(a) of the Code and any similar tax imposed by any jurisdiction and (e) any U.S. federal withholding taxes that are imposed by reason of or pursuant to FATCA.

“FATCA” means Sections 1471–1474 of the Code as of the date of this Agreement (or any successor Code provisions that are substantively similar thereto and which do not impose criteria that are materially more onerous than those contained in such Sections as of the date of this Agreement) and any current or future regulations issued thereunder or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

“Fitch” means Fitch, Inc. or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities ratings agency, such other nationally recognized securities rating agency agreed upon by the Borrower and the Bank Administrative Agent and approved by the Bank Required Lenders.

“Foreign Benefit Event” means, with respect to any Foreign Pension Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (b) the failure to make the required material contributions or payments, under any applicable law, on or prior to the due date for such contributions or payments, or (c) the receipt of a notice by a Governmental Authority alleging the insolvency of any such Foreign Pension Plan.

“Foreign Pension Plan” means any material pension benefit plan that under applicable law other than the laws of the United States or any political subdivision thereof, is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

“Funding Date” means the date on which the conditions specified in Section 4.02 are satisfied (or waived in accordance with Section 9.02).

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“GAAP” means generally accepted accounting principles in the United States of America.

“GE” means General Electric Company.

“GECC” means General Electric Capital Corporation.

“GECC Affiliated Lender” means GECC, GE or any of their respective Affiliates (other than the Borrower or any of its Subsidiaries).

“GECC Representatives” has the meaning given to such term in Section 9.08.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Group Members” means the Borrower and its Subsidiaries (other than Securitization Entities).

“Guaranty Obligation” means, as to any Person, any (a) guaranty by such Person of Indebtedness of any other Person or (b) legally binding obligation of such Person to purchase or pay (or to advance or supply funds for the purchase or payment of) Indebtedness of any other Person, or to purchase property, securities, or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or to maintain working capital, equity capital or other financial statement condition of such other Person so as to enable such other Person to pay such Indebtedness; provided, that the term Guaranty Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, covered by such Guaranty Obligation or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the Person in good faith.

“Hazardous Materials” means all explosive or radioactive substances, materials or wastes, hazardous or toxic substances, materials or wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to, or which can form the basis for liability under, any Environmental Law.

“Impacted Interest Period” has the meaning given to such term in the definition of “Eurodollar Base Rate.”

“Indebtedness” means, as to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (e) all Indebtedness of others secured by any Lien on property owned or acquired by

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such Person, whether or not the obligations secured thereby have been assumed, (f) all Guaranty Obligations of such Person with respect to Indebtedness of others, (g) all Capital Lease Obligations and Synthetic Lease Obligations of such Person, (h) all Attributable Indebtedness under Sale-Leaseback Transactions under which such Person is the lessee and (i) all obligations of such Person as an account party in respect of outstanding letters of credit (whether or not drawn) and bankers' acceptances; provided, that Indebtedness shall not include (i) trade and other ordinary course payables and accrued expenses arising in the ordinary course of business, (ii) deferred compensation, pension and other post-employment benefit liabilities and (iii) bank deposits; provided, further, that in the case of any obligation of such Person which is recourse only to certain assets of such Person, the amount of such Indebtedness shall be deemed to be equal to the lesser of the amount of such Indebtedness or the value of the assets to which such obligation is recourse as reflected on the balance sheet of such Person at the time of the incurrence of such obligation; provided, further, that the amount of any Indebtedness described in clause (e) above shall be the lesser of the amount of the Indebtedness or the fair market value of the property securing such Indebtedness.

“Indemnified Taxes” means Taxes (other than Excluded Taxes and Other Taxes) that are imposed in respect of a payment by, or on account of an obligation of, the Borrower hereunder.

“Indemnitee” has the meaning given to such term in Section 9.03(b).

“Initial Period” means the period commencing on the Effective Date and ending on the date that is three months after the Funding Date.

“Initial IPO Bond Proceeds” means the first \$3,000,000,000 of Net Debt Proceeds of any debt securities (excluding, for the avoidance of doubt, the Loans and the Bank Term Loan) issued by the Borrower on or after the Funding Date.

“Interest Payment Date” means (a) with respect to any Base Rate Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to such Eurodollar Rate Loan and, in the case of Eurodollar Rate Loans with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

“Interest Period” means, in connection with a Eurodollar Rate Loan, (i) initially, the period commencing on the date such Eurodollar Rate Loan is disbursed or Continued as, or Converted into, such Eurodollar Rate Loan and (ii) thereafter, the period commencing on the last day of the preceding Interest Period, and ending, in each case, on the earlier of (A) the scheduled maturity date of such Loan, or (B) one, two, three, six, or to the extent consented to by each Lender, 12 months, thereafter; provided, that (a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (b) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period.

“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the Eurodollar Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Eurodollar Screen Rate (for the longest period for which the Eurodollar Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the Eurodollar Screen Rate for the shortest period (for which that Eurodollar Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

“Investment Securities” means any instrument qualifying as a level 1, level 2A or level 2B high-quality liquid asset under Basel III; provided, that to the extent no criteria for a level 1, level 2A or level 2B high-quality liquid asset is finally promulgated under Basel III, “Investment Securities” shall mean any instrument that would qualify as a level 1, level 2A or level 2B high-quality liquid asset as proposed by the appropriate Bank Regulatory Authority, beginning at page 71860 of volume 78 of the United States Federal Register published on November 29, 2013.

“IPO” means the initial public offering of the Borrower.

“IPO Proceeds” means the gross proceeds raised from the IPO.

“Laws” or “Law” means all international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents or authorities, including, if consistent therewith, the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof.

“Lender Representatives” has the meaning given to such term in Section 9.08.

“Lenders” means the Persons listed on Schedule 1.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

“Lien” means any mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), charge or other security interest (including any conditional sale or other title retention agreement, or any financing lease or Sale-Leaseback Transaction having substantially the same economic effect as any of the foregoing), including the interest of a purchaser of accounts receivable; provided, that Lien shall not include ordinary and customary contractual set off rights with respect to deposit and brokerage accounts.

“Liquid Assets” means, with respect to any Person, the sum of all unrestricted (a) cash, (b) Cash Equivalents and (c) Investment Securities, in each case, held by such Person as of the relevant date of determination. For the avoidance of doubt, assets subject to a Lien contemplated by Section 6.01(n) shall not constitute “Liquid Assets”.

“Loan Documents” means this Agreement, each Note and each other instrument or agreement from time to time delivered by the Borrower pursuant to this Agreement.

“Loans” has the meaning given to such term in Section 2.01.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

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“Master Agreement” means the Master Agreement, dated as of [—], 2014 (as amended, supplemented or otherwise modified from time to time), by and among the Borrower, GECC and, for certain limited purposes set forth therein, General Electric Company, including all exhibits and schedules thereto.

“Material Adverse Effect” means a material adverse effect upon (a) the ability of the Borrower to perform its material obligations hereunder, (b) the business, assets, financial condition or results of operations of the Borrower and its Subsidiaries, taken as a whole, or (c) the validity or enforceability of this Agreement or the rights or remedies of the Administrative Agent or the Lenders under the Loan Documents.

“Maturity Date” means the day that falls on the fifth anniversary of the Funding Date; provided that if such day is not a Business Day, the “Maturity Date” shall be the Business Day immediately preceding such day.

“Maximum Rate” has the meaning given to such term in Section 9.17.

“Minimum Tier 1 Common Ratio” means, with respect to any Person, as of any date of determination, (a) prior to the Basel III Implementation Date (or such earlier date that such Person’s public disclosures with respect to tier 1 capital are calculated in accordance with Basel III), the ratio of Tier 1 Common Capital to Total Risk-Weighted Assets (calculated in accordance with Basel I) and (b) on or after the Basel III Implementation Date (or such earlier date that such Person’s public disclosures with respect to tier 1 capital are calculated in accordance with Basel III), the ratio of common equity tier 1 capital to Total Risk-Weighted Assets (in each case, for the purposes of this clause (b), calculated in accordance with Basel III).

“Moody’s” means Moody’s Investors Service, Inc., or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities ratings agency, such other nationally recognized securities rating agency agreed upon by the Borrower and the Administrative Agent and approved by the Required Lenders.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 401(a)(3) of ERISA.

“Net Debt Proceeds” means the cash proceeds (net of all fees and expenses incurred in connection therewith, including, without limitation, attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges incurred in connection with such issuance or sale and net of taxes paid or payable or reasonably estimated to be payable as a result of such issuance or sale) from the issuance and incurrence of debt securities by the Borrower.

“Non-U.S. Lender” has the meaning given to such term in Section 2.10(e).

“Notes” means a note substantially in the form of Exhibit C.

“Obligations” means all advances to, and debts, liabilities, and obligations of, the Borrower arising under any Loan Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest that accrues after the commencement of any proceeding under any debtor relief laws by or against the Borrower.

“OCC” means the Office of the Comptroller of the Currency within the United States Department of the Treasury.

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“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement, except any such Taxes that are imposed with respect to an assignment (other than an assignment made pursuant to Section 2.10(f) or 2.12) and as a result of a present or former connection between any Lender or Administrative Agent and the jurisdiction imposing such Tax (other than connections arising from the Lender or Administrative Agent having executed, delivered, become a party to, performed its obligations under, received payments under, or enforced this Agreement).

“Participant” has the meaning given to such term in Section 9.04(f).

“Participant Register” has the meaning given to such term in Section 9.04(f).

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity thereto performing similar functions.

“PDF” means portable document format or a similar electronic file format.

“Permitted Liens” means any Liens permitted to be incurred by the Group Members pursuant to Section 6.01.

“Permitted Receivables Master Trust” has the meaning set forth in the definition of Permitted Securitization.”

“Permitted Receivables Related Assets” means any assets that are customarily transferred or in respect of which security interests are customarily granted in connection with securitization transactions involving credit card receivables or other loan receivables, and any collections or proceeds of any of the foregoing.

“Permitted Securitization” means, without limitation as to amount, any of the following transactions:

(a) any issuance of notes by GE Capital Credit Card Master Note Trust, GE Money Master Trust, GE Sales Finance Master Trust or another master trust or similar securitization vehicle established by Synchrony Bank, the Borrower or any of their Affiliates from time to time (each such trust, a “Permitted Receivables Master Trust”), including without limitation (i) any issuance of notes to or other borrowing from any bank-sponsored commercial paper program or (ii) any other securitization transaction reasonably consistent with Synchrony Bank’s customary practice or the customary practice within the credit card industry (for the avoidance of doubt, any such issuance may bear a fixed or floating rate (including a rate tied to the program costs for a bank-sponsored commercial paper conduit) or be issued at a discount to par, be denominated in Dollars or foreign currency, be issued publicly or privately, and shall have such maturities, credit enhancement, liquidity support, related derivative agreements and other

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terms as the seller, depositor, other applicable transferor or the issuer thereof shall determine from time to time, in each case so long as such terms are commercially reasonable and negotiated on an arm's length basis);

(b) any issuance of any other securities backed by credit card receivables or loans originated by Synchrony Bank, the Borrower or its Affiliates, in each case the collateral for which shall consist primarily of such credit card receivables, loan receivables, cash collateral accounts, deposit accounts, spread or reserve accounts, credit enhancement agreements, letters of credit, insurance policies, liquidity agreements, derivative agreements, other Permitted Receivables Related Assets and/or the proceeds thereof (for the avoidance of doubt, any such issuance may bear a fixed or floating rate (including a rate tied to the program costs for a bank-sponsored commercial paper conduit) or be issued at a discount to par, be denominated in Dollars or foreign currency, be issued publicly or privately and shall have such maturities, credit enhancement, liquidity support, related derivative agreements and other terms as the seller, depositor, other transferor or the issuer thereof shall determine from time to time, in each case so long as such terms are commercially reasonable and negotiated on an arm's length basis);

(c) any sale, contribution, transfer, pledge, grant of a security interest in, grant of a floating charge over, grant of fixed security whether by way of a charge or assignment, or such other arrangement having the effect of ring-fencing of credit card receivables, other loan receivables and the proceeds thereof, together with any other Permitted Receivables Related Assets, to any Permitted Receivables Master Trust or any other Securitization Entity or otherwise in furtherance of any of the transactions described in clauses (a) and (b) above, so long as the seller, depositor or transferor thereof receives reasonably equivalent value therefor (including without limitation by receiving a retained seller's interest or other residual or equity interest in any such trust, Securitization Entity or other vehicle, rights to deferred purchase price payments, or the proceeds net of expenses (including the expenses of funding any required reserve accounts) of any securities sold by any such trust or other vehicle; and

(d) any provision of credit enhancement (including through subordination of transferor interests or other interests of the Borrower or its Affiliates) to, funding of cash collateral or other spread or reserve accounts for, establishment of overcollateralization or overcollateralization reserves for or agreements to maintain minimum levels of assets in connection with, acquisition of letters of credit or insurance policies for, or entry into and performance of credit enhancement agreements, derivative agreements, liquidity agreement, collateral account control agreements, trust agreements, transfer agreements, note purchase agreements, indentures or other agreements in connection with any of the foregoing or such other agreements, contracts and arrangements as shall be reasonably necessary or commercially reasonable in connection with any of the foregoing transactions;

provided, that none of Synchrony Bank, the Borrower or any Subsidiary of the Borrower (other than a Receivables Seller or a Securitization Entity that is the issuing entity with respect to the notes or other similar obligations issued in such Permitted Securitization) shall guarantee the principal or interest of the obligations arising under any such transaction or assume any other responsibility with respect thereto except pursuant to Standard Securitization Undertakings.

“Person” means any individual, trustee, corporation, general partnership, limited partnership, limited liability company, joint stock company, trust, unincorporated organization, bank, business association, firm, joint venture or Governmental Authority.

“Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA, other than a Multiemployer Plan), that is subject to Title IV of ERISA or Section 412 or 430 of the Code and in respect of which the Borrower or any Subsidiary or any of their respective ERISA Affiliates is, or if such Plan were terminated, would under Section 4062 or 4069 of ERISA be deemed to be, an “employer” as defined in Section 3(5) of ERISA; provided, that “Plan” shall not include any arrangement sponsored or maintained by GE or its Affiliates other than the Borrower and its Affiliates.

“Post-IPO Debt Proceeds” means the Net Debt Proceeds of any debt securities issued by the Borrower and evidenced by bonds, debentures, notes or similar instruments after the Initial Period; provided, that Post-IPO Debt Proceeds shall exclude (a) any Initial IPO Bond Proceeds, (b) the Net Debt Proceeds of any loans issued pursuant to any bilateral or syndicated credit facility with third party lenders and (c) Excluded Debt Proceeds.

“Prime Rate” means the rate last quoted by The Wall Street Journal as the “Prime Rate” in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent).

“Projections” means the financial projections of the Borrower and its Subsidiaries, covering fiscal years 2014 through 2017 (inclusive) delivered to the Bank Lead Arrangers on [—], 2014.

“Receivables Sellers” means Synchrony Bank, GEMB Lending Inc., GE Sales Finance Holding, L.L.C., RFS Holding, L.L.C., PLT Holding, L.L.C., GEM Holding L.L.C., and any other Subsidiary of the Borrower which originates or acquires credit card receivables or other loan receivables in the ordinary course of its business.

“Register” has the meaning given to such term in Section 9.04(d).

“Registration Statement” means that certain Registration Statement of the Borrower on Form S-1 (Registration No. 333-194528) filed with the SEC on March 13, 2014, as amended from time to time, together with any prospectus related thereto.

“Regulation U” means Regulation U of the Board as in effect from time to time.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, partners, employees, agents, representatives, controlling persons, advisors, successors and assigns of such Person and such Person’s Affiliates.

“Related Party Debt” means all outstanding Indebtedness owed by the Borrower to GECC and/or its Affiliates prior to the Funding Date, excluding, for the avoidance of doubt, the Loans.

“Release” means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, migrating, injection or leaching into the indoor or outdoor environment, or into, on, from or through any building, structure or facility.

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“Representatives” has the meaning given to such term in Section 9.08.

“Required Lenders” means, as of any date of determination, Lenders holding more than 50% of (a) prior to the Funding Date, the Commitments then in effect and (b) on and after the Funding Date, the sum of the aggregate unpaid principal amount of the Loans then outstanding.

“Required Prepayment Amount” means the 2014-2016 Required Prepayment Amount or the 2017-2019 Required Prepayment Amount, as applicable, with respect to any calendar year.

“Requisite Bank Arrangers” means, as of any date of determination, Bank Lead Arrangers (or their applicable Affiliates that are Bank Lenders) holding more than 50% of (a) prior to the Funding Date, the Bank Term Commitments then in effect as of such date and (b) on and after the Funding Date, the sum of the aggregate unpaid principal amount of the Bank Term Loans then outstanding as of such date.

“Resignation Effective Date” has the meaning given to such term in Section 8.06.

“Responsible Officer” means, as to any Person, the president, any vice president, the controller, the chief financial officer, chief risk officer, the treasurer or any assistant treasurer of such Person. Any document or certificate hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

“S&P” means Standard & Poor’s Ratings Services a division of McGraw Hill Financial Inc., or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities rating agency, such other nationally recognized securities rating agency agreed upon by the Borrower and the Administrative Agent and approved by the Required Lenders.

“Sale-Leaseback Transaction” means any arrangement whereby the Borrower or any Group Member shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

“Sanctioned Country” means a country or territory which at any time is the subject or target of any Sanctions.

[“Sanctioned Person” means, at any time, any (a) Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council or any similar list maintained by the European Union or any EU member state, (b) any Governmental Authority of any Sanctioned Country, (c) any Person located, organized or resident in a Sanctioned Country or (d) any Person directly or indirectly 50 percent or more owned by, or otherwise controlled by, any Person referenced in clauses (a) or (b).]

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, France or Her Majesty’s Treasury of the United Kingdom.

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“SEC” means the Securities and Exchange Commission.

“Securitization Entity” means each of RFS Holding Inc., GEM Holding L.L.C., GE Money Master Trust, RFS Holding, L.L.C., PLT Holding, L.L.C., GE Capital Credit Card Master Note Trust, GEMB Lending Inc., GE Sales Finance Holding, L.L.C., GE Sales Finance Master Trust, any other entity that is substantially similar in its organizational documents and/or organizational purposes to any of the foregoing, and any other entity (whether or not a Subsidiary of the Borrower) that has organizational documents that comply with the then existing market standard requirements for entities engaged in securitization transactions including, without limitation, transactions that involve acquiring or transferring notes backed by credit card receivables or other loan receivables; acquiring or transferring credit card receivables or other loan receivables; acquiring or transferring ancillary rights including rights under credit enhancement agreements, liquidity agreements, derivative agreements and/or the proceeds thereof, including Permitted Receivables Related Assets and other assets associated with or related to Permitted Securitizations; investing any cash deposits or the proceeds of any of the foregoing; issuing securities supported by such assets; making loans to, deposits for, investments in or otherwise providing credit enhancement for Permitted Receivables Master Trusts or otherwise in connection with Permitted Securitizations; purchasing or selling interests in loan receivables and/or issuing notes supported by or otherwise borrowing against such loan receivables; and engaging in other activities in connection with or related to such corporate purposes or otherwise in connection with or related to the financing of receivables of the Receivables Sellers.

“Significant Subsidiary” means (i) Synchrony Bank and (ii) any other Subsidiary of the Borrower whose assets comprise more than 5% of Total Assets of the Borrower and its Subsidiaries, as of the last day of the fiscal quarter most recently ended.

“Solvent” means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is not less than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (c) the capital of such Person is not unreasonably small in relation to the business conducted by such Person or as expected to be conducted by such Person and (d) such Person will be able to pay its debts and other liabilities, and does not intend to incur or incur debts and liabilities beyond its ability to pay such debts and liabilities, in each case, as such debts and other liabilities become absolute and matured. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5.

“Specified Documents” has the meaning given to such term in Section 9.10(b).

“Split-off” means the consummation of a distribution of all shares of the Borrower held by GE after the IPO to certain electing shareholders of GE in exchange for shares of GE’s common stock.

“Standard Securitization Undertakings” means representations, warranties, covenants, repurchase obligations and indemnities entered into by Synchrony Bank, the Borrower or any of their respective Subsidiaries in connection with a Permitted Securitization and which are customary in a receivables financing transaction.

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“Subject Debt” has the meaning given to such term in the definition of Applicable Margin.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company, trust or other business entity of which more than 50% of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, directly or indirectly, through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Successor Corporation” has the meaning given to such term in Section 6.03.

“Synchrony Bank” means Synchrony Bank (or any successor thereto).

“Synchrony Group” means the Borrower, each Subsidiary of the Borrower immediately after the consummation of the IPO (in each case so long as such Subsidiary remains a Subsidiary of the Borrower) and each other Person that is controlled either directly or indirectly by the Borrower immediately after the consummation of the IPO in each case so long as such Person continues to be controlled either directly or indirectly by the Borrower).

“Synthetic Lease” means, as to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) that is designed to permit the lessee (a) to treat such lease as an operating lease, or not to reflect the leased property on the lessee’s balance sheet, under GAAP and (b) to claim depreciation on such property for U.S. Federal income tax purposes, other than any such lease under which such Person is the lessor.

“Synthetic Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any Synthetic Lease, and the amount of such obligations shall be equal to the sum (without duplication) of (a) the capitalized amount thereof that would appear on a balance sheet of such Person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations and (b) the amount payable by such Person as the purchase price for the property subject to such lease assuming the lessee exercises the option to purchase such property at the end of the term of such lease.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Term Facility” means the Commitments and the Loans made thereunder.

“Tier 1 Common Capital” means with respect to any Person, as of any date of determination, tier 1 capital (as calculated in accordance with Basel I) less the non-common equity elements of tier 1 capital, including any perpetual preferred stock and related surplus, minority interest in subsidiaries, trust preferred securities and mandatory convertible preferred securities.

“Total Assets” means the total assets of the Borrower and its Subsidiaries (excluding Securitization Entities) on a consolidated basis determined in accordance with GAAP, as shown on the most recent consolidated balance sheet of the Borrower determined on a pro forma basis.

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“Total Risk-Weighted Assets” means, with respect to any Person, as of any date of determination, the aggregate balance sheet and off-balance sheet assets of such Person after giving effect to the assignment of different risk weightings to the various balance sheet and off-balance sheet assets and calculated in accordance with Basel I or Basel III, as applicable.

“Transactions” means, collectively, (a) the consummation of the IPO, (b) the repayment of the Related Party Debt, (c) the incurrence of the Bank Term Loans and (d) the entrance into this Agreement and the issuance of the Loans.

“Transfer Restrictions” has the meaning given to such term in Section 9.04(b).

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Base Rate or the Eurodollar Rate.

“Unaudited Financial Statements” means the unaudited combined statement of financial position of the Borrower and its combined Affiliates as of March 31, 2014 and the related combined statements of earnings, comprehensive income, changes in equity and cash flows for the fiscal quarter ended March 31, 2014.

“Unfunded Pension Liability” means, with respect to any Plan at any time, the amount of any of its unfunded benefit liabilities as defined in Section 4001(a)(18) of ERISA.

“Wholly-Owned Subsidiary” means any Person in which 100%, directly or indirectly, beneficially or of record, of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests, is owned by the Borrower, or by one or more of the other Wholly-Owned Subsidiaries or both.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Title IV of ERISA.

“Withholding Agent” means the Borrower and the Administrative Agent.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., “Eurodollar Loans”). Borrowings also may be classified and referred to by Type (e.g., “a Eurodollar Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (b) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (c) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement.

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SECTION 1.04. Accounting Terms. All accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time in the United States; provided, that for purposes of determining compliance with the financial covenants set forth in Section 6.08, if there are changes in GAAP after December 31, 2013 that materially affect the calculation of the financial covenants in Section 6.08 in such a manner as to be inconsistent with the intent of this Agreement, the Administrative Agent and the Borrower shall negotiate in good faith to determine such adjustments to the method of calculating compliance with Section 6.08 or related definitions as to make them consistent with the intent hereof. Promptly upon the Borrower and the Administrative Agent reaching such agreement, the Administrative Agent shall notify the Lenders of such adjustments, which shall be conclusive unless the Required Lenders object to such adjustments within 30 days of receipt of notice. Each Compliance Certificate shall be prepared in accordance with this Section 1.04. Without limiting the foregoing, for purposes of determining compliance with any provision of this Agreement and any related definitions, the determination of whether a lease is to be treated as an operating lease or capital lease shall be made without giving effect to any change in GAAP that becomes effective on or after the date hereof that would require operating leases to be treated similarly to capital leases, including as a result of the implementation of proposed ASU Topic 840, or any successor or similar proposal. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

SECTION 1.05. Exhibits and Schedules. All exhibits and schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference. A matter disclosed on any Schedule shall be deemed disclosed on all Schedules.

SECTION 1.06. References to Agreements and Laws. Unless otherwise expressly provided herein, (a) references to agreements (including the Loan Documents) and other contractual instruments shall include all amendments, restatements, extensions, supplements and other modifications thereto (unless prohibited by any Loan Document) and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

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## ARTICLE II

### THE LOANS

SECTION 2.01. Amounts and Terms of the Commitment. Subject to the terms and conditions set forth in this Agreement, each Lender severally agrees to make term loans under the Term Facility (the "Loans") on the Funding Date in Dollars in an aggregate principal amount equal to such Lender's Commitment. The Loans may from time to time be Eurodollar Rate Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Section 2.02 and Section 2.03. Once repaid, Loans may not be reborrowed.

SECTION 2.02. Procedure for Borrowing.

(a) The Borrower shall give the Administrative Agent notice requesting that the Lenders make the Loans on the Funding Date by delivering a Committed Loan Notice in compliance with Section 2.03(e), (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days prior to the date of the proposed Borrowing or (b) in the case of a Base Rate Borrowing, not later than 11:00 a.m., New York City time, one Business Day prior to the date of the proposed Borrowing. Following receipt of such Committed Loan Notice, the Administrative Agent shall promptly notify each Lender. Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loan available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent and designated by the Borrower in the Committed Loan Notice.

(b) The failure of any Lender to make its Loan on the Funding Date shall not relieve any other Lender of its obligation to make its Loan on the Funding Date, but the Commitments of the Lenders are several and no Lender shall be responsible for the failure of any other Lender's failure to so make its Loan.

SECTION 2.03. Conversion and Continuation Option.

(a) The Borrower may irrevocably request a Conversion or Continuation of Loans on any Business Day in minimum amount of \$5,000,000 or whole multiples of \$1,000,000 in excess thereof by delivering a Committed Loan Notice therefor by notice to the Administrative Agent not later than (i) 11:00 a.m. New York City time one Business Day prior to the proposed date of Continuation of or Conversion into Base Rate Loans and (ii) 11:00 a.m. New York City time three Business Days prior to the proposed date of Continuation of or Conversion into Eurodollar Rate Loans.

(b) Unless the Borrower pays all amounts due under Section 2.13, if any, a Eurodollar Rate Loan may be Continued or Converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of an Event of Default, upon the request of the Required Lenders, the Administrative Agent shall prohibit Loans from being requested as,

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Converted into, or Continued as Eurodollar Rate Loans, and the Required Lenders may demand that any or all of then outstanding Eurodollar Rate Loans be Converted immediately into Base Rate Loans.

(c) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Eurodollar Rate Loan upon determination of the same. The Administrative Agent shall from time to time notify the Borrower and the Lenders of any change in the Administrative Agent's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to Convert or Continue, any Loan if the Interest Period requested with respect thereto would end after the Maturity Date.

(e) Any notice of Continuation or Conversion may be provided telephonically; provided, that each such telephonic Committed Loan Notice shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy or email with PDF attachment to the Administrative Agent of a written Committed Loan Notice. Each telephonic and written Committed Loan Notice shall specify the following information:

(i) the Loans to which such Committed Loan Notice applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Loan (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Loan);

(ii) the effective date of the election made pursuant to such Committed Loan Notice, which shall be a Business Day;

(iii) whether the resulting Loans are to be Base Rate Loans or Eurodollar Rate Loans; and

(iv) if the resulting Loans are Eurodollar Rate Loans, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

(f) Promptly following receipt of a Committed Loan Notice, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of the resulting Loans.

(g) If the Borrower fails to give a notice requesting a continuation of Eurodollar Rate Loans by 11:00 a.m. on the third Business Day prior to the last day of the applicable Interest Period, then the Borrower shall be deemed to have timely requested that the applicable Eurodollar Rate Loans be continued as Eurodollar Rate Loans in Dollars with an Interest Period of one month's duration. Any such automatic conversion shall be effective as of the last day of the Interest Period then in effect with respect to the Eurodollar Rate Loans. If no election as to the Type of Loans is specified, then the requested Loans shall be Eurodollar Rate Loans with an interest period of one month's duration. If any such Committed Loan Notice requests Eurodollar Rate Loans but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

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SECTION 2.04. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of the Loans on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender to the Borrower, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section 2.04 shall be prima facie evidence of the existence and amounts of the Obligations recorded therein; provided, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans to it in accordance with the terms of this Agreement.

(e) Upon the request of any Lender made through the Administrative Agent, a Lender's Loans may be evidenced by one or more Notes of the Borrower, instead of or in addition to its loan accounts or records. Each such Lender may attach schedules to its Notes and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower to pay any amount owing with respect to the Obligations. In any event, the Register shall remain conclusive and binding on the Borrower and each Lender, absent manifest error.

SECTION 2.05. Prepayment of Loans.

(a) Voluntary Prepayments. Subject to prior notice in accordance with this paragraph, the Borrower may at its option, at any time, without premium or penalty of any kind (other than any payments required under Section 2.13), prepay, in whole or in part, the Loans. The Borrower shall make any such prepayment to the Administrative Agent for the ratable account of each Lender (together with accrued and unpaid interest thereon). The Borrower shall not voluntarily repay or prepay the Loans, unless on such date the Bank Term Loans are prepaid in an amount equal to the product of the aggregate principal amount of Bank Term Loans outstanding on such date immediately prior to such prepayment, multiplied by the aggregate principal amount of Loans to be prepaid on such date, divided by the aggregate principal amount of Loans outstanding on such date immediately prior to such prepayment; provided, that the Borrower shall be permitted to make voluntary prepayments of the Loans without complying with such pro rata payment requirement to the extent that the Borrower, Synchrony Bank or GECC, as the case may be, based on their respective discussions with and/or guidance received from applicable Bank Regulatory Authorities, in good faith, reasonably determines, after consultation with the Bank Lead Arrangers, that such voluntary prepayment is reasonably required to satisfy

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any Law, regulatory capital or liquidity requirement (including, for the avoidance of doubt, any regulatory requirement or condition necessary to effect Split-off or Deregistration), which determination shall be evidenced by a written certification from the chief risk officer of the Borrower or GECC.

(b) Mandatory Prepayments.

(i) The Loans shall be prepaid with Applicable Debt Proceeds in the manner set forth in Section 2.05(d) below.

(ii) The Borrower shall make any such prepayment to the Administrative Agent, for the ratable account of each Lender, on the date and in the principal amount required by Section 2.05(d) below (together with any accrued and unpaid interest thereon).

(c) Notice of Prepayment.

(i) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy or email with PDF attachment) of any prepayment hereunder (A) in the case of prepayment of Eurodollar Rate Loans, not later than 11:00 a.m., New York City time, on the date three Business Days prior to the date of prepayment and (B) in the case of prepayment of Base Rate Loans, not later than 10:00 a.m., New York City time, on the date one Business Day prior to the date of prepayment. Each such notice shall be irrevocable except to the extent contemplated by clause (ii) and shall specify the prepayment date and the principal amount of Loans to be prepaid. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.07 but shall be without premium or penalty of any kind (other than any payments required under Section 2.13).

(ii) Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided, that a notice of repayment of Loans may state that such notice is conditioned upon the effectiveness of other credit facilities or the closing of a capital markets transaction, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

(d) Application of Prepayments with Applicable Debt Proceeds. Any Applicable Debt Proceeds received by the Borrower shall be applied to prepay the outstanding principal amount of the Loans and, subject to clause (e), the Bank Term Loans, as follows:

(i) During the Initial Period, any Additional IPO Debt Proceeds received by the Borrower shall be applied first, to prepay the Loans until the outstanding principal amount of the Loans after giving effect to such prepayments equals \$1,500,000,000 and second, to prepay the outstanding principal amounts of the Loans and the Bank Term Loans on a pro rata basis, based on the outstanding loans thereunder; and

(ii) After the Initial Period:

(1) with respect to the remaining portion of the calendar year ended December 31, 2014 and the calendar years ended December 31, 2015 and December 31, 2016, the 2014-2016 Required Prepayment Amount of Post-IPO Debt Proceeds received by the Borrower shall be applied to prepay the

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outstanding principal amounts of the Loans and the Bank Term Loans on a pro rata basis, based on the outstanding principal balances thereunder; provided, that, for each calendar year, all such calculations and required prepayments shall be made on an annual basis such that to the extent, during such calendar year, the Borrower has made aggregate prepayments of the Loans and the Bank Term Loans from Post-IPO Debt Proceeds received during such calendar year (1) in an amount less than the 2014-2016 Required Prepayment Amount for such calendar year, within 10 Business Days after January 1 of the following calendar year, the Borrower shall prepay the outstanding principal amounts of the Loans and the Bank Term Loans on a pro rata basis, based on the outstanding principal balances thereunder, respectively, in an amount equal to such shortfall and (2) in an amount greater than the 2014-2016 Required Prepayment Amount for such calendar year, the Borrower may, at its option, receive a dollar-for-dollar credit in the amount of such excess with respect to its prepayment obligations under this Section 2.05(d)(ii) in respect of the Required Prepayment Amount for the immediately following calendar year;

(2) with respect to the calendar years ended December 31, 2017, December 31, 2018 and December 31, 2019, the 2017-2019 Required Prepayment Amount of Post-IPO Debt Proceeds received by the Borrower shall be applied to prepay the outstanding principal amounts of the Loans and the Bank Term Loans on a pro rata basis, based on the outstanding principal balances thereunder; provided, that, for each calendar year, all such calculations and required prepayments shall be made on an annual basis such that to the extent, during such calendar year, the Borrower has made aggregate prepayments of the Loans and the Bank Term Loans from Post-IPO Debt Proceeds received during such calendar year (A) in an amount less than the 2017-2019 Required Prepayment Amount for such calendar year, within 10 Business Days after January 1 of the following calendar year, the Borrower shall prepay the outstanding principal amounts of the Loans and the Bank Term Loans on a pro rata basis, based on the outstanding principal balances thereunder, respectively, in an amount equal to such shortfall and (B) in an amount greater than the 2017-2019 Required Prepayment Amount for such calendar year, the Borrower may, at its option, receive a dollar-for-dollar credit in the amount of such excess with respect to its prepayment obligations under this Section 2.05(d)(ii) in respect of the Required Prepayment Amount for the immediately following calendar year.

(e) Subject to the terms of the Bank Term Loan Agreement, any amount required to be applied to prepay the Bank Term Loans pursuant to Section 2.05(d) may, at the Borrower's election, be applied to prepay the Loans.

SECTION 2.06. Reserved

SECTION 2.07. Interest.

(a) Base Rate Loans shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) Eurodollar Rate Loans shall bear interest at a rate per annum equal to the Eurodollar Rate for the Interest Period in effect for such Eurodollar Rate Loans plus the Applicable Margin.

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(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided, that (i) in the event of any repayment or prepayment of the Loans, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (ii) in the event of any Conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such Conversion, (iii) all accrued interest on a Loan shall be payable upon the Maturity Date and (iv) interest pursuant to Section 2.07(e) shall be payable on demand.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Base Rate (other than pursuant to clause (c) of the definition thereof) shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Base Rate or Eurodollar Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(e) If any amount payable by the Borrower under any Loan Document is not paid when due, such past due amounts shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

SECTION 2.08. Alternate Rate of Interest. If prior to the commencement of any Interest Period for Eurodollar Rate Loans:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Eurodollar Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lender or Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Committed Loan Notice that requests the Conversion of any Loans to, or Continuation of any Loans as, a Eurodollar Rate Loan shall be ineffective and (ii) if any Committed Loan Notice by the Borrower requests Eurodollar Rate Loans, such Loans shall be made as Base Rate Loans.

SECTION 2.09. Increased Costs. (a) If any Change in Law shall:

(i) subject any Lender, with respect to this Agreement, to any Taxes (other than (x) any Indemnified Taxes or Other Taxes in respect of which additional amounts are payable pursuant to Section 2.10, (y) any Indemnified Taxes or Other Taxes in respect of which additional amounts would be so payable but for an exception under Section 2.10, or (z) any Excluded Taxes) on its loans, loan principal, letters of credit, commitments or other obligations or its deposits, reserves, other liabilities or capital attributable thereto;

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(ii) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Eurodollar Rate); or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other recipient of making, continuing, converting or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender or such other recipient hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or such other recipient, as the case may be, such additional amount or amounts as will compensate such Lender or such other recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 2.09 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.09 shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section 2.09 for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

#### SECTION 2.10. Taxes; Tax Documentation.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction or withholding for any Taxes, except as required by law; provided, that if the applicable Withholding Agent shall be required to deduct or withhold any Indemnified Taxes or Other Taxes from such payments, then (i) the sum

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payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions or withholdings applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives from the Borrower an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the applicable Withholding Agent shall make such deductions or withholdings and (iii) the applicable Withholding Agent shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law. For the avoidance of doubt, a Tax imposed by reason of or pursuant to FATCA is a Tax required by Law to be deducted or withheld.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto (other than any penalties, interest and expenses resulting from any bad faith, gross negligence or willful misconduct of the Administrative Agent or such Lender), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) The Administrative Agent and any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable Law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable Law as will permit such payments to be made without withholding or at a reduced rate. Without limiting the generality of the foregoing, (i) the Administrative Agent and each Lender (or assignee or participant) that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent two copies of IRS Form W-9 certifying that the Administrative Agent or such Lender (or assignee or participant) is exempt from U.S. federal backup withholding tax, (ii) the Administrative Agent and each Lender (or assignee or Participant) that is not a "United States person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent two complete, duly executed originals of (A) IRS Form W-8BEN, Form W-8BEN-E, Form W-8ECI or Form W-8IMY (together with any applicable underlying IRS forms), or, (B) in the case of a Non-U.S. Lender that is not a bank described in Section 881(c)(3)(A) of the Code, two complete, duly executed originals of IRS Form W-8BEN or Form W-8BEN-E, together with a statement certifying that the Administrative Agent or such Lender is not a bank described in Section 881(c)(3)(A) of the Code, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender

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claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on payments under this Agreement, and (iii) if a payment made to the Administrative Agent or a Lender under this Agreement would be subject to U.S. federal withholding Tax imposed by FATCA if the Administrative Agent or such Lender were to fail to comply with the applicable documentation or reporting requirements of FATCA (including those required pursuant to Section 1471(b) or 1472(b) of the Code, as applicable), the Administrative Agent or such Lender shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations, respectively, under FATCA, to determine that the Administrative Agent or such Lender has or has not complied with the Administrative Agent's or such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment (and, solely for purposes of this Section 2.10(e)(iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement). All such forms and documentation shall be delivered by the Administrative Agent and each Lender on or prior to the date it becomes a party to this Agreement (or, in the case of any Participant, on or prior to the date such Participant purchases the related participation) and from time to time thereafter as required by Law or upon the request of the Borrower or the Administrative Agent. In addition, the Administrative Agent and each Lender shall deliver such forms and documentation promptly upon the expiration, obsolescence or invalidity of any form or documentation previously delivered by the Administrative Agent or such Lender. The Administrative Agent and each Lender shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this Section 2.10(e), the Administrative Agent or a Lender shall not be required to deliver any form and documentation pursuant to this Section that the Administrative Agent or such Lender is not legally able to deliver.

(f) The Administrative Agent and each Lender shall use reasonable efforts (consistent with its internal policy applied on a non-discriminatory basis and legal and regulatory restrictions) to designate a different applicable lending office for the Loans made by it and its Commitments or to take other appropriate actions if such designation or actions, as the case may be, will avoid the need for, or reduce the amount of, any payments the Borrower is required to make under this Section 2.10, and will not, in the opinion of the Administrative Agent or such Lender, be otherwise disadvantageous to the Administrative Agent or such Lender.

(g) Each Lender shall indemnify the Administrative Agent within 10 days after written demand therefor, for the full amount of any Taxes attributable to such Lender that are payable or paid by the Administrative Agent, and reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error.

(h) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.10 (including by the payment of additional amounts pursuant to this Section 2.10), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity

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payments made under this Section 2.10 with respect to Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.10(h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority, other than any penalties, interest or other charges resulting from any bad faith, negligence or willful misconduct of such indemnified party) in the event that such indemnified party is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

SECTION 2.11. Payments Generally.

(a) Unless otherwise specified herein, the Borrower shall make each payment required to be made by it hereunder (including under Section 2.09, 2.10, 2.13 or otherwise) prior to 1:00 p.m., New York City time, on the date when due and in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 201 High Ridge Road, Stamford, CT 06927 or at such other office as directed by the Administrative Agent, except that payments pursuant to Section 2.09, 2.10, 2.13 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this

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Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment from the Borrower is due to the Administrative Agent that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each Lender severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.11(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.12. Replacement of Lenders. If any Lender (a) requests compensation, or is entitled to payments, under Section 2.09 or Section 2.10 or is affected in the manner described in Section 2.14, (b) does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable) or (c) fails to wire its applicable portion of the Loans to the Administrative Agent by 1:00 p.m. on the Funding Date, then the Borrower may, at its sole expense and effort (in the case of a claim for compensation under, or payments pursuant to, Section 2.09 or Section 2.10 or in the case of illegality, Section 2.14), upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided, that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld or delayed, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (iii) in the case of any such assignment resulting from a claim for compensation under, or payments pursuant to, Section 2.09 or Section 2.10 or from illegality under Section 2.14, such assignment will result in a reduction in such compensation or payments or eliminate the illegality, as the case may be and (iv) in the case of any assignment pursuant to clause (b), the applicable assignee shall have consented to the applicable change, waiver, discharge or termination. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

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SECTION 2.13. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the Conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, Convert, Continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.05(c) and is revoked in accordance herewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.12, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof. The provisions of this Section 2.13 shall not apply to mandatory prepayments pursuant to Section 2.05(d)(ii).

SECTION 2.14. Illegality. Notwithstanding any other provision herein, if the adoption of or any change in applicable Law or regulation or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, Continue Eurodollar Loans as such and convert Base Rate Loans into Eurodollar Loans shall forthwith be canceled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be Converted automatically to Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such Conversion or repayment of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 2.13. If circumstances subsequently change so that any affected Lender shall determine that it is no longer so affected, such Lender will promptly notify the Borrower and the Administrative Agent, and upon receipt of such notice, the obligations of such Lender to make or Continue Eurodollar Loans or to Convert Base Rate Loans into Eurodollar Loans shall be reinstated.

SECTION 2.15. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Funding Date after giving effect to the Borrowing hereunder on such date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

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## ARTICLE III

### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders on the Effective Date and the Funding Date, as applicable, that:

SECTION 3.01. Existence and Qualification; Power; Compliance with Laws. Each of the Borrower and its Subsidiaries (a) is a corporation, partnership, limited liability company or trust duly organized or formed, validly existing and in good standing under the Laws of the state of its organization, (b) has the power and authority and the legal right to own, lease and operate its properties and to conduct its business, (c) is duly qualified and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of its properties or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified and in good standing could not reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all Laws, except to the extent that noncompliance could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02. Power and Authorization. The execution, delivery and performance by the Borrower of this Agreement has been duly authorized by all necessary corporate action.

SECTION 3.03. Enforceable Obligations. This Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject however to (a) general principles of equity, regardless of whether considered in a proceeding in equity or at law and (b) applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally.

SECTION 3.04. No Conflict. The execution, delivery, and performance by the Borrower of the Loan Documents to which it is a party does not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) the Borrower's organizational documents, (ii) any applicable Laws or judicial orders or (iii) any Contractual Obligation, license or franchise of the Group Members or by which any of them or any of their property is bound or subject except, in the case of clause (ii) and (iii) only, to the extent such violation, conflict, breach or failure to obtain consent could not reasonably be expected to have a Material Adverse Effect or (b) constitute a default under any such Contractual Obligation, license or franchise except to the extent such default could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.05. Taxes. The Borrower and its Subsidiaries have filed all tax returns which are required to be filed, and have paid, or made provision for the payment of, all taxes with respect to the periods, property or transactions covered by said returns, or pursuant to any assessment received by the Borrower or its affected Subsidiaries, except such taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been established and maintained in accordance with GAAP, and, except for the failure to file tax returns and/or to pay taxes which failures could not reasonably be expected to have a Material Adverse Effect.

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SECTION 3.06. Litigation and Environmental Matters. (a) Except as set forth on Schedule 3.06, no litigation, investigation or proceeding of or before an arbitrator or Governmental Authority, including, in each case, relating to or arising out of any Environmental Law is pending or, to the best knowledge of the Borrower, threatened by or against the Borrower or any Subsidiary or against any of its properties or revenues that could reasonably be expected to have a Material Adverse Effect.

(b) Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to, or knows of any basis for, any Environmental Liability or (iii) has received notice of any claim with respect to any Environmental Law or Environmental Liability.

SECTION 3.07. Financial Statements. (a) The Audited Financial Statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its combined Affiliates as of such dates and for such periods in accordance with GAAP; and (b) the Unaudited Financial Statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its combined Affiliates as of such dates and for such periods in accordance with GAAP. The Projections were prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date of their delivery to Lenders, it being understood that (i) whether or not such Projections are in fact achieved will depend upon future events some of which are beyond the control of the Borrower and its combined Affiliates and Subsidiaries, (ii) no assurance can be given that such Projections will be realized, (iii) actual results may vary from the Projections and such variations may be material and (iv) the Projections should not be regarded as a representation by the Borrower or its management that the projected results will be achieved.

SECTION 3.08. Authorizations. The Group Members possess all licenses, permits, franchises, consents, approvals, and other authorities required to be issued by Governmental Authorities that are necessary or required in the conduct of their businesses, all of which are valid, binding, enforceable, and subsisting without any defaults thereunder, other than any failures to possess or defaults that could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.09. Material Adverse Effect. Since December 31, 2013, no fact, event or circumstance has occurred (other than any fact, event or circumstance that has been disclosed in the Registration Statement (excluding any disclosure contained in any section entitled "Risk Factors" or "Cautionary Note Regarding Forward-Looking Statements" or any other statement that is cautionary, risk factor, predictive or forward-looking in nature)) that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10. No Default. No Group Member is in default under or with respect to any Contractual Obligation, license or franchise which could reasonably be expected to have a Material Adverse Effect, and no Default or Event of Default has occurred and is continuing or will result from the execution and delivery of this Agreement or any of the other Loan Documents or the consummation of the transactions contemplated hereby and thereby.

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SECTION 3.11. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time furnished.

SECTION 3.12. Employee Benefit Plans.

(a) With respect to the Borrower and its Subsidiaries (including on account of their respective ERISA Affiliates), except as, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect (i) each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code, other federal or state Laws, and the regulations and published interpretations thereunder, (ii) there are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan, (iii) no ERISA Event has occurred or is reasonably expected to occur and (iv) there exists no Unfunded Pension Liability with respect to any Plan.

(b) With respect to the Borrower and its Subsidiaries, except as, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, each Foreign Pension Plan is in compliance with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan. With respect to each Foreign Pension Plan, except as could not reasonably be expected to have a Material Adverse Effect, reserves have been established in the financial statements furnished to Lenders in respect of any unfunded liabilities, to the extent applicable, in accordance with applicable law or, where required by local accounting standards, in accordance with ordinary accounting practices in the jurisdiction in which such Foreign Pension Plan is maintained. The aggregate unfunded liabilities with respect to such Foreign Pension Plans could not reasonably be expected to have a Material Adverse Effect (based on those assumptions used to fund each such Foreign Pension Plan).

SECTION 3.13. Labor Matters. Except as could not reasonably be expected to have a Material Adverse Effect, there are no strikes, lockouts or slowdowns against the Borrower or any Subsidiary pending or, to the knowledge of the Borrower or any Subsidiary, threatened. Except as could not reasonably be expected to have a Material Adverse Effect, the hours worked by and payments made to employees of the Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. Except as could not reasonably be expected to have a Material Adverse Effect, the consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower or any Subsidiary is bound.

SECTION 3.14. Margin Regulations: Investment Company Act. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of extending credit for the purpose of “purchasing” or “carrying” “margin stock” within the respective meanings of each of the quoted terms under Regulation U of the Board as now and from time to time hereafter in effect. No part of the proceeds of any Loans will be used

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by the Borrower or any Subsidiary for “purchasing” or “carrying” “margin stock” as so defined in a manner which violates, or which would be inconsistent with, the provisions of Regulations T, U, or X of the Board. The Borrower is not required to be registered as an “investment company” as defined in the Investment Company Act of 1940, as amended.

SECTION 3.15. Anti-Corruption Laws and Sanctions. The Borrower maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower and its Subsidiaries and, to the knowledge of the Borrower, their respective directors, officers, employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects, and no action, suit or proceeding by or before any Governmental Authority involving the Borrower or any of its Subsidiaries with respect to Anti-Corruption Laws or Sanctions is pending, or to the best knowledge of the Borrower, threatened. None of the Borrower or any Subsidiary nor, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers or employees or any of their respective agents that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No part of the proceeds of the Loans or the Transactions will be used by the Borrower in violation of Anti-Corruption Laws or applicable Sanctions.

SECTION 3.16. Money Laundering and Counter-Terrorist Financing Laws. The Borrower maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with the Anti-Money Laundering Laws. The operations of the Borrower and its Subsidiaries are in compliance in all material respects with the Bank Secrecy Act and implementing regulations and the applicable anti-money laundering statutes of jurisdictions where the Borrower and its Subsidiaries conduct business, and the rules and regulations thereunder (collectively, the “Anti-Money Laundering Laws”), and no action, suit or proceeding by or before any Governmental Authority involving the Borrower or any of its Subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Borrower, threatened.

SECTION 3.17. Solvency. The Borrower, together with its Subsidiaries on a consolidated basis, is Solvent.

SECTION 3.18. Ownership of Synchrony Bank. Synchrony Bank is a Wholly-Owned Subsidiary of the Borrower.

#### ARTICLE IV

#### CONDITIONS

SECTION 4.01. Effective Date. This Agreement shall become effective on the first date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from the Borrower and each Lender a counterpart of this Agreement signed on behalf of such party or parties.

(b) The Administrative Agent shall have received a customary written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (i) Sidley Austin LLP, counsel to the Borrower and (ii) Jonathan Mothner, general counsel of the Borrower.

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(c) All representations and warranties contained in Article III shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) as of such earlier date.

(d) The Administrative Agent shall have received copies of the organizational documents of the Borrower, certified by the Secretary of State of its jurisdiction of organization, evidence of existence and good standing of the Borrower, certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Borrower evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which the Borrower is a party.

(e) The Administrative Agent shall have received all documentation and other information reasonably requested by each Lender that is required for compliance with the Patriot Act or other “know your customer” and anti-money laundering rules and regulations (which requested information shall have been received at least three Business Days prior to the Effective Date to the extent requested by the Lenders at least 10 Business Days prior to the Effective Date).

(f) Since December 31, 2013, no fact, event or circumstance has occurred (other than any fact, event or circumstance that has been disclosed in the Registration Statement (excluding any disclosure contained in any section entitled “Risk Factors” or “Cautionary Note Regarding Forward-Looking Statements” or any other statement that is cautionary, risk factor, predictive or forward looking in nature)) that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(g) The Administrative Agent and the Lenders shall have received (i) the Audited Financial Statements, (ii) the Unaudited Financial Statements and (iii) the Projections.

(h) The Administrative Agent shall have received a fully executed copy of the Bank Term Loan Agreement, in form and substance reasonably satisfactory to the Administrative Agent, and the Bank Term Loan Agreement shall become effective concurrently with the Effective Date.

(i) [Reserved].

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date and such notice shall be conclusive and binding.

SECTION 4.02. Conditions Precedent to the Funding Date. The obligations of the Lenders to make their respective Loans hereunder shall become effective on the first date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) All representations and warranties contained in Article III shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) on and as

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of the Funding Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) as of such earlier date.

(b) Since December 31, 2013, no fact, event or circumstance has occurred (other than any fact, event or circumstance that has been disclosed in the Registration Statement (excluding any disclosure contained in any section entitled “Risk Factors” or “Cautionary Note Regarding Forward-Looking Statements” or any other statement that is cautionary, risk factor, predictive or forward looking in nature)) that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(c) The Borrower shall be in pro forma compliance with the financial covenants set forth in Section 6.08 on the Funding Date (after giving effect to the receipt of the IPO Proceeds) and assuming, for purposes of such calculations, that \$3,000,000,000 of Initial IPO Bond Proceeds were received by the Borrower on the Funding Date.

(d) The IPO shall have priced and the Administrative Agent shall be reasonably satisfied that the Borrower will receive IPO Proceeds of at least \$2,000,000,000 substantially concurrently with the funding of the Loans (it being understood that the Loans shall be funded immediately prior to the IPO).

(e) At the time of and immediately after giving effect to the Borrowing of the Loans and the Bank Term Loans on the Funding Date, no Default or Event of Default shall have occurred and be continuing.

(f) [Reserved].

(g) The Administrative Agent shall have received a duly executed Committed Loan Notice signed by a Responsible Officer of the Borrower.

(h) The capital structure of the Borrower and its Subsidiaries on the Funding Date shall be substantially consistent with the capital structure set forth in the pro forma consolidated balance sheet included in the Registration Statement.

(i) All Related Party Debt shall be repaid in full and commitments thereunder terminated substantially concurrently with the funding of the Loans on the Funding Date.

The Administrative Agent shall notify the Borrower and the Lenders of the Funding Date and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) at or prior to 3:00 p.m., New York City time, on the earlier of (x) September 30, 2014 and (y) the date that is 20 Business Days after the Effective Date (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

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**ARTICLE V**

**AFFIRMATIVE COVENANTS**

The Borrower hereby agrees that, so long as any Commitments are in effect or any Obligation remains outstanding (other than contingent indemnification obligations not yet asserted), the Borrower shall, and shall cause each Group Member (and in the case of Sections 5.06, 5.07, 5.08 and 5.09, cause each Securitization Entity) to:

SECTION 5.01. Financial Statements. Deliver to the Administrative Agent and each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, reported without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, by KPMG LLP or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower (or with respect to the fiscal quarter immediately preceding the date of this Agreement, 45 days after the consummation of the IPO), the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal quarter and the related unaudited consolidated statements of income and of cash flows for such fiscal quarter, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

All such financial statements shall be prepared in accordance with GAAP. Filing of such statements with the SEC within the time periods above shall constitute compliance with this Section 5.01.

SECTION 5.02. Certificates, Notices and Other Information. Deliver to the Administrative Agent for distribution to each Lender:

(a) no later than the date required for the delivery of the financial statements referred to in Section 5.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(b) promptly after the same are available, copies of (i) all annual, regular, periodic and special reports, which the Borrower may file or be required to file in connection with the IPO and Split-off with the SEC under Sections 13 or 15(d) of the Securities Exchange Act of 1934 and (ii) registration statements, which the Borrower may file or be required to file in connection with the IPO and Split-Off with the SEC, and not otherwise required to be delivered to the Administrative Agent pursuant hereto (it being understood that the filing of such reports and registration statements with the SEC shall constitute compliance with this Section 5.02(b));

(c) [reserved]:

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(d) promptly after the Borrower's obtaining knowledge of the occurrence thereof, notice of the commencement of, or any material development in, any litigation or inquiry by any Governmental Authority, or the receipt of a notice of an Environmental Liability affecting any Group Member that could reasonably be expected to have a Material Adverse Effect;

(e) promptly after the Borrower's obtaining knowledge of the occurrence thereof, notice of any Default or Event of Default specifying the nature thereof and what action the Borrower has taken, is taking or proposes to take with respect thereto;

(f) promptly after the Borrower obtaining knowledge of the occurrence thereof, notice of any other development that results in, or could reasonably be expected to have, a Material Adverse Effect;

(g) promptly after the Borrower obtaining knowledge of the announcement thereof, notice of any announcement by any of S&P, Moody's or Fitch, as applicable, of any change in a Debt Rating;

(h) promptly after the occurrence thereof, notice of any material amendment or other modification to the Bank Term Loan Agreement; and

(i) (i) promptly after such request, such other information as from time to time may be reasonably requested by the Administrative Agent or any Lender through the Administrative Agent and (ii) prior to the making thereof, notice of any voluntary or mandatory prepayment of principal to be made under the Bank Term Loan.

SECTION 5.03. Preservation of Existence. Preserve and maintain its existence, good standing, licenses, permits, rights, franchises and privileges necessary or desirable in the normal conduct of its business, except (other than with respect to the Borrower's existence) where failure to do so could not reasonably be expected to have a Material Adverse Effect; provided, that nothing in this Section 5.03 shall prohibit any transaction not restricted by Section 6.03.

SECTION 5.04. Maintenance of Properties. Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good order and condition, subject to wear and tear in the ordinary course of business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.05. Maintenance of Insurance. Maintain (including by virtue of rights under GE Insurance Arrangements (as defined in the Master Agreement) to the extent provided by Section 7.3 of the Master Agreement) liability and casualty insurance that is with financially sound and reputable insurance companies that are not Affiliates of the Borrower (or that constitute part of the GE Insurance Arrangements) in such amounts with such deductibles and against such risks as is customary for similarly situated businesses, except to the extent such Group Member or any Affiliate on its behalf maintains reasonable self-insurance with respect to such risks.

SECTION 5.06. Compliance with Laws. Except as set forth in the next sentence, comply with the requirements of all applicable Laws and orders of any Governmental Authority (including Environmental Laws), except to the extent noncompliance could not reasonably be expected to have a Material Adverse Effect. Comply in all material respects with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions. Maintain in

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effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

SECTION 5.07. Payment of Taxes. Pay and discharge when due all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or any of its property, except for any such tax, assessment, charge or levy which is being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on its books in accordance with GAAP, and except for such payments which, if not paid, could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.08. Inspection Rights. At any time during regular business hours, upon reasonable notice, once per calendar year (or more often if a Default has occurred and is continuing) and subject to Section 9.08, permit the Administrative Agent or any Lender (coordinated through the Administrative Agent), or any employee, agent or representative thereof, to examine (and during the continuance of an Event of Default, make copies and abstracts from) the records and books of account of the Borrower and its Subsidiaries and to visit and inspect their properties and to discuss their affairs, finances and accounts with any of their officers and key employees; provided that the Borrower may, if it so chooses, be present at or participate in any such discussions.

SECTION 5.09. Books and Records. Keep adequate records and books of account reflecting all material financial transactions in conformity with GAAP, consistently applied, and in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or the applicable Subsidiary.

SECTION 5.10. Use of Proceeds. Use the proceeds of the Loans made on the Funding Date (a) to repay the Related Party Debt and (b) for working capital and general corporate purposes.

SECTION 5.11. Employee Benefits. (a) Except as could not reasonably be expected to have a Material Adverse Effect, comply in all material respects with the provisions of ERISA and the Code applicable to employee benefit plans as defined in Section 3(3) of ERISA and the laws applicable to any Foreign Pension Plan, (b) furnish to the Administrative Agent as soon as possible after, and in any event within ten days after any Responsible Officer of the Borrower knows or has reason to know that, any ERISA Event has occurred or is reasonably expected to occur that, along or together with any other ERISA Event that has occurred or is reasonably expected to occur that could reasonably be expected to result in liability of the Borrower or any Subsidiary (including on account of their respective ERISA Affiliates) in an aggregate amount that could reasonably be expected to have a Material Adverse Effect, a statement of a Responsible Officer of the Borrower setting forth details as to such ERISA Event and the action, if any, that the Borrower proposes to take with respect thereto and (c) promptly and in any event within 30 days after the filing thereof with the United States Department of Labor, furnish to the Administrative Agent, upon its request, copies of each Schedule SB (Actuarial Information) to the Annual Report (Form 5500 Series) with respect to each Plan which has an Unfunded Pension Liability.

SECTION 5.12. Ownership of Synchrony Bank. Cause Synchrony Bank to remain a Wholly-Owned Subsidiary of the Borrower.

SECTION 5.13. Certain Regulatory Matters

(a) In the case of the Borrower, (i) comply in all material respects with the Savings and Loan Holding Company Act and (ii) maintain at all times such amount of capital (including, as applicable, a total risk-based capital ratio, Tier 1 risk-based capital ratio and leverage ratio), as may be prescribed by the Board and/or any other applicable Bank Regulatory Authority, as the case may be, from time to time, by statute, rule, regulation or order, as is necessary for the Borrower to be considered “well capitalized” (or similar term) under applicable statute, rule or regulation.

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(b) In the case of Synchrony Bank, maintain at all times such amount of capital (including, as applicable, a total risk-based capital ratio, Tier 1 risk-based capital ratio and leverage ratio), as may be prescribed by the OCC and/or any other applicable Bank Regulatory Authority, as the case may be, from time to time, by statute, rule or regulation, as is necessary for Synchrony Bank to be considered “well capitalized” (or similar term) under applicable statute, rule or regulation.

(c) Unless otherwise disclosed by the Borrower in its Forms 10-Q and 10-K filed with the SEC, the Borrower shall disclose to the Administrative Agent (and the Administrative Agent shall provide to each Lender), no later than (i) 45 days after the end of each of the first three fiscal quarters and (ii) 60 days after the end of the fourth fiscal quarter, in each case, of the Borrower in each fiscal year, the Borrower’s Minimum Tier 1 Common Ratio as of the last day of that quarter and the key components used to determine such ratio.

## ARTICLE VI

### NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as any Commitments are in effect or Obligation remains outstanding (other than contingent indemnification obligations not yet asserted):

SECTION 6.01. Liens. The Borrower shall not, nor shall it permit any Group Member to, directly or indirectly, incur, assume or suffer to exist, any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except:

(a) (i) Liens existing on the Effective Date and set forth on Schedule 6.01, (ii) Liens contemplated by the Master Agreement and (iii) any modifications, extensions, renewals, replacements or refinancings of such Liens referred to in clauses (i) and (ii) above that are not expanded to cover any other property, assets or revenues;

(b) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being timely contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

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(d) pledges or deposits in the ordinary course of business in connection with worker's compensation, unemployment insurance and other social security legislation and to secure premiums or liability to insurance carriers under insurance or under self-insurance arrangements (or to secure obligations in respect of letters of credit, bank guarantees or similar instruments to secure the same);

(e) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, building restrictions and other similar encumbrances affecting real property which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(g) attachment, judgment or other similar Liens securing a judgment that would not constitute an Event of Default under Section 7.01(i);

(h) Liens in favor of the Borrower or any Subsidiary (other than Liens of the Borrower in favor of any Subsidiary);

(i) Liens on "margin stock" (as defined in Regulation U of the Board);

(j) Liens on property acquired (by purchase, merger or otherwise) after the Effective Date, existing at the time of acquisition thereof (but not created in anticipation thereof), or placed thereon (at the time of such acquisition or within 180 days of such acquisition to secure a portion of the purchase price thereof), and any renewals or extensions thereof, so long as the Indebtedness secured thereby is permitted hereby; provided, that such Liens do not and are not extended to cover any other property;

(k) Liens not otherwise permitted hereby which do not secure any Indebtedness;

(l) Liens (i) of a collection bank on the items in the course of collection, (ii) attaching to trading accounts or brokerage accounts incurred in the ordinary course of business, (iii) in favor of a banking or other financial institution arising as a matter of Law encumbering deposits or other funds maintained with a financial institution (including the right of set off) and which are customary in the banking industry, (iv) attaching to other prepayments, deposits or earnest money in the ordinary course of business in connection with transactions that are otherwise permitted hereunder and (v) attaching to cash collateral posted pursuant to a hedging, swap or similar contract entered into in the ordinary course of business and not for speculative purposes;

(m) other Liens, so long as the aggregate outstanding principal amount of the Indebtedness secured thereby does not exceed at any time an amount equal to \$250,000,000; and

(n) Liens attaching to any deposit account maintained by Borrower in favor of Synchrony Bank to comply with Sections 23A and 23B of the Federal Reserve Act and Regulation W of the Federal Reserve Board (as amended, supplemented or otherwise modified from time to time).

SECTION 6.02. Indebtedness. The Borrower shall not, nor shall it permit any Subsidiary (other than Synchrony Bank) to, create, incur, assume or permit to exist any Indebtedness, except:

(a) (i) Indebtedness existing on the Effective Date and set forth on Schedule 6.02, (ii) Indebtedness contemplated by the Master Agreement and (iii) modifications, extensions, renewals, replacements or refinancings of such Indebtedness referred to in clauses (i) and (ii) above that do not increase the outstanding principal amount thereof (other than increases to reflect any unpaid and accrued interest, fees, premiums, defeasance costs related thereto and any related fees and expenses), shorten the maturity date thereof or add any obligors thereunder;

(b) Indebtedness of any Subsidiary to the Borrower or any other Subsidiary;

(c) Indebtedness in respect of Permitted Securitizations;

(d) Indebtedness of the Borrower so long as the Net Debt Proceeds thereof are applied pursuant to Section 2.05(d), as applicable;

(e) Indebtedness in respect of letters of credit issued for the account of any Subsidiary in the ordinary course of business; and

(f) other Indebtedness of Subsidiaries, so long as the aggregate principal amount thereof does not exceed at any time an amount equal to \$250,000,000.

SECTION 6.03. Fundamental Changes. (a) The Borrower shall not (A) merge or consolidate with or into any Person, (B) liquidate, wind-up or dissolve itself, (C) and shall not permit its Subsidiaries to sell, transfer or dispose of all or substantially all of the Borrower's assets, or permit its Subsidiaries to dispose of assets constituting all or substantially all of the assets of the Borrower and its Subsidiaries, taken as a whole (in each case other than a disposition of assets pursuant to a Permitted Securitization) or (D) dispose of property pursuant to Sale-Leaseback Transactions with respect to property having a value in excess of \$75,000,000 in the aggregate; provided, that nothing in this Section 6.03 shall be construed to prohibit (1) the Transactions, (2) the consummation of the transactions contemplated by the Master Agreement or (3) the Borrower from reincorporating in another jurisdiction in the United States, changing its form of organization or merging into, or transferring all or substantially all of its assets to, another Person provided that:

(i) either (x) the Borrower shall be the surviving entity with substantially the same assets immediately following the merger, reincorporation or reorganization or (y) the surviving entity or transferee (the "Successor Corporation") shall, immediately following the merger or transfer, as the case may be, (A) have substantially all of the assets of the Borrower immediately preceding the merger or transfer, as the case may be, (B) have duly assumed all of the Borrower's obligations hereunder and under the other Loan Documents in form and substance satisfactory to the Administrative Agent, (C) be organized in a jurisdiction in the United States and (D) the Borrower shall provide at least 10 days prior written notice of such transaction to the Administrative Agent for distribution to each Lender and, within 5 Business Days after the request therefor, the Borrower shall deliver to the Administrative Agent such documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act relating to the Successor Corporation (and, if requested by the Administrative Agent, the Successor Corporation shall have delivered an opinion of counsel as to the assumption of such obligations); and

(ii) immediately after giving effect to such transaction no Default or Event of Default shall have occurred and be continuing (determined on a pro forma basis giving effect to such transaction).

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(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto, ancillary or complementary thereto or reasonable extensions thereof.

SECTION 6.04. Transactions with Affiliates. The Borrower shall not, nor shall it permit any Group Member to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, any of its Affiliates involving aggregate payments or consideration for any such transaction or series of related transactions in excess of \$75,000,000, except (a) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Group Member, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower, (b) the Transactions, (c) the Loans and this Agreement, (d) the transactions contemplated by the Master Agreement and any amendment or replacement thereto that, in the reasonable judgment of the Borrower, is not materially less favorable to the Group Members, taken as a whole, than the agreement amended or replaced, (e) transactions that are at prices and on terms and conditions, taken as a whole, that are not less favorable to the Borrower or such Group Member than would be obtained on an arm's-length basis if the parties thereto were unrelated third parties, (f) the payment of reasonable fees to directors of the Borrower or any Subsidiary who are not employees of the Borrower or any Subsidiary, and compensation and employee benefit arrangements (other than, for the avoidance of doubt, those relating to any defined benefit plan or retiree medical plan or other retiree health benefits that are not being provided, or are not in existence, as of the date hereof) paid to, and indemnities provided for the benefit of, directors, officers or employees of the Borrower or its Subsidiaries in the ordinary course of business, (g) any issuances of securities or other payments, awards or grants in cash, securities or otherwise to the employees of the Borrower or any Subsidiary pursuant to, or the funding of, employment agreements, stock options and stock ownership plans and similar arrangements approved by the Borrower's board of directors or a committee or designee thereof, (h) Permitted Securitizations and (i) transactions undertaken in order to comply with applicable Law, regulatory capital or liquidity requirements (including, for the avoidance of doubt, any regulatory requirement or condition necessary to effect Split-off or Deregistration) of the Borrower or Synchrony Bank to the extent the Borrower or Synchrony Bank, as the case may be, based on their respective discussions with and/or guidance received from applicable Bank Regulatory Authorities, in good faith reasonably determines in consultation with the Bank Lead Arrangers, that such transaction is necessary to satisfy such Law, regulatory capital or liquidity requirement, which determination shall be evidenced by a written certification from the chief risk officer of the Borrower or GECC.

SECTION 6.05. Amendments or Waivers of Certain Agreements. The Borrower shall not amend, waive or otherwise modify (a) the Bank Term Loan Agreement in a manner that would result in terms more favorable to the lenders party thereto than the terms hereof or (b) the Master Agreement in a manner materially adverse to the Lenders (other than GECC or any of its Affiliates that are Lenders) without the prior written consent of the Required Lenders.

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SECTION 6.06. Limitations on Prepayments of the Bank Term Loans. The Borrower shall not repay or prepay the Bank Term Loans on any date (i) in connection with voluntary prepayments, unless on such date the Loans are voluntarily prepaid in an amount at least equal to the product of the aggregate principal amount of Loans outstanding on such date immediately prior to such prepayment multiplied by the aggregate principal amount of Bank Term Loans to be prepaid on such date divided by the aggregate principal amount of Bank Term Loans outstanding on such date immediately prior to such prepayment and (ii) with respect to mandatory prepayments, except as contemplated by and consistent with Section 2.05 of the Bank Term Loan Agreement and Section 2.05 hereof.

SECTION 6.07. Restrictive Agreements. The Borrower shall not, nor shall it permit any Subsidiary (other than Securitization Entities) to, directly or indirectly agree to any restriction or limitation on (a) the ability of the Borrower or any Subsidiary (other than Securitization Entities) to create, incur or permit to exist any Lien upon any of its property or assets or (b) the ability of any Subsidiary (other than Securitization Entities) to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to either Borrower or any other Subsidiary (other than Securitization Entities); provided, that (i) the foregoing shall not apply to restrictions and conditions imposed by Law, the Bank Term Loan or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.07 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, or making more restrictive, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale; provided, that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to Indebtedness permitted by this Agreement (in the case of secured Indebtedness, if such restrictions or conditions apply only to the property or assets securing such Indebtedness), (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof, (vi) the foregoing shall not apply to any documentation governing any Permitted Securitization, (vii) the foregoing shall not apply to transactions contemplated by the Master Agreement, (viii) the foregoing shall not apply to other restrictions that could not reasonably be expected to impair the Borrower's ability to repay the Obligations as and when due, (ix) the foregoing shall not apply to restrictions existing under or by reason of any agreement or other instrument of a Person acquired by the Borrower or any Subsidiary in existence at the time of such acquisition (but not created in contemplation thereof and not extending to any Person other than the acquired Person) and (x) the foregoing shall not apply to anti-assignment provisions in contracts restricting the assignment thereof (including any such provision in licenses and leases); provided, further, that this Section 6.07 shall not apply to any such restrictions imposed on Synchrony Bank by applicable Law, including by order of any Bank Regulatory Authority.

SECTION 6.08. Financial Covenants.

(a) As of the last day of each fiscal quarter of the Borrower (commencing with the fiscal quarter ended September 30, 2014), the Borrower shall have Liquid Assets of not less than \$4,000,000,000.

(b) As of the last day of each fiscal quarter of the Borrower (commencing with the fiscal quarter ended September 30, 2014), Synchrony Bank shall have Liquid Assets of not less than \$2,000,000,000.

(c) As of the last day of each fiscal quarter of the Borrower (commencing with the fiscal quarter ended September 30, 2014), (x) until the Basel III Implementation Date with respect to the Borrower, the Borrower and Synchrony Bank, each on a consolidated basis, shall each maintain a Minimum Tier 1 Common Ratio of not less than 10.0%, and (y) after the Basel III Implementation Date with respect to the Borrower, the Borrower on a consolidated basis shall maintain a Minimum Tier 1 Common Ratio of not less than 10.0%.

SECTION 6.09 Sanctions and Anti-Corruption Use of Proceeds Restrictions. The Borrower shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing (A) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any applicable Sanctions by the Borrower.

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**ARTICLE VII**

**EVENTS OF DEFAULT**

SECTION 7.01. Events of Default. Any of the following shall constitute an Event of Default:

(a) the Borrower shall fail to pay when due any principal of any Loan made to it;

(b) the Borrower shall fail to pay (i) any interest on any Loan, (ii) any fee payable under Section 2.06 or (iii) any other amount payable hereunder, and such failure shall not be cured within five Business Days after the due date therefor;

(c) after giving effect to any applicable grace period, any Group Member shall fail to observe or perform any other agreement or condition relating to any Indebtedness (other than the Obligations) having an aggregate principal amount in excess of \$75,000,000 or contained in any instrument or agreement evidencing, securing or relating thereto, and the effect of such failure is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on its or their behalf) to cause (with the giving of notice or otherwise), such Indebtedness to become due, or to be prepaid, redeemed, purchased or defeased, prior to its stated maturity; provided, that any such failure under this clause (c) is unremedied and is not waived by the holders of such Indebtedness prior to any termination of the Commitments or acceleration of the Loans;

(d) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(e) the Borrower or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (d) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

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(f) the Borrower or any Subsidiary admits in writing its inability to pay its debts as they become due;

(g) any representation or warranty made in writing or deemed made by or on behalf of the Borrower in or in connection with this Agreement, or in any report, certificate, financial statement or other document furnished in connection with this Agreement, shall prove to have been incorrect in any material respect when made or deemed made;

(h) (i) any default occurs in the observance or performance of any agreement contained in Sections 5.02(e), 5.03, 5.10, 5.12 or Article VI or (ii) the Borrower shall fail to observe or perform any other covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (h)(i) of this Section 7.01), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or the Required Lenders to the Borrower;

(i) a judgment against any Group Member is entered for the payment of money (which is not covered by insurance as to which the relevant insurer has not denied coverage) in excess of \$75,000,000, individually or in the aggregate, or any non-monetary final judgment is entered against any Group Member which could reasonably be expected to have a Material Adverse Effect if, in each case, such judgment remains unsatisfied without procurement of a stay of execution for 30 calendar days after the date of entry of such judgment;

(j) an ERISA Event shall have occurred that, when taken either alone or together with all other such ERISA Events, could reasonably be expected to have a Material Adverse Effect;

(k) there occurs any Change of Control;

(l) this Agreement, at any time after its execution and delivery and for any reason, ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any material respect; or the Borrower denies that it has any or further liability or obligation under this Agreement, or purports to revoke, terminate or rescind this Agreement (other than pursuant to the terms hereof or thereof); or

(m) (i) Synchrony Bank ceases to accept deposits on the order of any Bank Regulatory Authority with authority to give such instruction other than pursuant to an instruction generally applicable to banks organized under the Home Owners' Loan Act, (ii) Synchrony Bank ceases to be an insured bank under the Federal Deposit Insurance Act and all rules and regulations promulgated thereunder, (iii) Synchrony Bank is required to submit a capital restoration plan to the OCC because Synchrony Bank has received notice from the OCC (or is deemed by the OCC to have received such notice) that Synchrony Bank is undercapitalized, significantly undercapitalized or critically undercapitalized based upon Synchrony Bank's actual capital levels and not based upon any reclassification of Synchrony Bank's capital category as specified in 12 CFR 165.5(a)(1) except where such reclassification results in (x) a limitation on Synchrony Bank's ability to pay dividends to the Borrower or (y) limitations or restrictions on the Borrower's ability to make any required payments to the Lenders under this Agreement or (iv) Synchrony Bank shall fail to comply with any formal order of any Bank Regulatory Authority acting pursuant to its lawful authority to impose such an order on Synchrony Bank, the failure to comply with which would reasonably be expected to have a Material Adverse Effect.

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SECTION 7.02. Remedies Upon Event of Default. Upon the occurrence, and during the continuance, of any Event of Default other than an Event of Default described in Section 7.01(d) or (e), at the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable and thereupon the outstanding principal amount of the Loans, together with accrued interest thereon and all fees and other Obligations, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in Section 7.01(d) or (e), the Commitments shall automatically terminate and the outstanding principal amount of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 7.03. Application of Funds. The order and manner in which the Administrative Agent's and the Lenders' rights and remedies are to be exercised shall be determined by the Administrative Agent or the Required Lenders in their sole and absolute discretion. Regardless of how a Lender may treat payments for the purpose of its own accounting, for the purpose of computing the Obligations hereunder, payments received during the existence of an Event of Default shall be applied first, to costs and expenses incurred by the Administrative Agent and each Lender (to the extent that each Lender has a right to reimbursement thereof pursuant to the Loan Documents), second, to the payment of accrued and unpaid interest on the Loans to and including the date of such application, third, to the payment of the unpaid principal of the Obligations, and fourth, to the payment of all other amounts (including fees) then owing to the Administrative Agent and the Lenders under the Loan Documents, in each case paid pro rata to each Lender in the same proportions that the aggregate Obligations owed to each Lender under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all Lenders, without priority or preference among the Lenders.

## ARTICLE VIII

### THE ADMINISTRATIVE AGENT

SECTION 8.01. Appointment. Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

SECTION 8.02. Administrative Agent in its Individual Capacity. The financial institution serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such financial institution and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

SECTION 8.03. Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or

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other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the financial institution serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), as the case may be, or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.04. Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Delegation of Duties. The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities as Administrative Agent.

SECTION 8.06. Successor Administrative Agent. The Administrative Agent may resign upon 30 days prior written notice to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the written consent of the Borrower (so long as no Event of Default exists), to appoint a successor. If no successor shall have been so appointed by the Required Lenders with any requisite consent of the Borrower and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation

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Effective Date”), then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a financial institution with an office in New York, New York that has a combined capital and surplus of at least \$250,000,000, or an Affiliate of any such financial institution. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent (other than any rights to indemnity payments owed to the retiring Administrative Agent), and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent’s resignation hereunder, the provisions of this Article VIII and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

SECTION 8.07. [Reserved]

SECTION 8.08. [Reserved]

SECTION 8.09. Independent Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.10. Qualified Intermediary. With respect to payments made by the Borrower to the Administrative Agent for the benefit, or on account of any Lender (or Participant), (i) each Administrative Agent that is a “United States person” as defined in Section 7701(a)(30) of the Code will provide an IRS Form W-9, and (ii) each Administrative Agent that is not a “United States person” as defined in Section 7701(a)(30) of the Code will provide an IRS Form W-8IMY (a) certifying its status as a qualified intermediary, (b) assuming primary withholding responsibility for purposes of chapters 3 and 4, and (c) either (1) assuming primary IRS Form 1099 reporting and backup withholding responsibility or (2) assuming reporting responsibility as a participating FFI or registered deemed-compliant FFI with respect to accounts that it maintains and that are held by specified U.S. persons as permitted under Treasury Regulations Section 1.6049-4(c)(4)(i) or (c)(4)(ii) in lieu of IRS Form 1099 reporting. No Administrative Agent shall be permitted to make the election described in Section 1471(b)(3) of the Code.

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**ARTICLE IX**

**MISCELLANEOUS**

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing (including by electronic transmission) and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or email with PDF attachment (unless any party has previously notified the Administrative Agent and the Borrower that it does not wish to receive notices by email), as follows:

(i) if to the Borrower, to it at 777 Long Ridge Road, Building B, Stamford, Connecticut 06902, Attention: Treasurer;

(ii) if to the Administrative Agent, to it at 201 High Ridge Road, Stamford, CT 06927, Attention: Senior Vice President - Corporate Treasury and Global Funding Operation (Telecopy No. 203-357-4000); and

(iii) if to any other Lender, to it at its address (or telecopy number or email address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

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(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the Administrative Agent and the Borrower.

(d) Electronic Systems.

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of communications through an Electronic System. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. In no event shall any waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided, that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable

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hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby or (iv) change any of the provisions of this Section, Section 2.11(c), or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 9.03. Expenses: Indemnity. (a) The Borrower shall pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, including the reasonable fees, charges and disbursements of a single counsel for the Administrative Agent (and, if reasonably necessary, one regulatory counsel and one local counsel in each relevant jurisdiction and, solely in the case of an actual or perceived conflict of interest, additional counsel for similarly affected persons), in connection with the preparation, execution, delivery and administration of this Agreement and any amendments, modifications or waivers of the provisions hereof and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and the Lenders, limited to the reasonable fees, charges and disbursements of a single counsel for the Administrative Agent and the Lenders, taken as a whole (and, if reasonably necessary, one regulatory counsel and one local counsel in each relevant jurisdiction and, solely in the case of an actual or perceived conflict of interest, additional counsel for similarly affected persons), in connection with the enforcement of or exercise of remedies in connection with this Agreement.

(b) The Borrower shall indemnify the Administrative Agent and each Lender, and each Related Party (other than the Borrower and any of its Subsidiaries) of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, liabilities, costs and related expenses, including the fees, charges and disbursements of a single counsel for all Indemnitees, taken as a whole, and, if reasonably necessary, a single local counsel and a single regulatory counsel to the Indemnitees in each relevant jurisdiction and, solely in the case of an actual or reasonably perceived conflict of interest, of a single additional counsel to the similarly affected Indemnitees, taken as a whole, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or the performance by the parties hereto of their respective obligations hereunder, (ii) any Loan or the use of the proceeds therefrom, (iii) the Transactions, (iv) any actual or alleged presence or Release of Hazardous Materials on or from any property currently or formerly owned, leased or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation or proceeding is brought by the Borrower, any Lender or any other Person and whether based on tort, contract or any other theory and regardless of whether any Indemnitee is a party thereto; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, liabilities, costs or related expenses have resulted from (i) the bad faith, gross negligence or willful misconduct of such Indemnitee, (ii) a material breach by such Indemnitee of its express funding obligations under this Agreement or (iii) disputes solely between and among the Indemnitees and not involving any act or omission by the Borrower or its Subsidiaries (excluding, in the case of this clause (iii), actions against the Administrative Agent or any other person in an agent role), in each case, as determined by a final, non-appealable judgment of a court of competent jurisdiction. This Section 9.03(b) shall not apply with respect to Taxes.

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(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, no party hereto shall assert, and each such party hereby waives, any claim against any other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof; provided that, nothing in this clause (d) shall relieve the Borrower of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

#### SECTION 9.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, and, to the extent expressly contemplated hereby, Participants and the Related Parties of each of the Administrative Agent and the Lenders and, to the extent contemplated by this Section 9.04, the Bank Lead Arrangers, the Bank Administrative Agent and the Bank Lenders ) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments of Loans by GECC (other than to its Affiliates who agree in writing to be bound by the Transfer Restrictions as if each reference therein to "GECC" included a reference to such Affiliate) shall be subject to the following restrictions (collectively, the "Transfer Restrictions"):

(i) before the date that is at least 30 days after the Funding Date, GECC shall not broadly market for sale or participation, nor assign or participate all or any of its portion of the Loans or commitments;

(ii) from and after the date that is 30 days after the Funding Date, GECC shall not broadly market for sale or participation, nor assign or participate all or any of its portion of the Loans except to the extent that (1) the Borrower, Synchrony Bank or GECC, as the case may be, based on their respective discussions with and/or guidance received from applicable Bank Regulatory Authorities, in good faith, reasonably determine, after consultation with the Bank Lead Arrangers, that such assignment or participation is necessary to reduce the principal balance of the Loans held by GECC and its Affiliates in order to effect Split-off or Deregistration or comply with any applicable regulatory requirements related to the Loans, (2) the Borrower or GECC, prior to the effectiveness of such assignment or participation, shall have delivered to the Bank Administrative Agent, (A) written notice identifying the applicable assignee and (B) a written certification from the chief risk officer of the Borrower or GECC as to the determination set forth in clause (1), (3) such assignments or participations shall not be permitted to be made to more than five (5) Persons in the aggregate (excluding assignments to Affiliates of GECC) without the consent of the Requisite Bank Arrangers; and (4) GECC shall hold, at all times, a principal balance of Loans not less than the principal balance of Bank Term Loans held by the Bank Lead Arranger (or its applicable Affiliate that is a Bank Lender) holding the greatest amount of the Bank Term Facility as of the applicable date of determination; and

(iii) no assignee of or participant in all or any portion of the Loans shall be permitted to further assign or participate its interest in the Loans without the consent of the Requisite Bank Arrangers (it being understood that each such assignee or participant may assign or participate, as applicable, 100% of its interest to a single assignee or participant without such consent).

Any assignment or participation of Loans made in violation of the Transfer Restrictions shall not constitute a Default or Event of Default under this Agreement, but such assignment or participation shall be void and the Borrower, the Bank Administrative Agent, any Bank Lead Arranger or any Bank Lender shall be entitled to seek specific performance to unwind any such assignment or participation in addition to any other remedies available at law or in equity.

(c) Subject to the Transfer Restrictions (other than, for the avoidance of doubt, in the case of any transfer to an Affiliate who agrees in writing to be bound by the Transfer Restrictions as if each reference therein to "GECC" included a reference to such Affiliate), any Lender may assign to one or more assignees (other than any natural person or the Borrower or any of its Subsidiaries) all or a portion of its rights and obligations under this Agreement (including the Loans at the time owing to it), subject to the prior written consent of (i) except in the case of an assignment to a Lender, an Affiliate or Approved Fund of a Lender, the Administrative Agent (not to be unreasonably withheld or delayed) and (ii) except in the case of an assignment to a Lender, an Affiliate or Approved Fund of a Lender and any Federal Reserve Bank or other central bank having jurisdiction over such Lender, the Borrower (not to be unreasonably withheld or delayed); provided, that no such consent shall be required from the Borrower to the extent that the Borrower (x) has failed to respond to a written request for consent within 10 Business Days or (y) if an Event of Default has occurred and is continuing.

And, in the case of clause (c) above, (i) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of an entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consents; provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing, (ii) each partial assignment of a Lender's rights and obligations under the Term Facility shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under the Term Facility, (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 payable by the assignor or the assignee, (iv) the assignee, if it shall not be a Lender,

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shall deliver to the Administrative Agent an Administrative Questionnaire and (v) the assignee, if applicable, shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to the Borrower and the Administrative Agent the documentation described in Section 2.10(e). No GECC Affiliated Lender shall be required to represent or warrant that it is not in possession of material non-public information with respect to the Borrower, any of its Subsidiaries or any of their respective Affiliates and/or their respective securities in connection with any assignment permitted by this Section 9.04. Upon acceptance and recording pursuant to paragraph (d) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.09, 2.10, 2.13, and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section 9.04.

(d) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in the City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans (and interest thereon) owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (c) of this Section 9.04 and any written consent to such assignment required by paragraph (c) of this Section 9.04, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(f) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve

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any amendment, modification or waiver of any provision of this Agreement; provided, that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (g) of this Section 9.04, the Borrower agrees that each Participant shall be entitled to the benefits of Section 2.09, Section 2.10 and Section 2.13 to the same extent and subject to the same conditions as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (c) of this Section 9.04 at the time of the assignment. Each Lender that sells a participation, acting solely for tax purposes as a non-fiduciary agent of the Borrower, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant in the Loans or other obligations under this Agreement (the "Participant Register"); provided that, except as set forth in the penultimate sentence of this Section 9.04(f), no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender, the Borrower and the Administrative Agent shall treat such person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary. In consideration of this Section 9.04(f), the Participant Register shall be available for inspection by the Borrower upon reasonable request and prior notice, provided that the Borrower in good faith determines it is necessary or appropriate to access the Participant Register in order to establish that the Loans and other obligations are in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The Borrower shall keep any information obtained from the Participant Register confidential, except to the extent that a taxing authority requires disclosure for the sole purpose of establishing that the Loans and other obligations are in registered form under Section 5f.103-1(c) of the United States Treasury Regulations.

(g) A Participant shall not be entitled to receive any greater payment under Section 2.09 or Section 2.10 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 2.10 unless the Borrower is notified of the participation sold to such Participant and such Participant complies with Section 2.10 as though it were a Lender.

(h) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank or any other central bank having jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided, that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(i) The Loans (including the Notes evidencing such Loans) are registered obligations and the right, title, and interest of the Lenders and their assignees in and to such Loans shall be transferable only upon notation of such transfer in the Register. A Note shall only evidence the Lender's or an assignee's right, title and interest in and to the related Loan, and in no event is any such Note to be considered a bearer instrument or obligation not in "registered form" within the meaning of Section 163(f) of the Code. This Section 9.04 shall be construed so that the Loans are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations (or any successor provisions of the Code or such regulations). For purposes of Treasury Regulation Section 5f.103-1(c) only, the Administrative Agent shall act as the Borrower's agent for purposes of maintaining such

(j) The Bank Lead Arrangers, the Bank Administrative Agent and the Bank Lenders shall be express third party beneficiaries of, and shall be entitled to enforce, the provisions of this Section 9.04 relating to the Transfer Restrictions, and no amendment to such provision shall be made without the prior written consent of the Bank Required Lenders.

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notations of transfer in the Register and each applicable Lender shall act as the Borrower's agent for purposes of maintaining notations in the Participant Register. Nothing in this Section 9.04 is intended to alter the U.S. federal income tax withholding and reporting obligations that would exist between any Administrative Agent and any Lender or between any Lender and any Participant in the absence of this Section 9.04 pursuant to Section 8.10 or as otherwise required by Law.

SECTION 9.05. Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall have the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.06. Governing Law; Jurisdiction.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party hereto hereby (a) submits to the exclusive jurisdiction of any state or federal court located in the Borough of Manhattan in the City of New York (or any appellate court therefrom) in connection with any suit, action or proceeding arising out of or relating to this Agreement, and (b) agrees that service of process, summons, notice or document by registered mail addressed to such party at its address specified in Section 9.01 shall be effective service of process against such person for any suit, action or proceeding relating to any such dispute. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum, and agrees that any final non-appealable judgment in any such suit, action or proceeding brought in any such court shall be conclusive and may be enforced in order jurisdictions by suit upon the judgment or in any other manner provided by law.

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SECTION 9.07. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.08. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) (x) in the case of each Lender (other than GE, GECC or any of their respective Affiliates) to its Affiliates and to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel, professionals and other advisors (collectively, "Lender Representatives") and (y) in the case of each of GE and GECC, to their respective Affiliates and their respective officers, directors, employees, and other agents and representatives, including attorneys, agents, customers, suppliers, contractors, consultants and other representatives of any Person providing financing to it and its Affiliates (collectively, "GECC Representatives" and together with the Lender Representatives, the "Representatives") who need to know such information for the purpose set forth in this Section 9.08 (it being understood that the Persons to whom such disclosure is made are or have been informed of the confidential nature of such Information and instructed to keep such Information confidential in accordance with this Section 9.08), (b) upon the request or demand of any regulatory or self-regulatory authority having jurisdiction over such Lender or its Affiliates (in which case such Lender shall, except with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority, (i) promptly notify the Borrower (in advance, to the extent reasonable and practical) of such disclosure to the extent permitted by law, (ii) so furnish only that portion of the information which the applicable Lender reasonably determines (which may be in reliance on the advice of legal counsel) it is legally required to disclose and (iii) use commercially reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment), (c) to the extent compelled by legal process in, or reasonably necessary to, the defense of, any legal, judicial, administrative proceeding or otherwise as required by applicable Law or regulations (in which case such Lender shall (i) promptly notify the Borrower (in advance, to the extent reasonable and practical) of such disclosure to the extent permitted by law, (ii) so furnish only that portion of the Information which the applicable Lender reasonably determines (which may be in reliance on the advice of legal counsel) it is legally required to disclose and (iii) use commercially reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment), (d) to any other party to this Agreement, (e) to any rating agency when required by it, (f) to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans, (g) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (h) subject to an agreement containing provisions substantially the same as those of this Section 9.08, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations hereunder, (i) with the consent of the Borrower or (j) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section 9.08 by the Administrative Agent, any Lender, or any of their respective Affiliates or Representatives or (B) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than the Borrower. In addition, the Administrative Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, similar services providers to the lending industry, and service providers to the Administrative Agent and the Lenders in connection with the

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administration and management of this Agreement and the other Loan Documents. For the purposes of this Section 9.08, "Information" means all information received from the Borrower relating to the Borrower and its Subsidiaries or its or their business, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by the Borrower; provided that, all Information received from the Borrower or any Subsidiary after the Effective Date shall be deemed confidential unless such information is clearly identified at the time of delivery as not confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 9.08 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.09. Material Non-Public Information. (a) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 9.08 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(b) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR ITS SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 9.10. Confidential Supervisory Information. No provision in this Agreement shall be construed as requiring the Borrower or Synchrony Bank to disclose Confidential Supervisory Information; provided that with respect to Confidential Supervisory Information that is otherwise required to be disclosed hereunder, the Borrower shall notify the Administrative Agent and the Lenders in writing if such required disclosure is not being made as a result of this Section 9.10. For the avoidance of doubt, this Section 9.10 shall not relieve the Borrower of its obligation to provide any required financial statements, certificates, notices and other information under this Agreement, but in providing such financial statements, certificates, notices and other information the Borrower shall not be obligated to disclose Confidential Supervisory Information otherwise contained therein.

SECTION 9.11. [Reserved].

SECTION 9.12. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any

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accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.09, 2.10, 2.13 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans or the termination of this Agreement or any provision hereof.

SECTION 9.13. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.14. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturing. The rights of each Lender under this Section 9.14 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.15. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM, ACTION, SUIT OR PROCEEDING (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY OTHER ARRANGEMENT OR OTHER MATTER REFERRED TO HEREIN OR THEREIN.

SECTION 9.16. Patriot Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower and its Subsidiaries, which information includes the name and address of such Person and other information that will allow such Lender to identify such Person in accordance with the Patriot Act. The Borrower shall promptly provide such information with respect to the Borrower or its Subsidiaries upon request by any Lender.

SECTION 9.17. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be accumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such accumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

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SECTION 9.18. No Fiduciary Duty. The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the “Lenders”), may have economic interests that conflict with those of the Borrower, its stockholders and/or its affiliates. The Borrower agrees that nothing in this Agreement and any related documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its stockholders or its affiliates, on the other. The Borrower acknowledges and agrees that (i) the Transactions contemplated by this Agreement (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower, its stockholders or its affiliates with respect to the Transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its stockholders or its Affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in this Agreement and any related documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other Person. The Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such Transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such Transaction or the process leading thereto.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SYNCHRONY FINANCIAL, as Borrower

By: \_\_\_\_\_  
Name:  
Title:

*[Signature page to GECC-Synchrony Credit Agreement]*

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GENERAL ELECTRIC CAPITAL CORPORATION,  
as Administrative Agent and Lender,

By: \_\_\_\_\_  
Name:  
Title:

*[Signature page to GECC-Synchrony Credit Agreement]*

## Synchrony Financial

## 2014 Long-Term Incentive Plan

## SECTION 1. PURPOSE

The purposes of this Synchrony Financial 2014 Long-Term Incentive Plan (the “Plan”) are to encourage selected officers, employees, non-employee directors and consultants of Synchrony Financial (together with any successor thereto, the “Company”) and its Affiliates (as defined below) to acquire a proprietary interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company’s future success and prosperity, thus enhancing the value of the Company for the benefit of its shareowners, and to enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom, in large measure, the sustained progress, growth and profitability of the Company depend.

## SECTION 2. DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) “Affiliate” shall mean (i) any entity that, directly or through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, as determined by the Committee.
- (b) “Award” shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, or Other Stock-Based Award granted under the Plan.
- (c) “Award Agreement” shall mean any written agreement, contract, or other instrument or document, including an electronic communication, as may from time to time be designated by the Company as evidencing any Award granted under the Plan.
- (d) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (e) “Committee” shall mean a committee of the Board of Directors of the Company, acting in accordance with the provisions of Section 3, designated by the Board to administer the Plan and composed of not less than two non-employee directors.
- (f) “Dividend Equivalent” shall mean any right granted under Section 6(e) of the Plan.
- (g) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

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- (h) “Fair Market Value” shall mean, with respect to any Shares or other securities, the closing price of a Share on the date as of which the determination is being made as reported on the principal national stock exchange on which the Shares are then traded or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that if the Shares are not listed on a national stock exchange or if the closing price of a Share for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and, to the extent applicable, in compliance with Section 409A of the Code; provided, further, in the case of grants made in connection with the Initial Public Offering, Fair Market Value shall mean the price per Share at which the Shares are initially offered for sale to the public by the Company’s underwriters in the Initial Public Offering.
- (i) “Incentive Stock Option” shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Sections 422 of the Code, or any successor provision thereto.
- (j) “Initial Public Offering” shall mean the initial public offering of the Company registered on Form S-1 (or any successor form under the Securities Act of 1933, as amended).
- (k) “Non-Employee Director” shall mean any director of the Company who is not an officer or employee of the Company or any Affiliate.
- (l) “Non-Qualified Stock Option” shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (m) “Option” shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (n) “Other Stock-Based Award” shall mean any right granted under Section 6(f) of the Plan.
- (o) “Participant” shall mean an officer, employee or consultant of the Company or any of its Affiliates or a Non-Employee Director, in each case, as designated to be granted an Award under the Plan.
- (p) “Performance Award” shall mean any right granted under Section 6(d) of the Plan.
- (q) “Performance Criteria” shall mean any quantitative and/or qualitative measures, as determined by the Committee, which may be used to measure the level of performance of the Company or any individual Participant during a Performance Period, including any Qualifying Performance Criteria.
- (r) “Performance Period” shall mean any period as determined by the Committee in its sole discretion.

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- (s) “Person” shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or government or political subdivision thereof.
- (t) “Qualifying Performance Criteria” shall mean, to the extent necessary to qualify an Award as “performance-based compensation” under Section 162(m) of the Code, one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the company as a whole or to a business unit or related company, and measured on an absolute basis or relative to a pre-established target, to a previous year’s results or to a designated comparison group, in each case as specified by the Committee in the Award: purchase volume; loan receivables; Tier 1 common ratio; liquidity as a percentage of total assets; liquidity coverage ratio; tangible common equity to tangible assets ratio; platform revenue; net earnings; earnings per share; diluted earnings per share; return on average assets; return on capital or invested capital; return on equity; cash flow; gross or operating profit and margin rate; net interest margin; other expense efficiency; active accounts; new accounts; the attainment by a Share of a specified Fair Market Value for a specified period of time; increase in stockholder value; return on investments; total stockholder return; earnings or income of the Company before or after taxes and/or interest; earnings before interest, taxes, depreciation and amortization (“EBITDA”); EBITDA margin; operating income; operating expenses, attainment of expense levels or cost reduction goals; net charge-offs and net charge-off percent; delinquency rates; won, lost and extended deals; market share; interest expense; economic value created; net cash provided by operations; price-to-earnings growth; and strategic business criteria, consisting of one or more objectives based on meeting specified goals relating to compliance, market penetration, customer acquisition, business expansion, cost targets, customer satisfaction, reductions in errors and omissions, reductions in lost business, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, efficiency, and acquisitions or divestitures, or any combination of the foregoing. The applicable performance measures may be applied on a pre- or post-tax basis and may be adjusted in accordance with Section 162(m) of the Code to include or exclude objectively determinable components of any performance measure, including, without limitation, charges for restructurings, discontinued operations, extraordinary items and all items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, related to the disposal of a segment or a business, or related to a change in accounting principle or otherwise. With respect to Participants who are not “covered employees” within the meaning of Section 162(m) of the Code and who, in the Committee’s judgment, are not likely to be covered employees at any time during the applicable Performance Period or during any period in which an award may be paid following a Performance Period, the Performance Criteria may consist of any objective or subjective corporate-wide or subsidiary, division, operating unit or individual measures, whether or not listed herein. If the Committee determines that it is advisable to grant Awards that are not intended to qualify as performance-based compensation under Section 162(m) of the Code,

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the Committee may grant such award without satisfying the requirements of Section 162(m) of the Code and that use Performance Criteria other than those specified herein.

- (u) “Restricted Securities” shall mean Awards of Restricted Stock or other Awards under which issued and outstanding Shares are held subject to certain restrictions.
- (v) “Restricted Stock” shall mean any award of Shares granted under Section 6(c) of the Plan.
- (w) “Restricted Stock Unit” shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.
- (x) “Shares” shall mean the common shares of the Company, \$0.01 par value, and such other securities as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.
- (y) “Stock Appreciation Right” shall mean any right granted under Section 6(b) of the Plan.

### SECTION 3. ADMINISTRATION

Except as otherwise provided herein, the Plan shall be administered by the Committee, which shall have the power to interpret the Plan and to adopt such rules and guidelines for implementing the terms of the Plan as it may deem appropriate. The Committee shall have the ability to modify the Plan provisions, to the extent necessary, or delegate such authority, to accommodate any changes in law and regulations in jurisdictions in which Participants will receive Awards.

- (a) Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to:
  - (i) designate Participants;
  - (ii) determine the type or types of Awards to be granted to each Participant under the Plan;
  - (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards;
  - (iv) determine the terms and conditions of any Award, including any restrictive covenants, clawback or recoupment provisions or requirements that a Participant execute a waiver and release;
  - (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended;

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- (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee;
  - (vii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;
  - (viii) establish, amend, suspend, or waive such rules and guidelines;
  - (ix) appoint such agents as it shall deem appropriate for the proper administration of the Plan;
  - (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and
  - (xi) correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.
- (b) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time, and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, any shareowner, and any employee of the Company or of any Affiliate. To the extent permitted by Section 162(m) of the Code and Section 16 of the Exchange Act, actions of the Committee may be taken by:
- (i) the Chairman of the Committee;
  - (ii) a subcommittee, designated by the Committee;
  - (iii) the Committee but with one or more members abstaining or recusing himself or herself from acting on the matter, so long as two or more members remain to act on the matter. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such members, shall be the action of the Committee for purposes of the Plan; or
  - (iv) one or more officers or managers of the Company or any Affiliate, or a committee of such officers or managers whose authority is subject to such terms and limitations set forth by the Committee, and only with respect to employees who are not officers or Non-Employee Directors of the Company for purposes of Section 16 of the Exchange Act. This delegation shall include modifications necessary to accommodate changes in the laws or regulations of jurisdictions outside the U.S.

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**SECTION 4. SHARES AVAILABLE FOR AWARDS**

- (a) **SHARES AVAILABLE.** Subject to adjustment as provided in Section 4(b):
- (i) The total number of Shares reserved and available for delivery pursuant to Awards granted under the Plan shall be [—]. If any Shares covered by an Award granted under the Plan, or to which such an Award relates, are forfeited, or if an Award otherwise terminates without the delivery of Shares or of other consideration, or if an Award is settled in cash, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, termination or cash settlement, shall again be available for granting Awards under the Plan. The full number of Shares available for delivery under the Plan may be delivered pursuant to Incentive Stock Options, except that in calculating the number of Shares that remain available for Awards of Incentive Stock Options, the rules set forth in this Section shall not apply to the extent not permitted by Section 422 of the Code.
- (ii) **ACCOUNTING FOR AWARDS.** For purposes of this Section 4,
- (A) If an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan; provided, however that if an Award is settled or paid by the Company in whole or in part through the delivery of consideration other than Shares, or by delivery of fewer than the full number of Shares that was counted against the Shares available for delivery as provided above, there shall be added back to the number of Shares available for delivery pursuant to Awards the excess of the number of Shares that had been so counted over the number of Shares (if any) actually delivered upon payment or settlement of the Award.
- (B) If an Award is not denominated in Shares, the number of Shares available for delivery shall be reduced by the number of Shares actually delivered upon payment or settlement of the Award.
- (C) Dividend Equivalents denominated in Shares and Awards not denominated, but potentially payable, in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the

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Dividend Equivalents and such Awards are settled in Shares; provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards may only be counted once against the aggregate number of Shares available, and the Committee shall adopt procedures, as it deems appropriate, in order to avoid double counting. Any Shares that are delivered by the Company, and any Awards that are granted by, or become obligations of, the Company through the assumption by the Company or an Affiliate of, or in substitution for, outstanding awards previously granted by an acquired company, shall not be counted against the Shares available for granting Awards under this Plan.

(D) Notwithstanding anything herein to the contrary, any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for grant under this Plan. Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (x) Shares that were subject to an Option or a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Option or Stock Appreciation Right, (y) Shares delivered to or withheld by the Company to pay the exercise price or the withholding taxes under Options or Stock Appreciation Rights, or (z) Shares repurchased on the open market with the proceeds of an Option exercise. Shares delivered to or withheld by the Company to pay the withholding taxes for Awards other than Options and Stock Appreciation Rights shall again be available for issuance under this Plan.

(iii) SOURCES OF SHARES DELIVERABLE UNDER AWARDS. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(b) ADJUSTMENTS.

(i) In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event constitutes an equity restructuring transaction, as that term is defined in the Accounting Standards Codification 718 (or any successor accounting standard) or otherwise affects the Shares, then the Committee shall adjust the following in a manner that is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan:

(A) the number and type of Shares or other securities which thereafter may be made the subject of Awards;

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- (B) the number and type of Shares or other securities subject to outstanding Awards;
  - (C) the number and type of Shares or other securities specified as the annual per-participant limitation under Section 6(g)(v) and (vi);
  - (D) the grant, purchase, or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; and
  - (E) other value determinations applicable to outstanding awards.

Provided, however, in each case, that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Sections 422(b)(1) of the Code or any successor provision thereto and, with respect to Awards of Stock Appreciation Rights and Options, such adjustment shall be in accordance with Section 409A of the Code; and provided further, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

- (ii) **ADJUSTMENTS OF AWARDS UPON CERTAIN ACQUISITIONS.** In the event the Company or any Affiliate shall assume outstanding employee awards or the right or obligation to make future such awards in connection with the acquisition of another business or another corporation or business entity, the Committee may make such adjustments, not inconsistent with the terms of the Plan, in the terms of Awards as it shall deem appropriate in order to achieve reasonable comparability or other equitable relationship between the assumed awards and the Awards granted under the Plan as so adjusted.
- (iii) **ADJUSTMENTS OF AWARDS UPON THE OCCURRENCE OF CERTAIN UNUSUAL OR NONRECURRING EVENTS.** The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

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## SECTION 5. ELIGIBILITY

Any officer, employee or consultant of the Company or of any Affiliate and any Non-Employee Director shall be eligible to be designated a Participant.

## SECTION 6. AWARDS

- (a) **OPTIONS.** The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:
- (i) **EXERCISE PRICE.** The purchase price per Share purchasable under an Option shall be determined by the Committee; provided, however, and except as provided in Section 4(b), that such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.
  - (ii) **OPTION TERM.** The term of each Option shall not exceed ten (10) years from the date of grant.
  - (iii) **TIME AND METHOD OF EXERCISE.** The Committee shall establish in the applicable Award Agreement the time or times at which an Option may be exercised in whole or in part, and the method or methods by which, and the form or forms, including, without limitation, cash, Shares, or other Awards, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made.
  - (iv) **INCENTIVE STOCK OPTIONS.** The terms of any Incentive Stock Option granted under the Plan shall be designed to comply in all respects with the provisions of Sections 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. Notwithstanding anything in this Section 6(a) to the contrary, Options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Non-Qualified Stock Options) to the extent that either (1) the aggregate Fair Market Value of Shares (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any subsidiary) exceeds \$100,000, taking Options into account in the order in which they were granted, or (2) such Options otherwise remain exercisable but are not exercised within three (3) months of termination of employment (or such other period of time provided in Section 422 of the Code).

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- (b) **STOCK APPRECIATION RIGHTS.** The Committee is hereby authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right as specified by the Committee.
- (i) **GRANT PRICE.** Shall be determined by the Committee, provided, however, and except as provided in Section 4(b), that such price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right, except that if a Stock Appreciation Right is at any time granted in tandem to an Option, the grant price of the Stock Appreciation Right shall not be less than the exercise price of such Option.
  - (ii) **TERM.** The term of each Stock Appreciation Right shall not exceed ten (10) years from the date of grant.
  - (iii) **TIME AND METHOD OF EXERCISE.** The Committee shall establish in the applicable Award Agreement the time or times at which a Stock Appreciation Right may be exercised in whole or in part.
- (c) **RESTRICTED STOCK AND RESTRICTED STOCK UNITS.**
- (i) **ISSUANCE.** The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants. Subject to the terms of the Plan or the applicable Award Agreement, a Restricted Stock Unit may be payable in Shares or cash.
  - (ii) **RESTRICTIONS.** Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may establish in the applicable Award Agreement (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. Unrestricted Shares, evidenced in such manner as the Committee shall deem appropriate, shall be delivered to the holder of Restricted Stock promptly after such restrictions have lapsed.
  - (iii) **REGISTRATION.** Any Restricted Stock or Restricted Stock Units granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.
  - (iv) **FORFEITURE.** Upon termination of employment during the applicable restriction period, except as determined otherwise by the Committee, all Shares of Restricted Stock and all Restricted Stock Units still, in either case, subject to restriction shall be forfeited and reacquired by the Company.

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- (d) **PERFORMANCE AWARDS.** The Committee is hereby authorized to grant Performance Awards to Participants. Performance Awards include arrangements under which the grant, issuance, retention, vesting and/or transferability of any Award is subject to such Performance Criteria and such additional conditions or terms as the Committee may designate. Subject to the terms of the Plan and any applicable Award Agreement, a Performance Award granted under the Plan:
- (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, or other Awards; and
  - (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such Performance Criteria during such Performance Periods as the Committee shall establish.
- (e) **DIVIDEND EQUIVALENTS.** The Committee is hereby authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan and any applicable Award Agreement, such Awards may have such terms and conditions as the Committee shall determine; provided, however, any Dividend Equivalents with respect to Awards subject to performance-based vesting conditions shall be subject to the same restrictions as the underlying Awards.
- (f) **OTHER STOCK-BASED AWARDS.** The Committee is hereby authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants must comply with applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other

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securities, or other Awards, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, and except as provided in Section 4(b), shall not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

(g) GENERAL.

- (i) NO CASH CONSIDERATION FOR AWARDS. Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.
- (ii) AWARDS MAY BE GRANTED SEPARATELY OR TOGETHER. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.
- (iii) FORMS OF PAYMENT UNDER AWARDS. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, rights in or to Shares issuable under the Award or other Awards, other securities, or other Awards, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.
- (iv) LIMITS ON TRANSFER OF AWARDS. Except as provided by the Committee, no Award and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution; provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant with respect to any Award upon the death of the Participant. Each Award, and each right under any Award, shall be exercisable, during the Participant's lifetime, only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. No Award and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

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- (v) **PER-PERSON LIMITATION ON OPTIONS AND SARs.** The number of Shares with respect to which Options and Stock Appreciation Rights may be granted under the Plan during any fiscal year to an individual Participant shall not exceed 3,000,000 Shares, subject to adjustment as provided in Section 4(b).
  - (vi) **PER-PERSON LIMITATION ON CERTAIN AWARDS.** Other than Options and Stock Appreciation Rights, (A) the aggregate number of Shares with respect to which Restricted Stock, Restricted Stock Units, Performance Awards and Other Stock-Based Awards may be granted under the Plan during any fiscal year to an individual Participant shall not exceed 1,000,000 Shares, subject to adjustment as provided in Section 4(b) and (B) with respect to Awards denominated in cash, the maximum amount that may be earned during any fiscal year by an individual Participant shall not exceed \$20,000,000. The aggregate grant date fair value of the Awards that may be granted to any Non-Employee Director in any fiscal year shall not exceed \$500,000.
  - (vii) **CONDITIONS AND RESTRICTIONS UPON SECURITIES SUBJECT TO AWARDS.** The Committee may provide that the Shares issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Committee in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability and forfeiture or repurchase provisions or provisions on payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any re-sales by the Participant or other subsequent transfers by the Participant of any Shares issued under an Award, including without limitation: (A) restrictions under an insider trading policy or pursuant to applicable law, (B) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and holders of other Company equity compensation arrangements, (C) restrictions as to the use of a specified brokerage firm for such re-sales or other transfers and (D) provisions requiring Shares to be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.
  - (viii) **SHARE CERTIFICATES.** All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock

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exchange upon which such Shares or other securities are then listed, and any applicable Federal, state, or local securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

#### **SECTION 7. AMENDMENT AND TERMINATION**

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

- (a) **AMENDMENTS TO THE PLAN.** The Board of Directors of the Company may amend, alter, suspend, discontinue, or terminate the Plan, in whole or in part; provided, however, that without the prior approval of the Company's shareowners, no material amendment shall be made if shareowner approval is required by law, regulation, or stock exchange, and; provided, further, that, notwithstanding any other provision of the Plan or any Award Agreement, no such amendment, alteration, suspension, discontinuation, or termination shall be made without the approval of the shareowners of the Company that would:
  - (i) increase the total number of Shares available for Awards under the Plan, except as provided in Section 4 hereof; or
  - (ii) except as provided in Section 4(b), permit Options, Stock Appreciation Rights, or other Stock-Based Awards encompassing rights to purchase Shares to be re-priced, replaced, or re-granted through cancellation, or by lowering the Option Price of a previously granted Option or the grant price of a previously granted Stock Appreciation Right, or the purchase price of a previously granted Other Stock-Based Award.
- (b) **AMENDMENTS TO AWARDS.** The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue, or terminate, any Awards theretofore granted, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of any Participant, without such Participant's consent, under any Award theretofore granted, provided that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award.

#### **SECTION 8. GENERAL PROVISIONS**

- (a) **NO RIGHTS TO AWARDS.** No Participant or other Person shall have any claim to be granted any Award under the Plan, or, having been selected to receive an Award under this Plan, to be selected to receive a future Award, and further there is no obligation for uniformity of treatment of employees or consultants of the Company or any Affiliates, Non-Employee Directors, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.

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- (b) **WITHHOLDING.** The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, or other Awards) of withholding taxes due in respect of an Award, its exercise, or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy statutory withholding obligations for the payment of such taxes.
  - (c) **NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS.** Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
  - (d) **NO RIGHT TO EMPLOYMENT.** The grant of an Award shall not constitute an employment contract nor be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.
  - (e) **GOVERNING LAW.** The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable Federal law without regard to conflict of law.
  - (f) **SEVERABILITY.** If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.
  - (g) **NO TRUST OR FUND CREATED.** Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

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- (h) NO FRACTIONAL SHARES. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.
- (i) HEADINGS. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
- (j) INDEMNIFICATION. Subject to requirements of Delaware State law, each individual who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with Section 3, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his/her own behalf, unless such loss, cost, liability, or expense is a result of his/her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.
- (k) COMPLIANCE WITH SECTION 409A OF THE CODE. Except to the extent specifically provided otherwise by the Committee, Awards under the Plan are intended to satisfy the requirements of Section 409A of the Code (and the Treasury Department guidance and regulations issued thereunder) so as to avoid the imposition of any additional taxes or penalties under Section 409A of the Code. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Participant to become subject to any additional taxes or other penalties under Section 409A of the Code, then unless the Committee specifically provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of the Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A of the Code to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Participant.

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- (l) NO REPRESENTATIONS OR COVENANTS WITH RESPECT TO TAX QUALIFICATION. Although the Company may endeavor to (i) qualify an Award for favorable U.S. or foreign tax treatment (e.g., incentive stock options under Section 422 of the Code) or (ii) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.
  - (m) AWARDS TO NON-U.S. EMPLOYEES. The Committee shall have the power and authority to determine which Affiliates shall be covered by this Plan and which employees outside the U.S. shall be eligible to participate in the Plan. The Committee may adopt, amend or rescind rules, procedures or sub-plans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws, procedures, and practices. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on death, disability or retirement or on termination of employment; available methods of exercise or settlement of an award; payment of income, social insurance contributions and payroll taxes; the withholding procedures and handling of any stock certificates or other indicia of ownership which vary with local requirements. The Committee may also adopt rules, procedures or sub-plans applicable to particular Affiliates or locations.
  - (n) COMPLIANCE WITH LAWS. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchanges on which the Company is listed as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:
    - (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
    - (ii) completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective.

The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

- (o) AWARDS SUBJECT TO CLAWBACK. The Awards granted under this Plan and any cash payment or Shares delivered pursuant to an Award are subject to forfeiture, recovery by the Company or other action pursuant to the applicable Award Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

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**SECTION 9. EFFECTIVE DATE; SHAREHOLDER APPROVAL**

The Plan shall be effective as of the date of its approval by the Company's sole shareholder prior to the date the Company becomes a publicly held corporation.

**SECTION 10. TERM OF THE PLAN**

No Award shall be granted under the Plan on or after the date that is ten years from the date of the adoption of the Plan or the date such Plan is approved by the Company's sole shareholder, whichever is earlier. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board of Directors of the Company to amend the Plan, shall extend beyond such date.

**NOTICE OF AWARD OF  
STOCK-SETTLED RESTRICTED STOCK UNITS  
(WITH DIVIDEND EQUIVALENTS)  
AND  
NON-QUALIFIED STOCK OPTION  
DATED           , 2014**

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Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the “Plan”), you have been awarded (this “Award”) (i) restricted stock units (“RSUs”), each of which entitles you to receive one share of common stock (each, a “Share”) of Synchrony Financial (“Synchrony”), and (ii) nonqualified stock options to purchase Shares (“Options”), in each case, subject to the terms and conditions set forth in (A) the Plan, (B) this Notice, (C) the attached “Restricted Stock Unit and Non-Qualified Stock Option Terms and Conditions (the “Terms and Conditions”), and (D) the information available on the website (the “Administrator Website”) maintained by the administrator of the Plan for these purposes .

The Administrator Website identifies, among other things, (i) the number of RSUs granted pursuant to this Award, (ii) the number of Shares subject to the Options granted pursuant to this Award, (iii) the exercise price applicable to such Options, and (iv) the effective date of this Award (the “Award Date”). As described in more detail in the Terms and Conditions, the RSUs will be settled in Shares, and the RSUs include dividend equivalents.

The Terms and Conditions describe the vesting conditions applicable to the RSUs and Options and other important information relating to your Award.

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You must log into your account on the Administrator Website prior to the date your Award first vests to view additional information about your Award and to accept your Award. If you do not accept your Award prior to the date your Award first vests (or prior to the date your employment terminates for any reason, if earlier), your Award will be forfeited. Although Synchrony has completed the steps necessary to grant you this Award, you cannot receive any Shares or payments under the Award unless you accept the Award before the deadline.

By your acceptance of this Award, you acknowledge and agree that this Award is governed by the Terms and Conditions attached hereto and the Plan, which is available on the Administrator Website. You acknowledge that you have read and understand these documents as they apply to your Award.

**Please be sure to log into your account and accept your Award to avoid the risk that your Award will be forfeited for non-acceptance.**

SYNCHRONY FINANCIAL

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**SYNCHRONY FINANCIAL  
2014 LONG-TERM INCENTIVE PLAN**

**RESTRICTED STOCK UNIT  
AND  
NONQUALIFIED STOCK OPTION**

**TERMS AND CONDITIONS**

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1. *Award of RSUs and Non-Qualified Stock Options.* Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the “Plan”), Synchrony Financial (“Synchrony”) has awarded (the “Award”) to the employee Restricted Stock Units (“RSUs”) and Non-Qualified Stock Options (“Options”), subject to the terms and conditions set forth herein (the “Terms and Conditions”) and in the Plan.

2. *Definitions and Coordination with the Plan.* Capitalized terms used but not defined herein shall have the meanings assigned to them in Exhibit A hereto or, if not so assigned in Exhibit A, the meaning assigned in the Plan. In the event of any inconsistency between the Plan and the Terms and Conditions, the terms in the Plan shall control unless the Terms and Conditions specifically provides otherwise. References herein to employment with Synchrony shall include employment with any Affiliate of Synchrony.

3. *Information on the Administrator Website.* The following information applicable to the Award is set forth on your account on the website maintained by the administrator of the Plan (the “Administrator”) in connection with the Plan:

- (a) The number of RSUs;
- (b) The number of Shares subject to the Options;
- (c) The exercise price per Share applicable to the Options; and
- (d) The effective date of the Award (the “Award Date”).

4. *Vesting.*

(a) *General.* Subject to the Terms and Conditions, and except as otherwise set forth below in this Section 4, the RSUs and Options will vest, and the Period of Restriction applicable to the RSUs will end, upon the fourth (4<sup>th</sup>) anniversary of the Award Date (the “Vesting Date”) provided that the employee has remained continuously employed by Synchrony through such fourth (4<sup>th</sup>) anniversary. No Option may be exercised after the tenth (10<sup>th</sup>) anniversary of the Award Date (the “Expiration Date”).

Restricted Stock Unit and Non-Qualified Stock Option  
Terms and Conditions

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(b) *RSUs—Effect of Termination of Employment.* If the employee's employment with Synchrony ends for any reason before the end of the Period of Restriction, the employee shall immediately forfeit all RSUs (and, as a result, shall forfeit all Shares and cash that may otherwise have been delivered or paid pursuant to such RSUs), subject to the following:

(i) *Involuntary Termination after First Anniversary of Award Date.* If the employee's employment is terminated by Synchrony without Cause on or after the first (1<sup>st</sup>) anniversary of the Award Date, the number of Shares subject to the RSUs shall be prorated based on the number of full months the employee was employed by Synchrony after the Award Date divided by the number of months between the Award Date and the Vesting Date. The portion of the Award not attributable to the period of his or her employment with Synchrony will be immediately forfeited, and, with respect to the portion attributable to his or her period of employment with Synchrony, the Period of Restriction shall end upon the Vesting Date.

(ii) *Retirement on or after the Second Anniversary of the Award Date.* If the employee's employment with Synchrony terminates (other than for Cause) after both (A) the second (2<sup>nd</sup>) anniversary of the Award Date and (B) the employee is eligible for Retirement, the number of Shares subject to the RSUs shall be prorated based on the number of full months the employee was employed by Synchrony after the Award Date divided by the number of months between the Award Date and the Vesting Date. The portion of the Award not attributable to the period of his or her employment with Synchrony will be immediately forfeited, and, with respect to the portion attributable to his or her period of employment with Synchrony, the Period of Restriction shall end upon the Vesting Date.

(iii) *Disability or Death.* If the employee's employment with Synchrony terminates due to Disability or death, the Period of Restriction for the RSUs shall end immediately. The amount payable (or Shares deliverable) for RSUs shall not be adjusted for any delay caused by time needed to validate the employee's status as Disabled or dead, or to authenticate a beneficiary.

(iv) *Termination following Change in Control.* If, in the event of a Change in Control, Synchrony (or the successor to Synchrony) assumes the RSUs or replaces the RSUs with an award of substantially equivalent value, as determined by the Committee, and during the thirty (30) month period after such Change in Control, the employee's employment is terminated by Synchrony without Cause or the employee terminates his or her employment for Good Reason, the Period of Restriction for the RSUs shall end immediately upon such termination of employment and the RSUs shall be fully vested, non-forfeitable and payable.

(c) *Options—Effect of Termination of Employment.* Following the employee's termination of employment with Synchrony, the Option shall vest and shall be exercisable only as follows:

(i) *Termination for Cause.* If the employee's employment is terminated for Cause, the Option shall immediately be forfeited and the employee shall have no right to exercise such Option, whether or not then vested.

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(ii) *Voluntary Resignation.* If employee terminates his or her employment, he or she shall have the right to exercise the Option, to the extent vested as of the date of termination of employment, during the period ending on the earlier of (A) the three (3) month anniversary following such termination of employment or (B) the Expiration Date.

(iii) *Involuntary Termination after First Anniversary of Award Date.* If the employee's employment is terminated by Synchrony without Cause on or after the first (1<sup>st</sup>) anniversary of the Award Date, the number of Shares subject to the Option shall be prorated based on the number of full months the employee was employed by Synchrony after the Award Date divided by the number of months between the Award Date and the Vesting Date. The portion of the Award not attributable to his or her employment with Synchrony will be immediately forfeited and the portion attributable to his or her period of employment with Synchrony will vest and be exercisable upon the Vesting Date. Following the Vesting Date, the employee shall have the right to exercise the prorated Option until the earlier of (A) five (5) years from the date of termination of employment or (B) the Expiration Date.

(iv) *Retirement on or after the Second Anniversary of the Award Date.* If the employee's employment with Synchrony terminates (other than for Cause) after both (A) the second (2<sup>nd</sup>) anniversary of the Award Date and (B) the employee is eligible for Retirement, the number of Shares subject to the Option shall be prorated based on the number of full months the employee was employed by Synchrony after the Award Date divided by the number of months between the Award Date and the Vesting Date. The portion of the Award not attributable to his or her employment with Synchrony will be immediately forfeited and the portion attributable to his or her period of employment with Synchrony will vest and be exercisable upon the Vesting Date. Following the Vesting Date, the employee shall have the right to exercise the prorated Option until the earlier of (y) five (5) years from the date of termination of employment or (z) the Expiration Date.

(v) *Disability or Death.* If the employee's employment with Synchrony terminates (other than for Cause) due to Disability or death, the Option will vest immediately and the employee (or, in the case of death, the executor or administrator of the employee's estate or the person or persons to whom the employee shall have transferred such right by will or by the laws of descent and distribution) shall have the right to exercise the Option as to all unexercised Shares until the Expiration Date.

(vi) *Termination following Change in Control.* If, in the event of a Change in Control, Synchrony (or the successor to Synchrony) assumes the Option or replaces it with an award of substantially equivalent value, as determined by the Committee, and during the thirty (30) month period after such Change in Control, the employee's employment is terminated by Synchrony without Cause or the employee terminates his or her employment for Good Reason, the Option will vest immediately upon such termination of employment and the employee shall have the right to exercise the Option as to all unexercised Shares until the earlier of (A) five (5) years from the date of the termination of employment and (B) the Expiration Date.

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(d) *Change in Control.* If, in the event of a Change in Control, Synchrony (or a successor to Synchrony) fails to:

- (i) Assume or replace the RSUs with an award of substantially equivalent value, as determined by the Committee, the Period of Restriction shall end immediately upon such Change in Control and the RSUs shall be fully vested, non-forfeitable and payable, and the Shares underlying the RSUs shall be treated in the same manner as other Shares in the Change in Control; or
- (ii) Assume or replace the Option with an award of substantially equivalent value, as determined by the Committee, the Option, to the extent not then exercised, shall be cancelled upon the consummation of the Change in Control and the employee shall be entitled to a cash payment equal to the product of (A) the excess, if any, of the Fair Market Value on the date of such cancellation less the exercise price of the Option, and (B) the number of unexercised Shares subject to the Option.

(e) *Waiver and Release.* The right of an employee or his or her estate to vest in any portion of an Award, to receive a payment with respect to an RSU, or to exercise an Option in any circumstance other than in connection with his or her continuous employment through the Vesting Date shall be subject to the employee or his or her estate timely executing within forty-five (45) days following the employee's termination of employment a waiver and release in a form provided by Synchrony, and not revoking such release.

5. *Settlement of RSUs.* Upon the end of the Period of Restriction, Synchrony will issue to the employee the number of Shares for which the applicable Period of Restriction has ended, less the number of Shares needed to satisfy required tax withholding. Except as otherwise provided in Section 4 or 14, or if the employee elects to defer all or a portion of the RSUs using the deferral election form provided by Synchrony, such Shares shall be delivered within thirty (30) days after the Period of Restriction ends. Shares may be issued in the form of a stock certificate or a notification to the employee that the Shares are held in a book-entry account on the employee's behalf. The employee shall have no rights as a shareholder of Synchrony

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unless and until a certificate for the Shares has been issued to the employee or the employee has been notified that the Shares are held in a book-entry account on the employee's behalf. Synchrony shall, within thirty (30) days after the Period of Restriction ends, make a cash payment to the employee for any fractional Shares to which the employee is entitled, based on the Fair Market Value of a Share on the date the Period of Restriction lapsed.

6. *Exercise of Option.*

(a) Subject to the Terms and Conditions set forth herein, the Option may be exercised by contacting the Administrator directly via the Administrator Website. During the life of the employee, an Option shall be exercisable only by the employee. If the Option is being exercised pursuant to Section 4(c)(v) by any person or persons other than the employee, appropriate proof of the right of such person or persons to exercise the Option, as determined by the Committee, must be provided. No Option may be exercised after the Expiration Date.

(b) The exercise price for the number of Shares with respect to which the Option is being exercised shall be paid in full at the time of exercise (i) in cash, (ii) by withholding Shares ("net share settlement") or (iii) by any other method authorized by Synchrony at the time of exercise. Except as provided in Section 4(c), the Option may not be exercised unless the employee is employed by Synchrony at all times from the Award Date through the date exercised. Shares may be issued in the form of a stock certificate or a notification to the employee that the Shares are held in a book-entry account on the employee's behalf. The employee shall have no rights as a shareholder of Synchrony unless and until a certificate for the Shares has been issued to the employee or the employee has been notified that the Shares are held in a book-entry account on the employee's behalf.

(c) *Automatic Exercise.* To the extent that the Option is exercisable and has not yet been exercised, the Option shall be automatically exercised as of the Expiration Date if the following conditions are satisfied: (i) the employee's employment with Synchrony has not been terminated for Cause and (ii) the Fair Market Value of a Share as of the Expiration Date exceeds the exercise price thereof by at least \$1.00. If the conditions in the immediately preceding sentence are satisfied, the employee shall be deemed to have delivered notice of exercise on the Expiration Date, and the exercise price shall be paid through net share settlement, except as otherwise determined by Synchrony at the time of exercise; provided, however, that if net share settlement would violate applicable law in such circumstances, then the Option shall expire unless the employee pays the applicable exercise price.

(d) Upon the receipt of all required payments from the employee, Synchrony shall, without additional expense to the employee (other than any transfer or issue taxes if Synchrony so elects), deliver to the employee by mail or otherwise at such place as the employee may request a certificate or certificates for such Shares or notify the employee that the Shares are held in a book-entry account on the employee's behalf; provided, however, that the date of issuance or delivery may be postponed by Synchrony for such period as may be required for it with reasonable diligence to comply with any applicable listing requirements of any national securities exchange and requirements under any law or regulation applicable to the issuance or transfer of such Shares.

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Terms and Conditions

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7. *Alteration/Termination.* The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, the Award, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of the employee under the Award without the employee's consent; provided, however, that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (a) is required or advisable in order for Synchrony, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard or (b) is not reasonably likely to significantly diminish the benefits provided under the Award.

8. *Adjustments.* The number and type of Shares underlying any RSUs or Options awarded to the employee hereunder shall be subject to adjustment pursuant to Section 4(b) of the Plan.

9. *No Right to Employment.* Nothing in these Terms and Conditions constitutes an employment contract or gives the employee the right to continue in the employment of Synchrony, or affect any right that Synchrony may have to terminate the employment of the employee.

10. *Dispute Resolution.* The parties will settle any dispute, controversy or claim arising out of or related to the Plan, the Award or the Terms and Conditions in accordance with the terms of any then effective Synchrony alternative dispute resolution procedure (which may, from time to time, be referred to as "Solutions").

11. *Non-Assignability.* Neither this Award nor the RSUs or Options granted hereunder may be assigned or transferred by the employee, except to the extent expressly permitted by the Plan. Tax withholding with respect to any RSU that is transferred or assigned shall be determined by Synchrony in accordance with applicable law (which may require the employee to pay taxes with respect to a transferred RSU). Any Shares issued under an RSU or Option, once issued to the employee, shall be freely transferable.

12. *Voting.* The employee shall not have voting rights with respect to the Shares underlying RSUs or Options unless and until Shares are issued to the employee.

13. *Dividend Equivalents.* The Award entitles the employee to receive an amount equal to any cash dividend declared with respect to the number of Shares represented by RSUs, but only to the extent that the RSUs have not been issued as Shares, converted to a cash payment amount or terminated or forfeited before the record date for such dividend. Dividend equivalents shall be reinvested in additional RSUs (i.e., the cash dividends will be converted into the right to receive additional Shares, based on the Fair Market Value of a Share on the date the applicable dividend is paid to holders of Shares) and shall be subject to the same Terms and Conditions as the Award. The dividend equivalents shall be reduced by the amount of any required tax withholding.

14. *Withholding Taxes.* All payments and delivery of Shares in respect of the RSUs and Options shall be subject to required tax or other withholding or garnishment obligations, if

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any. Synchrony shall be authorized to withhold cash or Shares (as applicable) from any payment due or transfer the amount of withholding taxes due in respect of the Award or any payment or transfer under the Award or the Plan to satisfy statutory withholding obligations for the payment of such taxes. The employee shall pay to or reimburse Synchrony for any federal, state, local or foreign taxes required to be withheld and paid over by it, at such time and upon such terms and conditions as Synchrony may prescribe before Synchrony shall be required to deliver any Shares.

15. *Section 409A.* Amounts payable, and Shares deliverable, pursuant to RSUs are intended to be exempt from Section 409A to the maximum extent possible pursuant to a short-term deferral described in Treasury Regulation §1.409A-1(b)(4), and Options are intended to be exempt from Section 409A pursuant to Treasury Regulation §1.409A-1(b)(5), and the Plan and the Terms and Conditions shall be interpreted and construed consistently with such intent. To the extent any amount payable, or Shares deliverable, pursuant to this Award constitutes nonqualified deferred compensation within the meaning of, and subject to, Section 409A, then, with respect to such portion of this Award, (a) the Plan and this Terms and Conditions are intended to comply with the requirements of Section 409A, and shall be interpreted and construed consistently with such intent, (b) all references in the Plan and this Terms and Conditions to the Employee's termination of employment shall mean the Employee's Termination of Employment within the meaning of Section 409A and Treasury regulations promulgated thereunder, and (c) notwithstanding anything in the Plan or this Terms and Conditions to the contrary, any amount that is payable upon the employee's Termination of Employment that would be payable prior to the six-month anniversary of such Termination of Employment shall, to the extent necessary to comply with Section 409A, be delayed until the Six-Month Pay Date. In such event, any portion of the RSUs settled in cash shall be determined based on the closing price of a Share (or a share of stock of the successor to Synchrony) as reported on the principal national stock exchange on which the Shares (or the shares of stock of the successor to Synchrony) are then traded on the last business day of the last calendar month that ends before the Six-Month Pay Date; provided, however, that if it is not feasible to calculate the closing price as of the last business day of such month, the amount of cash shall be determined based on the last price available. In the event that the Award or the Terms and Conditions would subject the employee to taxes under Section 409A ("409A Penalties"), the Award and the Terms and Conditions shall not be given effect to the extent it causes such 409A Penalties and the related provisions of the Plan and/or the Terms and Conditions will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A, in each case without the consent of or notice to the employee; provided that in no event shall Synchrony or any of its Affiliates be responsible for any 409A Penalties that arise in connection with any amounts payable under the Plan or this Terms and Conditions.

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**EXHIBIT A**

**DEFINITIONS**

***“Board”***

“Board” shall mean the Board of directors of Synchrony.

***“Cause”***

“Cause” shall mean, as determined by the Committee in its sole discretion:

- (a) a material breach by the employee of his or her duties and responsibilities (other than as a result of incapacity due to physical or mental illness) which is demonstrably willful and deliberate on the employee’s part, which is committed in bad faith or without reasonable belief that such breach is in the best interests of Synchrony and, in the event of a breach that may be remedied, which is not remedied in a reasonable period of time after receipt of written notice from Synchrony specifying such breach;
- (b) any act that would prohibit the employee from being employed by the Company and its subsidiaries (including, for the avoidance of doubt, Synchrony Bank) pursuant to the Federal Deposit Insurance Act of 1950, as amended, or other applicable law;
- (c) the commission of or conviction in connection with a felony or any act involving fraud, embezzlement, theft or misrepresentation; or
- (d) any gross or willful misconduct, any violation of law or any violation of a policy of Synchrony or any of its Affiliates by the employee that results in or could result in substantial loss to Synchrony or any of its Affiliates, or substantial damage to the business or reputation of Synchrony or any of its Affiliates, as determined by the Committee.

***“Change in Control”***

“Change in Control” means any of the following events which occurs after the Award Date, but only if such event constitutes a “change in control event” for purposes of Treasury Regulation Section 1.409A-3(i)(5):

- (a) the acquisition by any individual, entity or group (a “Person”), including any “person” within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of Synchrony (the “Outstanding Common Stock”) or (ii) the combined voting power of the then outstanding securities of Synchrony entitled to vote generally in the election of directors (the “Outstanding Voting Securities”); excluding, however, the following: (A) any acquisition directly from Synchrony (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was

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acquired directly from Synchrony), (B) any acquisition by Synchrony, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony, or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition below; provided further, that for purposes of clause (B), if any Person (other than Synchrony or any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony) shall become the beneficial owner of 30% or more of the Outstanding Common Stock or 30% or more of the Outstanding Voting Securities by reason of an acquisition by Synchrony, and such Person shall, after such acquisition by Synchrony, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

- (b) the cessation of individuals who, as of the Award Date, constitute the Board (the “Incumbent Board”) to constitute at least a majority of such Board; provided that any individual who becomes a director of Synchrony subsequent to the Award Date whose election, or nomination for election by Synchrony’s stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of Synchrony as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board; or
- (c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Synchrony (a “Corporate Transaction”); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns, directly or indirectly, Synchrony or all or substantially all of Synchrony’s assets) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than: Synchrony; any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 30% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 30% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate

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Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors, and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction.

Notwithstanding anything to the contrary in the foregoing, (i) for so long as General Electric Company and its affiliates beneficially own a majority of the Outstanding Common Stock, no Change in Control shall be deemed to have occurred, (ii) any transaction pursuant to which common stock of Synchrony is transferred from one wholly-owned subsidiary of General Electric Company to another wholly-owned subsidiary of General Electric Company shall not be deemed to be a Change in Control and (iii) the transactions pursuant to which General Electric Company and its affiliates reduce their ownership of common stock of Synchrony shall not constitute a Change in Control; provided that in connection with any such transaction no other Person acquires beneficial ownership of common stock of Synchrony in an amount that would constitute a Change in Control pursuant to Section (a) of this Change in Control definition.

***“Disability”***

“Disability” shall mean an incapacity, disability or other condition that entitles the employee to long-term disability benefits under the long-term disability benefit plan or arrangement applicable to Synchrony’s employees, as determined by the administrator of such plan or arrangement. An individual shall not be considered disabled unless the employee furnishes proof of the existence thereof. Synchrony may require the existence or non-existence of a disability to be determined by a physician whose selection is mutually agreed upon by the employee (or his or her representatives) and Synchrony.

***“Good Reason”***

“Good Reason” shall mean, without the employee’s express written consent, the occurrence of any of the following events after a Change in Control:

- (a) a material adverse change in the nature or scope of the employee’s authority, powers, functions, duties or responsibilities;
- (b) a material reduction by Synchrony in the employee’s rate of annual base salary or bonus opportunity; or
- (c) a change in the employee’s primary employment location to a location that is more than 50 miles from the primary location of the employee’s employment.

Within thirty (30) days after the employee becomes aware of one or more actions or inactions described in this Good Reason definition, the employee shall deliver written notice to Synchrony of the action(s) or inaction(s) (the “Good Reason Notice”). Synchrony shall have thirty (30) days after the Good Reason Notice is delivered to cure the particular action(s) or inaction(s). If Synchrony so effects a cure, the Good Reason Notice will be deemed rescinded and of no further force and effect.

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***“Period of Restriction”***

The “Period of Restriction” means, for any RSU, the period prior to the date on which such RSU vests and the employee becomes entitled to a Share in respect thereof. The Period of Restriction shall not be deemed to have ended solely because the employee becomes eligible for Retirement.

***“Retirement”***

The employee is eligible for “Retirement” if the employee has attained age sixty (60) and has three (3) Years of Service.

***“Section 409A”***

Section 409A of the Internal Revenue Code of 1986, as amended.

***“Six-Month Pay Date”***

The “Six-Month Pay Date” is the earlier of (a) the first (1<sup>st</sup>) business day of the seventh (7<sup>th</sup>) month that starts after the employee’s termination of employment or (b) a date determined by Synchrony that is within ninety (90) days after the employee’s death.

***“Termination of Employment”***

“Termination of Employment” shall mean “separation from service” within the meaning of Section 409A.

***“Years of Service”***

“Years of Service” means the number of years during which an individual has been deemed to be an employee of Synchrony (which shall include periods during which such individual was employed by General Electric Company and its affiliates) according to its payroll or other systems of record, as determined by the Committee.

**CONFIDENTIAL TREATMENT REQUESTED**  
**INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED**  
**IS OMITTED AND NOTED WITH “\*\*\*\*”.**  
**AN UNREDACTED VERSION OF THIS DOCUMENT HAS ALSO BEEN PROVIDED TO THE**  
**SECURITIES AND EXCHANGE COMMISSION.**

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**FIRST AMENDED AND RESTATED**  
**TECHNOLOGY SOURCING AGREEMENT**

**between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES INC.**

**Dated**

**December 10, 1998**

**First Amended and Restated as of April 1, 2003**

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FIRST AMENDED AND RESTATED TECHNOLOGY SOURCING AGREEMENT (the “Agreement”), effective as of December 10, 1998 (the “Effective Date”) and amended and restated as of April 1, 2003 (the “First Amended and Restated Effective Date” or “FAAR Effective Date”), is entered into by and between RETAILER CREDIT SERVICES, INC. (“RCSI”), a Utah corporation with offices at 4246 South Riverboat Road, Salt Lake City, Utah 84123, and FIRST DATA RESOURCES INC. (“First Data”), a Delaware corporation with offices at 10825 Farnam Drive, Omaha, Nebraska 68154.

**PRELIMINARY STATEMENTS**

A. General Electric Capital Corporation (“GE Capital”) and First Data originally entered into the Agreement on the Effective Date. GE Capital was then a New York corporation and had since been reincorporated in Delaware.

B Since the Effective Date GE Capital and First Data have twice amended and modified the Agreement through execution of:

(i) a First Amendment to the Technology Sourcing Agreement (the “First Amendment”), dated as of January 28, 2000, which provided for, among other things, the inclusion of certain bill processor services in the Services;

(ii) a Modification Agreement (the “Modification Agreement”), dated as of September 29, 2000, among Monogram Credit Services, LLC (“MCS”), RCSI (then known as Montgomery Ward Credit Corporation), GE Capital, and First Data (a copy of which is attached as Attachment 1) providing for, among other things, the provision of the Services to certain MCS card accounts.

C. RCSI is an Affiliate of GE Capital. Immediately prior to the execution and delivery of this Agreement, GE Capital assigned to RCSI, and RCSI assumed, all of GE Capital’s rights and obligations under the Agreement.

D. The Parties have undertaken a renegotiation of the Agreement, including certain First Data obligations in connection with the Services and the overall pricing of the Services, and wish to amend and restate the Agreement in its entirety in order to:

(i) provide for RCSI to receive a more favorable and competitive pricing structure for the Services;

(ii) modify key First Data development and other obligations;

(iii) provide for RCSI to convert all Conversion Portfolios subject to Section 3.4;

(iv) incorporate into the body of the Agreement the amendments and modifications agreed to pursuant to the Modification Agreement, with such amendment and restatement of the Agreement being effective as of the FAAR Effective Date; and

(v) provide for releases as described in Section 22.

E. First Data and RCSI have also entered into a separate Production Services Agreement (the “PSA”), dated November 16, 1999, which is not intended to be amended or superseded hereby.

F. Simultaneously with the execution and delivery of this First Amended and Restated Technology Sourcing Agreement, GE Capital and PaySys International Inc., an Affiliate of First Data, have executed an Amended and Restated Additional Terms and Conditions Addendum Number 3 in the form of Attachment 2.

G. Simultaneously with the execution and delivery of this First Amended and Restated Technology Sourcing Agreement, GE Capital, GE Business Productivity Solutions, Inc. (“GEBPS”), which is an Affiliate of both GE Capital and RCSI, First Data, and RCSI have entered into a letter amendment agreement, in the form of Attachment 3, modifying the Conversion and Addendum Agreement, dated October 18, 2002, among GE Capital, GEBPS, First Data, and RCSI.

NOW, THEREFORE, the Parties, intending to be legally bound, agree to amend and restate the Agreement as follows:

**1. BACKGROUND AND OBJECTIVES**

**1.1 Background.**

This Agreement is being amended and restated with reference to the following:

(a) RCSI desires that certain transaction processing, software development and related activities be performed and managed by an experienced and capable vendor skilled in the performance of these functions.

(b) First Data wishes to perform the requested services for RCSI and has the skills, qualifications, and experience necessary to perform and manage such services in an efficient, cost-effective and controlled manner with a high degree of quality and responsiveness.

**1.2 Objectives.**

The following are specific goals and objectives for this Agreement:

- (a) enable RCSI to focus on core competencies and on those activities which provide a competitive advantage;
- (b) deliver to RCSI Six Sigma level quality, including through the provision of information technology skills, methods, practices and standards;
- (c) enable RCSI to combine and use common technologies, processes and procedures to perform the various functions related to the Services;
- (d) establish a flexible framework within which to quickly respond to evolving technologies, competitive conditions, and changing RCSI business needs;

- (e) identify means to improve services and reduce costs to RCSI and to enable RCSI to improve and expand its business operations;
- (f) provide the uninterrupted transitioning of responsibility for performing the services from RCSI and its contractors to First Data; and

(g) provide the uninterrupted transitioning of responsibility for performing the services back to RCSI or its designee(s) in connection with the termination or expiration of this Agreement.

**1.3 Construction.**

The provisions of this Article 1 are intended to be a general introduction to this Agreement and are not intended to expand the scope of the Parties' obligations under this Agreement or to alter the plain meaning of the terms and conditions of this Agreement. However, to the extent the terms and conditions of this Agreement do not address a particular circumstance or are otherwise unclear or ambiguous, such terms and conditions are to be interpreted and construed so far as to give effect to the provisions in this Article 1.

**2. DEFINITIONS**

Certain terms used in this Agreement are defined in Schedule E (Glossary) hereto. Other capitalized terms used in this Agreement are defined in the context in which they are used and shall have the meaning there indicated. References to this Agreement shall mean this Agreement and all Exhibits, Schedules, Attachments and Addenda hereto, as may be amended from time to time. Unless otherwise provided to the contrary, (a) any reference herein to a "Section" or "Article" shall be deemed to refer to a Section or Article of the Main Body of the Agreement, and (b) any reference herein to a "Schedule" or "Exhibit" shall be deemed to refer to a Schedule or Exhibit to this Agreement.

**3. SERVICES**

**3.1 Provision of Services.**

(a) In General. First Data shall provide the services, functions and responsibilities described in this Agreement as those services, functions and responsibilities may evolve during the Term and as they may be supplemented, enhanced, modified or replaced (collectively, the "Services"). First Data will perform, as part of the Services the detailed services, functions and responsibilities described in Schedule A.

(b) Implied Services. If any services, functions, or responsibilities not specifically described in this Agreement are necessarily required for the proper performance and provision of the Services, they shall be deemed to be implied by and included within the scope of the Services to the same extent and in the same manner as if specifically described in this Agreement. Except as otherwise expressly provided in this Agreement, First Data shall be responsible for providing the facilities, personnel, and other resources as necessary to provide the Services.

(c) Services Performed by RCSI or Third Parties.

(i) Except as provided in Article 16, RCSI has the right during the Term to perform itself, or retain third parties to perform, any of the Services. RCSI retains the right to sell or divest Accounts, portfolios or lines of business which are receiving the Services and, subject to Section 3.1(e), such Accounts, portfolios or lines of business will no longer be subject to this Agreement. RCSI also retains the right to acquire Accounts, portfolios and lines of business and manage such Accounts, portfolios and lines of business separately from this Agreement and the Services.

(ii) If RCSI performs any of the Services itself, through an Affiliate, or retains a third party to do so, First Data shall cooperate with RCSI, such Affiliates, or any such third party as necessary to enable RCSI and such third party to perform its respective work, which cooperation shall include:

(A) providing access to RCSI Facilities being used to provide the Services;

(B) providing access to the First Data System (to the extent permitted under any underlying agreements with third parties); and

(C) providing such information regarding the operating environment (including the First Data System), system constraints and other parameters as a person with reasonable commercial skills and expertise would find reasonably necessary for RCSI or a third party to perform its work.

Third parties retained by RCSI shall comply with First Data's reasonable security and confidentiality requirements, and shall, to the extent performing work interfacing with the First Data System or equipment, comply with First Data's reasonable work standards, methodologies, and procedures.

(iii) First Data shall promptly notify RCSI if an act or omission of such a third party may cause a problem or delay in providing the Services and shall work with RCSI to prevent or circumvent such problem or delay. If the Services are reduced pursuant to this Section 3.1(c), the charges for the Services shall be equitably adjusted to reflect projected cost savings to First Data resulting from First Data's ceasing to provide the Services no longer required. The Parties recognize that due to the structure of the Charges in Schedule C in many instances no changes will be required to such Charges.

(d) Services to Be Provided to RCSI and RCSI Affiliates. First Data shall provide the Services to RCSI and RCSI Affiliates and on their behalf to those entities identified by RCSI. To the extent Services are characterized herein as being provided to RCSI, those references will be deemed to include those Services provided to the RCSI Affiliates and such other entities referenced in this Section 3.1(d) on RCSI's behalf. Services provided to RCSI Affiliates or the entities referenced in this Section 3.1(d) shall be deemed to be Services provided to RCSI. In recognition of the bank regulatory environment, those RCSI Affiliates which are regulated as banks will be deemed to have individually the right to receive the Services to be provided such RCSI Affiliates under this Agreement, and such banking Affiliates shall have the right independently to enforce their rights under this Agreement.

(e) Continued Provision of the Services to Former Affiliates. As designated by RCSI, Former Affiliates may continue to receive the Services for the period (up to \*\*\* months) designated by RCSI that is reasonably necessary for such Former Affiliate to arrange to convert and then to actually convert its processing in an orderly manner, whether directly with First Data or to another system. Subject to the overall aspects of the transaction pursuant to which the sale or divestiture occurred, RCSI will use Commercially Reasonable Efforts to assist any Former Affiliates to convert their processing to the First Data System (or such system as they are converting to) as expeditiously as possible. During such period, First Data's relationship shall continue to be with RCSI and (unless otherwise agreed between First Data and the Former Affiliate) First Data shall have no obligation directly to the Former Affiliate.

(f) Geographic Scope Constraints. The scope of the Services to be provided under this Agreement is not constrained geographically. Pricing in this Agreement is for the Services as if they are provided in the United States or Canada. If RCSI requests First Data to provide Services outside of the United States and Canada, and First Data incurs or would incur costs associated with the provision of Services outside of the United States and Canada that are different (other than insubstantial differences) than the corresponding costs First Data would incur in the United States and Canada, then First Data shall provide pricing and performance proposals to RCSI addressing such provision of Services outside the United States and Canada. RCSI shall reimburse First Data for First Data's actual Out-of-Pocket Expenses (with no mark-up or profit) incurred in the preparation of any pricing or performance proposal requested by RCSI under this Section 3.1(f). Prior to preparing any such proposal, First Data shall provide RCSI an estimate of its actual Out-of-Pocket Expenses to be incurred in the preparation of such proposal and shall notify RCSI when actual Out-of-Pocket Expenses incurred by First Data have exceeded such estimate. If RCSI desires to expand the geographic scope of the Services under this Agreement outside of the United States, at such time the Parties will amend the Agreement to include any additional provisions that are required by the jurisdictions to which such Services are expanded, and such additional provisions shall be set forth in a manner that is consistent with the allocation of responsibility for compliance with laws as set forth in Section 15.7.

### **3.2 Integration of Processing Platforms**

(a) Global Integrated Platform and the Platform Integration Plan. In addition to processing United States credit card accounts using the Services, RCSI and its Affiliates process certain loans in the United States and loans and credit cards in other countries using PaySys Software (taken together, the First Data System and the PaySys Software system constitute the "Original Platform(s)"), which is owned by an Affiliate of First Data. Having its global processing on the disparate Original Platforms is not optimal for RCSI and its Affiliates. RCSI and its Affiliates desire as a long term matter that First Data provide a common platform solution (the "Global Integrated Platform") for all of RCSI's and its Affiliates' processing needs world-wide. Within one hundred eighty (180) days following the Final Conversion Date (the

“[Platform Integration Plan Delivery Date](#)”), First Data shall provide to RCSI for RCSI’s review and comment a detailed plan for consolidation of RCSI’s and its Affiliates’ worldwide account processing into a single strategic Global Integrated Platform (the “[Platform Integration Plan](#)”). The Platform Integration Plan shall:

(i) address the then current differences between the First Data System and the PaySys Software;

(ii) have the objective of not being less profitable for First Data and its Affiliates (taken as a whole) (including then-current investments and costs of development of, and migration and conversion to, the Global Integrated Platform);

(iii) for the services formerly provided on each Original Platform not be more expensive than the then-current all-in costs to RCSI or its Affiliates of operating on such Original Platform;

(iv) meet RCSI’s then-current business and technical requirements; and

(v) contain specific milestones, with corresponding dates, by which First Data shall complete key integration activities.

(b) [Platform Integration Plan Finalization Date](#). First Data and RCSI shall cooperate in good faith to reach final agreement upon the Platform Integration Plan within one hundred eighty (180) days following the Platform Integration Plan Delivery Date (the “[Platform Integration Plan Finalization Date](#)”).

(c) [Completion of the Approved Platform Integration Plan](#). First Data shall commence implementation of the Platform Integration Plan approved by RCSI (the “[Approved Platform Integration Plan](#)”) within twelve (12) months following the Platform Integration Plan Finalization Date.

(d) \*\*\*

(e) [Disputes](#). Any dispute between the Parties under Section 3.2 shall be escalated to the President of GECF-A (or his or her designee) and the Chairman of FDC (or his designee) for attempted resolution. However, if they fail to agree, RCSI’s requirements shall prevail.

**3.3 [Future First Data System Architecture](#).**

(a) [First Data Acknowledgments](#). First Data acknowledges that:

(i) the successful implementation of the Future First Data System Architecture Plan and the resulting increased and improved functionality of the First Data System is a material inducement to the agreement of RCSI to undertake, and allow First Data to undertake, the Conversions; and

(ii) were First Data to abandon the Future First Data System Architecture Plan or otherwise fail to undertake and complete the Future First Data System Architecture Plan, the First Data System would not provide RCSI with the

competitive benefits the Parties expect will be made available to RCSI, and First Data shall have deprived RCSI of the principal benefit the Parties intend GECF-A to enjoy by providing for the provision of Services in connection with the Designated Accounts in the Agreement.

(b) Review of First Data System Architectural Features. Promptly following the Final Conversion Date, the Parties shall jointly review and discuss the architectural features of the First Data System with the objective of determining whether any new architectural features (the “Future First Data System Architecture”) are important to allow RCSI to substantially increase its revenue by enabling new product development, attracting new customers and accounts, and growing existing customer relationships. The Parties will incorporate into such review and discussion the Future First Data System Architecture CTQs attached as Exhibit A-6. The Parties shall discuss the benefits of pursuing any such architectural features, in light of:

(i) the business criticality to RCSI of implementing such features (which business-criticality analysis shall include factors such as RCSI’s ability to substantially grow revenues and achieve back-room cost efficiencies) balanced against the cost to each Party of developing and implementing the architectural features (including ongoing and maintenance costs of both Parties);

(ii) the respective experiences of the Parties with the Services and the First Data System since the Effective Date;

(iii) the architectural modifications to the First Data System since the Effective Date;

(iv) the functionality implemented into the First Data System and the Services in connection with the Conversion and the Conversion Portfolios; and

(v) any synergies and interdependencies with the approved Platform Integration Plan.

As a result of these discussions, the Parties will devise a plan with milestones and related performance dates for implementing the foregoing (the “Future First Data System Architecture Plan”). Following the Parties reaching agreement on the Future First Data System Architecture Plan, First Data will obtain RCSI’s approval of amendments to the plan.

(c) Cost of Developments and Implementation. First Data shall \*\*\* the costs of developing and implementing into the First Data System the architectural features agreed to in the Future First Data System Architecture Plan. RCSI shall \*\*\* the costs of implementing the changes required to interface with such architectural features into its own system and operations.

(d) Disputes. If within one hundred eighty (180) days following the Final Conversion Date the Parties have not agreed on the Future First Data System Architecture Plan, the points of dispute between the Parties regarding such shall be escalated to the President of GECF-A (or his or her designee) and the Chairman of FDC (or his designee) for attempted resolution.

(e) Termination. If the representatives of the Parties provided in Section 3.3(d) do not reach agreement on the substance of the Future First Data System Architecture Plan by the date provided in such Section 3.3(d), then RCSI may at any time (subject to the next sentence) exercise its right to terminate this Agreement pursuant to Section 21.4. However, at any time after the expiration of the period provided in Section 3.3(d), First Data may provide notice to RCSI that if RCSI desires to exercise its rights under this Section 3.3(e) it must do so within one hundred eighty (180) days following the date of such notice, and unless RCSI exercises such right within such period, its right to terminate pursuant to this Section 3.3(e) shall expire and no longer be exercisable. The termination right described in the first sentence of this Section 3.3(e) shall be RCSI's exclusive remedy (monetary and non-monetary) for the failure to reach agreement on the substance of the Future First Data System Architecture Plan by the date provided in Section 3.3(d).

(f) Failure to Achieve Plan. If the Parties reach agreement on the substance of the Future First Data System Architecture Plan and First Data materially fails to implement or fulfill its obligations under the Future First Data System Architecture Plan (including missing Key Milestones), due to causal factors not attributable to RCSI (or its third party providers), RCSI shall provide First Data with written notice of such failure, which notice shall describe such failure in reasonable detail. If within one hundred eighty (180) days following receipt of such notice First Data has not substantially cured such failure (which cure may include the provision by First Data of substantially equivalent functionality through a development work-around reasonably acceptable to RCSI or through a third party reasonably acceptable to RCSI), then RCSI may terminate this Agreement pursuant to Section 21.1(a) without First Data being afforded the notice and cure period otherwise provided in such Section 21.1(a).

### **3.4 Conversion Portfolios.**

(a) Conversion Obligations. Subject to First Data's completion of its obligations under this Section 3.4, RCSI unconditionally agrees that the Conversion Portfolios shall be Converted to the First Data System. The "Conversion Portfolios" are the account portfolios that as of the FAAR Effective Date are being processed on the GECF-A existing internal receivables system in the United States other than those Non Revolving Loan Products that are being or will be converted to any PaySys Software system. At RCSI's option, the Conversion Portfolios need not include any commercial account portfolios being processed on the RCSI GECOM system, the CommercialLine system, any portfolios not being processed in such existing internal receivables system as of the FAAR Effective Date, any liquidating or similar portfolios, or any portfolios of RCSI's Affiliates other than GECF-A.

(b) Final Conversion Date. The Conversion of all of the Conversion Portfolios ("Final Conversion") shall be completed by First Data by the Final Conversion Date. The "Final Conversion Date" shall be the date agreed upon by the Parties not later than October 31, 2003; provided, however, that if the Parties fail to agree on the Final Conversion Date by such date, the Final Conversion Date shall be June 30, 2005. The Final Conversion Date shall be extended to accommodate delays only to the extent due to RCSI requiring the Conversion to the First Data System of account portfolios other than the Conversion Portfolios to the extent such additional

Conversions cause delays in First Data's performance of its obligations in connection with the Conversion of the Conversion Portfolios that First Data could not have prevented by reasonable precautions and cannot reasonably circumvent through the use of alternate sources, workaround plans or other means. RCSI will not unreasonably withhold or delay Conversion.

(c) No Further Extensions of Final Conversion Date. The Final Conversion Date shall not be otherwise extended due to any First Data failure to meet its obligations under this Agreement or in connection with the Conversion of any of the Conversion Portfolios, including the development and implementation of any functionality required in connection with such Conversions.

(d) No Further RCSI Obligations. RCSI shall have no obligation under this Agreement or otherwise (i) to refrain from selling, otherwise transferring, or liquidating any Conversion Portfolio or any portion thereof or (ii) to cause to be Converted to the First Data System any Conversion Portfolio that RCSI has sold or otherwise transferred to any third party. Additionally, RCSI shall have no obligation under this Agreement to \*\*\*. Once Converted, GE Capital shall not be required to maintain Conversion Portfolios on the First Data System for any particular period of time.

(e) Payments to RCSI for Conversion Costs. First Data shall pay RCSI \*\*\* as reimbursement to RCSI for conversion costs incurred and expected to be incurred by RCSI and its Affiliates pursuant to the terms of this Agreement. Within sixty (60) days after the FAAR Effective Date, First Data agrees to pay RCSI such sum of \*\*\* by wire transfer of immediately available federal funds to such bank account as RCSI may direct.

#### 4. TERM

##### 4.1 Term

The term of this Agreement shall begin on the Effective Date and shall expire on June 30, 2016 (the "Initial Term") unless terminated earlier or extended in accordance with the provisions of this Agreement.

##### 4.2 Extension

RCSI may extend the Initial Term for up to three (3) one year periods (each such period, a "Renewal Term") on the terms in effect at the time of such extension by RCSI providing First Data with at least twelve (12) months notice prior to the then-current expiration date of the Term. As used in this Agreement, the defined word "Term" shall include the Initial Term and any Renewal Terms thereof.

**5. FIRST DATA PERSONNEL**

**5.1 Key First Data Positions.**

(a) Key Positions. “Key First Data Positions” are listed in Schedule D. First Data shall cause each of the personnel filling the Key First Data Positions to devote his or her full time and effort to the provision of the Services.

(i) RCSI may from time to time change the positions designated as Key First Data Positions under this Agreement, provided that without First Data’s consent the number of Key First Data Positions shall not exceed the number specified in Schedule D.

(ii) In accordance with Section 5.1(b) below, First Data shall designate an individual to serve as the “First Data Contract Executive”. The First Data Contract Executive shall:

- (A) serve as the single point of accountability for First Data for the Services;
- (B) have day-to-day authority for undertaking to ensure customer satisfaction; and
- (C) have a corporate title of Senior Vice President or higher.

The First Data Contract Executive’s compensation shall include significant financial incentives based on RCSI’s satisfaction with the (X) performance of Services, (Y) First Data’s contribution to RCSI’s achievement of its objectives, as relevant, and (Z) retention of applicable First Data Personnel. Such basis for financial incentives shall be in conjunction and consistent with those objectives in equivalent RCSI and First Data management positions.

(b) Assignment of Individuals to Key First Data Positions. Before assigning an individual to a Key First Data Position, whether as an initial assignment or a subsequent assignment, First Data shall notify RCSI of the proposed assignment, shall introduce the individual to appropriate RCSI representatives (and, upon request, provide such representatives with the opportunity to meet with the individual) and shall provide RCSI with a resume and other information about the individual reasonably requested by RCSI. If RCSI in good faith objects to the proposed assignment, the Parties shall attempt to resolve RCSI’s concerns on a mutually agreeable basis, including through discussions of the pertinent issues by senior management of the Parties. If the Parties have not been able to resolve RCSI’s concerns within ten (10) days, First Data shall not assign the individual to that position and shall propose to RCSI the assignment of another individual of suitable ability and qualifications. Personnel filling Key First Data Positions may not be transferred or re-assigned until a suitable replacement has been approved by RCSI and the replacement has been successfully transitioned into the Key First Data Position. Further, the timing for any transfer or reassignment of persons filling Key First Data Positions will be closely coordinated with the requirements of ongoing projects and other elements of the Services, and no transfer or reassignment will occur at a time that would adversely impact the Services in a non-trivial manner.

(c) Approved Personnel. The personnel approved as of the FAAR Effective Date to fill the Key First Data Positions are listed in Schedule D. Subject to promotions, dismissals, resignations, and medical leave, such persons will remain in these positions for the period specified in Schedule D.

**5.2 Qualifications, Retention and Replacement of First Data Personnel.**

(a) Adequate Number of Qualified Personnel. First Data shall assign an adequate number of personnel to perform the Services. The personnel First Data assigns to perform the Services shall be properly educated, trained, and fully qualified for the Services they are to perform.

(b) Personnel Turnover. RCSI and First Data both agree that it is in their best interests to keep the turnover rate of the First Data Personnel performing the Services to a reasonably low level. Accordingly, if RCSI believes that First Data's turnover rate may be excessive and so notifies First Data, First Data shall provide data concerning its turnover rate, meet with RCSI to discuss the reasons for, and impact of, the turnover rate and otherwise use its best efforts to keep such turnover rate to a reasonably low level. If appropriate, First Data shall submit to RCSI its proposals for reducing the turnover rate, and the Parties will mutually agree on a program to bring the turnover rate down to an acceptable level. In any event, notwithstanding transfer or turnover of personnel, First Data remains obligated to perform the Services without degradation and in accordance with this Agreement.

(c) Replacement of First Data Personnel. If RCSI determines in good faith that the continued assignment to the RCSI account of one of the First Data Personnel is not in the best interests of RCSI, then RCSI will give First Data written notice to that effect. After receipt of such notice, First Data shall have a reasonable period of time (not greater than ten (10) days) in which to investigate the matters stated in such notice, discuss its findings with RCSI, and resolve any problems with such person. As requested by First Data, senior management of the Parties shall address and discuss the pertinent issues during the referenced time period. If, following this period, RCSI requests replacement of such person, First Data shall replace that person with another person of suitable ability and qualifications.

**5.3 Compliance with \*\*\* Regulations and Policies.**

(a) Requirements for Compliance. First Data and its agents and subcontractors shall when performing the Services comply with \*\*\* rules and regulations made known to First Data that are generally applicable to RCSI's or its Affiliates' employees, invitees and contractors, including those regarding:

- (i) RCSI Information;
- (ii) access to computer networks;
- (iii) security;

- (iv) when on RCSI's or its Affiliates' premises only, use of RCSI's equipment, facilities and personnel;
- (v) when on RCSI's or its Affiliates' premises only, conduct and safety; and
- (vi) RCSI's applicable "Integrity" policies governing service providers.

Additionally, First Data will brief all First Data Personnel on the scope of restrictions on First Data and such First Data Personnel concerning the safeguarding of RCSI Confidential Information, including making such individuals aware of applicable federal, state and local laws, rules and regulations against disclosure or use of Non-Public Personal Information and any other personally identifiable financial information that may be included in the RCSI Confidential Information.

(b) Additional Requirements Regarding First Data Personnel. As of the FAAR Effective Date, First Data agrees that First Data Personnel will be subject to the following screening activities in connection with their hiring:

- (i) a five (5) panel drug screen (except to the extent restricted by law);
- (ii) a federal and state criminal background check that (except to the extent restricted by law) includes discovery of any conviction of a financial related crime (as specified by RCSI) or a felony during the last ten (10) years if the person would be working regularly on RCSI premises or during the last seven (7) years if the person is providing Services to RCSI outside of RCSI premises;
- (iii) a determination as to whether the person has been identified by the Department of Treasury Office of Foreign Assets Control ("OFAC") as an individual that U.S. persons are prohibited from engaging in transactions with; and
- (iv) the individual's employment complies with relevant immigration law.

First Data shall not assign any person to perform the Services who (A) has failed the drug screen; (B) has in the last ten (10) years (or, if the person is providing Services to RCSI outside of RCSI premises, in the last seven (7) years) been convicted of a financial related crime (as specified by RCSI) or a felony; (C) has been identified by OFAC as an individual that U.S. persons are prohibited from engaging in transactions with; or (D) does not meet the requirements under immigration law to be employed. First Data shall not be required to, and First Data shall not, provide RCSI with the results of any of drug testing or screening, criminal or credit background checks or other employment verification processes that First Data performs or causes to be performed with respect to First Data Personnel. The Parties shall work together to develop and implement improved screening and background checking processes in response to changing legal requirements and technological advancements over the course of the Term.

**6. RCSI FACILITIES**

**6.1 Provision of RCSI Facilities.**

(a) Responsibilities in Connection with RCSI Facilities. RCSI will provide to First Data space, equipment, furnishings and fixtures within RCSI's or its Affiliates' control as is mutually agreed by the Parties (the "RCSI Facilities"). First Data acknowledges that RCSI Facilities are to be very limited in scope. With respect to the RCSI Facilities, RCSI will manage and maintain the building and property, electrical systems, water, sewer, lights, heating, telephone services, ventilation and air conditioning systems, physical security services and general custodial/landscape services. First Data will be responsible to provide any other facilities and support it needs to provide the Services. RCSI will retain the costs of applicable facilities leases and related leasehold improvements with respect to the RCSI Facilities.

(b) Relocation of RCSI Facilities. RCSI will inform First Data of any relocation of the RCSI Facilities which RCSI is contemplating or has made a final decision to make so that First Data will have a reasonable amount of time to prepare for and implement such change or relocation as it impacts First Data.

(c) RCSI Facilities Provided "As Is, Where Is". The RCSI Facilities are made available to First Data on an "as is, where is" basis.

**6.2 First Data Obligations Regarding RCSI Facilities.**

(a) Use of RCSI Facilities. First Data shall use the RCSI Facilities for the sole and exclusive purpose of providing the Services. Use of such RCSI Facilities by First Data does not constitute a usufruct or leasehold interest in favor of First Data.

(b) Specific First Data Obligations. First Data and First Data Personnel shall:

(i) use the RCSI Facilities in an efficient manner;

(ii) keep the RCSI Facilities in good order;

(iii) not commit or permit waste or damage to the RCSI Facilities;

(iv) not use the RCSI Facilities for any unlawful purpose or act or for any purpose not permitted by the applicable lease agreement(s); and

(v) comply with RCSI's standard policies and procedures as made available to First Data including with regard to and use of the RCSI Facilities and procedures for the physical security of the RCSI Facilities.

(c) Responsibility for Damage. First Data shall be responsible for any damage to the RCSI Facilities resulting from the abuse, misuse, neglect, or gross negligence of First Data, its employees and subcontractors or other failure to comply with its obligations respecting the RCSI Facilities.

(d) Access to RCSI Facilities. First Data shall permit RCSI and its agents and representatives to enter into those portions of the RCSI Facilities occupied by First Data staff at any time to (i) inspect the premises, (ii) show the premises, and (iii) perform facilities-related services.

(e) Improvements to RCSI Facilities. First Data shall not make any improvements or changes involving structural, mechanical, or electrical alterations to the RCSI Facilities without RCSI's prior written approval. Any improvements to the RCSI Facilities will become the property of RCSI.

(f) Return of RCSI Facilities. When the RCSI Facilities are no longer required for performance of the Services, at RCSI's option First Data shall return such facilities to RCSI in substantially the same condition as when First Data began use of such facilities, subject to reasonable wear and tear.

## 7. PROPRIETARY RIGHTS

Unless otherwise agreed by the Parties, the Parties' respective rights in Intellectual Property shall be as set forth in this Article 7.

### 7.1 RCSI Intellectual Property.

(a) Grant of Right to First Data. Subject to Section 7.3(a), RCSI grants to First Data a fully paid-up, royalty-free (except as provided in Section 7.3(b)(iii)) non-exclusive right during the Term to use, for the sole purpose of providing the Services pursuant to this Agreement, (i) the RCSI Intellectual Property agreed by RCSI as necessary for First Data to provide the Services, (ii) RCSI New Materials and, (iii) subject to obtaining Required Consents, third party Intellectual Property licensed to RCSI agreed by RCSI as necessary for First Data to provide the Services (the Intellectual Property identified in clauses (i) and (iii) of this Section 7.1(a) being referred to collectively herein as the "RCSI TSA Intellectual Property"). First Data may not use RCSI TSA Intellectual Property for the benefit of any entities other than RCSI and its Affiliates, except as provided in Section 3.1(c), or for any other purpose than as permitted in this Section 7.1(a). Except as otherwise requested or approved by RCSI, First Data shall cease all use of RCSI TSA Intellectual Property upon the later of (A) expiration or termination of this Agreement and (B) expiration or termination of the Termination/Expiration Assistance.

(b) Ownership. Except as expressly provided herein, as between the Parties, RCSI and its Affiliates, as the case may be, retains all rights in Intellectual Property owned by RCSI or any such RCSI Affiliate as of the FAAR Effective Date or thereafter. As between the Parties, RCSI or its Affiliates will own all right, title, and interest in any Intellectual Property it develops or has developed by any third party independent of this Agreement. The Intellectual Property identified in this Section 7.1(b) is referred to collectively herein as "RCSI Intellectual Property".

(c) License to Use any Non-Shared Cost Interfaced New Materials. Upon the expiration or termination of this Agreement and upon request by First Data, RCSI shall grant to First Data, upon such terms and conditions as may be agreed upon by the Parties, a right and license to use any Non-Shared Cost Interfaced New Materials.

**7.2 First Data Intellectual Property: Interfaces.**

(a) First Data Intellectual Property. As between the Parties, First Data and its Affiliates will be the sole and exclusive owner of all Intellectual Property owned by First Data and its Affiliates as of the FAAR Effective Date or which is developed or acquired by First Data or its Affiliates thereafter, except as otherwise provided in this Article 7. As between the Parties, First Data or its Affiliates will own all right, title, and interest in any Intellectual Property it develops or has developed by any third party independent of this Agreement. The Intellectual Property which this Section 7.2(a) provides as being owned by First Data or its Affiliates is referred to collectively herein as “First Data Intellectual Property”.

(b) Grant of Right to RCSI. As and to the extent necessary for RCSI, its Affiliates or a third party (pursuant to Section 3.1(c)) to access and utilize the First Data System and the Services, and to perform work as permitted under this Agreement, First Data grants to RCSI and its Affiliates and such third party a fully paid-up, non-exclusive right and license to have access to and use the First Data System during the Term. If RCSI requires access to the First Data System which is different than the kinds of access currently contemplated as of the FAAR Effective Date, such access shall be subject to First Data obtaining any necessary Required Consents.

(c) Interfaces. Interfaces to First Data Software and interfaces to the First Data System will be defined, supported, and made available by First Data to and for RCSI. Custom interfaces for RCSI will be changed only with RCSI’s prior approval. Subject to Section 17.3 of Schedule A, other interfaces (e.g., industry interfaces, standard client-wide system interfaces, etc.) may change without RCSI’s prior approval but First Data shall provide RCSI with sufficient advance notice of such changes for RCSI to prepare for such changes, and First Data shall provide to RCSI complete Documentation regarding such changes.

(d) “Integrated New Materials” are New Materials which are (i) written inside of existing modules in the First Data Software or \*\*\* (as defined in Exhibit A-5), or (ii) new modules in the First Data Software or \*\*\* which utilize pre-existing or common copybooks, subroutines, objects, libraries, data stores, procedures or JCL.

(e) “Interfaced New Materials” means any New Materials that are not Integrated New Materials, including Shared-Cost Interfaced New Materials and Non-Shared-Cost Interfaced New Materials.

(f) “Shared-Cost Interfaced New Materials” means Interfaced New Materials developed by First Data for RCSI at the rate of half of the then-current Development Hour rate set forth in Section 11.3 of Schedule C.

(g) “Non-Shared-Cost Interfaced New Materials” means Interfaced New Materials other than Shared-Cost Interfaced New Materials.

**7.3 Rights in Modified, Enhanced or Newly Developed Intellectual Property.**

(a) RCSI Development Requests. RCSI may, from time to time, request that First Data develop software, documentation, methods, processes or procedures relating to the Services, and First Data shall perform such development in accordance with the provisions of Article 15 of Schedule A. RCSI's request and related materials shall be deemed RCSI Confidential Information (except to the extent that such requests and materials incorporate First Data Intellectual Property), and if First Data does not undertake or complete such development First Data shall not use such RCSI Confidential Information for any other purpose.

(b) Modified, Enhanced or Newly Developed Intellectual Property. The respective rights of the Parties in modified, enhanced or newly developed Intellectual Property created solely or jointly by First Data pursuant to this Agreement (collectively, "New Materials") are as follows:

(i) All New Materials which are (A) modifications to or enhancements of (1) RCSI Intellectual Property, or (2) Intellectual Property licensed to RCSI belonging to a third party, or (B) Non-Shared-Cost Interfaced New Materials will be deemed proprietary to, and "works made for hire" for, RCSI (collectively, the "RCSI New Materials"), except to the extent that such New Materials incorporate then-existing First Data Intellectual Property and First Data has given RCSI notice thereof prior to such incorporation. For avoidance of doubt, RCSI New Materials shall not include any materials that are otherwise First Data Intellectual Property which may have been based upon, to the extent based upon, or incorporated with RCSI New Materials into a deliverable.

(ii) If any of the RCSI New Materials are not deemed a "work for hire" by operation of law, First Data hereby irrevocably assigns, transfers and conveys to RCSI without further consideration all Intellectual Property rights in such RCSI New Materials. First Data acknowledges that RCSI and the assigns of RCSI may obtain and hold in their own name any Intellectual Property rights in and to such work product. First Data agrees to execute any documents or take any other actions as may reasonably be necessary, or as RCSI may reasonably request, to perfect RCSI's ownership of any such RCSI New Materials.

(iii) RCSI New Materials shall be used solely for RCSI and may not be provided to, or used to provide services for, any third party by First Data or otherwise used by First Data for the benefit of any third party. If RCSI agrees that First Data may use specified RCSI New Materials to provide services for other customers of First Data, First Data shall pay RCSI a per-product (including all billing elements under such product) royalty for use of such RCSI New Material ("Royalty Material"). Such Royalty Material shall be billed incrementally by First Data, and First Data will create a separate individual billing element for such Royalty Material with an associated charge which is not unfairly influenced by cross-subsidization through other charges which the customer is required to pay in order to receive the billing element for which the royalty is payable. For the first \*\*\* years after the commencement of any use or enjoyment of Royalty Material by a third party, royalties for such use shall be equal to \*\*\* of the \*\*\* that First Data and First Data Affiliates

receive from the use or enjoyment of such Royalty Material by entities other than RCSI and its Affiliates. Following such \*\*\* year period, the royalty for such use or enjoyment of Royalty Material shall be \*\*\* of \*\*\* until such third party use or enjoyment terminates. Payments of such royalties shall be accounted for, and paid, to RCSI on a quarterly basis. The royalties payable under this Section 7.3(b)(iii) shall be due for each calendar year in which such aggregate gross receipts for such product are at least \*\*\*. If any portion of the Royalty Term is not a full calendar year, then the \*\*\* amount provided in this Section 7.3(b)(iii) shall be appropriately pro-rated for such year.

(iv) All New Materials developed under this Agreement (other than RCSI New Materials) will be owned by First Data and will become a part of First Data Intellectual Property; provided that if such New Material is designated by RCSI in its sole discretion as \*\*\*. Each such New Material shall be treated as Royalty Material under Section 7.3(b)(iii). The obligations set forth in this Section 7.3(b) shall continue beyond expiration or termination of the Agreement.

(c) Non-Software Materials. RCSI shall own those copies of literary works and other works of authorship generated under this Agreement such as manuals, training materials, and other documentation containing First Data's technical or operational procedures, including the Procedures Manual and the Change Control Procedure, which it receives during the Term, regardless of the media on which they are contained. Additionally, First Data hereby grants to RCSI a fully paid-up, non-exclusive right during the Term to use, reproduce, adapt and create derivative works based upon, and to distribute for internal RCSI business purposes, such literary works and works of authorship.

(d) Clean Room Intellectual Property Development. Notwithstanding the other provisions of this Section 7.3(d), but in all cases subject to the provisions of Article 14, First Data may independently develop Intellectual Property that is similar in business functionality to software owned by RCSI, including RCSI New Materials or under development for RCSI by First Data and designated by RCSI as providing RCSI with a competitive advantage as provided in Section 7.3(a)(ii) provided that:

(i) no First Data employees or contractors with knowledge of RCSI's software, processes or business practices are involved in any phase of the analysis, design, development, testing or implementation;

(ii) no software developed by First Data at RCSI expense or which incorporates RCSI Intellectual Property is used to aid or inspire the development during the Exclusivity Period; and

(iii) the independent development effort does not benefit in any way from the activities of RCSI.

#### **7.4 Patent Rights**

(a) Except as provided in Section 7.1(a), nothing in this Agreement shall be deemed, by implication or otherwise, to be a grant of right or license from RCSI or any RCSI Affiliate to First Data (or to any First Data Affiliate), to any contractor or service provider of First Data, or to any First Data Affiliate to any patent in which RCSI or any RCSI Affiliate has any right, title or interest.

(b) First Data covenants that after the expiration or termination of this Agreement it shall not (and shall cause its Affiliates not to) assert claims against, or sue, RCSI or any RCSI Affiliate for infringement of a "7.4(b) Patent" owned by First Data or a First Data Affiliate, if and to the extent (i) RCSI's or its Affiliate's alleged infringement of such patent relates to a process or function which was part of the Services being provided to RCSI by First Data at the time this Agreement terminated or expired (such Services, collectively, the "7.4(b) Services"), and (ii) less than one (1) year has passed since the date that First Data first gave RCSI notice in good faith that one or more identified 7.4(b) Patents relates to the 7.4(b) Services. For the avoidance of doubt, First Data or its Affiliates may not recover claims for damages for infringement of a 7.4(b) Patent accruing prior to the expiration of such one (1) year notice period. The term "7.4(b) Patent" shall mean those (i) patents issued to First Data or its Affiliates by the U.S. Patent and Trademark Office as of the date of expiration or termination of this Agreement, and (ii) patents applied for as of the date of expiration or termination of this Agreement and issued within one (1) year after the date of expiration or termination of this Agreement. Notices from First Data identifying the 7.4(b) Patents may only be provided after any notice of termination or non-renewal of this Agreement which results in termination or expiration hereof. For purposes of this Section 7.4(b) only, Affiliates shall be limited to those entities where (x) Control is measured at fifty percent (50%) or greater and (y) such Control relating to the respective Party hereto existed as of the date of expiration or termination of this Agreement. For the avoidance of doubt, the covenant set forth in this Section 7.4(b) shall not apply to any infringement by RCSI or its Affiliates of a patent or any portion thereof to the extent such infringement does not relate to processes or functions which constitute 7.4(b) Services.

(c) This Section 7.4 shall survive termination or expiration of this Agreement.

**7.5 Residual Knowledge.**

Nothing contained in this Agreement shall restrict either Party from the use of any ideas, concepts, know-how, methodologies, processes, technologies, algorithms or techniques retained as the unaided mental impressions of such Party's personnel relating to the Services which the other Party, individually or jointly, develops or discloses under this Agreement, provided that in doing so such Party does not breach its obligations under Article 14 or infringe the Intellectual Property Rights of the other Party or third parties who have licensed or provided materials to the other Party. Except as specifically stated in this Agreement, neither this Agreement nor any disclosure made hereunder grants, by implication or otherwise, any license to either Party or either Party's Affiliates under any patents or copyrights or other Intellectual Property of the other Party or its Affiliates. Neither Party may take any action which will infringe the Intellectual Property Rights of the other Party or third parties who have licensed or provided materials to the other Party. This Section 7.5 shall survive termination or expiration of this Agreement.

**7.6 Required Consents.**

First Data, with the cooperation of RCSI, shall obtain any Required Consents for RCSI to have access to and make use of First Data Software as required to receive and make use of the Services, and First Data shall pay such fees as may be required to obtain such Required Consents. RCSI, with the cooperation of First Data, shall obtain any Required Consents for First Data to have access to and make use of RCSI Software to provide the Services, and First Data shall pay such fees as may be required to obtain such Consents.

**7.7 Export.**

The Parties acknowledge that certain software and technical data to be provided hereunder and certain transactions hereunder may be subject to export controls under the laws and regulations of the United States and other countries. Neither Party shall export or re-export any such items or any direct product thereof or undertake any transaction in violation of any such laws or regulations. To the extent within First Data's control, First Data shall be responsible for, and shall coordinate and oversee, compliance with such export laws in respect of such items exported or imported hereunder.

**8. PERFORMANCE STANDARDS**

**8.1 General.**

First Data shall perform the Services at least at the same level and with at least the same degree of accuracy, quality, completeness, timeliness, responsiveness and efficiency as the best of: (i) that which was provided by RCSI or RCSI's Affiliates prior to the FAAR Effective Date, (ii) that which has been provided by First Data during the period from the Effective Date through the FAAR Effective Date, and (iii) as is provided by \*\*\*. Quantitative performance standards for certain of the Services ("Service Levels") are set forth in Schedule B, and such Service Levels shall supercede any performance standard required by this Section 8.1(i), 8.1(ii) or 8.1(iii) set forth above. At all times First Data's level of performance of the Services shall meet or exceed the Service Levels.

**8.2 Failure to Meet Service Levels; Exceeding Service Levels.**

(a) Failure to Meet Service Levels. First Data recognizes that its failure to meet any of the Service Levels identified as "critical" in Schedule B (the "Critical Service Levels") may have a material adverse impact on the business and operations of RCSI and that the damage from First Data's failure to meet a Critical Service Level is not susceptible of precise determination. Accordingly, in the event that First Data fails to meet Critical Service Levels for reasons other than the wrongful actions of RCSI or circumstances that constitute a Force Majeure Event under this Agreement, then in addition to any non-monetary remedies available to RCSI under this Agreement, at law, or in equity, RCSI may, in lieu of pursuing other monetary remedies, elect to recover as its sole and exclusive monetary remedy for such failure to meet Critical Service Levels the Service Level Credits specified in Schedule B as liquidated damages; provided, however, that this provision shall not limit RCSI's right

to recover monetary damages (other than Service Level Credits) in the case of its termination of this Agreement pursuant to Section 21.1. The aggregate Service Level Credits due RCSI for First Data's failure to meet Critical Service Levels during a given month shall not exceed \*\*\* of the Processing Fees for that month.

(b) Exceeding Service Levels. If First Data's performances of the Services exceeds the performance required by the Critical Service Levels in the manner described in Schedule B, RCSI shall pay to First Data the Service Level Bonuses specified in Schedule B.

(c) Obligations of First Data in the Event of a Service Level Failure. If First Data fails to meet any Service Level or fails to perform a Key Service (as defined in Section 8.3) in the manner required by this Agreement, First Data shall promptly:

- (i) investigate, assemble and preserve pertinent information with respect to, and report to RCSI on the causes of the problem(s) causing the failure, including performing a Root Cause Analysis of the problem(s);
  - (ii) advise RCSI, as and to the extent requested by RCSI, of the status of remedial efforts being undertaken with respect to such problem(s);
  - (iii) minimize the impact of the failure and notify RCSI of the steps which First Data believes should be taken to correct the problem(s);
  - (iv) upon RCSI's approval, correct the problem(s) and begin meeting the Service Levels or performing the Key Service as required by this Agreement;
- and
- (v) take appropriate preventive measures so that the failure and related problem(s) do not recur.

(d) Recovery of Performance. First Data will give the recovery of its capabilities to perform the Services and the resumption of its actual performance of the Services the \*\*\*.

(e) Revising and Updating Service Levels. As of each anniversary of the Effective Date or as otherwise permitted in the Agreement, RCSI may:

- (i) change the designation of Service Levels as Critical Service Levels;
- (ii) reallocate the Service Level Credits and Service Level Bonuses among the Critical Service Levels; and
- (iii) for the purpose of allocating Service Level Credits or Service Level Bonuses, aggregate two (2) or more Service Levels into a single aggregate Service Level, which RCSI may designate as a Critical Service Level, provided that, with respect to each of the foregoing, the change does not, in the aggregate, significantly increase First Data's responsibility for Critical Service Levels.

**8.3 Failure to Perform Key Services.**

(a) Failure to Perform Key Services. First Data recognizes that its failure to perform in the manner required by this Agreement the following Services will have a material adverse impact on the business and operations of RCSI:

- (i) completion of the Known Software Conversion Modifications;
- (ii) completion of the Conversions of the Conversion Portfolios;
- (iii) fulfillment of First Data's obligations under Section 3.2(d); and
- (iv) completion of the Future First Data System Architecture Plan, (each a "Key Service").

Accordingly, if First Data fails to perform any Key Service as required by this Agreement for reasons other than (A) the wrongful actions of RCSI or (B) circumstances that constitute a Force Majeure Event under this Agreement (and First Data has complied with its obligations under Section 19.3 in connection with such Force Majeure Event), and (as between the Parties) such failure is the sole responsibility of First Data, then in addition to any non-monetary remedies available to RCSI under this Agreement, at law or in equity, RCSI may elect, in lieu of pursuing other monetary remedies, to recover as its sole and exclusive monetary remedy for such failure an amount equal to the sum of the direct costs incurred by RCSI as a result of such failure and, notwithstanding Section 19.2(a), certain Key Service credits ("Key Service Credits").

(b) Amounts Payable by First Data. The amounts payable by First Data under this Section 8.3 shall include the following "Key Service Failure Costs":

- (i)\*\*\*
- (ii)\*\*\*
- (iii)\*\*\*
- (iv)\*\*\* and
- (v) the Key Services Credits set forth in Section 8.3(a).

Key Service Failure Costs in connection with: (A) completion of the Conversion of the Conversion Portfolios shall include the incremental cost of continued operation of the relevant RCSI systems past the scheduled dates of the relevant Conversions of the Conversion Portfolios; and (B) completion of the Future First Data System Architecture Plan shall include the incremental cost of continued operation of the relevant RCSI systems past the scheduled dates of the relevant Future First Data System Architecture Plan deliverables. Key Service Credits shall be paid by First Data as follows: \*\*\* per-failure (except that for Known Software Conversion Modifications the per failure amount shall be \*\*\* with a cumulative limit on payments for each

individual Key Service category of \*\*\* (resulting in a cumulative limit on Key Service Credits under this Section 8.3(b) of \*\*\*. For the avoidance of doubt, any amounts paid by First Data under this Section 8.3(b) shall be cumulative from the Effective Date, not the FAAR Effective Date, and credited toward any amounts owed by First Data hereunder.

(c) Key Service Incentive Payments. In addition to the right of RCSI to collect Key Service Credits for failures that are the responsibility of First Data as provided in Sections 8.3(a) and 8.3(b), RCSI shall make one-time incentive payments associated with performance of the Key Services when performance exceeds the minimum performance requirements for the Key Services and where such superior performance results (as between the Parties) solely from the actions of First Data (“Key Service Incentive Payments”). Such Key Service Incentive Payments shall be paid as follows: \*\*\* per success (except that for Known Software Conversion Modifications the per-success amount shall be \*\*\* with a cumulative limitation on payment for each individual Key Service category of \*\*\* (resulting in a cumulative cap on Key Service Incentive Payments under this Section 8.3(c) of \*\*\*.

#### **8.4 Periodic Reviews.**

At least annually during the Term RCSI and First Data will review the Service Levels and will make adjustments to them as appropriate to reflect improved performance capabilities associated with advances in technology, processes and methods. The Parties expect and understand that the Service Levels will be improved over time. As new technologies and processes are introduced, additional Service Levels reflecting industry best practices for those technologies and processes will be established in accordance with the procedures described in Schedule B.

#### **8.5 Measurement and Monitoring Tools.**

First Data shall utilize the necessary measurement and monitoring tools and procedures required to measure and report First Data’s performance of the Services against the applicable Service Levels. Such measurement and monitoring shall permit reporting at a level of detail sufficient to verify compliance with the Service Levels, and shall be subject to audit by RCSI. First Data shall provide RCSI with information and access to such tools and procedures upon request, for purposes of verification.

### **9. PROJECT AND CONTRACT MANAGEMENT**

#### **9.1 First Data - RCSI Contacts.**

In terms of both providing daily operational support and supporting long-term strategic needs, First Data’s account management structure during the Term, unless otherwise requested by RCSI, shall provide for direct contact with its Chief Information Officer and his or her designees and representatives. First Data shall adjust contact as requested by RCSI. However, First Data Personnel are not to take any action respecting any request that is inconsistent with this Agreement or with any directions of the RCSI Contract Executive or his or her designee. First Data will inform RCSI of its receipt of any such inconsistent request. Only RCSI or a designee of RCSI (as identified by RCSI to First Data in writing) will be authorized to make commitments on the part of RCSI with First Data that amend this Agreement or waive compliance.

**9.2 Steering Committee.**

(a) Formation of Steering Committee. Within thirty (30) days of the FAAR Effective Date the Parties shall form a steering committee ("Steering Committee") to support and coordinate the relationship between First Data and RCSI. This support will include high-level discussions regarding policies, procedures, guiding principles of the relationship, issues associated with First Data's execution of the Services, allocation of resources, support and understanding of RCSI's strategic direction, review of priorities, introduction and approval of new Service Levels, data collection techniques, and modifications to existing Service Levels and related metrics. The Steering Committee shall also serve in an advisory role. Anything to the contrary herein notwithstanding, the Steering Committee and the actions it takes shall in no way shall diminish the rights and authority provided to RCSI in this Agreement. Further, the RCSI Contract Executive shall retain the right to review and reverse the decisions of the Steering Committee.

(b) Composition of the Steering Committee. The Steering Committee shall be comprised of at least six (6) individuals: three (3) appointed by RCSI and three (3) appointed by First Data. The Quality Leaders from First Data and RCSI shall also be members of the Steering Committee, as well as other persons as may be mutually agreed by the Parties.

**9.3 Reports and Meetings.**

(a) Reports. First Data will issue performance, financial, utilization and status reports as reasonably requested by RCSI. Such reports will be pursuant to the reporting structure jointly developed by the Parties and will be issued at the frequency reasonably requested by RCSI. First Data shall provide RCSI with suggested formats for such reports, for RCSI's review and approval. The reports shall include the following:

(i) First Data shall provide a monthly performance report, which shall be delivered to RCSI within thirty (30) days after the end of each month describing First Data's performance of the Services in the preceding month (the "Monthly Performance Report"). Such report shall:

(A) separately address First Data's performance in each area of the Services including, as requested by RCSI, by RCSI customer, lines of business, marketing segment and portfolio;

(B) for each area of the Services, assess the degree to which First Data has attained or failed to attain the pertinent objectives in that area, including measurements with respect to the Service Levels;

(C) describe the status of each key project, problem resolution effort, and any other initiative;

(D) explain deviations from the Service Levels and include for each deviation a plan for corrective action and root cause analysis;

(E) set forth a record of the equipment, software, personnel changes and other changes to the Services environment including the First Data System during the reporting period that affect, or could affect, the Services and describe the planned changes during the upcoming month that may affect the Services; and

(F) include the documentation and other information which RCSI may request to verify compliance with this Agreement.

(ii) First Data will, subject to RCSI review and approval, establish a Dashboard Report format for each Service Level. A sample format and structure is attached to Schedule B as Exhibit B-3.1. The purpose of a Dashboard Report is to report on First Data's success in achieving the standards set forth in the relevant Service Level. Dashboard Reports shall be generated using the RCSI approved measurement and monitoring tools and procedures required to measure and report on First Data's performance of the relevant Services as well as supporting metrics. Dashboard Reports will be provided to RCSI no less frequently than monthly and may be required more often as set forth in the individual Service Level. Dashboard Reports will be provided at no additional charge to RCSI.

(iii) First Data will provide a quarterly planned activities report, which will be delivered to RCSI within thirty (30) days after the end of each RCSI fiscal quarter, describing the activities to be undertaken by First Data in connection with the Services during the then-current fiscal quarter and the three (3) subsequent fiscal quarters (the "Quarterly Plan"). The Quarterly Plan will:

(A) separately describe each material activity to be undertaken by First Data in connection with the Services, including on-going and planned Conversions, Software Conversion Modification projects and other AD projects, deconversions, the introduction of new systems and software and the maintenance releases, enhancements, upgrades, patches, new versions and other releases implemented in connection with the First Data Software;

(B) explain for each such activity the time budgeted for its completion and the manner in which First Data is being compensated for that activity;

(C) identify the First Data Personnel being utilized and planned to be utilized;

(D) disclose the location(s) of First Data's activities;

(E) report the expenditure of personnel hours and discretionary resources as of the end of the immediately preceding fiscal quarter, the related cost to RCSI and the discretionary resources still available to RCSI; and

(F) be accompanied by related documentation which may be reasonably requested in advance by RCSI.

(b) Meetings. Within sixty (60) days after the FAAR Effective Date, the Parties shall determine an appropriate set of meetings to be held between representatives of RCSI and First Data. First Data shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. First Data shall incorporate into such agenda items that RCSI desires to discuss. At RCSI's request, First Data shall prepare and circulate minutes promptly after a meeting. As of the FAAR Effective Date, such meetings shall include the following:

(i) weekly meetings of the RCSI Contract Executive and the First Data Contract Executive to discuss on-going operations, problems in or interruptions of the Services such other matters as appropriate, and weekly meetings between the RCSI project planning and scheduling teams and the First Data project management teams to insure synchronization of development, testing, change control and such other matters as appropriate;

(ii) monthly meetings among operational personnel (including those involved in service and solution delivery) representing RCSI and First Data to discuss First Data's performance (including by reviewing open problem management tickets and the overall quality of the Services) and planned or anticipated activities, changes that might adversely affect performance, assess and evaluate any RCSI plans relating to the Services which RCSI may submit to First Data and otherwise address, review, and discuss any other matters specific to RCSI;

(iii) a quarterly management meeting of the Steering Committee to review the Monthly Performance Reports for the quarter, review First Data's overall performance under this Agreement, review the performance of the First Data System, review progress on the resolution of issues, provide a strategic outlook for RCSI in connection with the Services, and discuss such other matters as appropriate; and

(iv) a semi-annual senior management meeting by senior officers of the Parties to review relevant contract and performance issues.

#### **9.4 Procedures Manual.**

(a) Establishment of a Procedures Manual. A procedures manual (the "Procedures Manual") is to be established for the Services. The Procedures Manual shall describe how First Data performs and delivers the Services under this Agreement, the equipment and software being used, and the documentation (e.g., operations manuals, user guides, specifications) which provide further details of such activities. The Procedures Manual shall describe the activities First Data proposes to undertake in order to provide the Services, including those direction, supervision, monitoring, staffing, reporting, planning and oversight activities normally undertaken at facilities that provide services of the type First Data shall provide under this Agreement. The Procedures Manual shall also document certain roles and responsibilities of RCSI and include descriptions of the acceptance testing, release

management, and quality assurance procedures, First Data's problem management, escalation procedures, Root Cause Analysis procedures and the other standards and procedures of First Data pertinent to RCSI's interaction with First Data in obtaining the Services. The Procedures Manual shall be suitable for use by RCSI to understand the Services.

(b) Completion of the Procedures Manual. Within one hundred and twenty (120) days after the FAAR Effective Date, First Data shall deliver a draft Procedures Manual to RCSI, for RCSI's comments and review. First Data shall incorporate reasonable comments or suggestions of RCSI and shall finalize the Procedures Manual within sixty (60) days of receipt of final comments from RCSI. The final Procedures Manual shall be subject to the approval of RCSI. First Data shall periodically, but at least annually, update the Procedures Manual to reflect changes in the operations or procedures described therein and performance of Known Software Conversion Modifications. Updates of the Procedures Manual shall be provided to RCSI for review, comment, and approval. First Data shall perform the Services in accordance with the Procedures Manual. If there is a conflict between the provisions of this Agreement and the Procedures Manual, the provisions of this Agreement shall control unless the Parties expressly agree otherwise and that agreement is set forth in the relevant portion of the Procedures Manual.

## **9.5 Change Control**

(a) Change Control Requirements. First Data shall comply with the following change control requirements:

(i) Prior to using any new software or new equipment to provide the Services, First Data shall have verified that the item has been properly installed, tested, is operating in accordance with its Specifications, continues to meet RCSI's functional requirements (as made known to First Data) at least as well as the prior software or equipment, and is performing its intended functions in a reliable manner.

(ii) Subject to Section 15.3 of Schedule A which governs changes in the First Data System, First Data shall not take an action or make a decision which adversely affects the function or performance of, or may decrease the resource efficiency of, the Services, or RCSI's costs or efficiency in conducting its business, including implementing changes in technology or equipment and software configuration, without first \*\*\*. First Data may make temporary changes required by an emergency if it has been unable to contact an appropriate RCSI manager to obtain such approval after making reasonable efforts. First Data shall document and promptly report such emergency changes to RCSI. First Data shall, as requested by RCSI, provide support for changes to the RCSI systems and procedures, if any, necessitated by changes in the First Data Software or First Data System.

(iii) First Data shall move programs from development and test environments to production environments in a controlled and documented manner, so that no changes are introduced into the programs during such activity.

(iv) First Data shall, as requested by RCSI, support RCSI's testing of changes to the First Data System.

(b) Change Control Procedures. Within sixty (60) days after the FAAR Effective Date, First Data shall prepare and provide to RCSI a change control procedure ("Change Control Procedure") detailing how First Data will comply with the requirements set forth in Section 9.5(a) above and otherwise control changes in or affecting the processing environment. The Change Control Procedure may not modify or change the scope of Services to be provided under, or any other terms or conditions of, this Agreement. The Change Control Procedure shall be provided to RCSI for review, comment, and approval. First Data shall perform the Services in accordance with the Change Control Procedure.

(c) Change Control Committee. Within thirty (30) days after the FAAR Effective Date, the Parties shall appoint a change control committee ("Change Control Committee"), which shall manage and support the Parties in regard to changes, joint testing and other AD and AM issues. The RCSI Chief Information Officer shall have final authority to settle all disputes in, and in connection with, the Change Control Committee.

## **9.6 Use of Subcontractors.**

(a) Use of Subcontractors; Flow-Down Provisions. Subject to Section 9.6(b) below, First Data's use of subcontractors to perform material obligations under this Agreement shall be subject to the \*\*\*; provided, however, that First Data may subcontract, \*\*\*, any of its obligations hereunder to (i) a First Data Affiliate (so long as it remains a First Data Affiliate), or (ii) a pre-approved subcontractor certified by RCSI, which as of the FAAR Effective Date includes Patni Computer Systems, Ltd. RCSI shall not \*\*\* for First Data to use a subcontractor. First Data shall include in its subcontracts as flow-down provisions, provisions substantially similar to Article 5 (First Data Personnel), Article 10 (Audit Rights), Article 14 (Safeguarding of Data; Confidentiality), Section 15.1 (Representation as to Work Standards), and Section 23.6 (Relationship of the Parties) of this Agreement and any other provisions as necessary for First Data to fulfill its obligations under this Agreement.

(b) Subcontracting of Non-Material Services. First Data may, in the ordinary course of business, subcontract for third party services or products that are not dedicated to RCSI, that are not material to a particular function constituting a part of the Services, and that do not result in a material change in the way First Data conducts its business, provided such subcontract does not adversely affect RCSI, whether in performance of or charges for the Services or otherwise. If RCSI expresses concerns to First Data about a subcontract covered by this Section 9.6(b), First Data shall discuss such concerns with RCSI and work in good faith to resolve RCSI's concerns on a mutually acceptable basis.

(c) First Data Subcontracting Obligations. First Data shall remain responsible for obligations, services, and functions performed by subcontractors to the same extent as if such obligations, services and functions were performed by First Data employees and for purposes of this Agreement such work shall be deemed work performed by First Data. First Data shall be RCSI's sole point of contact regarding the

Services, including with respect to payment. First Data shall not disclose RCSI Confidential Information to a subcontractor unless and until such subcontractor has agreed in writing to protect the confidentiality of such Confidential Information in a manner substantially equivalent to that required of First Data under this Agreement.

**9.7 Quality Assurance and Improvement Programs.**

(a) Total Quality Management Process. First Data, as part of its total quality management process, shall provide continuous quality assurance and quality improvement through:

- (i) the identification and application of proven techniques and tools from other installations within its operations (i.e., “Best Practices”) that would benefit RCSI either operationally or financially; and
- (ii) the implementation of concrete programs, practices and measures.

Such procedures shall include checkpoint reviews, testing, acceptance, and other procedures for RCSI to assure the quality of First Data’s performance, and shall be included in the Procedures Manual.

(b) Six Sigma. First Data will implement the following RCSI Six Sigma requirements:

(i) By not later than twelve (12) months following the FAAR Effective Date, First Data shall deliver Level 1, 2, 3, 4, and 5 process flows for all of its processes which affect the Services or RCSI.

(ii) By not later than twelve (12) months following the FAAR Effective Date, First Data shall implement SIPOC, FMEA and PCS for each of the foregoing processes.

(iii) By not later than six (6) months following the FAAR Effective Date, First Data shall undertake and complete a Six Sigma baseline analysis of those of its operations relating to or affecting the Services and provide the results of that analysis to RCSI.

(iv) First Data shall \*\*\* improvement in all of its operations relating to or affecting the Services and will provide RCSI information sufficient to demonstrate such improvement.

(v) Each year of the Term, First Data shall devote at least \*\*\* of its general and administrative expenses to establishing and operating programs to introduce and maintain a level of quality of the Services consistent with this Section 9.7.

(vi) By not later than the \*\*\* anniversary of the FAAR Effective Date, or for those individuals first assigned to the RCSI account after the FAAR Effective Date, within \*\*\* months of their being assigned responsibility in connection with providing management services on the First Data’s RCSI account, \*\*\* First Data

Personnel providing management services on First Data's RCSI account shall successfully complete RCSI's Six Sigma Green Belt instruction and not less than \*\*\* of the First Data Personnel on the First Data RCSI account (but at least \*\*\* such individuals) shall have successfully completed RCSI's Six Sigma Black Belt instruction.

(vii) Any Six Sigma instruction provided by RCSI to First Data Personnel shall be to classes comprised solely of First Data Personnel.

(viii) A First Data employee will be identified and will be certified as a Master Black Belt (a "Quality Leader"). This individual will be identified within thirty (30) days of the FAAR Effective Date.

(ix) First Data will maintain a staff of full-time Black Belts equal to at least \*\*\* (rounded up to the next whole number) of the total number of individuals assigned to the RCSI Account Management Team dedicated to the RCSI-First Data relationship. These individuals will each be required to complete one project per year directly benefiting the provision of Services by First Data to RCSI.

**9.8 Productivity and Management Tools.**

First Data shall utilize project management tools, including productivity aids and project management systems, as reasonably necessary to perform the Services. First Data shall use project management tools in all major projects and employ a mutually agreed upon regular reporting mechanism to identify project tasks, resource allocations and schedule milestones, present current status reports, and identify potential bottlenecks and problems.

**9.9 Restrictive Covenant.**

\*\*\*

**10. AUDITS**

**10.1 Audit Rights.**

(a) Audits Generally. First Data shall maintain a complete audit trail of financial and non-financial transactions resulting from this Agreement. First Data shall provide to RCSI, its auditors (including internal audit staff and external auditors), inspectors, regulators and other representatives as RCSI may from time to time designate in writing, access at reasonable times to any facility or part of a facility from which either First Data or any of its subcontractors is providing the Services and to data and records relating to the Services for the purpose of performing audits and inspections of either First Data or any of its subcontractors to:

(i) verify the accuracy and amount of charges and invoices, and the inventory of RCSI supplies and other RCSI assets, if any;

(ii) verify the integrity of RCSI Data and examine the systems that process, store, support and transmit that data including the First Data System; and

(iii) examine First Data's performance of the Services including, to the extent applicable to the Services performed by First Data and to the charges therefor, performing audits:

- (A) of practices and procedures;
- (B) of systems;
- (C) of general controls and security practices and procedures;
- (D) of disaster recovery and back-up procedures;
- (E) of the efficiency of First Data in performing the Services (but only to the extent affecting charges for, or timing of, Services hereunder); and
- (F) necessary to enable RCSI to meet, or confirm that First Data is meeting, applicable regulatory and other legal requirements.

(b) Audit Cooperation and Frequency. First Data shall provide to such auditors, inspectors, regulators, and representatives such assistance as they require, including, subject to First Data's reasonable requirements designed to maintain the security of First Data's Data, installing and operating audit software. First Data shall cooperate fully with RCSI or its designees in connection with audit functions and with regard to examinations by regulatory authorities. RCSI's auditors and other representatives shall comply with First Data's reasonable security requirements. With respect to RCSI initiated general audits that are conducted on-site at First Data, RCSI shall give First Data reasonable prior notice of RCSI's intent to audit and the notice shall include a description of the scope of the audit. There will not be more than two (2) such RCSI initiated general audits during any calendar year, and the period during which such audits will each be conducted on-site at First Data will not exceed ten (10) days. In the case of a RCSI audit respecting particular identified problems, RCSI will provide such notice, if any, as is appropriate under the circumstances. RCSI's audit of the charges shall be limited to the three (3) most prior recent years of the Term.

## **10.2 Audit Follow-up.**

(a) Audit Reports. Within fifteen (15) days following RCSI's receipt of an audit or examination, to the extent possible, RCSI or its auditor shall provide First Data with a report of the audit findings that pertain to First Data. Thereafter RCSI may conduct (in the case of an internal audit), or request its external auditors or examiners or regulatory agencies to conduct, an exit conference with First Data to obtain factual concurrence with issues identified in the review. First Data promptly shall notify RCSI if any review or audit conducted by First Data, its Affiliates, or their contractors, agents or representatives (including internal and external auditors or a regulatory agency), reveals that a material failure to perform in accordance with this Agreement has occurred or may occur and shall provide RCSI with a copy of the applicable portions of the audit and shall advise RCSI of the status of remedial efforts being undertaken with respect to such failure or potential failure to perform.

(b) Audit Review. First Data and RCSI shall meet to review each audit report promptly after the issuance thereof and to mutually agree upon the appropriate manner, if any, in which to respond to the changes suggested by the audit report. RCSI and First Data agree to develop operating procedures for the sharing of audit and regulatory findings and reports related to First Data's operating practices and procedures produced by auditors or regulators of either Party; provided, however, that the sharing of audit information (i) must relate to an audit relevant and specific to the Services provided to RCSI, and (ii) will be subject to First Data's confidentiality obligation to other customers; and further provided, however, that First Data shall extend every reasonable effort to gain permission to release their confidentiality obligation to support these audit efforts.

(c) Audit Problem Resolution. If an audit report indicates that a problem exists, then within ten (10) days following RCSI's receipt of the report, the Parties will meet to review that problem and to agree mutually upon the appropriate manner, if any, in which to address the problem.

(d) Audit Overcharges. If an audit shows that First Data has overcharged RCSI, First Data will be obligated, at RCSI's option, to credit to RCSI's account an amount equal to the amount of the overcharge plus interest at the Default Rate calculated from the date the overcharge was paid by RCSI to First Data, or to pay the amount to RCSI directly. If an audit shows that First Data overcharged RCSI on any invoice by more than two and one half percent (2.5%) (including Pass-Through Expenses) of the correct amount of the invoice, then First Data will also pay RCSI an amount equal to the cost of the audit.

### **10.3 Annual Audit**

Annually, First Data will cause to be conducted a third party audit of its operations as they relate to the Services. The audit will be conducted by a national major auditing firm, in conformance with the American Institute of Certified Public Accountants Statements of Auditing Standards No. 70 Type II ("SAS 70"), or any successor or substitute statement adopted by such, and its scope will include the processes and internal controls maintained by First Data to provide the Services. Promptly after completion of each audit, First Data will provide RCSI with a copy of the audit report. In addition, First Data will promptly correct any concerns or weaknesses expressed in the audit report and will provide a summary report promptly to RCSI of those responses and First Data's success in correcting those concerns or weaknesses.

### **10.4 Record Keeping and Record Retention**

(a) Record Retention. First Data will maintain complete and accurate records of, and supporting documentation for, the amounts billable to and payments made by RCSI under this Agreement. First Data agrees to provide RCSI with documentation and other information with respect to each invoice as may be reasonably requested by RCSI to verify accuracy and compliance with the provisions of this Agreement.

(b) Access to Records. Until no longer required to meet RCSI's records retention policy, as that policy may be adjusted from time to time but no later than the date three (3) years after the date of the invoice to RCSI of the related charges unless otherwise required by law, First Data will maintain and provide access upon request to the records, documents and other information required to meet RCSI's requirements and audit rights under this Agreement.

**11. RCSI'S RESPONSIBILITIES**

**11.1 Responsibilities**

In addition to RCSI's responsibilities as expressly set forth elsewhere in this Agreement, RCSI shall be responsible for the following:

(a) RCSI Contract Executive. RCSI shall designate one individual to whom all First Data communications concerning this Agreement may be addressed (the "RCSI Contract Executive"). The RCSI Contract Executive as of the FAAR Effective Date is Julie Stansbury.

(b) RCSI Cooperation. RCSI shall cooperate with First Data by, among other things, making available, as reasonably requested by First Data, management decisions, information, approvals and acceptances so that First Data may accomplish its obligations and responsibilities hereunder. The RCSI Contract Executive or his or her designee will be the principal point of contact for obtaining such decisions, information, approvals, and acceptances.

**11.2 Savings Clause**

\*\*\*. First Data's nonperformance of its obligations under this Agreement shall be excused if and to the extent:

(a) such First Data nonperformance results from RCSI's failure to perform its responsibilities; and

(b) First Data provides RCSI with reasonable notice of such nonperformance and, if so requested by RCSI, uses Commercially Reasonable Efforts to perform notwithstanding RCSI's failure to perform (with RCSI reimbursing First Data for its additional Out-of-Pocket Expenses for such efforts).

**12. CHARGES**

**12.1 General**

All Charges for the Services are set forth in this Article 12, Section 11.2(b), Section 21.7(f) and in Schedule C. RCSI shall not be required to pay First Data any amounts for the Services in addition to those payable to First Data under this Article 12, the Sections referenced above, or Schedule C.

**12.2 Pass-Through Expenses.**

(a) Pass-Through Expenses are charges to be paid directly by RCSI or through First Data. All Pass-Through Expenses are listed in Schedule C. If the Parties agree that a particular Pass-Through Expense is to be paid by RCSI directly, First Data shall promptly provide RCSI with the original third-party invoice for such expense together with a statement that First Data has reviewed the invoiced charges and made a determination of which charges are proper and valid and should be paid by RCSI. Otherwise, First Data shall act as payment agent for RCSI and shall pay third-party charges comprising the Pass-Through Expense. Prior to making any such payment, however, First Data shall review the invoice charges to determine whether such charges are proper and valid and should be paid. Upon request and subject to First Data's confidentiality requirements with its suppliers, First Data shall provide RCSI with a reasonable opportunity to review the invoice to confirm First Data's determination. Following such review by First Data and RCSI, First Data shall pay the amounts due and shall invoice RCSI for such charges.

(b) First Data shall use Commercially Reasonable Efforts to \*\*\*. With respect to services or materials paid for on a Pass-Through Expenses basis, RCSI reserves the right to:

(i) obtain such services or materials \*\*\*;

(ii)\*\*\* for such services or materials;

(iii)\*\*\* or materials (e.g., equipment make and model) First Data shall obtain, provided that if First Data demonstrates to RCSI that such designation will have an adverse impact on First Data's ability to meet the Service Levels, such designation shall be \*\*\*;

(iv) require First Data to \*\*\* share the results thereof with RCSI; and

(v) review and approve the Pass-Through Expense for such services or materials \*\*\*.

**12.3 Incidental Expenses.**

First Data acknowledges that, except as may be otherwise provided in this Agreement, expenses that First Data expects to incur in performing the Services (including travel and lodging, document reproduction and administrative correspondence shipping, and long-distance telephone) are included in First Data's charges and rates set forth in this Agreement. Accordingly, such First Data expenses are not separately reimbursable by RCSI unless, on a case-by-case basis for unusual expenses, RCSI has agreed in advance and in writing to reimburse First Data for the expense. RCSI acknowledges that it will be responsible for its own incidental expense (including travel and lodging, document reproduction and administrative correspondence shipping, and long-distance telephone).

12.4 Personnel Utilization.

(a) \*\*\*.

(b) Staffing of RCSI Account Management Team. The following list sets forth the RCSI Account Management Team functions portions of which have been assumed by RCSI in exchange for a reduced Monthly Active Account Services Fee. It has been assumed that RCSI will provide these resource levels for the functions identified below to augment the resources levels provided by the RCSI Account Management Team to support these functions for the Term. It has been mutually determined by RCSI and First Data that if First Data is requested to assume such responsibilities of the RCSI resources at any time during the Term, First Data will hire the necessary personnel (up to a maximum of \*\*\* FTE's) and will charge RCSI the actual direct Out-of-Pocket Expenses of employing such individuals.

<u>Reduction by Function</u>	
Reporting – RMS	*** FTE
Documentation	*** FTE
Client Training	*** FTE
Client Services Management	*** FTE
Client Services Representatives	*** FTE
Technical Documentation	*** FTE
Testing Support	*** FTE
Project Management	*** FTE
<b>TOTAL</b>	<b>*** FTE</b>

12.5 Taxes

The Parties' respective responsibilities for taxes arising under or in connection with this Agreement shall be as follows:

(a) Personal Property Taxes. Each Party shall be responsible for any personal property taxes on property it owns or leases, for franchise and privilege taxes on its business, and for taxes based on its net income or gross receipts.

(b) Sales Taxes on First Data Goods and Services. First Data shall be responsible for any sales, use, excise, gross receipts, value-added, services, consumption, and other taxes and duties payable by First Data on any goods or services used or consumed by First Data in providing the Services where the tax is imposed on First Data's acquisition or use of such goods or services and the amount of tax is measured by First Data's costs in acquiring such goods or services.

(c) Sales Taxes on Services. RCSI shall be responsible for any sales, use, excise, gross receipts, value-added, services, consumption, or other tax existing as of the Effective Date that is assessed on the provision of the Services as a whole, or

on any particular Services received by RCSI from First Data. RCSI will be responsible for any sales, use, excise, gross receipts, value-added, services, consumption, or other tax becoming applicable during the Term (or that is increased during the Term) that is assessed on the provision of the Services as a whole, or on any particular Service received by RCSI from First Data.

(d) Segregation of Tax Payments. If a sales, use, excise, gross receipts, value-added, services, consumption, or other tax is assessed on the provision of any of the Services, the Parties shall work together to segregate the payments under this Agreement into three (3) payment streams:

(i) those for taxable Services;

(ii) those in which First Data functions merely as a payment agent for RCSI in receiving goods, supplies, or services (including leasing and licensing arrangements); and

(iii) those for other nontaxable Services.

(e) Cooperation. The Parties agree to cooperate with each other to enable each to more accurately determine its own tax liability and to minimize such liability to the extent legally permissible. First Data's invoices shall separately state the amounts of any taxes First Data is collecting from RCSI, and First Data shall remit such taxes to the appropriate authorities. Each Party shall provide and make available to the other any resale certificates, information regarding out-of-state or out-of-country sales or use of equipment, materials or Services, other exemption certificates, power of attorney or other necessary authorizations or information reasonable requested by the other Party.

(f) Review Of and Responses To Taxes. First Data shall promptly notify RCSI of, and coordinate with RCSI the response to any claim for taxes asserted by applicable taxing authorities for which RCSI is responsible hereunder. RCSI shall, at its option and expense (including, if required by a taxing authority, payment of any such tax, interest or penalty prior to final resolution of the issue) have the right to request, which request shall not be denied, delayed, subject to any conditions, or withheld by First Data, to seek administrative relief, a ruling, judicial review (original or appellant level) or other appropriate review (hereinafter referred to as "Proceeding(s)") (in a manner deemed appropriate by RCSI), as to the applicability of any tax, interest or penalty, or to protest any assessment and participate with First Data in any legal challenge to such assessment, but RCSI shall be responsible hereunder for payment of any such amount ultimately determined to be due. Notwithstanding the above, such responsibility is subject to First Data providing RCSI notice within ten (10) business days of receiving any proposed assessment of any additional taxes, interest or penalty due by First Data, and First Data shall provide RCSI with the necessary authority or powers to enable RCSI the opportunity to participate in such Proceeding(s) or other appropriate review as to the applicability of any such taxes prior to any assessment of additional taxes; provided, however, that First Data's failure to provide timely notice shall not effect the indemnity hereunder to the extent such failure does not actually prejudice RCSI. First Data shall, when requested by RCSI and at RCSI's expense, cooperate with and/or allow RCSI to

participate with First Data in any such Proceeding, protest or legal challenge related to matters for which RCSI is responsible. In any proceeding which involves issues affecting both RCSI and other First Data customers, First Data shall make reasonable efforts to sever the issues relating to RCSI from all other issues raised in the Proceeding, so that RCSI may control the portion of the Proceeding relating to RCSI, and First Data may control the portion of the Proceeding relating to those issues that do not relate to RCSI; provided, however, that if First Data is unable to sever the issues in a Proceeding, First Data shall control the Proceeding, but shall give RCSI the right to participate in any Proceeding(s). Notwithstanding the above, RCSI's participation in any Proceeding shall not prohibit or inhibit First Data from concluding or resolving matters related to First Data or First Data's other clients, provided, however, that First Data shall not pay any claimed liability or settle any Proceeding unless RCSI has consented in writing to such payment or settlement, which consent shall not be unreasonably withheld.

(g) Refunds and Rebates. RCSI shall be entitled to any tax refunds or rebates granted to the extent such refunds or rebates are of taxes that were paid by RCSI.

**12.6 New Services And Enhancements.**

(a) Definition of New Services. "New Services" shall refer to functionality, services or products (i) that are materially different from and in addition to the Services or those services explicitly priced in Schedule C, and (ii) that are reasonably and logically connected to the Services, including skip tracing. Any changes to functionality, services or products that relate to the Services are enhancements. It is the expectation of the Parties that \*\*\*. For avoidance of doubt, RCSI may elect to receive New Services under this Section 12.6 that could also be characterized as new services under the PSA or services or new services under any other agreement between the Parties. For the further avoidance of doubt, \*\*\*. RCSI will not terminate a service that RCSI is receiving under the PSA as of the FAAR Effective Date or any replacement of such service in order to request a replacement product for such service as a New Service under this Agreement.

(b) First Data-Initiated Enhancements. First Data may \*\*\*.

(c) RCSI-Initiated Enhancements. RCSI shall pay the applicable Development Hour rate as set forth in Schedule C for labor required to develop enhancements requested by RCSI ("RCSI-Initiated Enhancements") on the terms agreed upon by the Parties with respect to such engagement. \*\*\*.

(d) RCSI-Initiated New Services. RCSI shall pay the applicable Development Hour rate as set forth in Schedule C for labor required to develop New Services requested by RCSI ("RCSI-Initiated New Services") on the terms agreed upon by the Parties and may be subject to new charges proposed by First Data and agreed to by RCSI.

(e) New Service Charges. \*\*\*.

(f) New Services Subject to this Agreement. If RCSI elects to have First Data perform the additional functions, the charges under this Agreement shall be

adjusted, if appropriate, to reflect such functions, in a manner consistent with the other provisions of this Section 12.6. If RCSI so elects, such services shall then be deemed “Services” and shall be subject to the provisions of this Agreement.

(g) Third Parties. \*\*\*.

(h) Replacement System. If a First Data Initiated Enhancement is proposed by First Data to be provided using a replacement system, First Data shall:

(i)\*\*\*; or

(ii)\*\*\*.

**12.7** \*\*\*.

\*\*\*

**12.8** Benchmarks for Charges.

(a) Benchmarking. At RCSI’s request, the quality and pricing of the Services shall be measured to determine \*\*\*, to their respective customers (such process, the “Benchmarking”). With respect to Benchmarking, the following shall apply:

(i) The Parties will establish a joint RCSI - First Data Benchmarking committee (the “Benchmarking Committee”) comprised of an equal number of RCSI and First Data Personnel.

(ii) Within thirty (30) days of formation, or by such other date as is agreed by the Parties, the Benchmarking Committee will select a consultant (the “Benchmarker”) who is an independent industry-recognized benchmarking service provider to perform the Benchmarking. If the Benchmarking Committee fails to select the Benchmarker by such required date, RCSI may select one of Gartner Group, Compass Management Consulting Ltd. and Meta Group (or their successors) or any other entity proposed by First Data as the Benchmarker, and such choice shall be deemed accepted by the Benchmarking Committee.

(iii) Each Party shall provide to the Benchmarker reasonable access to its knowledgeable personnel and pertinent documents and records required to perform the Benchmarking. To the extent any document or record is subject to confidentiality obligations under an agreement with a third party, the Party having a duty of non-disclosure will use Commercially Reasonable Efforts to provide the required documents and records subject to appropriate redaction of the identity of such third party or if such redaction will not sufficiently comply with its obligations, each Party shall limit disclosure to such documents to which it has obtained third party consent for disclosure. The Services shall be Benchmarked in the aggregate, taking into account RCSI volumes (including mix of Services), then-current pricing, and then-current Service Levels, and the Benchmarker shall identify in writing to the Benchmarking Committee all variances which, in the aggregate, could be material, \*\*\*.

(iv) If any variances that in the aggregate are unfavorable to RCSI are identified by the Benchmarking Committee, First Data shall, upon agreement by the Benchmarking Committee, make the necessary adjustments to the pricing, Service Levels, and other components of this Agreement in order to \*\*\*.

(v) The first Benchmarking may not occur until after six (6) months following the Final Conversion Date, and further Benchmarking may occur no more frequently than every \*\*\* years thereafter.

(b) Costs. The charges of the Benchmarking Committee will be shared equally by the Parties.

### 13. INVOICING AND PAYMENT

#### 13.1 Invoicing

(a) Invoicing in Arrears. First Data shall invoice RCSI for all amounts due under this Agreement on a monthly basis in arrears. First Data will provide RCSI with all necessary information on-line in order for RCSI to validate the charges, and a monthly paper invoice will follow. The invoice shall show details as to charges as reasonably specified by RCSI. First Data shall include the calculations utilized to establish the charges in sufficient detail to enable RCSI to confirm the accuracy of the charges included in the invoice.

(b) Credits. To the extent a credit may be due RCSI pursuant to this Agreement, First Data shall provide RCSI with an appropriate credit against amounts then due and owing; if no further payments are due to First Data, First Data shall pay such amounts to RCSI within thirty (30) days.

(c) Consolidated Invoices. First Data shall render a single consolidated invoice for each month's charges, showing such details as reasonably specified by RCSI, including as necessary to satisfy RCSI's internal accounting and chargeback requirements (such as allocating charges among RCSI Affiliates and business units, Service components, projects, locations, and departments). Such invoice shall separately state the amounts of any taxes First Data is collecting from RCSI. For each item or Service charged the invoice shall provide the clause in Schedule C authorizing First Data to charge for such item or Service.

(d) Omitted Amounts. If First Data discovers that an invoice failed to include any amounts that were properly billable to RCSI, First Data will identify those amounts in detail and will explain the reason for the omission at the time of the appropriate invoice. First Data waives, and RCSI shall not be responsible for, any amount that is invoiced later than \*\*\* after RCSI's receipt of the related invoice.

#### 13.2 Payment Due

(a) Payment Due Date. Other than Pass-Through Expenses for postage and subject to the other provisions of this Article 13, invoices provided for under Section 13.1 and properly submitted to RCSI pursuant to this Agreement shall be due and payable by RCSI within \*\*\* days after receipt thereof. Any other amount

due under this Agreement for which a time for payment is not otherwise specified also shall be due and payable within \*\*\* days after receipt of a proper invoice for such amount.

(b) Payment by e-Pcard. If First Data so elects, RCSI may pay all charges due (other than Pass-Through Expenses for postage) more than ninety (90) days after the FAAR Effective Date by e-Pcard, without gross-up or surcharge of any kind. First Data shall be responsible for all fees or charges (including all inter-exchange fees) associated with payment by e-Pcard. Payments by e-Pcard shall be made within three (3) business days following RCSI's receipt of the relevant invoice.

**13.3 Accountability.**

First Data shall maintain complete and accurate records of, and supporting documentation for, the amounts billable to and payments made by RCSI hereunder, in accordance with generally accepted accounting principles applied on a consistent basis. First Data agrees to provide RCSI with documentation and other information with respect to each invoice as may be reasonably requested by RCSI to verify accuracy and compliance with the provisions of this Agreement. RCSI and its authorized agents and representatives shall have access to such records for purposes of audit during normal business hours during the Term and during the period for which First Data is required to maintain such records.

**13.4 Proration.**

Periodic charges under this Agreement are to be computed on a calendar month basis, and shall be prorated for any partial month.

**13.5 Refundable Items.**

(a) Prepaid Amounts. Where RCSI has prepaid for a service or function for which First Data is assuming financial responsibility under this Agreement, First Data shall refund to RCSI, upon either Party identifying the prepayment, that portion of such prepaid expense which is attributable to periods on and after the Effective Date.

(b) Refunds and Credits. If First Data should receive a refund, credit or other rebate for goods or services previously paid for by RCSI, First Data shall promptly notify RCSI of such refund, credit or rebate and shall promptly pay the full amount of such refund, credit or rebate, as the case may be to RCSI. Unless previously paid to RCSI, First Data will reflect any refund, credit or rebate as a reduction of the amounts payable to First Data in the next invoice delivered to RCSI under this Agreement. If no further payments are due to First Data under this Agreement, First Data shall pay such amounts to RCSI within thirty (30) days of RCSI's request therefore.

**13.6 Deduction.**

With respect to an amount to be paid by RCSI hereunder, RCSI may deduct from that amount any amount that First Data is obligated to pay or credit to RCSI.

**13.7 Disputed Charges.**

Subject to Section 13.6, RCSI shall pay undisputed charges when such payments are due under this Article 13 and Schedule C. RCSI may withhold payment of particular charges that RCSI disputes in good faith. RCSI agrees to notify First Data within one hundred eighty (180) days and use best efforts to resolve in a timely manner any material disputed charges.

**14. SAFEGUARDING OF DATA; CONFIDENTIALITY**

**14.1 RCSI Information.**

(a) Ownership of RCSI Information. RCSI Information shall be and remain the property of RCSI. First Data shall not assert any lien or other right against or to RCSI Information. No RCSI Information, or any part thereof, shall be sold, assigned, leased, or otherwise disposed of to third parties by First Data or commercially exploited by or on behalf of First Data, its employees or agents.

(b) Return of RCSI Information. Upon any of (i) RCSI's request, (ii) the expiration of this Agreement, or (iii) the termination of this Agreement for any reason (including termination for cause) or, with respect to any particular data, on such earlier date that the same shall be no longer required by First Data in order to render the Services hereunder, such RCSI Information (including copies thereof in the possession or under the control of First Data, except as necessary to comply with regulatory requirements applicable to First Data) shall be promptly returned to RCSI by First Data in a form reasonably requested by RCSI or, if RCSI so elects, shall be destroyed by First Data.

(c) Use of RCSI Information. RCSI Information shall not be utilized by First Data for any purpose other than that of rendering the Services under this Agreement.

**14.2 Safeguarding RCSI Data.**

(a) Safeguards. First Data shall establish and maintain safeguards against the destruction, loss, or alteration of RCSI Data in its possession which are no less rigorous than the most stringent safeguards maintained by First Data for its other customers of services similar to the Services. RCSI may establish backup security for data and to keep backup data and data files in its possession if it chooses.

(b) First Data Obligations. Without limiting the generality of Section 14.2(a) above:

(i) First Data Personnel shall not attempt to access, or allow access to, any RCSI Data or RCSI Information which is not required for performance of the Services by such First Data Personnel. If such access is attained, First Data shall use best efforts to promptly report such incident to RCSI, describe in detail any accessed materials and return to RCSI any copied or removed materials.

(ii) First Data shall institute industry \*\*\* systems security, backup and disaster recovery measures that are at least as stringent as the DR Standards set forth in Exhibit A-7 to guard against the unauthorized access, alteration, destruction or loss of RCSI Data. Such measures shall include the installation of software which:

- (A) requires all users to enter a user identification number and password prior to gaining access to the information systems;
- (B) controls and tracks the addition and deletion of users;
- (C) controls user access to areas and features of the systems; and
- (D) requires passwords to be changed periodically and under specified circumstances.

(c) Inventory. First Data will be responsible for the security of all RCSI customized inventory, including plastics, in its possession or under its control.

**14.3 First Data Information.**

(a) Ownership of First Data Information. First Data Information shall be and remain the property of First Data. RCSI shall not assert any lien or other right against or to First Data Information. Subject to the rights of RCSI provided in Section 3.1(c), no First Data Information, or any part thereof, shall be sold, assigned, leased, or otherwise disposed of to third parties by RCSI or commercially exploited by or on behalf of RCSI, its employees or agents.

(b) Return of First Data Information. Upon (i) the expiration of this Agreement, (ii) the termination of this Agreement for any reason (including termination for cause) or, (iii) with respect to any particular data, on such earlier date that the same shall be no longer required by RCSI in order to receive and use the Services hereunder, but subject in all cases to the provisions of Sections 7.3(c) and 21.7, such First Data Information (including copies thereof in the possession or under the control of RCSI, except as necessary to comply with regulatory requirements applicable to RCSI) shall be promptly returned to First Data by RCSI in a form reasonably requested by First Data or, if First Data so elects, shall be destroyed.

(c) Use of First Data Information. First Data Information shall not be utilized by RCSI for any purpose other than that of receiving and using the Services under this Agreement.

**14.4 Safeguarding First Data Data.**

(a) Safeguards. RCSI shall establish and maintain safeguards against the destruction, loss, or alteration of First Data Data in its possession which are no less rigorous than those maintained by RCSI for its own information of a similar nature. First Data may establish backup security for data and to keep backup data and data files in its possession if it chooses.

(b) Obligations. Without limiting the generality of Section 14.4(a) above, RCSI employees shall not attempt to access, or allow access to, any First Data Data or First Data Information which is not required for receiving or using the Services. If such access is attained, RCSI shall use best efforts to promptly report such incident to First Data, describe in detail any accessed materials and return to First Data any copied or removed materials.

**14.5 Confidentiality.**

(a) Confidential Information. First Data and RCSI each acknowledge that they may be furnished with, receive, or otherwise have access to information of or concerning the other Party or its Affiliates which such Party or its Affiliates considers to be confidential, proprietary, a trade secret or otherwise restricted. As used in this Agreement, "Confidential Information" shall mean all information, in any form, furnished or made available directly or indirectly by one Party to the other which is marked confidential, restricted, proprietary, or with a similar designation. The terms and conditions of this Agreement shall be deemed Confidential Information.

(b) RCSI Confidential Information. In the case of RCSI, Confidential Information also shall include, whether or not designated "Confidential Information",

(i) all specifications, designs, documents, correspondence, software, documentation, data and other materials and work products produced by RCSI, its Affiliates, or its or their agents or representatives;

(ii) all information concerning the operations, affairs and businesses of RCSI or its Affiliates (including ideas, marketing plans, business strategies, data and other information that are trade secrets or are competitively sensitive), the financial affairs of RCSI or its Affiliates, and the relations of RCSI with its customers, employees and service providers (including RCSI lists, RCSI information, account information, transaction information, and consumer markets);

(iii) software provided to First Data by or through RCSI;

(iv) RCSI New Materials;

(v) information about, regarding or provided by, a RCSI customer (including RCSI Customer Information); and

(vi) other information or data concerning RCSI and its businesses or customers stored on magnetic media or otherwise or communicated orally, and obtained, received, transmitted, processed, stored, archived, or maintained by First Data under this Agreement (collectively, the "RCSI Confidential Information").

(c) First Data Confidential Information. In the case of First Data, Confidential Information also shall include, whether or not designated “Confidential Information”,

(i) all User Manuals, specifications, designs, documents, correspondence, software, software documentation, data and other materials and work products owned or produced by First Data or its Affiliates in the course of performing the Services, except for RCSI New Materials;

(ii) all information concerning the operations, affairs and businesses of First Data (including ideas, marketing plans, business strategies, data and other information that are trade secrets or are competitively sensitive), the financial affairs of First Data or its Affiliates, and the relations of First Data with its customers, employees and service providers (including First Data lists, First Data information, account information and consumer markets);

(iii) software provided to RCSI by or through First Data, and

(iv) other information or data concerning First Data and its businesses or other customers stored on magnetic media or otherwise or communicated orally, and obtained, received, transmitted, processed, stored, archived, or maintained by First Data under this Agreement (collectively, the “First Data Confidential Information”); provided, however, that First Data Confidential Information shall not include RCSI New Materials or any other RCSI Confidential Information.

(d) Obligations.

(i) Each Party’s Confidential Information shall remain the property of that Party except as expressly provided otherwise by the other provisions of this Agreement. RCSI and First Data shall each use at least the same degree of care, but in any event no less than a reasonable degree of care, to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own information of a similar nature; provided that the Parties may disclose such information to an employee, officer, director, agents, representative, external or internal auditors and independent contractors of the Party or of an Affiliate of the Party requiring access to the same in the course of his or her employment or his, her or its engagement, provided that such individual or entity is bound either by contract or professional obligation to confidentiality obligations no less restrictive than those binding on the Party hereunder. Furthermore, the Parties may disclose such information to entities performing services required hereunder where:

(A) use of such entity is authorized under this Agreement;

(B) such disclosure is necessary or otherwise naturally occurs in that entity’s scope of responsibility; and

(C) the entity agrees in writing to assume the obligations described in this Section 14.5.

(ii) As requested by a Party during the Term but, in the case of First Data Information except as required by RCSI in order to receive and use the Services and upon expiration or any termination of this Agreement and completion of the other Party's obligations under this Agreement, and as permitted by the next sentence, such other Party shall return or destroy, as the requesting Party may direct, all material in any medium that contains, refers to, or relates to the requesting Party's Confidential Information. Neither Party shall retain copies of the other Party's Confidential Information (except as may be necessary to comply with regulatory requirements applicable to the retaining Party).

(iii) Each Party shall take reasonable steps to ensure that its employees comply with these confidentiality provisions.

(iv) Neither Party shall alter or remove any identification, copyright or proprietary rights notice which indicates the ownership of any part of the other Party's Confidential Information.

(e) Exclusions. This Section 14.5 shall not apply to any particular information which First Data or RCSI can demonstrate:

(i) was, at the time of disclosure to it, in the public domain;

(ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving Party;

(iii) was received from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further use or disclosure;

or

(iv) was independently developed by the receiving Party without reference to Confidential Information of the furnishing Party or its Affiliates.

In addition, a Party shall not be considered to have breached its obligations by disclosing Confidential Information of the other Party as required to satisfy any legal requirement of a competent government body, and First Data shall not be considered to have breached its obligations by making, in the course of providing the Services, RCSI Confidential Information available to VISA, MasterCard, other Associations, or to supervisory or regulatory authorities of RCSI or First Data upon the written request of any of the foregoing, provided that, immediately upon receiving any such request and to the extent that it may legally do so, such Party advises the other Party promptly and prior to making such disclosure in order that the other Party may interpose an objection to such disclosure, take action to assure confidential handling of the Confidential Information, or take such other action as it deems appropriate to protect the Confidential Information.

(f) Loss of Confidential Information. In the event of any disclosure or loss of, or inability to account for, any Confidential Information of the furnishing Party, the receiving Party shall promptly, at its own expense:

(i) notify the furnishing Party in writing;

(ii) take such actions as may be necessary or reasonably requested by the furnishing Party to minimize the violation or the damage resulting therefrom;

and

(iii) cooperate in all reasonable respects with the furnishing Party to minimize the violation and any damage resulting therefrom.

(g) No Implied Rights. Except as otherwise specifically provided in this Agreement, nothing this Section 14.5 shall be construed as obligating a Party to disclose its Confidential Information to the other Party, or as granting to or conferring on a Party, expressly or impliedly, any rights or license to the Confidential Information of the other Party.

(h) Release of Information. Despite the foregoing, RCSI agrees that RCSI Confidential Information may be made available to VISA, MasterCard, other Associations, or to supervisory or regulatory authorities of RCSI or of First Data upon the written request of any of the foregoing; provided, however, upon receipt of the request and prior to making the information available, First Data shall provide notice to RCSI of such request and shall provide RCSI a reasonable period of time in which RCSI may object to such disclosure, including obtaining suitable contractual protection of Confidential Information.

#### **14.6 Provisions For Data Privacy Compliance.**

(a) In addition to and not in limitation of First Data's other obligations of confidentiality and non-disclosure under this Agreement: (i) First Data will implement appropriate administrative, technical, and physical safeguards and other appropriate measures to protect the security, confidentiality and integrity of Non-Public Personal Information relating to customers of RCSI and its Affiliates and, to the extent relevant to the GLB Act, other RCSI Information received by First Data from RCSI and its Affiliates, all as may be appropriate to meet the objectives of the GLB Act, including its implementing regulations promulgated thereunder and the guidelines issued pursuant to § 501 of the GLB Act; and (ii) First Data shall not use any Non-Public Personal Information relating to RCSI's customers received from RCSI or its Affiliates or obtained as a result of Services performed for RCSI ("RCSI Customer Information") except as necessary in the ordinary course of business to perform Services hereunder or as authorized in writing by RCSI. First Data will ensure that any such third party to whom RCSI authorizes First Data to transfer or provide access to RCSI Customer Information (other than those who RCSI has instructed First Data to transfer or provide access, who shall be RCSI's responsibility):

(i) signs a written agreement to restrict its use of RCSI Customer Information to the use specified in the agreement between the First Data and the third party (which use must be in conjunction with First Data's performance of its obligations hereunder);

(ii) agrees to restrict disclosure of Non-Public Personal Information of RCSI and its Affiliates as provided in this Section; and

(iii) agrees to implement and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of all RCSI Customer Information as provided herein.

(b) First Data will be responsible for the acts or omissions of any third party to whom it transfers or provides access to RCSI Customer Information hereunder, other than a third party whom RCSI or its Affiliates has instructed First Data to make such disclosure.

**14.7 Survival**

The obligations under this Article 14 will survive the expiration or termination of this Agreement.

**15. REPRESENTATIONS AND WARRANTIES**

**15.1 Work Standards.**

Unless expressly addressed in another provision of this Agreement, First Data represents and warrants that the Services shall be rendered with promptness and diligence and shall be executed in a workman-like manner, in accordance with the practices and high professional standards used in well-managed operations performing services similar to the Services. First Data represents and warrants that it shall use adequate numbers of qualified individuals with suitable training, education, experience, and skill to perform the Services.

**15.2 Maintenance.**

First Data represents and warrants that it shall maintain the equipment and software used in connection with the Services, including the First Data System and First Data Software, so that they operate in accordance with their specifications, including:

- (a) maintaining such equipment in good operating condition, subject to normal wear and tear;
- (b) undertaking repairs and preventive maintenance on such equipment in accordance with the applicable equipment manufacturer's recommendations; and
- (c) performing software maintenance in accordance with the applicable Documentation, recommendations and specifications.

**15.3 Efficiency and Cost Effectiveness.**

First Data represents and warrants that it shall use efficiently the resources or services necessary to provide the Services. First Data represents and warrants that it shall perform the Services in a reasonably cost-effective manner consistent with the required level of quality and performance.

**15.4 Technology.**

First Data represents and warrants that it shall provide the Services using, consistent with the Change Control Procedure, proven, current technology that will enable RCSI to take advantage of \*\*\*.

**15.5 Non-Infringement.**

First Data represents and warrants that it shall \*\*\*

**15.6 Ownership and Use of Software and Related Materials.**

First Data represents and warrants that \*\*\*

**15.7 Compliance with Laws and Regulations.**

(a) Compliance and Adverse Impact. First Data is solely responsible for compliance with all laws, regulations, ordinances and codes (including identifying and procuring required permits, certificates, approvals and inspections), and including applicable Association rules and regulations applicable to First Data as a third party provider of processing services. If a charge of non-compliance with any such laws, regulations, ordinances, codes, by-laws, rules, or regulations or other legal requirements which may have an adverse impact on RCSI occurs, First Data promptly shall notify RCSI of such charges in writing. First Data shall maintain the First Data System so that the First Data System (including the Services provided thereunder) contains functionality enabling RCSI to comply with the Legal Requirements \*\*\*, to the extent the Legal Requirements pertain to RCSI and to any RCSI activities for which RCSI uses the Services. \*\*\*

(b) RCSI's Responsibilities. RCSI is responsible for monitoring and interpreting the federal, state and local laws, regulations, ordinances and codes pertaining to usury, equal credit opportunity, truth in lending, fair credit billing, fair credit reporting, fair debt collection practices, general consumer protection, the GLB Act, the Privacy Directive and any legislation enacted by relevant European Union Member States and European Economic Area members to implement the Privacy Directive, and VISA, MasterCard and other Association by-laws, rules and regulations applicable to RCSI in connection with RCSI's use of the Services (collectively, the "Legal Requirements"). RCSI is responsible for selecting the available parameter settings and programming features and options within the First Data System that apply to RCSI's use of the Services in compliance with the Legal Requirements and for determining that such selections are consistent with the Legal Requirements and with the terms and conditions of RCSI's contracts with its Cardholders. In making such determinations, RCSI may rely on the descriptions of such settings, features, and options provided by First Data. First Data shall review with and explain to RCSI such settings, features and

options and shall provide clarification on the operation of such features as requested by RCSI. First Data shall perform the Services in a manner that complies with the directives of RCSI based on RCSI's interpretation of the Legal Requirements and its selection of First Data System parameter settings and programming features and options.

(c) Information and Records. Subject to Article 14, each Party shall cooperate in providing information and/or records to the other Party in connection with the examinations, requests or proceedings of its regulatory agencies.

(d) Compliance Practices. Whenever relevant information is available to First Data, and subject to Article 14, First Data shall share with RCSI information concerning the various compliance practices and interpretive positions taken by its customer base related to or in connection with the use of the Services and any functionality available on the First Data System, as well as the understandings which First Data Personnel may have with respect to such practices and positions.

(e) Agreement Execution. First Data represents and warrants that its execution, delivery, and performance of this Agreement shall not constitute a violation of any judgment, order, or decree; a material default under any material contract by which it or any of its material assets are bound; or an event that would, with notice or lapse of time, or both, constitute such a default.

**15.8 Absence of Litigation.**

First Data represents and warrants that there is no claim, or any litigation, proceeding, arbitration, investigation or material controversy pending to which First Data or any of First Data's Affiliates, agents, or representatives is a party, relating to the provision of the services offered by First Data, including the Services, or which would have a material adverse effect on First Data's ability to enter into this Agreement and perform its obligations thereunder and, to the best of First Data's knowledge, no such claim, litigation, proceeding, arbitration, investigation, or material controversy has been threatened or is contemplated. First Data shall promptly notify RCSI in writing if it receives written notice of any claim, litigation, proceeding, arbitration, investigation or material controversy to which First Data or any of its Affiliates, representatives or agents is a party, that, if adversely determined, would have a material and adverse affect on RCSI or any of its Affiliates, on any of the Services or First Data's ability to perform any of its obligations under this Agreement.

**15.9 Authorization.**

Each Party represents and warrants to the other that:

(a) Entering into the Agreement. It has the requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement; and

(b) Proper Authorization. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by the requisite corporate action on the part of such Party.

**15.10 Inducements.**

First Data represents and warrants to RCSI that it has not knowingly violated any applicable laws or regulations or any RCSI policies of which First Data has been given notice regarding the offering of unlawful inducements in connection with this Agreement. If at any time during the Term, RCSI determines that the foregoing warranty is inaccurate, then, in addition to any other rights RCSI may have at law or in equity, RCSI may terminate this Agreement for cause without affording First Data an opportunity to cure.

**15.11 Viruses.**

First Data represents and warrants that it will ensure that no Viruses are coded or introduced into the First Data System or into the RCSI information environment through the First Data System or the Services. If (a) a Virus which has adversely effected, or could adversely effect, the Services or the RCSI Data in the possession or under the control of First Data, is found to have been introduced into the First Data System or (b) a Virus has been introduced into the RCSI information environment through the First Data System or the Services, First Data promptly will:

(i) notify RCSI of the introduction and the extent of any known damage to the RCSI Data;

(ii) if the Virus is in the First Data System, eradicate the Virus, repair any damage to the RCSI Data and eliminate any adverse effect on the Services resulting from the Virus or the eradication thereof; and

(iii) if the Virus has been introduced into the RCSI information environment through the First Data System or the Services, assist RCSI in eradicating the Virus and reducing the effects of the Virus and, if the Virus causes a loss of operational efficiency or loss of data, assist RCSI to mitigate and restore those losses.

**15.12 Disabling Code.**

First Data represents and warrants that, without the prior written consent of RCSI, First Data shall not knowingly insert into the First Data Software any code which would have the effect of disabling or otherwise shutting down all or any portion of the First Data Software or Services. First Data further represents and warrants that, with respect to any disabling code that may be part of the First Data Software, First Data shall not invoke such disabling code at any time, including upon expiration or termination of this Agreement for any reason, without RCSI's prior written consent.

**15.13 Software Deliverables.**

Unless expressly addressed elsewhere in this Agreement, with respect to each software deliverable from First Data, First Data represents and warrants that for the

entire Term following acceptance of the deliverable by RCSI, the deliverable will conform to its Specifications, will be properly installed, operate properly and be error free. To the extent a deliverable does not comply with the foregoing, First Data will correct such problem(s) at no cost and at no loss of resources to RCSI.

**15.14 First Data Personnel.**

- (a) First Data represents and warrants that:
  - (i) First Data is not a party to a collective bargaining agreement applicable to the First Data employees;
  - (ii) none of the First Data employees are represented by any labor organization;
  - (iii) First Data is not aware of any campaign or effort by any labor organization or any person to organize the First Data Personnel; and
  - (iv) no First Data personnel are employed whose employment is not in full compliance with all applicable immigration laws.

Prior to engaging any subcontractor with respect to the Services, First Data will make reasonable inquiry of such subcontractor with respect to the foregoing topics and, if inquiry responses are affirmative, First Data will notify RCSI.

**15.15 Disclaimer.**

EXCEPT AS PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER EXPRESS WARRANTIES AND THERE ARE NO IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THIS AGREEMENT IS A SERVICE AGREEMENT AND THE PROVISION OF THE UNIFORM COMMERCIAL CODE SHALL NOT APPLY TO IT.

**16. MISCELLANEOUS COVENANTS**

**16.1 Special Terms**

(a) Notwithstanding anything to the contrary in this Agreement, with respect to Accounts identified by RCSI as being covered by this Section 16.1, from among those contributed by Banc One in accordance with the Banc One/RCSI Agreement ("Banc One Accounts"), the following shall apply:

(i) First Data shall provide the Services, including those which are distinguishable services for Designated Accounts, as provided under this Agreement with respect to the Banc One Accounts, and First Data shall provide, and the Services shall be deemed to include, with respect to the Banc One Accounts, at least the features, functions and capabilities that were being provided with respect to the Banc One Accounts under the Banc One Private Label Processing Agreement ("Banc One Private Label Processing Agreement") by and between Bank One N.A. and First Data dated June 30, 1998 (collectively, the "Banc One Account Services"). First Data shall provide such Services with respect to all or any portion of the Banc One

Accounts as of the effective date of the termination of the Banc One Private Label Processing Agreement. The Banc One Account Services shall constitute Services under this Agreement and shall not constitute New Services.

(ii) The Service Levels used to measure First Data's performance of the Banc One Account Services shall be those Service Levels set forth in Schedule B and as set forth in the Banc One Private Label Processing Agreement or as designated by RCSI.

(iii) If RCSI terminates this Agreement as to the Services provided to GECF-A, such Banc One Accounts shall continue to receive the Banc One Account Services.

(b) This Section 16.1 shall not be used to interpret any other provision in this Agreement and the responsibilities of the Parties set forth in this Section 16.1 shall not affect the application or interpretation of any other provisions of this Agreement.

**16.2 Effect of the Modification Agreement.**

The terms and conditions of the Modification Agreement, a copy of which is attached hereto as Attachment 1, are hereby incorporated into and made a part of this Agreement. To the extent that any term or condition of the Modification Agreement conflicts with or is inconsistent with any term or condition of this Agreement, the terms or conditions of this Agreement shall prevail.

**16.3 Services Similar to the Patni Agreement Services**

RCSI shall use Commercially Reasonable Efforts (which shall not require any expense on RCSI's part) to assist First Data to obtain services from Patni Computer Systems, Ltd. ("Patni") that are similar in scope and price as those services available to RCSI through the July 1, 2002 Task Order among GE Capital, Patni, and Data Conversion, Inc. ("DCI") (the "Patni Agreement"), which was entered into pursuant to the Software Services Agreement between DCI and General Electric International, Inc. dated February 26, 2002 (the "Patni Agreement Services"). The inability of First Data to obtain from Patni any services similar in scope and pricing to the Patni Agreement Services will not be a breach of this Agreement by RCSI.

**17. INSURANCE AND RISK OF LOSS**

**17.1 Insurance.**

First Data shall during the Term have and maintain in force the following insurance coverages:

(a) Worker's Compensation Insurance. Worker's Compensation Insurance, including occupational illness or disease coverage, or other similar social insurance in accordance with the laws of the country, state, or territory exercising jurisdiction over the employee and Employer's Liability Insurance with a minimum limit of \$1,000,000 per occurrence.

(b) Comprehensive General Liability Insurance. Comprehensive General Liability Insurance, including Products, Completed Operations Liability and Personal Injury, Contractual Liability and Broad Form Property Damage Liability coverage for damages to any property with a minimum combined single limit of \$5,000,000 per occurrence. This policy shall be endorsed to name RCSI and its Affiliates as additional insureds.

(c) Electronic Data Processing Insurance. Electronic Data Processing All Risk Property Insurance on equipment, data, media and valuable papers, including extra expense coverage, with a minimum limit adequate to cover such risks on a replacement costs basis.

(d) Automotive Liability Insurance. Automotive Liability Insurance covering use of all owned, non-owned, and hired automobiles with a minimum combined single limit of \$5,000,000 per occurrence for bodily injury and property damage liability. This policy shall be endorsed to name RCSI and its Affiliates as additional insureds.

(e) Umbrella Liability Insurance. Umbrella Liability Insurance with a minimum limit of \*\*\* in excess of the insurance under policies indicated in Sections 17.1(a), 17.1(b) and 17.1(d).

(f) Employee Dishonesty and Computer Fraud Insurance. Employee Dishonesty and Computer Fraud coverage for loss arising out of or in connection with any fraudulent or dishonest acts committed by the employees of First Data, acting alone or in collusion with others, including the property and funds of others in their care, custody or control, in a minimum amount of \$10,000,000. This policy shall name RCSI and its Affiliates as loss payees.

(g) Errors and Omissions Liability Insurance. Errors and Omissions Liability Insurance covering the liability for financial loss due to error, omission, negligence of employees and machine malfunction in an amount of at least \$10,000,000.

The foregoing insurance coverages shall be primary and non-contributing with respect to any other insurance or self insurance which may be maintained by RCSI. Upon request by RCSI, First Data shall cause its insurers to issue certificates of insurance evidencing that the coverages and policy endorsements required under this Agreement are maintained in force and that not less than thirty (30) days written notice shall be given to RCSI prior to any modification, cancellation or non-renewal of the policies. The insurers selected by First Data shall have an A.M. Best rating of A- or better or, if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. First Data shall assure that its subcontractors, if any, maintain insurance coverages as specified in this Article 17 or that, to the extent that any a subcontractor does not maintain the coverages, each such subcontractors will be listed as an additional named insured on the related coverage of First Data, as applicable.

**17.2 Risk of Loss.**

Each Party shall be responsible for risk of loss of, and damage to, any equipment, software or other materials in its possession or under its control.

**18. INDEMNITIES**

**18.1 Indemnity by First Data.**

First Data agrees to indemnify, defend and hold harmless RCSI and its Affiliates and their respective officers, directors, employees, agents, successors, and assigns, from any and all Losses and threatened Losses arising from, in connection with, or based on allegations of, any of the following:

(a) First Data's breach of any of its duties or obligations under this Agreement; and

(b) Any claims of infringement of any patent, trade secret, copyright or other proprietary rights, alleged to have occurred because of systems or other resources provided by First Data to RCSI, or based upon performance of the Services by First Data, except to the extent the claim:

(i) is caused by RCSI's use of the First Data System outside the intended scope of Services; or

(ii) directly relates to technical or business specifications and/or designs required by RCSI in connection with RCSI-Initiated Enhancements, RCSI-Initiated New Services, customized Evolve Applications or Evolve statement of work (but excluding the development and/or execution of same by First Data Personnel required by such specifications and/or designs).

**18.2 Indemnity by RCSI.**

RCSI agrees to indemnify, defend and hold harmless First Data and its Affiliates and their respective officers, directors, employees, agents, successors, and assigns, from any and all Losses and threatened Losses arising from, in connection with, or based on allegations of, any of the following:

(a) RCSI's breach of any of its duties or obligations under this Agreement;

(b) Any claims of infringement of any patent, trade secret, copyright or other proprietary rights, alleged to have occurred because of:

(i) RCSI's use of the First Data System in a manner outside the intended scope of Services; or

(ii) technical or business specifications and/or designs provided by RCSI in connection with RCSI-Initiated Enhancements or RCSI-Initiated New Services, Customized ESP Applications or ESP Statement of Work (but excluding the development and/or execution of same by First Data Personnel required by such specifications and/or designs).

(c) Any claims that arise in connection with First Data's use of other RCSI TSA Intellectual Property as authorized in Section 7.1(a) for the benefit of RCSI and its Affiliates; provided, however, that such indemnity obligation will not apply to usage thereof following the date RCSI has instructed First Data to cease all use of the allegedly infringing RCSI TSA Intellectual Property,

except to the extent the claim is caused by First Data's use of the systems, software or other resources, or detailed business and technical specifications in combination with other systems not expressly authorized by RCSI.

**18.3 Additional Indemnities.**

Each Party shall indemnify, defend and hold harmless the other Party, and the other Party's Affiliates, officers, directors, employees, agents, successors, and assigns, from any and all Losses and threatened Losses arising from, in connection with, or based on allegations of, any of the following:

- (a) the death or bodily injury of any agent, employee, customer, business invitee, or business visitor or other person caused by the tortious conduct of the indemnitor;
- (b) the damage, loss or destruction of any real or tangible personal property caused by the tortious conduct of the indemnitor;
- (c) any claim, demand, charge, action, cause of action, or other proceeding asserted against the indemnitee but resulting from an act or omission of the indemnitor in its capacity as an employer of a person;
- (d) any claim by any person arising out of his or her employment with the indemnitor, any application for such employment or the termination thereof; and
- (e) any claim by any person alleging that such person is jointly employed by the indemnitee as a result of performing any services as an employee or independent contractor of the indemnitor.

**18.4 Infringement.**

(a) Each Party shall disclose to the other Party the existence of a written notice received from a third party alleging a claim of infringement or misappropriation regarding (i) in the case of First Data, any item which in First Data's reasonable discretion is materially or substantially related to the Services, and (ii) in the case of RCSI, any item which in RCSI's reasonable discretion is materially or substantially related to the RCSI TSA Intellectual Property. Such written disclosure by either Party shall be made to the other Party within ten (10) business days after a Party's receipt of notice of such claim.

(b) If any item used by First Data to provide the Services becomes, or in First Data's reasonable opinion is likely to become, the subject of an infringement or misappropriation claim or proceeding, or if RCSI's use of such item or any related Service is enjoined, First Data shall, in addition to indemnifying RCSI as provided in this Article 18 and to the other rights RCSI may have under this Agreement, promptly at First Data's expense take the following actions:

- (i) secure the right to continue using the item or replace or modify the item to make it non-infringing, provided that any such replacement or modification will not degrade the performance or quality of the affected component of the Services; or

(ii) if (i) is not available to First Data, remove the item from the Services without diminishing any functionality and equitably adjust First Data's charges to adequately reflect such removal.

**18.5 Indemnification Procedures.**

With respect to third-party claims, the following procedures shall apply:

(a) Notice. Promptly after receipt by any entity entitled to indemnification under Sections 18.1 through 18.3 of notice of the commencement or threatened commencement of any civil, criminal, administrative, or investigative action or proceeding involving a claim in respect of which the indemnitee will seek indemnification pursuant to any such Section, the indemnitee shall notify the indemnitor of such claim in writing. No failure to so notify an indemnitor shall relieve it of its obligations under this Agreement except to the extent that it can demonstrate damages attributable to such failure. Within fifteen (15) days following receipt of written notice from the indemnitee relating to any claim, but no later than ten (10) days before the date on which any response to a complaint or summons is due, the indemnitor shall notify the indemnitee in writing if the indemnitor elects to assume control of the defense and settlement of that claim (a "Notice of Election").

(b) Procedure Following Notice of Election. If the indemnitor delivers a Notice of Election relating to any claim within the required notice period, the indemnitor shall be entitled to have sole control over the defense and settlement of such claim; provided that (i) the indemnitee shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim, and (ii) the indemnitor shall obtain the prior written approval of the indemnitee before entering into any settlement of such claim or ceasing to defend against such claim. After the indemnitor has delivered a Notice of Election relating to any claim in accordance with the preceding paragraph, the indemnitor shall not be liable to the indemnitee for any legal expenses incurred by the indemnitee in connection with the defense of that claim. In addition, the indemnitor shall not be required to indemnify the indemnitee for any amount paid or payable by the indemnitee in the settlement of any claim for which the indemnitor has delivered a timely Notice of Election if such amount was agreed to without the written consent of the indemnitor.

(c) Procedure Where No Notice of Election Is Delivered. If the indemnitor does not deliver a Notice of Election relating to any claim within the required notice period, the indemnitee may defend the claim in such manner as it may deem appropriate, at the cost and expense of the indemnitor. The indemnitor shall promptly reimburse the indemnitee for all such costs and expenses.

**18.6 Subrogation.**

If an indemnitor shall be obligated to indemnify an indemnitee pursuant to Sections 18.1 through 18.3, the indemnitor shall, upon payment of such indemnity in full, be subrogated to all rights of the indemnitee with respect to the claims to which such indemnification relates.

**19. LIABILITY**

**19.1 General Intent.**

Subject to the specific provisions of this Article 19, it is the intent of the Parties that each Party shall be liable to the other Party for any actual damages incurred by the non-breaching Party as a result of the breaching Party's failure to perform its obligations in the manner required by this Agreement.

**19.2 Liability Restrictions.**

(a) Damages Exclusion. IN NO EVENT, WHETHER IN CONTRACT OR IN TORT (INCLUDING BREACH OF WARRANTY, NEGLIGENCE AND STRICT LIABILITY IN TORT), SHALL A PARTY BE LIABLE FOR INDIRECT OR CONSEQUENTIAL, LOST PROFITS, EXEMPLARY, PUNITIVE OR SPECIAL DAMAGES EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES IN ADVANCE; provided, however, subject to limitations set forth in Section 19.2(b), \*\*\*.

(b) Limitation of Liability. Subject to Section 19.2(c), each Party's total liability to the other for events occurring within a calendar year, whether in contract or in tort (including breach of warranty, negligence and strict liability in tort) shall be limited to an amount equal to the greater of (i) the Charges incurred by RCSI (or, GE Capital, as the case may be) under this Agreement during the \*\*\* and (ii) \*\*\*; provided, however, to the extent any such liability results from (a) \*\*\*, or (b) \*\*\*, First Data's total liability under the preceding clause shall be the greater of (x) the processing fees incurred by RCSI (or, GE Capital, as the case may be) under this Agreement during \*\*\* and (y) \*\*\*.

(c) Exceptions to Limitations of Liability. The limitations set forth in Section 19.2(b) shall \*\*\*.

(d) Duty of Mitigation. Each Party shall have a duty to mitigate damages for which the other Party is responsible.

**19.3 Force Majeure.**

(a) Force Majeure Events. No Party shall be liable for any default or delay in the performance of its obligations under this Agreement:

(i) if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God or any other cause beyond the reasonable control of such Party (each such event, a "Force Majeure Event"); and

(ii) provided the non-performing Party is without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means (including with respect to First Data by First Data meeting its obligations for performing disaster recovery services as described in this Agreement).

(b) Excuse from Performance. In such event the non-performing Party shall be excused from further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such Party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay. Any Party so delayed in its performance shall immediately notify the Party to whom performance is due by telephone (to be confirmed in writing within two (2) days of the inception of such delay) and describe at a reasonable level of detail the circumstances causing such delay.

(c) Alternate Sources. If any event under Section 19.3(a) above substantially prevents, hinders, or delays performance of the Services necessary for the performance of RCSI functions reasonably identified by RCSI as critical for more than two (2) consecutive days, then at RCSI's option RCSI may procure such Services from an alternate source, and First Data shall be liable for payment for such Services from the alternate source for so long as the delay in performance shall continue. If any event described in Section 19.3(a) above substantially prevents, hinders, or delays performance of the Services necessary for the performance of RCSI functions reasonably identified by RCSI as critical for more than thirty (30) consecutive days, then at RCSI's option:

(i) RCSI may terminate any portion of this Agreement so affected and the charges payable hereunder shall be equitably adjusted to reflect those terminated Services; or

(ii) RCSI may terminate this Agreement without liability to RCSI or First Data as of a date specified by RCSI in a written notice of termination to First Data.

First Data shall not have the right to any additional payments from RCSI for costs or expenses incurred by First Data as a result of any Force Majeure Event.

## **20. DISPUTE RESOLUTION**

Any dispute between the Parties arising out of or relating to this Agreement, including with respect to the interpretation of any provision of this Agreement and with respect to the performance by First Data or RCSI, shall be resolved as provided in this Article 20.

### **20.1 Informal Dispute Resolution.**

Prior to the initiation of formal dispute resolution procedures, the Parties shall first attempt to resolve their dispute informally, as follows:

(a) Informal Dispute Resolution Proceedings.

(i) Upon the written request of a Party, each Party shall appoint a designated representative who does not devote substantially all of his or her time to performance under this Agreement, whose task it will be to meet for the purpose of endeavoring to resolve such dispute.

(ii) The designated representatives shall meet as often as the Parties reasonably deem necessary in order to gather and furnish to the other all information with respect to the matter in issue which the Parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and attempt to resolve the dispute without the necessity of any formal proceeding.

(iii) During the course of discussion, all reasonable requests made by one Party to another for nonprivileged information, reasonably related to this Agreement, shall be honored in order that each of the Parties may be fully advised of the other's position.

(iv) The specific format for the discussions shall be left to the discretion of the designated representatives.

(b) Formal Dispute Resolution Proceedings. Formal proceedings for the resolution of a dispute may not be commenced until the earlier of:

(i) the designated representatives concluding in good faith that amicable resolution through continued negotiation of the matter does not appear likely; or

(ii) thirty (30) days after the initial written request to appoint a designated representative pursuant to Section 20.1(a) above (this period shall be deemed to run notwithstanding any claim that the process described in this Section 20.1 was not followed or completed).

This Section 20.1 shall not be construed to prevent a Party from instituting, and a Party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, or to preserve a superior position with respect to other creditors, and as provided in Sections 20.3 and 21.8 (Equitable Remedies).

## **20.2 Arbitration.**

If the Parties are unable to resolve any dispute as contemplated by Section 20.1 and if such dispute is not subject to Sections 20.3 or 21.8 (Equitable Remedies), then such dispute shall be submitted to mandatory and binding arbitration at the election of either Party (the "Disputing Party") pursuant to the following conditions:

(a) Selection of Arbitrator. The Disputing Party shall notify the CPR Institute for Dispute Resolution ("CPR") and the other Party in writing describing in reasonable detail the nature of the dispute (the "Dispute Notice"), and shall request that the CPR furnish a list of five (5) possible arbitrators who shall have substantial experience in the areas of information technology, card processing and software development. Each Party shall have fifteen (15) days to reject two (2) of the proposed arbitrators. If only one individual has not been so rejected, he or she shall serve as arbitrator; if two or more individuals have not been so rejected, the CPR shall select the arbitrator from those individuals.

(b) Conduct of Arbitration. The arbitrator shall allow reasonable discovery to the extent consistent with the purpose of the arbitration. The arbitrator shall have no power or authority to amend or disregard any provision of this Section 20.2 or any other provision of this Agreement (in particular, the arbitrator shall not have the authority to exclude the right of a Party to terminate this Agreement when a Party would otherwise have such right). The arbitration hearing shall be commenced promptly and conducted expeditiously, with each of RCSI and First Data being allocated one-half of the time for the presentation of its case. Unless otherwise agreed by the Parties, an arbitration hearing shall be conducted on consecutive days.

(c) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings as called for by this Section 20.2, such arbitrator shall be replaced by an arbitrator selected from the other four (4) arbitrators originally proposed by the CPR and not rejected by the Parties, if any, or if there are no remaining proposed arbitrators who have not been rejected, by repeating the process of selection described in Section 20.2(a) above. If an arbitrator is replaced pursuant to this Section 20.2(c), then a rehearing shall take place in accordance with the provisions of this Section 20.2.

(d) Findings and Conclusions. The arbitrator rendering judgment upon disputes between Parties as provided in this Section 20.2 shall, after reaching judgment and award, prepare and distribute to the Parties a writing describing the findings of fact and conclusions of law relevant to such judgment and award and containing an opinion setting forth the reasons for the giving or denial of any award. The award of the arbitrator shall be final and binding on the Parties, and judgment thereon may be entered in a court of competent jurisdiction.

(e) Place of Arbitration Hearings. Arbitration hearings hereunder shall be held in Stamford, Connecticut or such other locations to which the Parties agree.

(f) Time of the Essence. The arbitrator is instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against either of the Parties if, upon a showing of good cause, that Party is unreasonably delaying the proceeding. The arbitrator shall render his or her judgment or award within fifteen (15) days following the conclusion of the hearing. Recognizing the express desire of the Parties for an expeditious means of dispute resolution, the arbitrator shall limit or allow the Parties to expand the scope of discovery as may be reasonable under the circumstances.

### **20.3 Litigation**

(a) Immediate Injunctive Relief. The Parties agree that the only circumstance in which disputes between them shall not be subject to the provisions of Sections 20.1 and 20.2 is as provided in Section 20.1 and where a Party makes a good faith determination that a breach of the terms of this Agreement by the other Party is such that a temporary restraining order or other injunctive relief is the only adequate

remedy. If a Party files a pleading with a court seeking immediate injunctive relief and this pleading is challenged by the other Party and the injunctive relief sought is not awarded in substantial part, the Party filing the pleading seeking immediate injunctive relief shall pay all of the costs and attorneys' fees of the Party successfully challenging the pleading.

(b) Jurisdiction. The Parties consent to venue in the State of New York and to the non-exclusive jurisdiction of competent State of New York court or the federal courts in the Southern District of New York for all litigation which may be brought, subject to the requirement for arbitration hereunder, with respect to the terms of, and the transactions and relationships contemplated by, this Agreement. The Parties further consent to the jurisdiction of any state court located within a district which encompasses assets of a Party against which a judgment has been rendered, either through arbitration or through litigation, for the enforcement of such judgment or award against the assets of such Party.

**20.4 Continued Performance.**

Each Party agrees to continue performing its obligations under this Agreement while any dispute is being resolved except to the extent the issue in dispute precludes performance; provided that a dispute over payment shall not be deemed to preclude performance.

**20.5 Governing Law.**

This Agreement and performance under it shall be governed by and construed in accordance with the laws of State of New York without regard any provisions of to its choice of law principles which would apply different law (the parties expressly intend to avail themselves of the benefits of Section 5-1401 of the New York General Obligations Law).

**21. TERMINATION**

**21.1 Termination for Cause.**

(a) Breach. If First Data:

(i) commits a material breach of this Agreement, which breach is not cured within thirty (30) days after notice of breach from RCSI to First Data; provided, however, that, unless (A) a different period of time to cure is specified in this Agreement or (B) an extension of time to cure which is contingent upon the exercise by First Data of diligent efforts to cure is not specifically provided, if First Data is making diligent efforts to cure any such breach from the start of the thirty-day (30) cure period, then such cure period shall be extended for an additional period (not to exceed thirty (30) days) of time necessary to effectuate such cure);

(ii) commits a material breach of this Agreement which is not capable of being cured within thirty (30) days; or

(iii) commits numerous breaches of its duties or obligations which collectively constitute a material breach of this Agreement and are not cured within a sixty (60) day period after notice of breach from RCSI to First Data,

then RCSI may, by giving written notice to First Data, terminate this Agreement, in whole or in part, as of a date specified in the notice of termination. If RCSI chooses to terminate this Agreement in part, the charges payable under this Agreement will be equitably adjusted to reflect those services that are terminated.

(b) Specific Material Breaches. Breaches which individually are material breaches under Section 21.1(a)(i) include the following:

(i) First Data otherwise fails to meet a Key Milestone due to causal factors not attributable to RCSI (or its third party providers);

(ii) If First Data fails to complete the Conversion of the Conversion Portfolios by the Final Conversion Date (as it may be extended from time to time) due to causal factors not attributable to RCSI (or its third party providers); and

(iii) Any breach of Article 7 of Exhibit A-7 (Disaster Recovery and Business Continuation Plans).

**21.2 Termination by First Data for Cause.**

If, and only if:

(a) RCSI fails to pay First Data when due undisputed charges under this Agreement totaling at least \*\*\* under this Agreement within sixty (60) days of the time specified for such payment and such default remains uncured thirty (30) days after written notice from First Data specifying the nature and extent of such default, First Data may by giving written notice to RCSI terminate this Agreement as of a date specified in the notice of termination not less than twelve (12) months following the date of such notice;

(b) RCSI materially breaches its obligations under \*\*\* and does not either (A) cure such breach promptly upon notice or (B) if such breach is not curable with commercially reasonable efforts, provide adequate assurances to First Data that RCSI has taken diligent steps to remedy the circumstances that led to such breach, First Data may by giving written notice to RCSI terminate this Agreement as of a date specified in the notice of termination not less than twelve (12) months following the date of such notice; or

(c) RCSI fails to pay any Daily Amount as provided in Schedule A to this Agreement and such failure is not cured within thirty (30) calendar days from notice, RCSI will be responsible for interest charges after five (5) days after RCSI receives written notice from First Data of such failure.

**21.3 Termination for Convenience.**

(a) RCSI may terminate this Agreement for convenience and without cause effective after June 30, 2011 by giving First Data at least six (6) months prior notice designating the termination date. In such event RCSI shall be liable to pay to First Data on the effective date of such termination any undisputed amount provided as the Termination for Convenience Fee in Section 18.1 of Schedule C (Termination for Convenience Fees). Such payment shall not be a condition to the effectiveness of RCSI's termination pursuant to this Section 21.3.

(b) If a purported termination for cause by RCSI under Section 21.1 having an effective date after June 30, 2011 is determined by a competent authority not to be properly a termination for cause, then such termination by RCSI shall be deemed to be a termination for convenience under Section 21.3(a).

**21.4 Termination for Failure to \*\*\*.**

RCSI may terminate this Agreement for failure to \*\*\* by giving First Data at least six (6) months prior written notice designating the termination date. In such event RCSI shall be liable to pay to First Data on the effective date of such termination any undisputed amount as provided in Section 18.2 of Schedule C (Termination Fees Under Section 21.4 of the Main Body of the Agreement). Such payment shall not be a condition to the effectiveness of RCSI's termination pursuant to this Section 21.4.

**21.5 Termination Upon Change of Control.**

If a change in Control of First Data occurs where such Control is acquired, directly or indirectly, in a single transaction or series of related transactions, or all or substantially all of the assets of First Data are acquired, by an entity which is a "major competitor" of RCSI, or First Data is merged with or into another entity to form a new entity, then RCSI may, in its sole discretion, terminate this Agreement by giving First Data at least ninety (90) days prior written notice and designating a date upon which such termination shall be effective. For the purposes of this Section 21.5, a RCSI "major competitor" shall mean one or more of the following entities or successors thereof or their Affiliates: \*\*\*.

**21.6 Extension of Termination Effective Date.**

RCSI may extend the effective date of termination one or more times as it elects, at its sole discretion, provided that the total of all such extensions shall not exceed one hundred eighty (180) days following the original effective date of termination. For any notice or notices of such extensions provided to First Data within thirty (30) days of the actual date of termination, RCSI shall reimburse First Data for additional out-of-pocket expenses caused by such notices.

**21.7 Termination/Expiration Assistance.**

Commencing twelve (12) months prior to expiration of this Agreement or on such earlier date as RCSI may request, or commencing upon any notice of termination or of non-renewal of this Agreement (including notice based upon default by RCSI), First Data shall provide the assistance that RCSI requests, either on its own behalf or on the behalf of any successor provider of services (collectively, "Successor") which may reasonably be required in connection with the transition of the Services and related Conversions ("Termination/Expiration Assistance"). If the Successor is an entity other than RCSI, RCSI shall obtain from the Successor written assurance that the Successor will maintain the confidentiality of First Data's Confidential Information disclosed or provided to the Successor in the course of receiving such Termination/Expiration Assistance. RCSI shall return all First Data Confidential Information provided to RCSI under this Section 21.7 within thirty (30) days after the transition of Services is completed. First Data's Termination/Expiration Assistance shall include and be governed by the following:

(a) General. First Data shall:

(i) Provide a plan for the transition of requested operations from First Data which plan is subject to approval by RCSI.

(ii) Provide RCSI access to and use of the information and of the personnel, third parties and other resources then being used by First Data to provide the Services to RCSI. First Data shall, upon request by RCSI, provide to the Successor master file and field descriptions and record layouts and other similar information necessary for RCSI to deconvert from the First Data System and convert to another platform, the Transferred Accounts without disruption to RCSI's operations.

(iii) First Data shall provide RCSI all required deconversion files within two weeks of request. Multiple requests may be required.

(iv) Provide RCSI with such information regarding the Services as is reasonably prudent or necessary in order for the Successor to assume responsibility for, and continue the performance of, the Services as to the Transferred Accounts in an orderly manner, so as to minimize, as much as possible, disruption in the operations of RCSI.

(b) Pre-Migration Services. First Data shall:

(i) Provide to RCSI copies of copy books used by First Data in performing the Services.

(ii) Provide to RCSI copies of other information regarding the Services that are required to implement the transition plan, including the following:

(A) copies of the security tables, if any, utilized in the provision of Services to RCSI which are necessary to effect the necessary conversion;

(B) documentation describing the functionality of customized system modifications created on behalf of RCSI, including documentation relating to or affecting the Transferred Accounts; and

(C) copies of the manuals required to enable the RCSI to support the environment relating to the Transferred Accounts.

(iii) Provide to RCSI (and, at RCSI's election, to the Successor) both the then-current and new versions of any First Data System documentation related to any RCSI initiated software changes implemented by First Data to the First Data System during such period in order to allow RCSI to review those changes.

(iv) Provide assistance to RCSI in notifying third party vendors of the procedures to be followed during the turnover phase.

(v) Assist RCSI in understanding naming conventions.

(vi) Provide test tapes to assist RCSI in its analysis of the space required for data.

(vii) Provide to RCSI access to First Data Personnel who were performing the Services in order that such personnel may answer the Successor's questions.

(viii) Provide to RCSI interim tapes of RCSI's data relating to or affecting the Transferred Accounts.

(ix) Provide to RCSI multiple tape copies of RCSI's data relating to the Transferred Accounts in First Data's possession.

(x) Cooperate with RCSI in the preparation for and conduct of migration testing to ensure the orderly transfer of Services.

(xi) Provide to RCSI current and pending project plans and status to enable RCSI to perform enhancement services with minimum disruption to RCSI's operation.

(c) Migration Services. First Data shall:

(i) Unload all requested data files and other RCSI Information subject to a release from RCSI at the Development Hour rate set forth in Schedule C.

(ii) Deliver to the Successor as requested by RCSI tapes of the requested data files (without content listing) and printouts of control file information relating to or affecting the Transferred Accounts.

(iii) Provide reasonable assistance to the Successor in loading the data files.

(d) Post Migration Services. First Data shall:

(i) Provide additional assistance at RCSI's request to assure continuity of operations relating to or affecting the Transferred Accounts. Upon request by RCSI, First Data shall maintain account information on-line for a period of time to be specified by RCSI.

(ii) As requested by RCSI, return to RCSI at RCSI's request, any remaining property of RCSI in First Data's possession, including any remaining reports, data, and other RCSI Information with respect to the Transferred Accounts. Alternatively, as required by RCSI, First Data shall destroy such property.

(iii) As requested by RCSI, certify to RCSI in writing that all of RCSI's data and files and all other RCSI Information with respect to the Transferred Accounts have been removed from the First Data System, premises and control and returned or destroyed; provided, however, RCSI specific coding in subroutines which only would be activated upon First Data's processing of the Transferred Accounts need not be either removed or destroyed.

(e) Third Party Services. To the extent necessary to complete the transition and to the extent permitted by First Data's contract with the third party, First Data shall make available or use its best efforts to make available to the extent not permitted by First Data's contract with the third party to Successor or its designee, pursuant to reasonable terms and conditions, any third party services then being utilized by First Data in the performance of the Services including services being provided through third party service or maintenance contracts on software. First Data will be entitled to retain the right to utilize any such third party services in connection with the performance of services for any other First Data customer. First Data will, upon request, deliver to RCSI the RCSI New Materials and any RCSI New Materials work in progress in First Data's possession or under First Data's control. Additionally, to the extent not included in the items to be delivered in connection with the foregoing sentence, First Data shall deliver, upon request, to RCSI the Conversion mapping specifications, the documentation relating to the Known Software Conversion Modifications including design functionals documenting technically the changes made or to be made in connection with the Known Software Conversion Modifications and Evolve/\*\* functional designs for any work completed in connection with the customized Evolve Application.

(f) Survival; Continuity of Services. This Section 21.7 shall survive termination/expiration of this Agreement. For eighteen (18) months following the

effective date of termination/expiration under other provisions of this Agreement, First Data shall provide, at RCSI's request, any or all of the Services being performed by First Data prior to such effective date, including any of the Services under this Section 21.7. To the extent First Data is to perform Services under this Section 21.7(f), the provisions of this Agreement shall be applicable as such provisions would have been applicable to such Services prior to such effective date, at the rates set forth in Schedule C except for Sections 3.2, 3.3 and 3.4 of the Main Body of the Agreement and Section 16 of Schedule C.

**21.8 Equitable Remedies.**

First Data acknowledges that, in the event it breaches (or attempts or threatens to breach) its obligation to provide Termination/Expiration Assistance as provided in Section 21.7 or breaches its obligation of confidentiality pursuant to Article 14, RCSI will be irreparably harmed. In such a circumstance, RCSI may proceed directly to court. If a court of competent jurisdiction should find that First Data has breached (or attempted or threatened to breach) its obligation to provide Termination/Expiration Assistance or its obligation of confidentiality, First Data waives its right to request or obtain any additional findings of irreparable injury or other conditions to injunctive relief, and First Data agrees that it shall not oppose the entry of an appropriate order compelling performance by First Data and restraining it from any further breaches (or attempted or threatened breaches). This Section 21.8 does not limit the rights of the Parties under Section 20.3(a).

**22. WAIVER OF CLAIMS; PAYMENTS TO RCSI BY FIRST DATA**

**22.1 Waiver.**

(a) Each Party on its own behalf (and, in the case of RCSI, its assignor) releases, discharges, and acquits the other Party and its Affiliates from any and all breaches, causes of action and claims, including damages and costs related thereto (whether known or unknown, matured or unmatured, asserted or unasserted) arising out of the Agreement prior to the FAAR Effective Date, other than:

- (i) liabilities for taxes;
- (ii) RCSI's obligation to pay invoices for Services rendered in the prior ninety (90) days;
- (iii) breaches of obligations of confidentiality not actually known to the injured Party's senior officers responsible for dealing with the other Party;
- (iv) breaches of obligations which give rise to third party liability, whether known or unknown, and which are subject to the indemnity under Section 18.1(a), Section 18.2(a) (and the similar clauses in the Agreement prior to this First Amended and Restated Technology Sourcing Agreement applicable to the Parties or their predecessor entities, including Sections 17.1(a) and 17.2(a)), Section 18.3(c), Section 18.3(d) or 18.3(e);

(v) infringement of a Party's rights in Intellectual Property and which are subject to the indemnify under Section 18.1(b) and 18.2(b) (and the similar clauses in the Agreement prior to this First Amended and Restated Technology Sourcing Agreement applicable to the Parties' predecessor entities, including Sections 17.1(b) and 17.2(b)), for which First Data has an obligation of indemnification to RCSI hereunder; and

(vi) claims for personal injury or property damage which are the subject of insurance coverage.

(b) The exclusive remedy for any breach, cause of action or claim related to any of the foregoing exceptions shall be monetary damages only and no such breaches, causes of action or claims shall serve as the basis for termination of this Agreement, except for breaches of confidentiality which were significant in scope and which are subject to Section 22.1(a)(iii).

**22.2 Payments to RCSI.**

Within sixty (60) days after the FAAR Effective Date, in consideration of resolution of known disputed items between the Parties, First Data agrees to pay RCSI the sum of \*\*\* by wire transfer of immediately available federal funds to such bank account as RCSI may direct.

**23. GENERAL**

**23.1 Binding Nature and Assignment.**

This Agreement shall be binding on the Parties hereto and their respective successors and assigns. Neither Party may, or shall have the power to, assign this Agreement without the prior written consent of the other, except that RCSI may assign its rights and obligations under this Agreement without the approval of First Data to:

- (a) any entity which acquires (i) all or substantially all of the assets of RCSI, or (ii) all or substantially all of the assets of one or more of the business units of GECF-A;
- (b) any RCSI Affiliate; or
- (c) any successor entity in a merger or acquisition of RCSI,

provided, however, that in all such circumstances any permitted successor or assign shall agree in writing to be bound by and assume all of RCSI's rights and obligations hereunder.

**23.2 Entire Agreement; Amendment.**

This Agreement, including any exhibits, schedules and addenda referred to herein and attached hereto, each of which is incorporated herein for all purposes, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements (including the First Amendment), whether written or oral, with respect to the subject matter contained in this

Agreement, other than the PSA. No change, waiver, or discharge hereof shall be valid unless in writing and signed by an authorized representative of the Party against which such change, waiver, or discharge is sought to be enforced.

**23.3 Notices.**

All notices, requests, demands, and determinations under this Agreement (other than routine operational communications), shall be in writing and shall be deemed duly given:

- (a) when delivered by hand (against a signed receipt);
- (b) one (1) business day after being given to an express courier with a reliable system for tracking delivery;
- (c) when sent by confirmed facsimile with a copy sent by another means specified in this Section 23.3; or
- (d) six (6) days after the day of mailing, when mailed by United States mail, registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to RCSI to:

Retailer Credit Services, Inc.  
c/o President  
GE Consumer Finance- Americas  
1600 Summer Street  
Stamford, Connecticut 06907

If to First Data to:

President  
First Data Resources Inc.  
10825 Farnam Drive  
Omaha, Nebraska 68154

With a copy to:

Kevin Leitão, Esq.  
Vice President & Counsel  
GE Consumer Finance- Americas  
1600 Summer Street  
Stamford, Connecticut 06907

With a copy to:

General Counsel  
First Data Resources Inc.  
10825 Farnam Drive  
Omaha, Nebraska 68154

and (for notices of default or termination)

ShawPittman LLP  
2300 N St., NW  
Washington, DC 20037

Attn: James L. Alberg, Esq.

Either Party may from time to time change its address or designee for notification purposes by giving the other prior written notice of the new address or designee and the date upon which it will become effective.

**23.4 Counterparts.**

This Agreement may be executed in several counterparts, all of which taken together shall constitute one single agreement between the Parties.

**23.5 Headings.**

The article and section headings and the table of contents used herein are for reference and convenience only and shall not enter into the interpretation hereof.

**23.6 Relationship of the Parties.**

(a) Independent Contractor. First Data is, and shall at all times be, an independent contractor under this Agreement and not an agent of RCSI. Nothing in this Agreement nor any actions taken by or arrangements entered into between the Parties in accordance with the provisions of this Agreement shall be construed as or deemed to create as to the Parties any partnership or joint venture. First Data shall not have any authority to bind or commit RCSI contractually or otherwise to any obligations whatsoever to third parties.

(b) First Data Human Resource Functions. First Data shall be solely responsible for performing all obligations in connection with the labor and employment relations with First Data employees. First Data shall assign its own human resources staff to perform functions including new hire processing and orientation, employee relations (conflict resolution), compensation (increases and reviews), records administration and reporting.

(c) Taxes; Employee Benefits. First Data shall be solely responsible for the payment of any and all employment taxes and/or assessments imposed on the account of the payment for the services of First Data employees, including any unemployment insurance tax, federal, state, local and foreign income taxes, federal social security payments (FICA) and disability insurance taxes, as well as any and all contributions or payments required pursuant to any employee pension, welfare, bonus or other benefit plan, however defined or described, applicable to any of the First Data employees. First Data shall bear sole responsibility for maintaining and administering workers' compensation, unemployment and any other insurance required for the First Data employees under law or any plan, as well as for compliance of all statutes and regulations applicable to the employer of the First Data employees. The Parties recognize and agree that the First Data employees providing the Services shall not be entitled to any benefits established and maintained by RCSI or the RCSI Affiliates for their employees, and First Data shall so advise the First Data employees. Any severance payments payable to First Data employees upon termination of their employment with First Data shall be the sole responsibility of First Data. First Data will make appropriate reporting of compensation paid to First Data employees as required by the Internal Revenue Service ("IRS") including filing of Forms 1099 with the IRS, if applicable.

(d) First Data Subcontractors. To the extent the First Data Personnel include employees of First Data subcontractors or individuals acting as subcontractors to First Data, First Data shall cause each such subcontractor to comply with Sections 23.6(a), 23.6(b), and 23.6(c) as though all references to “First Data” or “First Data Affiliates” were references to such subcontractor or such subcontractor’s Affiliates.

(e) Proof of Compliance. Upon RCSI’s request, First data shall provide written proof that First Data has complied with its obligations under this Section 23.6.

**23.7 Solicitation of Employment**

During the Term and for a period of twelve (12) months following termination of this Agreement, neither Party will solicit for employment any employee of the other Party who had or has any direct participation in the negotiation of this Agreement or the provision of Services hereunder.

**23.8 Severability**

If any provision of this Agreement conflicts with the law under which this Agreement is to be construed or if any such provision is held invalid by an arbitrator or a court with jurisdiction over the Parties, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law. The remainder of this Agreement shall remain in full force and effect.

**23.9 Consents and Approval**

Except where expressly provided as being in the discretion of a Party, where agreement, approval, acceptance, consent, or similar action by either Party is required under this Agreement, such action shall not be unreasonably delayed or withheld. An approval or consent given by a Party under this Agreement shall not relieve the other Party from responsibility for complying with the requirements of this Agreement, nor shall it be construed as a waiver of any rights under this Agreement, except as and to the extent otherwise expressly provided in such approval or consent.

**23.10 Waiver of Default; Cumulative Remedies**

(a) Waiver. A delay or omission by either Party to exercise any right or power under this Agreement shall not be construed to be a waiver thereof. A waiver by either of the Parties of any of the covenants to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant in this Agreement.

(b) Cumulative Remedies. Except as otherwise expressly provided in this Agreement, all remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to either Party at law, in equity or otherwise.



**SCHEDULE A – SERVICES  
TO THE  
FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

**between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES INC.**

**Dated**

**December 10, 1998**

**First Amended and Restated as of April 1, 2003**

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**Schedule A**

**SERVICES**

**1. INTRODUCTION.**

**1.1 General.**

(a) First Data shall provide the services, functions and responsibilities described in this Schedule A. RCSI operates in a business environment characterized by constant change that directly affects the delivery of information technology services. First Data shall provide the Services as they may evolve, change, be updated and enhanced during the Term due to changes in technology and in RCSI's business needs.

(b) The Services relating to CommercialLine will only include those Services involving the subjects and activities listed below:

- (i) settlement/funding;
- (ii) correspondence/letters;
- (iii) recovery/agency tracking;
- (iv) statement file creation; and
- (v) embossing file creation.

**1.2 Definitions.**

Certain terms used in this Schedule A are defined in Schedule E (Glossary) to the Agreement. Other capitalized terms used in this Schedule A are defined in the context in which they are used and shall have the meaning there indicated. References to the Agreement shall mean the text of the Main Body of the Agreement and any and all Exhibits, Schedules, Attachments or Addenda thereto, as it may be amended from time to time. Unless otherwise provided to the contrary, any reference herein to a "Section," "Article," or "Exhibit" shall be deemed to refer to a Section or Article of, or Exhibit to, this Schedule A.

**2. PERFORMANCE OF THE INITIAL CONVERSIONS AND THE KNOWN SOFTWARE CONVERSION MODIFICATIONS**

**2.1 Initial Conversions.**

(a) As of the FAAR Effective Date, the Parties have not identified or finalized all of the Known Software Conversion Modifications. Within sixty (60) days after the FAAR Effective Date, First Data shall update and send to RCSI for review and approval the latest agreed-upon version of the Discovery plan for RFS (the "RFS Discovery Plan") (such updated RFS Discovery Plan, the "GECF-A Discovery Plan"). The version of the GECF-A Discovery Plan provided by First Data to RCSI shall be sufficient to

enable First Data to complete the detailed and comprehensive review and analysis by First Data of the features, functions and capabilities of the systems on which the Conversion Portfolios are, as of the date of such review and analysis, being processed. The review and analysis required under this Section 2.1(a) shall incorporate, update, and build on the results of the Discovery process for RFS (“RFS Discovery”) and shall be referred to herein as the “GECF-A Discovery”. The GECF-A Discovery Plan shall include the schedule for undertaking and completing the GECF-A Discovery. First Data shall incorporate into the GECF-A Discovery Plan the changes and additions requested by GECF-A and shall provide an updated draft incorporating such changes and additions within thirty (30) days following its receipt of such changes and additions. Upon final approval of the GECF-A Discovery Plan by GECF-A, First Data shall resume and complete the GECF-A Discovery in accordance with the schedule set forth in the approved GECF-A Discovery Plan, which will require completion of GECF-A Discovery within a period of sixty (60) days following GECF-A’s final approval.

(b) The GECF-A Discovery will be conducted in accordance with the GECF-A Discovery Plan and the “Discovery Guidelines” attached as Exhibit A-1. RCSI can request changes to the GECF-A Discovery Plan. In response to any such request, First Data shall identify the schedule impacts of the requested change. First Data shall proceed with the change, or not proceed, as so directed by RCSI. Changes to the GECF-A Discovery Plan desired by First Data will be subject to the approval of RCSI.

(c) As part of the GECF-A Discovery, First Data shall determine and identify to RCSI the Gaps between the GECF-A systems (as such systems may be modified, or identified as requiring modification, in connection with GECF-A and other initiatives, the specifics of which modifications shall be determined and described to First Data by RCSI) and the First Data System, propose Resolution Agreements and identify the KSCMs, all as further described below.

## **2.2 Resolution Agreements.**

(a) First Data shall prepare for each Gap a resolution agreement (each a “Resolution Agreement”), which it shall present to GECF-A for consideration and approval. For any existing Resolution Agreement created under the Agreement prior to the FAAR Effective Date, the Parties shall review and validate the content of such Resolution Agreement, and any impact identified in such Resolution Agreement as to a billing element included in Exhibit C-1 of Schedule C shall not be applicable. Each Resolution Agreement shall:

- (i) identify a single Gap;
- (ii) propose alternate solutions for providing to GECF-A the missing functionality;
- (iii) provide the work effort for development and other work necessary to implement each proposed solution; and

(iv) identify the impact to the billing elements for each proposed solution, if any, under Schedule C.

First Data and RCSI will discuss the comprehensive testing requirements for each Resolution Agreement. First Data agrees that the proposed hours for each Resolution Agreement solution is inclusive of all activities required to support testing at the level requested by RCSI. If one of the proposed solutions is not a change to the First Data System, First Data shall explain why and its justifications for such omission; provided, however that if (A) RCSI is requesting a change in process and/or Services relating to a Designated Account, and (B) if RCSI explicitly requests, then one of the solutions proposed by First Data must include an integrated change in the First Data System.

(b) Following receipt of a Resolution Agreement, RCSI shall:

(i) identify and communicate to First Data which solution it wants First Data to implement;

(ii) propose modifications to one or more of the alternate solutions; or

(iii) propose one or more different alternate solutions. If RCSI chooses to propose one or more different alternate solutions, First Data shall have the option to explain any objections it may have to such solution(s). RCSI shall then designate the solution First Data is to adopt. RCSI shall also prioritize the performance of the Resolution Agreement according to RCSI's desire to implement such Resolution Agreement before or after the relevant Initial Conversion.

(c) As part of the GECF-A Discovery and the GECF-A Discovery Plan, the Parties will cooperate in good faith and re-examine the scope and timing of all of the solutions selected in the Resolution Agreements addressing the Gaps with the mutual goal of consolidating such Resolution Agreements and solutions to those that are "business critical" (i.e., those solutions pertaining to client-specific requirements or compliance issues or potentially having a non-trivial financial or operational impact) as designated by RCSI. Consistent with this objective, the Parties agree that:

(i) in cases where existing First Data functionality or processes are substantially equivalent to functionality or processes proposed by RCSI, First Data may request that RCSI defer to the First Data approach in the interests of minimizing development and completing the Conversions in a timely manner; and

(ii) if RCSI, after due consideration and discussion with First Data, disagrees with such First Data request, the Parties will escalate their disagreement to the Chief Information Officer of GECF-A (or his or her designee) and the Chairman of FDC (or his or her designee) for attempted resolution.

If an issue is escalated pursuant to this Section 2.2(c) and not resolved, then the approach originally requested by RCSI shall prevail.

(d) Once RCSI has identified the solution to be adopted, First Data shall revise the Resolution Agreement to reflect:

- (i) the chosen solution; and
- (ii) its schedule for development and work necessary to implement the chosen solution; and
- (iii) identify the impact to the billing elements, if any, under Schedule C.

**2.3 Known Software Conversion Modifications.**

(a) In accordance with the applicable Resolution Agreements, First Data shall undertake and complete the Known Software Conversion Modifications pursuant to the AD processes set forth in Section 15.2(a), Sections 15.2(b)(iv) through 15.2(b)(xi) and Section 15.2(c). The obligations set forth in those Resolution Agreements which are approved by RCSI are binding. The completion date set forth in the Initial Conversions/KSCM Plan for each Resolution Agreement (as set forth below in Section 2.4) shall also be binding on First Data. Nothing in this Section 2.2 shall be construed to relieve First Data of its obligation to complete the work noted in a Resolution Agreement, and First Data shall remain obligated to perform the work required, even if such performance causes, or has caused, First Data to expend a number of hours in excess of any estimated amount set out in any Resolution Agreement.

(b) Each KSCM shall be completed by the date specified in the Initial Conversions/KSCM Plan (as described below in Section 2.4). Upon RCSI's approval of the contents of the Resolution Agreement, RCSI will approve the Resolution Agreement and use its best efforts to return the Resolution Agreement to First Data within ten (10) business days after RCSI's receipt of such Resolution Agreement.

(c) As provided in Article 5 of Schedule C, there shall be no charge to RCSI under the Agreement for, or in connection with, performance of the Known Software Conversion Modifications, including preparation, maintenance and updating of the GECF-A Discovery Plan, the Initial Conversion/KSCM Plan (as defined below in Section 2.4), performance of the GECF-A Discovery, and preparation, finalization and implementation of the Resolution Agreements and the work authorized thereby.

**2.4 Initial Conversions/KSCM Plan.**

(a) First Data shall undertake and complete the Conversion of the Conversion Portfolios (each such Conversion, an "Initial Conversion" and all such Conversions, collectively, the "Initial Conversions") in accordance with the Initial Conversions/KSCM Plan.

(b) First Data shall complete the Initial Conversions by the Final Conversion Date. Except as otherwise agreed by the Parties, First Data shall perform the KSCMs:

(i) upon completion of the GECF-A Discovery and throughout the period of time from the FAAR Effective Date until and including the Final Conversion Date (such period, the “Initial Conversion Period”); and

(ii) in accordance with the Initial Conversions/KSCM Plan.

(c) Within forty-five (45) days after completion of the GECF-A Discovery, First Data shall, subject to review and approval by GECF-A, produce a plan for the Initial Conversions and performance of the KSCMs (the “Initial Conversions/KSCM Plan”). The Initial Conversions/KSCM Plan, which shall be part of the Agreement, shall include Key Milestones and the dates by which those Key Milestones must be achieved for the Initial Conversions and the performance of the KSCMs and shall specify the procedure by which the Parties will determine when each Initial Conversion is complete. The Initial Conversions/KSCM Plan shall include a schedule for completion of each Initial Conversion and KSCM proposed by First Data and approved by GECF-A. KSCMs required in connection with an Initial Conversion may be performed on a schedule consistent with the agreed performance of such Initial Conversion.

(d) In response to any request from GECF-A for changes to existing Resolution Agreements already agreed upon by GECF-A, additional enhancements or Software Conversion Modifications beyond the Known Software Conversion Modifications following approval of the Initial Conversions/KSCM Plan, First Data shall identify:

(i) the potential alternative approaches to effect the change; and

(ii) the incremental (or decremental) cost and schedule impacts of each of the alternative approaches.

First Data will proceed with the alternative chosen by RCSI, or not proceed if so determined by RCSI. Changes desired by First Data will be subject to the approval of RCSI and shall not increase any charges, fees or expenses to RCSI under the Agreement. To the extent a change directed by RCSI causes a delay, identified by First Data, in the implementation or performance of a Resolution Agreement, the schedule shall be adjusted to reflect such delay. First Data shall use its best efforts to ensure that any change has minimal adverse impact to the schedule.

(e) First Data shall include in each Monthly Performance Report a description of the status of the implementation of each Initial Conversion, and the performance of the KSCMs as against the Initial Conversions/KSCM Plan. First Data shall also include in each Monthly Performance Report notification to RCSI of any delays or potential delays in the implementation of each Initial Conversion and the performance of the KSCMs. If either Party becomes aware of an event which has delayed, or will likely cause a delay in, the performance of the Initial Conversions/KSCM Plan, such Party will notify the other Party. If RCSI approves of an amendment which causes a delay in the initial or ongoing implementation of the Initial Conversions/KSCM Plan, each of First Data and RCSI shall use its best efforts to recover the schedule set forth in the Initial Conversions/KSCM Plan without having to assume or carry out the responsibilities of the other Party.

**3. FUTURE FIRST DATA SYSTEM ARCHITECTURE PLAN**

**3.1 Operational and Financial Responsibility.**

First Data shall have the sole operational and financial responsibility for successful implementation of the Future First Data System Architecture in accordance with the Future First Data System Architecture Plan.

**3.2 Contents of the Future First Data System Architecture Plan.**

Subject to any changes required or approved by GECF-A under Section 3.3 of the Main Body of the Agreement, the Future First Data System Architecture Plan shall include:

- (a) a Six Sigma plan for undertaking and performing each of the individual projects and initiatives required in order to implement the Future First Data System Architecture;
- (b) a schedule for the development, testing, and implementation of the subprojects of the Future First Data System Architecture Plan; and
- (c) identification of progress measurements and Key Milestones for the implementation of the Future First Data System Architecture.

**3.3 Updates to the Future First Data System Architecture Plan.**

First Data shall provide to GECF-A updates to the Future First Data System Architecture Plan no less frequently than once each calendar quarter. In its planning and execution of the Future First Data System Architecture Plan, First Data shall keep RCSI advised of possible required, and First Data proposed, changes to the Future First Data System Architecture Plan and shall consider in good faith all requests from RCSI for changes to and suggestions of modifications to the Future First Data System Architecture Plan and the individual projects undertaken in connection with the Future First Data System Architecture Plan. First Data shall include in each Monthly Performance Report a detailed report of First Data's performance in achieving the Future First Data System Architecture Plan Key Milestones and dates, as well as progress measurements and the information required for applicable tollgate checkpoints, if any. First Data shall also include in each Monthly Performance Report a detailed report of:

- (a) the progress made by First Data on the Future First Data System Architecture Plan in general;
- (b) each Future First Data System Architecture Plan sub-project in progress at the time of the Monthly Performance Report; and

(c) each Future First Data System Architecture Plan sub-project scheduled to be undertaken by First Data within the next twelve (12) months.

**4. PRIORITY OF DESCRIPTIONS OF SERVICES**

**4.1 User Manuals.**

Except as provided herein, User Manuals (including those attached at Exhibit A-2) in effect as of the FAAR Effective Date may explain and describe the manner in which First Data may fulfill part of its requirement to provide the Services, but such User Manuals shall not diminish the requirement that First Data provide the Services as required under the Agreement.

**4.2 Performance of Services**

The manner in which such Services are to be performed, as explained and described in such User Manuals, shall be modified, supplemented or superceded, as applicable, through:

- (a) the implementation of the Resolution Agreements and the performance of the work authorized thereby;
- (b) implementation of the results of the AD projects completed by First Data;
- (c) implementation of the Future First Data System Architecture Plan; and
- (d) implementation of the Approved Platform Integration Plan.

Unless otherwise agreed by RCSI, neither the manner in which the Services are to be performed nor the Services themselves shall be affected by any description of the Services contained in new User Manuals or in revised or updated User Manuals ("Subsequent User Manuals").

**4.3 Refusal to Authorize Implementation of a Resolution Agreement**

If RCSI refuses to authorize implementation of a Resolution Agreement which has been prepared in accordance with the procedures set forth in Section 2.2, First Data shall no longer be responsible for providing the portion of the relevant Service which would have been provided had such Resolution Agreement been successfully implemented; provided, however, that if after the final Initial Conversion RCSI requests First Data to perform AD in order to provide such portion of such relevant Service, First Data shall then be required to provide such portion of such relevant Service and, pursuant to Section 4.1(b), the manner in which such Service is to be performed shall be modified, supplemented or superceded, as applicable, through the implementation of the results of such AD projects and shall prevail over the description of such Service contained in Subsequent User Manuals.

**4.4 Gap-Related Services**

If, after the final Initial Conversion, the Parties discover a Gap and:

- (a) the User Manuals in effect as of the FAAR Effective Date are silent as to such Gap-related Service, in whole or in part;
- (b) such Gap-related Service is set forth in this Schedule A; and
- (c) such Gap has not been addressed by a Resolution Agreement presented to RCSI for approval and implementation,

then First Data must provide such Gap-related Service if and when requested by RCSI, and RCSI shall pay for the authorized Development Hours expended to complete such Gap at one half (1/2) of the Development Hour rate as set forth in Schedule C.

**5. TRANSACTION AND ACCOUNT PROCESSING SERVICES**

**5.1 General.**

First Data shall provide transaction and Account processing services for the Designated Accounts as more fully described in this Section 5.1. These services include those related to authorizations, Designated Account updating and posting, settlement/funding, new Designated Account applications, creation and processing, PIN management, Designated Account management, customer service, correspondence, chargebacks and retrievals, adjustments, monetary transactions, disputes, Evolve, collections, charge-off processing, account billing, statement file creation, embossing file creation, recovery and agency tracking, behavior scoring/adaptive control, fraud control, securitization, reports management, data extraction, delivery and receipt, statement access and storage, recurring runs, data warehousing, systems administration, servicing of closed end loans, administrative and subject matter expert support and record retention. The specific activities constituting, and the responsibilities of First Data in connection with, these Services are more specifically described in this Article 5. First Data shall provide transaction and Account processing services for Designated Accounts related to an Association in the manner required to deliver the most advantageous interchange rates and fraud protection for RCSI.

**5.2 Description of Transaction and Account Processing Services – General Services.**

**(a) Authorizations.**

(i) First Data shall accept electronic, both in batch and in real-time, requests for authorization of monetary transactions (including purchases, payments, cash advances and merchandise returns) in connection with the Designated Accounts.

(ii) First Data shall respond to interactive messages immediately upon completion of processing of each individual message. Requests arriving in batch form shall be processed with responses returned following the completion of processing for the batch of requests received from RCSI or its third party provider(s).

(iii) First Data shall process each request according to:

- (A) the authorization control parameters established by RCSI within the First Data System; and
- (B) RCSI Rules.

For each authorization request the First Data System shall follow the processing logic invoked by the specified parameters and the RCSI Rules and generate a response of approved and any special handling requirements, declined or referred for special handling.

(iv) First Data shall communicate with RCSI's front-end authorization systems through its CPU to CPU authorization facility to support RCSI's operations. The GECF-A front-end system will capture individual Cardholder authorizations from its client locations and transmit them to the First Data System in a standard message format or GECF-A' standard message formats via a telecommunications facility. Such transmissions may originate from more than one RCSI facility (i.e., Raleigh, North Carolina and Alpharetta, Georgia). Upon receipt, the First Data System will process each request and return the response in standard formats required by GECF-A or other formats specified by RCSI to the GECF-A front-end authorization system.

(v) The GECF-A system will be responsible for providing stand-in authorization processing in the event of a failure of the First Data System and First Data's back-up system or a failure of the telecommunications facility interconnecting the two (2) systems.

(vi) Authorization requests for Designated Accounts may flow directly from Visa, MasterCard, other Associations and other third party sources to the First Data System. First Data shall be responsible for adhering to standard message formats required by Visa and MasterCard and such other Associations and third party sources for such authorization requests.

(vii) The accessing of Designated Accounts for an authorization at the card level or account level, including, but not limited to, PIN verification and cardholder address verification is included in the Services.

(viii) First Data shall update the Designated Account information with the results of each authorization request and provide an on-line audit trail for every entered authorization. First Data shall follow the RCSI Rules pertaining to alternative processing if the message is received but the authorization system is not available.

(ix) First Data shall switch to the backup authorization capability of the First Data System immediately upon failure of the primary system. The backup system shall reside on a separate hardware platform and possess a separate copy of the RCSI client data required to grant authorizations.

(b) Account Updating and Posting.

First Data will provide transaction processing services with the capabilities required to receive, enter, process and post account transaction activity. The processing and posting of transactions shall be accomplished using a wide variety of controls and settings available to and selected by RCSI. Monetary transactions, including sales, returns, refunds, adjustments, chargebacks, and payments shall be performed and supported by First Data. Other non-monetary transactions shall be supported and used to maintain non-monetary account information. Authorization transactions shall also be performed and supported by First Data. The User Manuals, listed and described in Exhibit A-2, provide detail on both basic and enhanced transaction processing capabilities.

(c) New Account Applications, Creation and Processing.

(i) First Data shall provide to RCSI the functionality necessary to enable RCSI to create new Designated Accounts on the First Data System according to RCSI Rules.

(ii) First Data shall provide to RCSI real-time information/communications links from RCSI to the First Data System enabling RCSI to send to the First Data System the information and communications necessary to enable RCSI to operate fully the functionality of the GENASYS Application(s), Surveyor and all successor RCSI new Account application, creation and processing applications and processes.

(iii) First Data will receive transmissions from RCSI or its designee, or enable RCSI to open accounts through manual entry, that include new account and other non-monetary information. First Data shall process such information according to RCSI Rules and will establish new Designated Account records. In all cases, First Data shall cause the new Designated Account to be available for use by the Cardholder and accessible on-line by RCSI for viewing and editing.

(iv) First Data shall maintain a database of all Designated Account numbers and will periodically update the First Data System to reflect such information.

(d) PIN Management.

(i) As and in the manner requested by RCSI, First Data shall establish and deliver PINs to Cardholders in a secure manner and enable Cardholders to request changes to their PINs including by use of a touch-tone telephone. If a Cardholder chooses a customized PIN number, First Data shall provide a secure procedure for processing and delivering that PIN number to RCSI or its designee.

(ii) First Data shall maintain PIN offsets based on the Designated Account number, the PIN and other factors. First Data shall correctly perform offset calculations, as defined by RCSI, in order to store the appropriate values for Cardholder use and to verify the validity of the PINs required by particular transactions (e.g., ATM transactions). First Data shall maintain the PINs under strict security (e.g., by providing an environment suitable for the use of encryption keys).

(e) Account Management Services.

(i) First Data shall enable RCSI to develop and maintain on the First Data System as many different types of Designated Account pricing terms as RCSI determines, and in doing so, provide requested assistance to RCSI. These pricing terms shall include interest charges, income options, penalty fees, and payment options. RCSI shall be able to change the values within the set of existing First Data System parameters that define the pricing terms on-line or without having to incur any fees. Such functionality shall, as of the Effective Date, be made available to RCSI through, in part, the First Data On-Line Product Control File Management System.

(ii) First Data shall enable RCSI to assign a separate pricing strategy to each individual Designated Account. The individual pricing strategies shall include RCSI-defined values for the following pricing parameters:

- (A) interest charges;
- (B) income options (e.g., annual fees, item charges);
- (C) penalty fees (e.g., late fees, overlimit fees);
- (D) payment options (e.g., skip payment, fixed payment); and
- (E) rebates, bonus points and rewards.

Such functionality shall, as of the Effective Date, be made available to RCSI through, in part, the First Data “Account Level Processing Services,” “Transaction Level Processing Services” and “Transaction Level Rewards Services”.

(iii) First Data shall enable RCSI to assign unique terms, conditions and processing options to different types of Designated Account transactions, and in doing so provide requested assistance to RCSI. These terms shall include such features as billing promotions, interest rates, fees, special terms on balance transfers, rebates and discounts on qualified purchases. First Data shall enable RCSI to make such offers through consumer agreements, letters, statement inserts, or statement messages. Such functionality shall, as of the Effective Date, be made available to RCSI through, in part, the First Data Transaction Level Processing Services.

(iv) First Data shall enable RCSI to design and implement an unlimited number of simultaneous reward, rebate, bonus and transaction pricing programs and offer Cardholders value propositions such as introductory rates,

interest-free balance repayment periods and reduced fees. Each Cardholder transaction shall be able to qualify for such programs, as determined by RCSI. RCSI shall be able to determine and define transaction and Account eligibility, calculation, and reward distribution. Such functionality shall be made available to RCSI through the First Data Transaction Level Processing Services and the First Data Transaction Level Rewards Services.

(f) Customer Service.

(i) First Data shall provide RCSI with access to the First Data System sufficient to enable RCSI to utilize all the functionality of RCSI's chosen front-end customer service Applications, including 3270 access, Evolve, GE Workstation and any other interface requirements specified by RCSI.

(ii) In connection with the foregoing, First Data shall provide RCSI with access to the First Data System sufficient to enable RCSI to:

(A) use the functionality in the customer assisted front-end Application and related Applications and all successor RCSI customer service applications and processes ("GE Workstation"); and

(B) communicate updates (including the processing of monetary and non-monetary transactions) to Designated Accounts through GE Workstation and Evolve on a real-time basis. First Data shall immediately update the Designated Accounts and the First Data System to reflect such updates.

(iii) First Data shall provide to RCSI data packets meeting the RCSI specifications. First Data shall provide technical support for connectivity as required by RCSI.

(iv) First Data shall provide RCSI with complete access to a 3270-based customer service system fully integrated with the First Data System. At a minimum, the 3270-based customer service system will permit RCSI to access on-line the Designated Account information residing on the First Data System, including:

(A) demographics, balance and status information, including current and historical conditions;

(B) cycle-to-date activity, including monetary transactions which have posted to each Designated Account and authorizations which have been approved or denied since completion of the last billing cycle;

(C) billing statements;

- (D) payment history;
- (E) memos concerning the subject Designated Account;
- (F) individual Designated Account pricing strategies and any unique Designated Account level and transaction level pricing terms and conditions; and
- (G) real-time authorizations activity enabling RCSI to view approved and denied authorizations for each Designated Account.

The 3270-based customer service system will include a real-time, on-line workflow management system enabling RCSI to log, track, assign, manage and monitor incoming customer inquiries and will provide those tools necessary for RCSI to consistently and efficiently resolve Cardholder inquiries while providing RCSI with the statistical information required to manage customer service. The 3270-based customer service system shall enable RCSI, directly or through interfaces with one or more other First Data System subsystems, to create and transmit by mail, facsimile and e-mail, communications with third parties, including RCSI customers, Cardholders, and Merchants. The 3270-based customer service system shall also enable RCSI to design and use customized transaction response screens. Such functionality shall be made available to RCSI through, in part, the First Data “Customer Inquiry System” (“CIS”) and the “Customer Inquiry Management System” (“CIMS”).

(g) Correspondence and Letters.

First Data shall make available to RCSI functionality enabling RCSI to create, maintain, revise, update, and organize letter formats in accordance with RCSI’s business requirements. At RCSI’s request, First Data shall maintain or enhance the First Data correspondence systems in accordance with RCSI’s business requirements. The First Data correspondence system providing such functionality, in accordance with system parameters and RCSI Rules, will interface with the other appropriate First Data Systems, RCSI systems, and RCSI-designated systems so that First Data or RCSI’s designee may prepare, produce and mail Cardholder correspondence and related materials.

(h) Chargebacks and Retrievals.

(i) First Data shall make available to RCSI functionality enabling RCSI to initiate chargeback transactions, representment transactions and retrieval requests, as required by RCSI, by entering the applicable codes and fields into the First Data System.

(ii) First Data shall perform the necessary pre-processing edits in accordance with applicable legal requirements and will deliver the pre-processed transactions to Visa, MasterCard, other Associations and, at RCSI’s request, RCSI

customers. First Data shall reflect the successful and rejected transactions in the nightly batch processing so that the daily success and reject reports include notification of all such transactions.

(iii) First Data shall, at the times specified by RCSI, provide settlement reports reflecting the disputed chargebacks. In the event of a disputed chargeback, First Data shall provide RCSI with use of functionality enabling RCSI to initiate a further transaction by entering the applicable codes and fields. First Data shall process the transaction in order to clear the appropriate Designated Account(s) by either processing a second chargeback or by transferring the funds to another Designated Account, in accordance with RCSI Rules.

(iv) First Data shall promptly route all retrieval requests or dispute correspondence letters that it receives or produces to the appropriate RCSI personnel or RCSI customer.

(i) Adjustments, Monetary Transactions and Disputes.

(i) Adjustments and Monetary Transactions. First Data shall process transactions to credit or debit Designated Accounts and Merchant Accounts in accordance with RCSI Rules and First Data System parameters. First Data shall update the Designated Accounts and the First Data System to reflect such transactions.

(ii) Disputes. First Data shall make available to RCSI functionality which will enable RCSI to initiate disputes as determined by RCSI and enable RCSI to:

- (A) retain disputed amounts in Designated Accounts;
- (B) permit or prevent those amounts from accruing interest or any other fees;
- (C) credit Designated Accounts for part or all of disputed amounts;
- (D) report to the credit bureau reporting agencies designated dispute information; and
- (E) cause the First Data System to reassess and recalculate previous interest and charges based upon amounts readjusted due to the existence or resolution

of a dispute.

(j) Data Access Tools.

(i) First Data shall enable RCSI to access and update the Designated Accounts and other information stored on the First Data System through the client/server data access tools chosen by RCSI (collectively, the "Data Access Tools"). As of the FAAR Effective Date, that tool is the First Data proprietary product "Open

Data Streams” (“ODS”). First Data shall make the Data Access Tools available to RCSI as the mechanism to exchange transactional-oriented data between the First Data System and RCSI-developed workstation systems such as GE Workstation or GE interactive voice response systems (“IVRS”). Through the Data Access Tools First Data shall enable RCSI to retrieve and update Designated Account data in customized groupings known as “Views.” As requested by RCSI, First Data shall provide to RCSI Documentation concerning the operation and functionality pertaining to the Data Access Tools, available data elements and system configuration requirements and shall, during the Term, provide to RCSI updates and modifications to the Documentation as necessary to keep such Documentation current.

(ii) As requested by RCSI, First Data shall create additional Views (read transactions) and “Remote Procedure Calls” (update transactions), install additional Data Access Tool gateways, develop and program custom data access, and provide Development Hours to RCSI. Such Services shall be provided within the time periods specified in Section 15.1(e). First Data shall provide support for:

(A) the latest versions of third party software used in the installation and operation of the Data Access Tool and the base Evolve Application (“Base Evolve Application”) at RCSI; and

(B) third party products as required by RCSI.

(iii) When the Data Access Tool is used by RCSI as the mechanism to exchange transactional-oriented data, RCSI shall adhere to the programming interface requirements set forth in the Data Access Tool reference manuals. RCSI shall maintain the minimum required hardware and software operating environments as defined in the Data Access Tool reference manuals

(iv) First Data shall at all times (subject to scheduled downtime as set forth in Schedule B) make available to RCSI a Data Access Tool that will enable RCSI to communicate updates (including the processing of monetary and non-monetary transactions) to Designated Accounts on a real-time basis. First Data shall immediately update the Designated Accounts, and the First Data System, to reflect such updates.

(v) The provision to RCSI of access to (and RCSI’s use of) the Data Access Tool is included in the Services.

(k) Collections.

(i) First Data shall provide RCSI with access to the First Data System sufficient to enable RCSI to utilize all the functionality of RCSI’s chosen front-end collections Applications, including 3270 access, Evolve, GE Workstation and all successor collections applications and processes, and any other interface requirements specified by RCSI.

(ii) First Data shall recognize and report as specified by RCSI past due, special handling (may not be delinquent or overlimit) and/or overlimit accounts as defined in the First Data System using parameters approved by RCSI. First Data shall furnish past due and overlimit Designated Account information to RCSI and/or its designee(s) via data feeds in the manner specified by RCSI including but not limited to functionality provided by adaptive control. Pursuant to RCSI Rules, First Data shall provide the capability for RCSI to take action, such as generating letters, generating statement messages, blocking Designated Accounts, feeding data to related systems, and receiving, updating and maintaining collections data from RCSI and/or its designees. First Data shall process charged-off Designated Accounts and special handling Designated Accounts, such as bankruptcy, deceased, skip tracing and legal Designated Accounts, and interface with the RCSI information environment as requested by RCSI. First Data shall provide to RCSI the functionality necessary for assigning to collectors and collection agencies delinquent Designated Account debts, transmitting delinquent Designated Account information in connection with First Data's automated customer calling system, tracking and managing collectors and collection agencies, letter generation, Designated Account termination, and performance reporting.

(iii) First Data shall provide RCSI with complete access to a 3270-based collections system fully integrated with the First Data System. Notwithstanding the technical aspects of the collections systems used by RCSI, First Data shall permit RCSI's collectors to use on-line transactions to view the Designated Accounts and related information in the First Data System and in their assigned queues, record actions taken, and re-queue Accounts for future review. First Data shall make available to RCSI a combination of on-line screens and reports which will enable RCSI to monitor collector and collection system productivity as often as required by RCSI. First Data shall also make available to RCSI the ability to use on-line transactions to reassign work among queues.

(l) Charge-Off Processing.

First Data shall make available to RCSI the functionality necessary to manually charge-off Designated Account balances via on-line entry or automatically by establishing applicable parameters within the First Data System determining Designated Account qualification for charge-off as well as charge-off timing. The First Data System shall, at a minimum, enable RCSI to engage in the following activities:

- (i) automatic charge-offs;
- (ii) small debit balance write-offs;
- (iii) small debit balance carry-overs;
- (iv) small credit balance write-offs and carry-overs;
- (v) interest write-offs; and
- (vi) interest/fees write-offs.

(m) Recovery and Agency Tracking System-Recovery1.

(i) First Data shall provide RCSI the use of a fully automated recovery and agency tracking system, which as of the Effective Date shall be Recovery1, which RCSI may use to organize, track, and work charged-off Designated Accounts including charge-off special handling Designated Accounts such as bankruptcy, deceased and legal Designated Accounts.

(ii) The recovery system shall enable RCSI, using on-line screens, to cause charged-off Designated Accounts to be assigned to specific collectors and collection agencies, to monitor recovery efforts through RCSI-designed reports, and to manually and automatically recall Designated Accounts from collectors and collection agencies. It shall also enable RCSI to enter monetary and non-monetary information into the First Data System in connection with individual Designated Accounts and cause such monetary and non-monetary information to be automatically passed back and forth between the Cardholder masterfile and the recovery system database, in order to keep both current.

(n) Interface to Recovery Systems.

(i) At the request of RCSI, First Data shall transmit to RCSI files of newly charged-off Designated Accounts suitable for immediate loading by RCSI to RCSI's in-house recovery system, based upon RCSI's requirements.

(ii) RCSI shall transmit to First Data files of newly charged-off Designated Accounts suitable for immediate loading by First Data to First Data's in-house recovery system (which as of the Effective Date shall be the Recovery1 system), based upon RCSI's requirements.

(o) Behavior Scoring and Adaptive Control.

(i) Adaptive Control. First Data shall provide RCSI with data and functionality sufficient to enable RCSI to make specialized decisions at the Designated Account level for authorizations, collections, reissues and credit line management and at the transaction level for authorizations.

(ii) Behavior Scoring. At the intervals, and upon the occurrence of events specified by RCSI, for each Designated Account identified by RCSI, First Data shall provide a behavior score calculating the statistical probability that such Designated Account will become past due in the time period(s) specified by RCSI, along with the information First Data used to assess such risk.

(iii) Custom Scorecard Development At RCSI's request, First Data shall implement ad hoc custom developed scores and will update the data in the First Data System and the ancillary systems.

(iv) Behavior scoring and adaptive control (“Adaptive Control”) services shall, in part, be provided to and used by RCSI pursuant to the terms of the agreement attached as Exhibit A-3. Within one hundred and eighty (180) days following the FAAR Effective Date, First Data, with the assistance of RCSI, will obtain the consent of Fair, Isaac and Company, Inc. to the amendment letter attached as Exhibit A-3. The Parties acknowledge that all pricing terms set forth in the Adaptive Control and Behavior Scoring Addendum at Exhibit A-3 are superseded by the pricing terms set forth in Schedule C.

(p) Fraud Services.

(i) General. First Data shall provide information, functionality and services as requested by RCSI to enable RCSI to minimize and manage fraud (“Fraud Management Services”). First Data shall make available and perform for RCSI the Fraud Management Services set forth below. Such Fraud Management Services to be performed by First Data for RCSI shall include all of the fraud-related services offered by First Data to its customers, including, as of the FAAR Effective Date, the Services designated under the First Data System as Fraud Prevention, Fraud Detection and Fraud Control.

(ii) Fraud Prevention. Upon RCSI’s request, First Data shall provide RCSI with the fraud prevention services available through the First Data System, as well as the following fraud prevention Services (the “Fraud Prevention Services”) by utilizing First Data’s fraud management system (“Fraud Management System”). First Data’s Fraud Management System shall provide RCSI with the ability to status, change, monitor or delete RCSI’s Cardholder Designated Account detail on First Data’s security masterfile.

(A) Fraud Reporting. First Data shall provide RCSI with lost/stolen reporting services. Lost or stolen reports from RCSI’s Cardholders shall be recorded on the security master file by on-line entries which shall automatically change the external status on the security master file and block authorizations on the Designated Account. RCSI shall also have the ability to use the extended lost or stolen transaction to review potential fraud transactions at the time of the lost or stolen report. As the First Data operator verifies the legitimacy of each transaction, the items shall be coded to identify fraudulent transactions. The transaction shall automatically transfer Cardholder transactions to a new Designated Account and shall prevent the transfer of fraud activity, eliminating the need for manual adjustments.

(B) Warning Bulletins. According to RCSI Rules and any applicable legal requirements, First Data shall report appropriate information to Visa, MasterCard, and other

Associations, receive information (including alerts) from Visa, MasterCard and other Association, and inform RCSI of any alerts in a timely manner in accordance with Service Levels. The services shall enable MasterCard, Visa and other Association accounts to be placed on the warning bulletin or exception file automatically through lost or stolen report entry. Listing a Designated Account on the warning bulletin shall provide RCSI with chargeback and authorization protection. RCSI may list a Designated Account on the exception file for authorization protection only. First Data shall also provide a warning bulletin alert queue that can be monitored on a daily basis by RCSI to place at-risk Designated Accounts on the warning bulletin.

(C) Account Transfer and Reissue. As part of its Fraud Prevention Services provided to RCSI, First Data will automatically transfer Designated Accounts when a lost or stolen report is entered. If the account transfer fails it will be displayed in real time on-line queues. Once the account transfer is complete, the account goes through reissue criteria. If such Designated Account fails reissue criteria the account will appear on the “account transfer pending reissue queue”.

(D) Hot Calls. First Data shall accurately respond to Merchant hot calls and RCSI’s Cardholder information verification requests. A “hot call” is an authorization request which is immediately transferred to First Data’s fraud management operations (“Fraud Management Operations”) when: the account is statused, a Merchant is suspicious, or a request exceeds the parameters defined by the card issuer. A number of parameters, controlled by product control file settings, shall be available to RCSI to enable RCSI to determine the calls that are transferred to First Data’s Fraud Management Operations (i.e., excessive transactions, large purchases, first use of plastics, positive ID calls).

(E) Authorization Services. First Data shall provide to RCSI, as requested, authorization override tables to override normal authorization procedures per RCSI Rules.

(F) “RAPID” Services. First Data’s “Returned Account Plastics Immediately Delivered” or successor (“RAPID”) department shall process returned plastics from the postal service for wrong address. The Designated Account is researched and the Cardholder is contacted. If the correct address is obtained the Cardholder master file shall be updated with

new information, and the plastic shall be re-mailed. If the Cardholder cannot be reached, the plastic shall be destroyed in a secure manner. A priority memo shall be placed by First Data on the Account to prevent unnecessary lost or stolen reports.

(G) Emergency Services. In connection with First Data's Fraud Prevention Services to be provided to RCSI, First Data can serve as the twenty four (24) hours a day, seven (7) days per week authorizing agent for MasterCard, VISA and other Association emergency services. For emergency plastics or cash to be disbursed, product control file settings shall be capable of being set so as to designate the maximum credit limit to be issued and/or the maximum cash authorized per RCSI Cardholder Designated Account.

(H) Card Activation. First Data's card activation processes and procedures shall enable RCSI to flag specific Designated Accounts at the time of issue or reissue requiring the Cardholder to call a toll-free number to activate their card(s) before first use. Verification by the Cardholder shall release the block on the Account and prevent the need for referrals at the point-of-sale. Cardholders shall be able to activate their cards by calling a toll-free number (displayed on a label affixed to the plastic) and responding to specific questions or by automatic number identification.

(iii) Fraud Detection. First Data shall provide RCSI and RCSI's Transaction Card clients with credit card fraud management and fraud detection services (the "Fraud Detection Services"), which shall be as of the Effective Date in conjunction with HNC, Inc., and its Falcon™ software (the "HNC Software"), which services shall consist of those services set forth in this Section.

(A) First Data shall provide RCSI with Fraud Detection Services by utilizing the output of the "Falcon Neural Engine" computational model (designed to detect credit card fraud) which encompasses or contains the Falcon credit neural network-based system, as such software is licensed to First Data by HNC and is commonly known as the "Falcon Credit Card Fraud Detection Model" (hereinafter referred to as the "Credit Card Output Access") solely for the purpose of assisting RCSI in detecting possible fraudulent transaction account activity on the Cardholder accounts of RCSI and for no other purpose. Except as expressly provided in this Section, no right or license under any patent, copyright, trade secret, trademark or other intellectual property of First Data or other person is granted or is to be inferred

from this Section. RCSI agrees that First Data's providing of Fraud Management/Fraud Detection Services does not confer upon RCSI any license in or to the Falcon Credit Card Computation Model.

(B) First Data and RCSI acknowledge First Data's representation that the HNC Software, from which the Credit Card Output Access is generated, is licensed to First Data pursuant to a license agreement (the "[HNC License Agreement](#)"). First Data shall use Commercially Reasonable Efforts to extend or renew the initial or any renewal terms, as the case may be, of the HNC License Agreement and if the HNC License Agreement expires or is terminated, First Data shall promptly notify RCSI of such termination or expiration. First Data shall use Commercially Reasonable Efforts to substitute for HNC one or more software vendors from whom First Data shall license, on commercially reasonable terms, one or more software packages that will generate output access that provides, in all material respects, the utility and performance provided by the Credit Card Output Access generated by the HNC Software.

(C) First Data shall assist RCSI in establishing fraud detection strategies ("[Falcon Fraud Strategies](#)") on-line to fulfill RCSI's fraud detection requirements. These Falcon Fraud Strategies will be available on-line for review.

(D) Together with HNC, upon RCSI's request, First Data will provide RCSI with the following call processing Services (the "[Call Processing Services](#)"):

(1) First Data will monitor authorizations queued as a result of the Falcon Fraud Strategies and/or fraud score.

(2) First Data will initiate outbound telephone calls to the Cardholders of RCSI who have had authorization activity on their Designated Account and appear in a Falcon queue group (the "[Falcon Queue Group](#)"). At RCSI's option, First Data shall either (i) use a predictive dialer (a mechanism by which outbound calls to the Cardholder accounts to be worked hereunder are automatically dialed by the system based upon the telephone number indicated by the Cardholder master files of RCSI resident at First Data) to place calls or (ii) manually review accounts for fraud activity (based upon RCSI-defined criteria) in order to call only selected accounts.

(3) First Data will make up to four (4) attempts to reach the Cardholder within a 48-hour period. All attempts will be made within the hours of 8:00 a.m. and 9:00 p.m. in the time zone of the Cardholder's address on file.

(4) First Data will attempt all home and business telephone numbers as provided by RCSI's Cardholder masterfile.

(5) If First Data is unable to contact the Cardholder, a message for the Cardholder to contact First Data at a to-be-provided toll-free number will be delivered to the Cardholder's home message machine and/or to responsible adults.

(6) When the First Data call results in contact with the Cardholder, and the Cardholder validates the authorization activity, First Data will record an on-line account memo (to the "RCSI Inquiry System") indicating the results of the call.

(7) When the First Data call results in contact with the Cardholder and the Cardholder is unable to validate the activity, First Data will initiate a lost/stolen report (the "Lost/Stolen Report") and place a block on the account. First Data will record an on-line account memo (to the RCSI Inquiry System) indicating the results of the call.

(8) If First Data encounters activity which appears uncharacteristic or unusual for a Cardholder Designated Account and First Data is unable to successfully contact the Cardholder, then First Data may place a block on the Cardholder Designated Account to prevent further authorization approvals until either the Cardholder or RCSI successfully verifies the activity. On a daily basis, First Data will make available to RCSI via a real-time online system the current list of Designated Accounts which have been blocked because of uncharacteristic or unusual account activity. The Designated Account will remain blocked until RCSI removes or instructs First Data via the real-time online system to remove such block.

(9) Upon the request of RCSI, First Data shall provide additional services, including the following: telephone number look-ups, inbound call processing after the 48-hour period, fraud control services, customized reporting, etc.

(10) Upon RCSI's request, at least annually, First Data shall require HNC to analyze month-end reports within the 12-month period being produced by the HNC Software that measure the effectiveness of RCSI's existing algorithms within the Falcon model, provided that RCSI has over 200,000 Designated Accounts that are Active Accounts. First Data shall then provide to RCSI HNC's written analysis of the reports interpreting the performance of the existing algorithms and strategies within the Falcon model and written recommendations for changes or updates to such algorithms or strategies to improve their performance, provided that RCSI promptly provides First Data with the two necessary month-end reports.

(11) At RCSI's request, First Data, through HNC, shall provide RCSI with up to five (5) hours per month, for the first six (6) months following the date of commencement of Fraud Management/Fraud Detection Services (the "Falcon Start Date"), and three (3) hours per month thereafter, of score-related assistance over the telephone at no additional charge, provided that RCSI has over 200,000 Designated Accounts that are Active Accounts as of the Falcon Start Date. If such service exceeds the hours permitted for that particular month, First Data may be entitled to charge RCSI for such services as set forth in Schedule C. First Data shall make appropriately qualified First Data Personnel available to RCSI consult with RCSI on fraud strategy management upon RCSI's request.

(12) Upon request by RCSI, First Data shall provide the following to RCSI: custom system installation, additional training, and fraud user interface licensing. First Data, through HNC, shall provide custom fraud models to RCSI upon request.

(13) HNC has established a fraud control consortium (the “Fraud Control Consortium” or “Consortium”) whereby users of Card Output Access contribute data for use by HNC to study fraud patterns, which enables HNC to improve fraud detection methods. If RCSI chooses to join such Consortium, First Data, upon request of RCSI, shall provide RCSI data to the Fraud Control Consortium as required within thirty (30) days after the Falcon Start Date and on a calendar quarterly basis thereafter. If RCSI does not wish to join the Fraud Control Consortium, First Data, through HNC, upon request of RCSI shall construct a custom fraud model for RCSI, as an additional service, at a cost agreed upon among First Data and RCSI. RCSI acknowledges that First Data will employ the HNC Software using the Fraud Control Consortium algorithms to produce Credit Card Output Access for RCSI only if RCSI contributes data to the Fraud Control Consortium.

(14) First Data shall cause HNC to provide, once every calendar quarter, a review of the consortium model which will identify changes in fraud trends and if such changes are of statistical significance, then First Data shall cause HNC to update the consortium model.

(E) Notwithstanding any other provisions of the Agreement, RCSI may terminate the Credit Card Fraud Management/Fraud Detection Services hereunder upon thirty (30) days written notice to First Data.

(iv) Fraud Control. First Data shall make available to RCSI, as requested by RCSI, First Data’s fraud control services (the “Fraud Control Services”) which shall include the use of the First Data “On-Line Fraud Management System,” “Fraud Detail Management Screens” and the other fraud control services and functionalities available from the First Data System. Without limiting the forgoing, the Fraud Control Services shall also include the services described below.

(A) Fraud Detail Management Screens. First Data’s Fraud Detail Management Screens shall give RCSI the ability to process monetary items on-line which post to lost or stolen Designated Accounts. The transactions may be coded to generate adjustments and identify individual fraudulent items for automatic reporting to MasterCard, Visa, and other Associations. The screens allow simplified entry of fraud reporting, retrieval requests and chargebacks and also provides a tracking mechanism for affidavits.

(B) Affidavit Processing. First Data shall provide affidavit processing services as required by RCSI. An affidavit can be created, printed and sent by entering an on-line transaction. The affidavit will display all transactions identified as fraud on an account. The First Data System also provides tracking reports to determine if the affidavit was received, or if an additional affidavit must be sent.

(C) Automatic Chargebacks. Automatic chargebacks shall be generated by the First Data System when RCSI defined criteria is met and stuated Designated Accounts qualify for specific chargeback rights. This service shall be provided for Designated Accounts stuated as either lost or stolen; provided, however, that RCSI may include all internal and external status codes. The chargeback rights included in this product are warning bulletin, expired card and late presentment. The First Data System shall allow RCSI to review pending retrievals and have the First Data System automatically chargeback unfulfilled retrieval requests. RCSI may specify the number of days allowed for receipt of retrieval documentation before the First Data System automatically charges an item back.

(D) Fraud Reporting. As part of the Fraud Control Services provided to RCSI, First Data shall provide the following fraud reporting Services ("Fraud Reporting Services") to RCSI. Security detail transactions shall be used to add, update or delete transaction records on First Data's security master file. These transactions shall generate a fraud advice record to the MasterCard, Visa and other Association fraud reporting systems. First Data shall enable RCSI to research lost or stolen Accounts and enter disposition codes sufficient to record fraud, counterfeit, and chargebacks. Fraud detail information, including all fraud account information automatically transmitted to RCSI's clearing house ("Clearing House"), shall be automatically transmitted to MasterCard, Visa and the other Associations by First Data in compliance with regulations for fraud and counterfeit reporting.

(E) On-Line Item Transfer Services. RCSI's Cardholder non-clearing adjustments may be entered through First Data's Customer Inquiry System from the on-line statements. While viewing the statements, the transactions may be tagged to initiate the adjustment.

(F) Potential Chargeback Queue. As part of its Fraud Control Services, First Data's potential chargeback queue shall identify unauthorized sales and cash advances over the Merchant's floor limit. The queue shall include toggle options to view on-line statements and authorization activity to research the activity on the account.

(q) Securitization Functionality. First Data shall provide functionality sufficient to enable RCSI to:

- (i) identify Designated Accounts, subject to RCSI Rules, to be securitized by RCSI;
- (ii) mark and maintain pooled Designated Accounts; and
- (iii) report on pooled Designated Accounts as required by RCSI at the intervals specified by RCSI.

(r) Cardholder Selects. First Data shall provide RCSI functionality sufficient to enable RCSI to isolate a specific group of Cardholders whose Designated Accounts are on the First Data System in accordance with criteria defined by RCSI. As of the Effective Date that ability is provided through the "Cardholder Select System." The First Data System shall permit RCSI to choose different processing options in accordance with RCSI's requirements, and provide directions to First Data regarding the same, such as placing Accounts on a tape for use by a RCSI designated third party or with First Data's special reporting system (e.g., credit line increases generated automatically or non-monetary transactions automatically generated to the selected Designated Accounts). Upon RCSI's request and in accordance with RCSI's requirements and defined criteria, First Data shall select and process the group of Designated Accounts meeting the criteria specified by RCSI.

(s) Reports Management. First Data shall provide report management functionality pursuant to which First Data shall, as requested by RCSI, produce reports requested by RCSI on a daily, weekly, monthly, quarterly and yearly basis. First Data shall generate, print and distribute such reports as directed by RCSI or, at RCSI's direction, shall transmit the reports directly to RCSI in the manner requested by RCSI and in a format which permits RCSI to view, manipulate, print, and store the reports. When requested by RCSI, First Data shall transmit directly to RCSI copies of the Designated Account files requested by RCSI in the format requested by RCSI. The report management Services provided by First Data shall enable RCSI to regulate the number of reports and method of distribution (e.g., on-line, DVD or file transmission) and to store the reports for on-line viewing. RCSI shall be able to access the reports using one or more of the following methods:

- (i) on-line reports;
- (ii) report transmission to a RCSI location (such as “Network Data Mover” or “Remote Job Entry”); and
- (iii) via long-term archival storage (such as DVD)

(t) Data Extraction, Delivery and Receipt Services.

(i) At RCSI’s request, First Data shall provide periodic scheduled and ad hoc requests for file extracts of data from the First Data System pertaining to the Designated Accounts. The data provided will be in the formats directed by GE. First Data shall provide a file record layout for each unique file type provided to RCSI. As directed by RCSI, First Data shall transmit the extracted data electronically via a telecommunication facility or transfer the extracted data to a magnetic tape media and physically transport the tape(s) to the location(s) designated by RCSI. In each request for the extraction of such data, RCSI will define the data to be extracted, the file format for the extracted data and the frequency and method by which the data should be transferred to RCSI.

(ii) First Data shall receive and load into the First Data System as requested by RCSI files and other data pertaining to the Designated Accounts or the Services. The data provided will be in the formats determined by RCSI.

(iii) The generation by First Data of any record for, and the delivery of such record to RCSI or a third party acting on RCSI’s behalf, including, but not limited to, PINs and/or PIN offsets, credit balance refund check files, and on-line report printing, is included in the Services.

(iv) The (A) transmission or receipt of RCSI Data by First Data via a central processing unit to central processing unit transmission using a tape to tape interface, (B) transmission or receipt by First Data of RCSI Data RCSI via a central processing unit to central processing unit transmission using Remote Job Entry or Network Data Mover or their equivalents, and (C) forwarding of data to RCSI from First Data via mail or courier-delivered magnetic media, including diskettes and magnetic tapes, are included in the Services.

(u) Statement Access and Storage.

(i) First Data shall provide RCSI functionality enabling RCSI to access and to view on-line statement information for the billing cycles required by RCSI. As RCSI requires, First Data shall provide access and the ability to view on-line statement information for current and prior billing cycles. First Data shall also provide RCSI on-line functionality enabling RCSI to initiate duplicate statement requests, transaction retrieval requests, place an item in dispute, create chargebacks and establish the statement retention periods.

(ii) The process of storing the Designated Account transaction details each year which will be used to create the “Annual Activity Summary” for such year is included in the Services.

(v) Recurring Runs. First Data shall provide to RCSI the ability to schedule recurring runs of RCSI’s custom programs on the First Data System. These jobs can be scheduled on a regular basis. A “Recurring Run” is each scheduled daily, weekly, monthly, or other regularly scheduled production run of a custom data set on behalf of RCSI that is in addition to the “standard” data outputs produced by the First Data System. As of the Effective Date, the standard outputs include the following:

- Applications Non-Monetary Tape Format
- Application Record Tape Format
- Balance And Status Tape Format: 268
- Balance And Status Tape Format: 80 Byte
- Balance And Status Tape Format: 96 Byte
- Batch Authorization Tape Format
- Cardholder Master File
- Cardholder Non-Monetary Transaction Tape Format
- Cardholder Statement Tape Format
- Expanded Cardholder Statement Tape Format (Eff: 06/96)
- Central Information File
- Authorization Response Format
- Merchant Non-Monetary
- Aps Applications File
- Debit Card File Layout
- Embossing Tape Format
- General Ledger Tape Format
- Company Card Master File
- Cardholder Authorization (DCA)
- Merchant/Cardholder Monetary Ach Tape Fmt
- Merchant Authorization (DCA)
- Merchant Master File
- Merchant New Account Tape Format
- Monetary Detail Record
- Monetary Tape Deposit Format
- Dmgt Monetary Tape Deposit Format
- Valid Transaction File Format (CTWIBUFF)
- Third Party Auth Tape Format
- Cardholder Debit Monetary ACH Tape Format
- New Accounts Card Layout
- Aps Deposit (DRA) File
- Aps Validation File
- Report Tape Statement
- Clearing Adjustment Detail Record
- Aps Fraud Extract File

Taptrans Confirmation Files Layout  
Chargeback/Adjustment Confirmation Files Layout  
Retrieval Confirmation Files Layout  
Competitive Master Record Layout  
Batch Account Transfer File  
Combined Cardholder/Flap File  
IRS 1099-C Reporting Record File Layout  
Card-Issuance-Unit Update Record File  
Batch Transmitted Adjs. Record Layout

(w) Data Warehousing. First Data shall provide files, transmissions or tapes, at the request of RCSI and at the intervals requested by RCSI sufficient for RCSI to analyze and populate its data warehouse to perform trend analysis of the Cardholder base, its client base and other areas determined by RCSI. First Data shall also perform for RCSI, at RCSI's request, the data warehouse related services pertaining to the "KnowledgeSight Software."

(x) On-line System Administration. First Data shall provide to RCSI functionality enabling an on-line system to enable RCSI to define rules and criteria (such as establishing passwords and limiting user access and edits by user ID) governing RCSI employees' and agents' use of the First Data System. As of the Effective Date, the on-line system provided by First Data is the "On-Line Control System" or "OCS" through which RCSI can develop, monitor and maintain the necessary records to authorize on-line access for RCSI personnel and agent personnel using the First Data System. The on-line system administration functionality will enable RCSI to assign to each RCSI employee and agent accessing the First Data System and each logical terminal device connected to the First Data System levels of access by RCSI. The on-line system administration functionality shall provide that the combination of the individual and terminal device access privileges shall determine the access rights granted for a particular instance of use. Access to the First Data System shall be controlled both at a group level for transactions with similar functions and at a transaction-by-transaction level. Daily reporting by the on-line system administration functionality shall create an audit trail describing security violations as well as the configuration of each individual and terminal access characteristics. RCSI shall be responsible for administering RCSI's rules concerning access to the First Data System as security administrator for RCSI personnel and for establishing and maintaining the definitions within the First Data systems providing the on-line system administration functionality to meet its corporate security policies.

(y) Special Requirements and Exceptions for Loan Accounts:

- (i) The First Data System shall enable RCSI to manage and track collateral against the loan accounts as per RCSI Rules.
- (ii) First Data shall enable RCSI to store, maintain and report against data designed specific to loan accounts as per RCSI Rules.

(z) Administrative Support. In connection with First Data performance and delivery of and RCSI's use of the Services, First Data shall provide to RCSI the administrative and SME support as required including support referenced in Exhibit A-4 (RCSI Account Management Team Services).

(aa) Account Billing. First Data will collect, organize, decipher, calculate and present (on-line, paper and/or electronically) data collected from the First Data System and all applicable ancillary systems as required by RCSI Rules, including "Account Level Pricing," "Transaction Level Rewards," "Transaction Level Pricing" and Adaptive Control.

(bb) Statement File Creation

(i) First Data will prepare print ready files for such communication pieces, including customer statements and letters in accordance with RCSI Rules. First Data will promptly provide RCSI with the opportunity to review and sign off on such communication pieces.

(ii) Based on RCSI Rules (including RCSI's requirements pertaining to weight management), First Data will include in customer statement files the appropriate print marks for any applicable inserts, letters and messages. First Data will provide RCSI the ability to approve and sign off on each month's statement insert, letters and message set up prior to mailing.

(cc) Embossing File Creation. First Data shall collect, organize, decipher, calculate and present (including through reports and embossing tapes) the necessary data collected from the First Data System or any relevant electronic Transaction Card files from RCSI and including other files containing information concerning production of the Transaction Cards based on RCSI's Rules sufficient for creation by RCSI of an embossing file.

(dd) Record Retention Services. Notwithstanding anything to the contrary in the Agreement, First Data will retain sufficient records and information such that every transaction in connection with every Designated Account can be reconstructed in its entirety for a period of \*\*\* years following the month in which such transaction occurred. RCSI reserves the right to require First Data to retain such sufficient records for a period longer than \*\*\* years, and, in such event, RCSI will reimburse First Data for any additional incremental expense, if any, that results from such additional retention.

**5.3 Description of Transaction and Account Processing Services – Support Services.**

(a) Data Center. First Data shall, in connection with providing the Services, utilize a data center (the "Data Center"). The Data Center will provide the conditioned facility, computer hardware, telecommunications infrastructure, operating software and seven (7) days per week, twenty-four (24) hours per day skilled staff sufficient to properly operate the First Data System and to enable First Data to deliver the Services to RCSI as required under the Agreement.

(b) Separate Cycle.

(i) Initial Build. First Data shall build in the First Data System a separate processing cycle for its processing of the Designated Accounts (a "RCSI Cycle") if requested by RCSI. That activity will include creating the environment, including hardware, software and operating procedures, and populating the RCSI Cycle with the RCSI-specific data required for such purpose. As part of this activity First Data shall provide deliverables to RCSI which include the following on the schedule agreed by the Parties:

- (A) analysis and specification of necessary hardware, system software and network resource configurations;
- (B) provision of baseline Application programs, JCL procedures, control cards and schedule;
- (C) data population through initial cycling of the batch and on-line environments; and
- (D) validation through mock testing of input, output and processing functions including reports, statements, screens transactions and interfaces.

RCSI will participate in the planning and analysis phases of the building of the RCSI Cycle to review the environment created by First Data and inform First Data as to whether in RCSI's opinion, given its limited understanding of the First Data System, the RCSI Cycle is configured to meet RCSI's requirements. RCSI shall provide such assistance to First Data as is proposed by First Data and approved by RCSI.

(ii) Support. First Data shall provide ongoing support for each RCSI Cycle sufficient to maintain such RCSI Cycle in the condition necessary for First Data's performance of the Services without unplanned interruptions. Such support shall include:

- (A) the ongoing operational monitoring and reporting specific to the RCSI Cycle to support proper performance of the Services and meet performance standard goals;
- (B) identification and resolution of First Data software failures specific to the RCSI Cycle;
- (C) creation and administration of implementation plans for each major release of First Data Software specific to the unique aspects of the RCSI Cycle;

- (D) execution of changes specific to the RCSI Cycle during daily, weekly and major implementations;
- (E) operational performance improvement efforts to increase attainment of critical to quality goals;
- (F) data pulls to populate First Data test environments customized for RCSI-specific testing requirements; and
- (G) supporting business continuity plan development and regular testing.

RCSI will use documented problem and change management processes proposed by First Data and approved by RCSI.

**5.4 License to ODS Software; Third Party Licensing Terms**

(a) First Data hereby grants to RCSI and its Affiliates, and RCSI accepts, a nonexclusive, and except as provided in Section 23.1 of the Main Body of the Agreement, nontransferable right and license, exercisable during the Term, to connect to, use and modify the ODS Software maintained on the First Data System and to use the related Services.

(b) RCSI agrees to, and will be bound by, those terms and conditions set forth in Exhibit A-5 (the "Third Party Terms") to the extent, and only to the extent, such Third Party Terms do not in any manner:

- (i) increase the responsibility, liability or potential liability of either RCSI or RCSI Affiliates or their respective customers and clients under the Agreement;
- (ii) constrain, modify, or reduce RCSI's rights or benefits;
- (iii) constrain, modify or reduce RCSI's use of, or right to use, the Services and any portion thereof; or
- (iv) increase fees or expenses payable by RCSI.

**5.5 Manuals and Bulletins.**

(a) User Manuals.

(i) First Data shall maintain user manuals explaining how the First Data System operates, including report descriptions and formats ("User Manuals"). First Data shall, on the FAAR Effective Date, provide to RCSI current, up to date versions of all of the User Manuals for the Services that exist as of the FAAR Effective Date. These are as identified by First Data in Exhibit A-2. As further User Manuals may be developed for the Services and as existing Services are revised, First Data shall

promptly provide RCSI with the new or revised User Manuals. First Data shall promptly provide new and/or updated information about enhancements or new products based upon First Data's major implementation schedule which normally occurs six (6) times each calendar year. In addition to the User Manuals, First Data shall also provide to RCSI, not later than it makes available generally to its customers (sixty (60) days prior to implementation) operational bulletins. These bulletins shall provide advance notice regarding upcoming enhancements to the First Data System. These bulletins shall be produced on a regular basis and shall provide implementation dates, features, benefits and specific directions on where to locate more detailed information. The information documented in operational bulletins shall later be included in updates to the User Manuals and/or new User Manuals.

(ii) User Manuals and updates thereto will be distributed to RCSI via hard copy and CD-ROM. The hard copy updates will be sent directly following each implementation in shrink-wrapped, clear plastic complete with an update letter that explains what pages to take out and where to insert new pages. CD-ROM updates will be sent on new compact discs to RCSI. Each successive User Manual update shall be identified by a revision number so RCSI can easily determine when an enhancement is implemented and can verify that the User Manuals are up to date.

(iii) When errors are detected in the User Manuals, they will be corrected by First Data. When errors are detected by RCSI, RCSI will endeavor to submit a "User Documentation Change Request" or "UDCR" form describing the error. First Data shall prioritize resolution of the UDCR and the timeliness of the correction to the User Manuals. Category "A" UDCRs, involving liability or client risk, shall be completed in the next update to the User Manual. Category "B" UDCRs, involving procedural clarifications, shall be completed within the next two (2) updates to the User Manual. Category "C" UDCRs, involving cosmetic changes, such as fixing typographical errors, shall be completed as time and resources permit.

#### **5.6 Communication Links.**

As requested by RCSI, First Data shall install, provide or cause to be installed or provided the means for communicating data from its facilities or equipment to the facilities or equipment of:

- (a) RCSI designated by RCSI;
- (b) third-parties designated by RCSI, including a communication link that will allow RCSI to access Designated Account data on-line.

First Data shall, during the Term, maintain such means for communicating in good working order. First Data shall provide RCSI with an on-line terminal facility (not the terminals themselves), on-line access to the First Data System, adequate computer time and other services relating to accessing the First Data System as directed by RCSI. The method of transmission and the media employed will be proposed by First Data and be subject to approval by RCSI. The Parties shall take into consideration relevant factors such as traffic type, inbound and outbound message sizes, traffic loading distribution, and the equipment or devices which are or may be used.

**5.7 Interfaces.**

First Data shall define, support, and make available to RCSI various interfaces to the First Data System as specified by RCSI. As of the first Initial Conversion, First Data shall provide at least one hundred and twenty (120) days prior written notice to RCSI regarding any change to common or core interfaces (e.g., industry interfaces, standard client wide system interfaces) and shall provide complete documentation regarding any such changes at least ninety (90) days prior to implementation of such changes. First Data may not change those interfaces which are custom or specific to RCSI without prior written approval from RCSI.

**6. STATEMENT AND PRODUCTION PROCESSING SERVICES**

As and when required by RCSI, First Data shall provide the Services described in this Article 6 for the Designated Accounts.

**6.1 Statement Production, Insertion and Distribution.**

(a) Based on RCSI Rules, First Data shall collect, organize, decipher, and present (on-line, in tangible written form, and/or electronically) data collected from the First Data System. From such data, First Data shall prepare the billing statements, letters and other communications required by RCSI (the "Statements") in the format required by RCSI Rules (e.g., electronic, paper) in quantities and on the schedule specified by RCSI. First Data's responsibilities shall include the following:

(i) Create a print ready file for the production operation containing the Statement information needed to print Statements as per RCSI Rules.

(ii) Print Statements.

(iii) Trim, burst and fold Statements and prepare for insertion as necessary.

(iv) Per RCSI's request, order and stock materials required for Statement production, including statement envelopes and statement paper, so that there is a sufficient supply available. First Data shall make available to RCSI on-line inventory management reports for statements and envelope stock.

(v) Provide inventory procurement, and inventory management of the RCSI forms and envelopes.

(vi) Produce requested replacement Statements via an on-line request by RCSI and mail the requested statements directly to the specified address entered through the on-line request. RCSI may use CD-ROM or Microfiche for replacement of statements.

(vii) Presort and qualify the mailings for the lowest possible United States Postal Service and other applicable courier discounts, taking into account discounts available to First Data.

(viii) Provide RCSI with the opportunity to review and approve Statements.

(b) First Data shall perform the functions necessary to insert and deliver to their intended recipients Statements as required by RCSI. First Data's responsibilities shall include the following:

(i) Review marketing material received from RCSI clients or their agents to determine, in accordance with RCSI Rules, including those regarding weight restrictions for mailings, whether and when such materials will be included in the applicable Statement mailings. RCSI is to ensure the materials provided adhere to the size specifications for purposes of insertion.

(ii) Insert Statements and other RCSI-approved materials into correct envelopes in the order and priority required by RCSI Rules.

(iii) Provide inventory management of the RCSI insert materials.

(iv) Presort and qualify the mailings.

(v) Supply required postage for those envelopes being transmitted to their respective intended recipients by the United States Postal Service.

(vi) Seal and deliver to the appropriate United States Postal Service facility/representative, in compliance with the time frames required by RCSI, envelopes containing Statements and/or other RCSI-approved material which are to be transmitted to their respective intended recipients by the United States Postal Service.

(vii) Seal and deliver to non-United States Postal Service facility/representative, in compliance with RCSI Rules, envelopes containing Statements and/or marketing materials which are to be delivered to their respective intended recipients by a courier other than the United States Postal Service.

(viii) Confirm delivery of Statements and associated materials within service standards established by RCSI.

**6.2 Transaction Card Production, Insertion and Distribution.**

(a) First Data shall perform the functions necessary to produce, in quantities and on the schedule specified by RCSI, Transaction Cards using only processes and facilities certified by VISA, MasterCard and any other Association. First Data's responsibility shall include the following:

- (i) Receive and inspect plastics required in Transaction Card production. Notify suppliers, and obtain replacements for, plastics which do not meet the applicable specifications. (Custom materials can be ordered with RCSI's approval via plastic proof or RCSI may order their own plastics.)
  - (ii) Collect, organize, decipher, calculate and present (including through reports and embossing tapes) the necessary data collected from the First Data System, including any relevant electronic Transaction Card files from RCSI and other files containing information concerning production of the Transaction Cards.
  - (iii) Emboss plastics, including adding text, numbers, logos and Cardholder photos, in compliance with RCSI's specifications and chosen embossing parameters.
  - (iv) Encode the resulting Transaction Cards in compliance with RCSI's Rules.
  - (v) Print required customer information on Transaction Card carriers.
  - (vi) Produce 24-hour rush plastic Transaction Cards based upon RCSI's Rules.
  - (vii) Based upon reports provided by First Data to RCSI concerning the inventory of plastics, card carriers and envelopes under the control of First Data, RCSI will control and manage the level of inventory of plastics, card carriers and envelopes.
  - (viii) If plastics are ordered through First Data, First Data will provide design support including support related to magnetic stripe parameters.
  - (ix) Perform as requested by RCSI services respecting the following: ultraphic/graphic imaging, CRV labeling, CRV status removal, card mailers, ultraforms, photocard, rush plastics and card pulls.
- (b) First Data shall perform the functions necessary to insert and deliver to their intended recipients Transaction Cards. First Data's responsibilities shall include the following:
- (i) Trim, burst and fold the Transaction Card credit card carriers.
  - (ii) Data match the Transaction Cards and the credit card carriers.
  - (iii) Insert the Transaction Cards into the corresponding credit card carriers.
  - (iv) Insert the credit card carriers and RCSI-approved materials into the correct envelopes in the order and priority required by RCSI Rules. RCSI is to adhere to material size and paper specifications as outlined in First Data User Manuals.

(v) Presort and qualify the mailings for the lowest United States Postal Service discounts.

(vi) Supply the required postage on those Transaction Card credit card carrier envelopes being transmitted to their respective intended recipients by the United States Postal Service.

(vii) Seal and deliver to United States Postal Service facility/representatives Transaction Card credit card carrier envelopes being transmitted to their respective intended recipients by the United States Postal Service.

(viii) Seal and deliver to non-United States Postal Service facility/representative card carrier envelopes which are to be delivered to their respective intended recipients by a courier other than the United States Postal Service.

(ix) Confirm delivery of the Transaction Card credit card carrier envelopes and associated materials within service standards established by RCSI.

**6.3 Reporting Obligations and Provision of Information.**

(a) First Data shall produce and deliver to RCSI, at the time and in the frequency specified by RCSI reports, at the individual RCSI client level as required concerning First Data's statement and Transaction Card production, insertion and distribution services. These reports shall include the following:

(i) Daily status report of (A) Statement and Transaction Card production and mailings and (B) associated quality measurements including defect and cycle time reporting.

(ii) Monthly inventory report for the supplies, including reconciliation of any lost and damaged materials.

(iii) Monthly Transaction Card inventory report.

(iv) Monthly Statement identifying for the previous month (A) mailings, (B) Transaction Card production, and (C) related Services, with associated costs.

(v) Monthly Transaction Card analysis report of Transaction Cards embossed and mailed with associated costs.

(vi) Other reports as requested by RCSI.

(b) First Data shall provide to RCSI, in the format and at the times specified by RCSI, data relating to Statements, Transaction Card storage, production and distribution and such other related information as requested by RCSI for RCSI's use in creating reports for RCSI and its customers.

**7. MERCHANT SERVICES/ACQUIRER FUNCTIONS**

(a) First Data shall provide RCSI access to and use of certain Services related to Merchant Accounts (“Merchant Services”) as further set forth in Exhibits C-1 and C-6, including Merchant settlement services sufficient for RCSI to perform RCSI’s settlement and funding activities.

(b) As and in the manner requested by RCSI, First Data shall:

- (i) Accept, balance and edit transmissions based on RCSI Rules;
- (ii) Determine the net settlement amounts based on RCSI Rules;
- (iii) Provide Merchant settlement reports (on-line, electronic, or hard copy) as requested based on RCSI Rules; and
- (iv) Provide Merchant settlement / funding file based on RCSI Rules

**8. PERSONNEL RESOURCES**

**8.1 \*\*\*.**

As required by RCSI, First Data shall make available a \*\*\* for performing AD Services, and such \*\*\* shall be \*\*\* to such work at the minimum functional and skill levels set forth in Exhibit C-5. The \*\*\* shall be managed by, and receive directions and work assignments from, First Data only. It is anticipated that the \*\*\* comprising the \*\*\* will, following the Initial Conversions, be approximately \*\*\*. Within thirty (30) days into each calendar quarter, the Parties shall meet and agree on the function, skill, tenure and \*\*\* of the \*\*\*, taking into account, among other issues, the planned AD Services to be performed in such quarter and subsequent quarters. First Data shall use its best efforts to accommodate all of RCSI’s requests for \*\*\* of, or modifying the function, tenure or skill set of, the \*\*\* within three (3) months following any such requests.

(a) Staffing of the \*\*\*.

(i) First Data shall at all times maintain a complete and current list of job function, tenure, skill and experience level of all \*\*\* personnel. Promptly upon RCSI’s request or any significant change in the information on such list or a successive list, First Data shall provide RCSI with an updated list incorporating the revisions.

(ii) If the work requests for the \*\*\* exceed or are likely to exceed the capacity of the \*\*\*, First Data shall promptly advise RCSI of such a situation or the potential of the situation. First Data shall take such steps as RCSI requests, which may include increasing the \*\*\*. RCSI may also adjust existing priorities, extend schedules, or other such action as may be appropriate under the circumstances.

(b) Priority of Work for \*\*\*. The \*\*\* shall perform its functions in accordance with the priorities established by RCSI but shall, for all purposes, be under the direct supervision, management and control of First Data. First Data shall propose such priorities which shall be subject to RCSI's approval. In the absence of explicit direction from RCSI, First Data shall prioritize the \*\*\* work in a manner appropriate to the circumstances taking into account First Data's understanding of RCSI's priorities. If and to the extent that sudden changes in the schedule or priority or work are necessary and timely consultation with RCSI is not possible, then First Data shall take such actions without the requirement for prior approval from RCSI. First Data shall promptly notify RCSI of such actions, and, if requested by RCSI, document the basis for taking such actions.

(c) \*\*\* Performance. The efficiency and productivity of the \*\*\* shall, at a minimum, be consistent with that of First Data employees performing similar services.

**8.2** \*\*\*

(a) Reversion to the \*\*\*. The actual performance of the \*\*\* will be reviewed by the Parties fifteen (15) months after the FAAR Effective Date. If, after such review, RCSI is unsatisfied with the performance of the \*\*\*, then, at the discretion of RCSI, the \*\*\* will cease and revert, within ninety (90) days following notice, to a \*\*\* performing Services at the minimum functional and skill levels set forth in Exhibit C-5. Such \*\*\* shall be \*\*\* as the average of the previous twelve (12) months plus ten percent (10%). If RCSI requests the reversion to a \*\*\* under this Section 8.2, then within thirty (30) days into each calendar quarter, the Parties shall meet and agree on the function, skill, tenure \*\*\*, taking into account, among other issues, the planned AD Services to be performed in such quarter and subsequent quarters. First Data shall use its best efforts to accommodate all of RCSI's requests for increasing or decreasing \*\*\* modifying the function, tenure or skill set of, the \*\*\* within three (3) months following any such requests.

(b) \*\*\* Turnover. If at any time during the Term the Parties revert back to a \*\*\* and if a \*\*\* of such \*\*\* ceases to work on the RCSI account and is replaced, RCSI shall not be charged for the first thirty (30) days of work performed by the replacement \*\*\* unless one of the following conditions exist:

(i) The individual is being replaced at RCSI's direct request for other than performance-related reasons; or

(ii) The individual being replaced is hired directly by RCSI or a RCSI Affiliate either as RCSI or RCSI Affiliate full time employee or a contract basis for RCSI or a RCSI Affiliate subject to the terms of Section 23.7 of the Main Body of the Agreement.

(c) Reporting \*\*\* Time. First Data shall provide to RCSI each month a report showing the breakdown, by project or assignment, of all hours worked and reported by the \*\*\* for the previous month.

(d) Notice regarding Upcoming \*\*\* Member Down-Time. First Data will provide RCSI with as much advance notice regarding possible \*\*\* down-time as is reasonably possible but no less than forty-eight (48) hours advance notice.

### **8.3 Pooled Resources.**

At such time as First Data may require additional personnel resources to complete the work assigned to the \*\*\* or the \*\*\* (including when required increases to the \*\*\* or \*\*\* cannot be met in time), First Data shall use resources available from First Data's Pooled Resources.

## **9. START-UP SERVICES**

(a) General and Start-up Plan. First Data shall provide those start-up services ("Start-up Services") in connection with new portfolios of Designated Accounts as are requested by RCSI. These Start-up Services shall include:

(i) performing those activities necessary to enable the First Data System to recognize and process a new portfolio of Designated Accounts;

(ii) assisting RCSI by providing information concerning the Services and the First Data System to RCSI customers and prospective customers and by demonstrating the functionality of the First Data System relating to the processing of Designated Accounts.

Start-up Services necessary to enable the First Data System to recognize and process a new portfolio of Designated Accounts shall be provided pursuant to a plan developed by First Data, with input from RCSI, and approved by RCSI (a "Start-up Plan"). Unless otherwise agreed by RCSI, First Data shall use best efforts to complete the Start-up Plan, and the Start-up Services required by the Start-up Plan, within sixty (60) days of RCSI's request for such Start-up Services.

(b) Standard Start-Up Services. First Data shall provide the Standard Start-up Services in connection with each proposed Start-up. The "Standard Start-up Services" shall include the following:

(i) One (1) additional new system level added within the existing RCSI account hierarchy structure;

(ii) One (1) additional new principle level added within the new system level or existing system level;

(iii) If suppressed principle or agent are required, then a single principal shall be added within either the new system or existing system level. A suppressed agent range of up to ten (10) agents will be added to an existing or new suppressed principle level;

(iv) Use of standard RCSI interfaces then used;

- (v) Use of standard existing statement template currently used by RCSI (no programming changes required); and
- (vi) Use of standard embossing designs/formats currently used by RCSI (no programming changes required)

**10. ACQUISITION SUPPORT SERVICES**

**10.1 General First Data Responsibilities.**

With respect to a potential acquisition by RCSI of Accounts after the Effective Date (whether in conjunction with a corporate acquisition or otherwise), upon RCSI's request, First Data shall assist RCSI in assessing the portion of the acquisition to which the Services will relate and provide other acquisition support, as requested by RCSI ("Acquisition Support Services"). Acquisition Support Services shall be provided within the time frame as reasonably required to support RCSI's acquisition activities. In connection with such time frame, First Data acknowledges that RCSI may request that First Data personnel be available to render Acquisition Support Services at a location specified by RCSI in as little as twenty-four (24) hours of RCSI's initial request for the Acquisition Support Services. Acquisition Support Services shall include the following:

- (a) support of RCSI's assessment of the target portfolio and of the Services necessary for converting and/or processing the target portfolio using the Services;
- (b) support of RCSI's assessment of the functionality, capability, performance, and other relevant aspects of the target portfolio's processing services requirements;
- (c) support of RCSI's assessment of RCSI's need for Services in connection with the acquisition of the target portfolio;
- (d) a comprehensive description to RCSI of potential integration approaches and related complexities, and the potential net economic impact of the acquisition in connection with the Services;
- (e) support in RCSI efforts to respond to a request for proposal and related activities; and
- (f) any technical and product information concerning the Services and the First Data System required to be provided to the selling/transferring party.

**10.2 Specific First Data Responsibilities**

The support described in Section 10.1 may, at RCSI's option, require First Data to analyze, among other things, the target portfolio's file structure and processing software/system and to perform the financial and technical analysis necessary to enable First Data to formulate and communicate to RCSI, in the form requested by RCSI (e.g., reports in tangible or electronic format, electronic and telephonic communication, oral presentations) the information requested by RCSI.

**11. CONVERSIONS, TRANSFERS AND FLIPS**

At RCSI's request, First Data shall undertake and complete Conversions, Transfers, and Flips and will provide the other Services described in this Article 11.

**11.1 Conversion Services.**

(a) First Data shall perform each Conversion requested by RCSI and shall do so as further described in Section 11.5.

(b) In addition to other Services requested by RCSI, First Data shall provide the Standard Conversion Services for Accounts in connection with each proposed Conversion of Accounts. The "Standard Conversion Services" for Accounts include the following:

- (i) the Conversion activities described in Sections 11.2 through 11.5;
- (ii) use of any interface supported on the First Data System;
- (iii) use of two (2) customized statement designs;
- (iv) use of two (2) embossing designs;
- (v) performance of three (3) mock Conversions with RCSI in preparation of the proposed Conversion;
- (vi) provision to RCSI of a translator or cross-reference file; and
- (vii) data mapping and other related data mapping activities necessary to convert the Accounts.

(c) First Data shall provide the following Standard Conversion Services for Merchant Accounts on file in connection with each proposed Conversion of Merchant Accounts on file:

- (i) the conversion activities described in Sections 11.2 through 11.5;
- (ii) data mapping of merchant masterfiles, merchant history files and merchant memos;
- (iii) performance of two (2) mock merchant conversions; and
- (iv) provision to RCSI of a cross reference file.

(d) Services other than Standard Conversion Services (“Non-Standard Conversion Services”) shall be provided as requested by RCSI.

**11.2 Conversion Manager, Conversion Representative, and Conversion Team.**

(a) First Data shall assign a manager for each Conversion (the “Conversion Manager”). Each Conversion Manager shall manage one or more Conversions, based upon the size and complexity of the related Accounts being converted.

(b) RCSI will designate one individual who will coordinate RCSI activities in connection with each Conversion (the “RCSI Conversion Representative”).

(c) First Data shall assign to each Conversion a team consisting of an adequate number of First Data personnel who, based upon the size and complexity of the Conversion, may be dedicated full time to perform the Conversion Services. The Conversion Manager shall manage the Conversion team.

**11.3 Discovery.**

As part of the Conversion process, First Data shall complete for each proposed Conversion the process of identifying what is required for the successful completion of that Conversion (the “Discovery”). First Data shall provide to RCSI a report of the results of its Discovery (the “Discovery Report”).

**11.4 Resolution Agreements.**

Based upon its review of the Discovery Report, additional information RCSI may obtain from First Data, and such other factors as it may, in its sole discretion, deem relevant, RCSI shall determine whether completion of a proposed Conversion will likely require modifications to the First Data System. If RCSI decides that modifications to the First Data System will likely not be required, RCSI may:

(a) refrain from requiring First Data to perform the Services described in this Section 11.4;

(b) request that First Data proceed to perform the Services described in Section 11.5.

If RCSI decides that modifications to the First Data System will likely be required, RCSI may request that First Data using the information obtained pursuant to Section 11.3, undertake an analysis to define the Gaps and develop Resolution Agreements addressing those Gaps. Such Resolution Agreements shall be prepared, approved and implemented in the manner set forth in Section 2.2.

**11.5 Conversion Plans.**

(a) For each Conversion, the Conversion Manager shall, with input from the RCSI Conversion Representative and other RCSI individuals identified to First Data, develop and present to RCSI a plan setting forth in detail the activities required for the successful Conversion of the relevant portfolio (a “Conversion Plan”).

(b) Each Conversion Plan shall include:

- (i) a plan for testing the elements of the Conversion to the satisfaction of RCSI prior to the implementation thereof;
- (ii) a plan for managing and monitoring the Conversion including regular progress reports by First Data against the Conversion Plan and status reviews by the Parties;
- (iii) a plan for controlling and minimizing Conversion risks, including a contingency plan identifying those risks and proposing mitigation efforts for each element of the Conversion, and providing backup and contingency plans in the event Conversion activities do not proceed as planned or are interrupted;
- (iv) a plan for the transfer of responsibility for providing the Services;
- (v) the identification and descriptions of the major deliverables and key milestones in connection with the Conversion and the related completion criteria;
- (vi) a schedule for implementing the Conversion and achieving the key milestones in order to meet RCSI's requirements;
- (vii) identification of the date upon which the Conversion will be completed (the "Conversion Completion Date");
- (viii) the procedure by which the Parties will determine when the Conversion is complete; and
- (ix) any other relevant details required for a smooth transition of services in connection with the Conversion.

(c) Each Conversion Plan and each Conversion Completion Date shall be subject to RCSI's approval. RCSI and First Data shall meet as often as necessary during the planning and implementation of a Conversion to review the Conversion's status and discuss the need to make modifications to the Conversion Plan, if any. RCSI may, in connection with any Conversion, request changes to the Conversion Plan and changes to the Conversion Completion Date. In response to such request, First Data shall identify the potential alternative approaches to affect the change and the incremental (or decremental) cost and schedule impacts of each of the alternative approaches. First Data shall proceed with the alternative chosen by RCSI, or not proceed if so determined by RCSI. Changes desired by First Data shall be subject to the approval of RCSI.

(d) Except as otherwise agreed by the Parties, First Data shall complete each Conversion as reasonably requested by RCSI, but, in any event, will complete the Standard Conversion Services portion of each Conversion within one hundred twenty (120) days of receiving master files. For every Conversion, if First Data should experience a delay in completing its Conversion-related responsibilities, First Data shall devote the necessary resources to cure the delay and recover the Conversion schedule.

(e) Project activities, time frames, deliverables and critical paths associated with the Conversion Plans shall be tracked by First Data and reported to RCSI, as requested by RCSI.

#### **11.6 Software Conversion Modifications.**

Software Conversion Modifications shall be performed in accordance with Section 11.4, Section 15.2(a)), 15.2(b)(iv) through 15.2(b)(xi) and Section 15.2(c) and in a manner so as not to adversely affect RCSI or its business operations. Software Conversion Modifications related to a particular Conversion and the plan for performing these Modifications shall be identified in the Conversion Plan for that Conversion.

#### **11.7 Transfers**

(a) A "Transfer" is defined as the process of reflecting in the First Data System the transfer of responsibility for and control of a group of Designated Accounts being processed on the First Data System from another First Data client to RCSI.

(b) First Data shall perform each Transfer requested by RCSI.

(c) In addition to other Services requested by RCSI, First Data shall provide the Standard Transfer Services in connection with each proposed Transfer, whether or not completed. The "Standard Transfer Services" include the following:

(i) selectively identifying Designated Accounts (from the master file field) or non-selectively identifying Designated Accounts (client, system, principal and agent levels) that are, at the time of the Transfer, being processed on the First Data System (the portfolio selection is based upon no more than two (2) systems with five (5) principals each and a cross reference/transfer table);

(ii) use of any of interface supported on the First Data System;

(iii) use of two (2) customized statement designs;

(iv) performance of two (2) mock Transfers with RCSI in preparation of the proposed Transfer; and

(v) provision to RCSI of a translator or cross-reference file.

(d) First Data shall provide the following Standard Transfer Services for Merchant Accounts on file in connection with each proposed Transfer of Merchant Accounts on file:

(i) Selectively identifying Merchant Accounts on file (from the masterfile) or non-selectively identifying Merchant Accounts on file (client, system, principal, and agent levels) that are, at the time of the transfer, being processed on the First Data System (the portfolio selection is based upon no more than two (2) systems with five (5) principals each and a cross reference transfer table);

(ii) use of any interface supported on the First Data System;

(iii) performance of two (2) mock Transfers; and

(iv) provision to RCSI a translator or cross reference file.

(e) Any Transfer-related services in addition to those described above shall be charged to RCSI at the rate(s) set forth in Schedule C.

### **11.8 Flips.**

A “Flip” is defined as replacing an existing Designated Account with a new Designated Account. RCSI regularly engages in two (2) types of Flips: (i) the replacement of, or the addition to, an Account with a new Accounts (a GECF-A Flip) where no past billing history is brought over, and (ii) a transfer of responsibility for and control of a group of Designated Accounts from one RCSI Affiliate to another RCSI Affiliate (an “Internal Flip”). First Data shall perform the Flips requested by RCSI. Unless otherwise specified by RCSI, First Data shall complete each Flip within thirty (30) days of RCSI’s request for such Flip and shall complete each Internal Flip following the applicable conversion dates (each portfolio needs to have been converted to the First Data System) within the calendar month of RCSI’s request for such Flip.

## **12. DECONVERSION ASSISTANCE**

### **12.1 General First Data Responsibilities.**

As and upon the schedule established by RCSI, First Data shall provide the assistance (the “Deconversion Assistance”) that RCSI and any successor owner or holder (collectively, “Transferee”) of a portfolio of Accounts which are or were, at the time held by RCSI, Designated Accounts (collectively, “Transferred Accounts”) may reasonably require in connection with the transfer of the Transferred Accounts and related conversions. First Data’s Deconversion Assistance shall include the Services described in this Article 12.

**12.2 Specific First Data Responsibilities.**

(a) General. First Data shall:

(i) Provide a plan for the transition of requested operations from First Data which plan is subject to approval by RCSI.

(ii) Provide RCSI access to and use of the information and of the personnel, third parties and other resources then being used by First Data to provide the Services to RCSI. First Data shall, upon request by RCSI, provide to the Transferee master file and field descriptions and record layouts and other similar information necessary for RCSI to deconvert from the First Data System and the Transferee to convert to another platform, the Transferred Accounts without disruption to RCSI's operations.

(iii) First Data shall provide the Transferee all required deconversion files within two (2) weeks of request. Multiple requests may be required.

(iv) Provide RCSI with such information regarding the Services as is reasonably prudent or necessary in order for the Transferee to assume responsibility for, and continue the performance of, the Services as to the Transferred Accounts in an orderly manner, so as to minimize, as much as possible, disruption in the operations of RCSI.

(b) Pre-Migration Services. First Data shall:

(i) Provide to RCSI copies of copy books used by First Data in performing the Services.

(ii) Provide to RCSI copies of other information regarding the Services that are required to implement the transition plan, including the following:

- (A) copies of the security tables, if any, utilized in the provision of Services to RCSI which are necessary to effect the necessary conversion;
- (B) documentation describing the functionality of customized system modifications created on behalf of RCSI, including documentation relating to or affecting the Transferred Accounts; and
- (C) copies of the manuals required support the environment relating to the Transferred Accounts.

(iii) Provide assistance to RCSI in notifying third party vendors of the procedures to be followed during the turnover phase.

(iv) Assist RCSI in understanding naming conventions.

(v) Provide test tapes to assist RCSI in its analysis of the space required for data.

- (vi) Provide to RCSI access to First Data Personnel who were performing the Services in order that such personnel may answer the Transferee's questions.
- (vii) Provide to RCSI interim tapes of RCSI's data relating to or affecting the Transferred Account.
- (viii) Provide to RCSI multiple tape copies of RCSI's data relating to the Transferred Accounts in First Data's possession.
- (ix) Cooperate with RCSI in the preparation for and conduct of migration testing sufficient to the transfer of the Transferred Accounts in an orderly manner.

(c) Migration Services. First Data shall:

- (i) Deliver to the Transferee as requested by RCSI tapes of the requested data files (without content listing) and printouts of control file information relating to or affecting the Transferred Accounts.
- (ii) Provide reasonable assistance to the Transferee in loading the data files.

(d) Post Migration Services. First Data shall:

- (i) Provide additional assistance at RCSI's request to assure continuity of operations relating to or affecting the Transferred Accounts. Upon request by RCSI, First Data shall maintain account information on-line for a period of time to be specified by RCSI.
- (ii) As requested by RCSI, return to RCSI at RCSI's request, any remaining property of RCSI in First Data's possession, including any remaining reports, data, and other RCSI Information with respect to the Transferred Accounts. Alternatively, as required by RCSI, First Data shall destroy such property.
- (iii) As requested by RCSI, certify to RCSI in writing that all of RCSI's data and files and all other RCSI Information with respect to the Transferred Accounts have been removed from the First Data System, premises and control and returned or destroyed; provided, however, RCSI specific coding in subroutines which only would be activated upon First Data's processing of the Transferred Accounts need not be either removed or destroyed.

**13. PROBLEM MANAGEMENT SERVICES**

**13.1 General First Data Responsibilities.**

First Data shall identify, track and manage the problems arising from or relating to the Services ("Problem Management" or "Problem Management Services").

First Data shall implement and maintain processes under which a single point of contact has end-to-end responsibility for each problem arising from or relating to the Services in order to minimize redundant contacts with RCSI.

**13.2 Specific First Data Responsibilities.**

(a) First Data's responsibilities with respect to Problem Management shall include the following:

(i) logging reported problems upon receipt from RCSI or its third party providers, and as identified by First Data;

(ii) monitoring, controlling and managing each problem arising from or relating to the Services until it is corrected or resolved;

(iii) correcting or resolving the problems relating to the Services (problem corrections will be subject to verification by the authorized RCSI affected end user or control person);

(iv) adhering to the procedures for problem escalation, review and reporting specified in Schedule B and agreed upon by the Parties and also taking appropriate measures to avoid recurrence of problems; and

(v) monitoring, measuring and providing reports in the format required by RCSI on problems, including statistics on the types of problems, total number of problems, outstanding problems and resolution times (including the average time to resolve problems) for the Services in general, for specific portions of the Services, and for individual RCSI customers.

(b) First Data shall improve the average time to resolve problems during the Term.

(c) First Data shall maintain communications with RCSI on the problems through resolution. First Data shall, for each problem, provide prompt notification to RCSI of system outages on critical systems, and shall otherwise provide regular and timely progress updates that clearly indicate the nature of the problem, the estimated time to correction, and potential short-term alternatives. First Data shall make known to RCSI information regarding the status of significant problems on at least a daily basis or more frequently as appropriate. First Data shall track and report any backlog of unresolved problems.

(d) First Data shall implement an appropriate Problem Management infrastructure tool set which has been customized with processes to provide tracking databases. The tool set shall include:

(i) a knowledge management mechanism to capture, store and retrieve solutions for reuse by First Data personnel and end users; and

- (ii) a knowledge database to enable the sharing of policies, procedures, best practices and methods among employees and end users.

First Data shall provide to RCSI reports from the problem database on an ongoing basis and will grant RCSI access to monitor and view the problem database on an ongoing basis. In addition, First Data will have access to, and shall if approved by RCSI, use for RCSI First Data-wide cross-customer solutions from central problem resolution databases maintained by First Data.

(e) First Data shall have available for contact by RCSI help desk skilled personnel with appropriate problem management capabilities and technical knowledge with respect to the First Data System and the Services, including product and technical specialists, twenty-four (24) hours per day, seven (7) days per week to provide problem resolution services to RCSI and, if requested by RCSI, directly to RCSI customers. Such personnel shall serve in a “second line” capacity and shall answer questions concerning, and resolve problems with, delivery of the Services to or performance of the Services for RCSI. During business days the First Data problem management personnel shall be available by telephone between the hours of 6:00 a.m. and 8:00 p.m. (Eastern Time Zone) and, by pager, all other hours. First Data shall have available on call, and shall dispatch as required, support specialists twenty-four (24) hours per day, seven (7) days per week to provide troubleshooting and maintenance response as necessary to identify and resolve problems. The specialists will be skilled personnel with appropriate problem management capabilities and technical knowledge with respect to the First Data System, the Services and to RCSI activities typically occurring during the time period for which they are on duty. The specialists will be staffed as required by RCSI at various First Data and RCSI locations.

- (f) First Data shall engage and manage third party suppliers and vendors as necessary to localize and resolve problems that arise from or relate to the Services.

#### **14. DISASTER AND BUSINESS RECOVERY**

As further detailed in Exhibit A-7, First Data shall provide support as reasonably requested by RCSI to meet RCSI’s disaster recovery and business recovery requirements. In connection with that support, First Data shall participate, as required by RCSI, in RCSI disaster recovery tests, agree to use reasonable efforts to accommodate RCSI’s disaster recovery and business recovery requirements, and, to the extent there are requirements First Data cannot accommodate, make reasonable efforts to find alternative solutions. If it is determined that system modifications must be made or unique services provided, pricing for such services will be proposed to RCSI.

**15. APPLICATION DEVELOPMENT AND APPLICATION MAINTENANCE**

**15.1 General.**

(a) First Data shall provide the Application development services (“AD”) and Application maintenance services (“AM”) described in this Schedule A and elsewhere in the Agreement.

(b) First Data shall provide AD and AM in the priority and on the schedule specified by \*\*\*.

(c) First Data shall provide progress reports on individual AD project activities as part of the Monthly Performance Report and shall, as requested by RCSI, advise on developments in technology of potential interest to RCSI.

(d) First Data shall provide to RCSI each month a detailed, written plan (the “Development Hours Plan”) setting forth its proposed expenditure of Development Hours in the following month. RCSI’s approval will be necessary in order for First Data to implement the Development Hours Plan.

(e) First Data shall complete AD and AM work within time frames meeting RCSI’s business requirements, including the time frames required to meet RCSI’s customer’s business requirements, as such time frames are made known to First Data, as long as resources to satisfy such requests are available. Availability will be dependent on joint planning and forecasting for capacity with enough lead time to ramp-up and ramp-down.

(f) First Data shall use technologically current development/maintenance tools and languages as appropriate to improve programmer productivity, code stability and reusability.

**15.2 Application Development Responsibilities.**

(a) First Data shall be responsible for designing, developing, and implementing ongoing and new AD projects as and to the extent requested by RCSI. First Data shall consider any suggestion of RCSI as to the location of First Data personnel performing particular AD projects, but First Data shall make such AD location decisions. First Data shall perform the AD in accordance with industry-accepted, repeatable, systems development life cycle methodology. The methodology will include the processes comprehensively covering the AD activities next described. That methodology will also include the following:

(i) developing appropriate documentation, preserving the knowledge base for reuse, and developing and implementing appropriate user training; and

(ii) a change procedure under which RCSI may request enhancements, customizations, interfaces, or other changes to the AD project.

That procedure will include the performance of an analysis by First Data to determine the impact (including financial, allocation and use of resources, and scheduling) of the requested enhancement(s), customization(s), development of interface or other change(s) on the AD project and will require that no change will be made until reduced to a written change order describing the change order and associated costs with particularity and approved by RCSI.

(b) Except as otherwise approved by RCSI, AD projects performed by First Data shall include the activities next described and the Parties' respective responsibilities will be as next described. These provisions also apply, as appropriate, to the extent portions of AD projects are assigned to First Data.

(i) Initial Evaluation/Structure. Upon receipt from RCSI of a request for AD, First Data shall perform an initial feasibility assessment sufficient for RCSI to make a reasonable business decision on whether to continue with the requested AD project. Such assessment will include an analysis of the impact of the performance of the AD project on the performance of the Services as a whole, including existing AD projects. As requested by RCSI, First Data shall provide assistance in evaluating, and will make recommendations respecting, the use of available First Data and third party software for the AD project versus building the Application software. First Data shall then provide its findings in writing to RCSI.

(ii) Analysis and Identification of RCSI's Requirements. First Data shall be responsible for analyzing in-depth and identifying substantially all the business and user requirements of RCSI in connection with the AD project. These requirements will be stated at a level of detail sufficient to formulate acceptance criteria and will be set forth in a business/user requirements document drafted by First Data, submitted to RCSI for review and comment, and finalized by First Data as directed by RCSI. This phase of activity will be completed upon RCSI's approval and sign-off of the business/user requirements document.

(iii) Resolution Plan. First Data shall prepare a resolution plan ("Resolution Plan") which shall contain: (A) alternate solutions for providing to RCSI the requested functionality including at least one solution involving development of the missing functionality through additions to or modifications of the First Data System and at least one solution using the current First Data System functionality \*\*\*, and (B) an estimate (in hours) of development and other work necessary to implement each proposed solution and the cost to RCSI based upon Schedule C. If one of the proposed solutions is not an integrated change to the First Data System, First Data shall explain why and its justifications for such omission; provided, however that if RCSI is requesting a change in process and/or Services relating to an GECF-A Designated Account, the proposed solutions must include an integrated change in the First Data System. RCSI will determine whether to proceed or will identify the solution to be further pursued.

(iv) Project Plan. If RCSI authorizes First Data to proceed with the proposed AD project, First Data shall prepare a plan ("Project Plan") specifying the schedule, estimated Development Hours, and other requirements for the AD project, including acceptance test criteria, and its possible impacts on other Services. The Project Plan will be submitted to RCSI for review and comment, and will be subject to the approval of RCSI.

(v) High Level Design. First Data shall prepare functional specifications and a high level technical design. Based on this information, the Parties may adjust the scheduled and estimated charges for the work. As adjusted, the schedule is to govern the work and the \*\*\* charges shall be a Chargeable Hours Cap.

(vi) Detailed Technical Design. First Data shall develop a detailed technical design that demonstrates how the AD work will satisfy RCSI's business and user requirements. The design will include technological and functional design elements and will be subject to approval of RCSI.

(vii) Code Development. First Data shall develop or otherwise obtain the code necessary for the AD project, including developing necessary interfaces and bridges.

(viii) Data Conversion. First Data shall perform data conversion as necessary for the AD project.

(ix) Testing. First Data shall develop and carry out unit testing, string testing, regression testing, functional testing, integration testing, package modification testing, system testing, stress/volume testing, and other testing, as required by RCSI. Required testing will be described in the Project Plan or other document subject to review and approval by RCSI.

(x) Acceptance Procedure. First Data shall develop and subject to approval by RCSI, implement a formal acceptance procedure that allows RCSI to verify that the AD work meets the approved business/user design requirements. Such acceptance procedures will be described in the Project Plan or other document subject to review and approval by RCSI. First Data shall track and correct identified problems in the Application(s) developed pursuant to the AD project. Acceptance of an Application will be deemed to have occurred upon the acceptance of the AD work by RCSI in writing and consistent with the terms of the Project Plan. Acceptance testing will be performed on equipment substantially similar to the production equipment on which the Application will be operated when placed into production.

(xi) Implementation. First Data shall be responsible for the production, implementation and rollout of the newly developed Application. First Data shall comply with First Data's formal change management process, as approved by RCSI, for implementing newly developed Application software.

(c) Post Implementation Review/Application Correction. First Data shall conduct a post-implementation review of the performance of the Application developed under the AD project within forty-five (45) days of the implementation of the Application. First Data shall promptly remedy any failure of the Application to meet the requirements contained in the Applications Specifications.

(d) RCSI may terminate AD in connection with an AD project at any time.

(e) First Data shall propose modifications or alternatives to the process described in this Article 15, such as a process for managing enhancements and small AD projects using a simplified process and forms, if those changes or alternatives will be more cost-effective to RCSI, and First Data shall implement such changes or alternatives as requested or approved by RCSI.

(f) Within thirty (30) days after the FAAR Effective Date, First Data shall provide to RCSI a comprehensive, written description of First Data's then-current development tools, project management tools and practices then currently used by First Data in AD projects. Thereafter during the Term, First Data shall notify RCSI of material changes in such development tools, project management tools and practices by providing such information concerning those changes as is necessary for RCSI to understand how those changes may affect the Services.

**15.3 First Data System/Non-Shared-Cost Interfaced New Materials**

(a) Maintenance and Support.

First Data shall, without the requirement of a request or notice from RCSI, maintain and support the First Data System, including the First Data Software and the Non-Shared-Cost Interfaced New Materials, so that the First Data System and the Non-Shared-Cost Interfaced New Materials operate properly and the Services are performed seamlessly among functions such that one function does not inappropriately interfere with another function. First Data shall be responsible for all maintenance for any software or service described in this Schedule A and anywhere else in the Agreement and shall not charge a separate maintenance fee at any time during the Term. Such maintenance shall include the following:

(i) Emergency Maintenance. First Data shall address and correct failures of the First Data Software and the Non-Shared-Cost Interfaced New Materials to operate according to their respective Specifications and other errors without regard to the source of such errors or invalid data (even if the source is a RCSI end user), including performing such functions as are necessary to reinstate service (e.g., re-running jobs), and resolving issues caused by end user errors. First Data shall work closely with appropriate RCSI personnel so that problems are resolved promptly. Time frames and deadlines for responding to such errors will be as required by RCSI.

(ii) Preventive Maintenance. First Data shall be responsible for Application tuning, code restructuring, and other efforts undertaken to improve the efficiency and reliability of First Data Software and the Non-Shared-Cost Interfaced New Materials under the Agreement. First Data shall follow First Data's change management process as approved by \*\*\* to assure that any upgraded First Data Software and the Non-Shared-Cost Interfaced New Materials is properly installed into the production environment without disrupting the business it supports. These efforts will include contingency and recovery preparation.

(b) Changes to the First Data System. The Services described in Articles 4 through 8 shall, unless otherwise specified, be subject to periodic revision by First Data; provided, however, that:

- (i) First Data shall provide reasonably prompt notice to RCSI through a customer bulletin or other means of any material changes to the First Data System;
- (ii) no new fees or charges shall be imposed for any such changes except as specifically provided for in this Agreement or any amendment hereto; and
- (iii) such changes shall not adversely affect or diminish the Services including any Service Levels or agreed-to Performance Standards provided by First Data.

(c) To the extent the Services are upgraded, enhanced or replaced:

- (i) each Party shall bear its own expenses in respect to the change from the existing system to the upgraded or enhanced system; and
- (ii) First Data shall continue to support fully the \*\*\* system for the benefit of RCSI.

(d) Approaches reasonably requested by RCSI concerning changes First Data proposes to make to the First Data System shall be included by First Data in the alternatives it considers.

**15.4 Client Advisory Groups.**

(a) As of the Effective Date, First Data provides a number of client advisory groups comprised of major First Data clients including the Product Information Exchange Group, the Risk Advisory Group, the Test Advisory Group and others. The Product Information Exchange Group and the Risk Advisory Group enable First Data member clients to provide direct input to First Data as it relates to the development and direction of First Data products and services. The Test Advisory Group consists of both First Data and First Data member client representatives and is used as a forum for First Data and its clients to discuss testing issues at regularly scheduled times each year with membership dependent upon the affirmative vote of seated members.

(b) On the Effective Date, RCSI shall become a full member of each of the Client Advisory Groups other than those to which members are elected by current members. For the latter Client Advisory Groups, First Data shall recommend to the groups that RCSI be admitted as a member at the earliest opportunity. RCSI shall remain a member of each Client Advisory Group during the Term, subject to RCSI's right, in its sole discretion, to withdraw from any such group at any time. Additionally, unless RCSI requests otherwise, or unless membership is dependent upon affirmative vote of existing members, RCSI shall become and remain during the Term, a full member of each new and each succeeding Client Advisory Group which is formed during the Term except as to such groups from which RCSI, in its sole discretion, withdraws, or

as to which RCSI declines to become a member. For each new and succeeding client advisory group to which members are elected by current members, First Data shall recommend to the groups that RCSI be admitted as a member at the earliest opportunity.

(c) First Data shall keep members of the Client Advisory Groups informed of First Data’s plans for development and enhancement of the First Data System through meetings, follow-up meeting notes, and First Data’s operational bulletins. Meetings will be held with representatives of the members as often as the members determine, to regularly solicit the opinions of members of the Client Advisory Groups, including RCSI, concerning such development and enhancements, as well as the quality of First Data’s services.

**16. TRAINING OF RCSI EMPLOYEES**

**16.1 Training Services.**

(a) Training Services.

First Data shall define and implement a training and education program to develop and maintain the requisite skills and knowledge of RCSI personnel (“Training Services”). First Data shall perform a complete assessment of RCSI’s need for initial training and ongoing training through the Term for RCSI personnel in the use of the Services and the First Data System. Such Training Services consist of four phases: “Needs Assessment,” “Train the Trainer,” “Staff Level Training,” and “Follow-up Training”.

(b) Needs Assessment.

(i) The Needs Assessment phase shall be a thirty (30) day process which shall begin when requested by RCSI. The Needs Assessment phase shall consist of identifying all of the job functions for those who will be utilizing the First Data System. This process shall also assess the level of training detail required in the use of the First Data System by the RCSI employee performing each job function. First Data’s product training team shall create a training plan that will define the curriculum and delivery method for each job type and location type within RCSI and will include the First Data System knowledge an individual RCSI employee is required to know to successfully perform their job function (“Training Plan”).

(ii) During the Needs Assessment phase, First Data will visit with the RCSI training coordinator and other key RCSI employees and interview key individuals within each RCSI department. During such visits and interviews, First Data will present an overview of the First Data product training and services. First Data shall describe to RCSI the training First Data has performed for other First Data clients in connection with services similar to the Services and shall provide RCSI with copies of the standard materials First Data uses in such training. First Data shall also provide a tool for key RCSI employees to use in analyzing training needs for their individual departments. In addition, First Data will tour RCSI training facilities and work areas to better understand the RCSI business culture and atmosphere.

(iii) As part of the Needs Assessment phase, First Data will gather all information from the interview and fact finding process, answer any outstanding questions and issues and identify areas to be trained by First Data product training employees and those to be trained by RCSI trainers. The areas to be trained by First Data trainers shall be those courses that have a long learning curve, are very product specific, and can be trained to a manageable group (in terms of numbers).

(iv) At the completion of the Needs Assessment phase, First Data will provide the proposed Training Plan to the RCSI for review and approval. First Data will incorporate RCSI's comments and, upon RCSI's approval, First Data will execute the Training Plan.

(c) Train the Trainer

(i) The Train the Trainer phase will start as required by RCSI after the Training Plan has been approved. The Train the Trainer process will include presentations by First Data training staff, individual study time, on-line exercises, round table discussions, computer based training courses, teach backs, and tests. The First Data product training team will provide a day-to-day training plan to each trainer prior to the start of the class. This consists of training the designated individuals on the functionality of the First Data System so the RCSI trainers will be equipped to train other individuals within the RCSI organization. The instruction cycle of the train the trainer phase is approximately sixty (60) days.

(ii) During the Train the Trainer Phase, First Data will determine the number of First Data trainers needed for this process and identify the criteria for selecting RCSI employees for the train the trainer process; provided that RCSI shall select the RCSI trainers. First Data will identify the curriculum to be learned for each of the RCSI trainers selected, based upon the Needs Assessment. First Data will then identify the location and time frame of the Train the Trainer program and set up the facility and accommodations for the program.

(iii) First Data will then set up a meeting at RCSI for RCSI and First Data individuals involved in the Train the Trainer process to understand the objectives and obtain RCSI management approval and execute the Train the Trainer process. Upon completion of the Train the Trainer process, the RCSI trainers will return to their work location to begin the process of setting up their internal procedures to incorporate into the training material and schedule the employees into training.

(iv) As the RCSI trainers begin to complete the task of identifying their internal procedures, and incorporating those procedures into the First Data training material, there may be updates on the First Data System. This new information will be given to the RCSI trainers through bulletins received from First Data and instruction on these new options will be given by the First Data trainers. The First Data trainers will assist the RCSI trainers to make the decision as to whether or not the new First Data System information belongs in the training materials itself.

(d) Staff Level Training.

(i) Staff level training will be carried out by the RCSI trainers that have gone through the Train the Trainer process with First Data. First Data product trainers will act as technical and organizational resources to assure that staff level training is carried out according to the Training Plan.

(ii) RCSI shall be responsible for creating a staff level training schedule based on needs assessment information and employee schedules and creating training materials incorporating RCSI internal procedures as well as functional information on the First Data System; provided that the First Data product training group shall assist RCSI to create such materials. RCSI may submit training materials for technical review by First Data product training, print and distribute materials and First Data shall provide written comments within a two (2) weeks after being provided with such training materials. RCSI may also submit staff training schedules to First Data product training for review and First Data shall provide written comments within two (2) weeks after being provided with such training schedule.

(iii) The RCSI Trainers shall be suitably trained to competently perform the required Staff Level Training.

(e) Follow-up Training.

First Data shall provide product trainers for post conversion onsite support. This is scheduled on an “as needed” basis. Post conversion support includes real time assistance at various RCSI locations.

**16.2 Training Locations.**

Unless otherwise agreed by the Parties, Initial Conversion Training Services and On-going Training Services (collectively, the “Training Services”) shall be provided at the location(s) specified by RCSI.

**16.3 Documentation.**

(a) Upon request, First Data shall provide hard copies and electronic copies of First Data training material for use by RCSI.

(b) RCSI employees receiving the Training Services will have the right to retain and use the materials provided them by First Data in connection with the training. Additionally, RCSI will have the right to videotape the training sessions for use in training other RCSI personnel.

**17. INTERCHANGE SETTLEMENT**

**17.1 Interchange Settlement Account.**

In order for First Data to provide its Services to RCSI pursuant to the Agreement, it is necessary for First Data to handle and settle “Interchange Settlement” for RCSI through the international interchange (“Interchange”) networks of Associations. It shall be the responsibility of RCSI to provide ICA and BIN numbers from the respective Associations for use by First Data in the settlement of transactions for RCSI. RCSI understands that First Data handles the Interchange Settlement with the Associations for its clients including RCSI on a net settlement basis (the “Settlement System”). To facilitate the Settlement System, First Data has established, will establish or will direct RCSI to establish and may in the future establish or direct RCSI to establish, one or more interchange settlement “Central Clearing Accounts” (collectively the “Settlement Account”) at one or more banks.

**17.2 Transfer of Funds.**

First Data shall calculate and inform RCSI on each business day of the amount of funds to be transferred (the “Daily Amount”) as the result of (a) current transaction processing, and (b) funding required for incoming transactions of RCSI. If the Daily Amount is negative, RCSI must transfer to the Settlement Account, by \*\*\* EST, an amount equal to the Daily Amount. If the Daily Amount is positive, First Data shall transfer to RCSI, or will cause MasterCard or Visa to transfer to RCSI, immediately available funds equal to the Daily Amount prior to the close of business of the Federal Reserve System in New York on such date.

**17.3 Daily Amount.**

The Daily Amount shall equal (a) the Net Settlement Amount for RCSI plus (b) the amount necessary to fund incoming Interchange transactions not yet processed, determined in accordance with the First Data Settlement Rules, minus (c) the amount previously advanced by RCSI with respect to prior incoming Interchange transactions for which processing is complete. “Net Settlement Amount” means a net dollar amount for each business day of First Data of all (a) transactions processed for RCSI and RCSI Transaction Card clients for such business day determined in accordance with the applicable rules of MasterCard, Visa and the First Data Settlement Rules, (b) interchange fees and expenses relating to RCSI and RCSI Transaction Card clients, and (c) account expenses including overdraft charges, activity charges, wire transfer fees and other charges relating to RCSI and RCSI Transaction Card clients.

**17.4 Failure to Transfer.**

In the event of the failure of RCSI on any business day when required by the terms of the Agreement or the First Data Settlement Rules, to transfer the Daily Amount to the Settlement Account then, subject to the provisions of Section 19.3 of the Main Body of the Agreement and if First Data’s notice of the Daily Amount due was received by RCSI on time, within one business day after written notice to RCSI,

First Data may refuse, without incurring any liability to RCSI, to act as RCSI's agent in discharging any Association Interchange obligations of RCSI and shall have the right to immediately notify the Association that it will no longer cause the Association Interchange obligations of RCSI to be discharged. In addition to the foregoing, First Data may take such actions with respect to RCSI's obligations under the Settlement System as First Data deems reasonable to protect First Data or its customers from any loss arising from RCSI's non-payment of the Daily Amount.

**17.5 Settlement Late Payment Fee.**

In addition to any other provisions in the Agreement, if First Data notifies RCSI of the Daily Amount on a timely basis and RCSI fails to transfer or make available the Daily Amount for any business day, RCSI shall pay to First Data a late payment fee (the "Settlement Late Payment Fee") which shall be equal to the amount RCSI would have been required to pay as a late payment fee under the Settlement Rules. "Settlement Rules" means the applicable bylaws, rules, regulations, documentation and manuals promulgated or adopted by MasterCard or Visa, as such rules, manuals and other items may be amended or supplemented from time to time. The amount shall be calculated in accordance with the Settlement Rules and shall continue to accrue until First Data shall have received the Daily Amount from RCSI. Settlement Late Payment Fees shall be paid to First Data based upon the Settlement Rules even though First Data may have elected to make settlement with MasterCard or Visa in a timely manner on behalf of RCSI. If First Data has received funds from Visa and/or MasterCard as a result of Interchange Settlement on behalf of RCSI and fails to make available the Daily Amount to RCSI, First Data shall pay to RCSI a late payment fee based on the Daily Amount calculated in the same manner as the Settlement Late Payment Fee.

**17.6 No Independent Obligation.**

The obligation of First Data to discharge any Visa or MasterCard Interchange obligations of RCSI or RCSI's Transaction Card clients shall be solely as an agent of RCSI in accordance with the terms and provisions of the Agreement and the applicable First Data Settlement Rules. First Data shall have no independent obligation with respect to the discharge of the Interchange obligations of RCSI.

**17.7 Violation of Rules.**

In the event that MasterCard or Visa shall notify First Data of any violation of the rules relating to RCSI or transactions processed for RCSI, First Data shall have the right, if required by MasterCard or Visa and after one (1) business day after First Data provides written notice to RCSI, without liability to RCSI, to terminate Interchange Settlement of transactions, as applicable, on behalf of RCSI under the Agreement until the time as First Data shall have been notified by MasterCard or Visa that the violation has been corrected.

**17.8 Reliance on Other Parties.**

RCSI acknowledges that performance of Interchange Settlement involves the settlement of certain of RCSI's transactions jointly and on a combined net basis with the settlement of transactions of other customers of First Data. Accordingly, the payment or receipt by First Data of settlement monies on behalf of RCSI may be dependent on equivalent payments or receipts being received or made by or for other customers of First Data and in respect of transactions involving Transaction Cards issues by such other customers. First Data and RCSI will cooperate and use reasonable resources to identify the reason for any settlement failure and shall attempt to work to its resolution.

**17.9 Compliance with Instructions.**

First Data shall follow reasonable commercial practices prior to executing or otherwise acting upon:

(a) instructions or information received through the Association payment systems; and

(b) instructions or information received in accordance with the rules or settlement manuals otherwise than through the payment systems or in accordance with the applicable First Data Settlement Rules notwithstanding that it may afterwards be discovered that the instructions or information were not genuine or were not initiated by RCSI.

Such execution or action shall constitute a full discharge of First Data's interchange obligations, and First Data shall not be liable for any liability, damage, expense, claim or loss (including loss of business, loss of profit or exemplary, punitive, special, indirect or consequential damages of any kind) whatsoever arising in whatever manner, directly or indirectly, from or as a result of the execution or action.

**17.10 Restrictions on Setoff.**

RCSI agrees to discharge its Interchange Settlement obligations to First Data under this Article 17 in full and on first written demand without regard to any defense, setoff or right of counterclaim (without prejudice to the ability of RCSI to pursue these independently) and notwithstanding any act or omission or alleged act or omission or any insufficiency or deficiency that there is or has been or that may be alleged in the performance by First Data of its obligations under the Agreement or otherwise. First Data agrees, however, that it shall not set off against any payment to be made by it to RCSI or on their behalf pursuant to this Article 17 any amount due and payable to RCSI to First Data (without prejudice to the ability of First Data to pursue these independently) other than amounts due and payable by RCSI or on their behalf to First Data pursuant to this Article 17.

**17.11 Trailing Activity.**

If RCSI terminates the Agreement or if RCSI ceases to obtain processing services from First Data under the Agreement in a manner which results in fees or charges relating to RCSI's Designated Accounts continuing to be included as a part of First Data's net settlement with an Associations, First Data may obtain daily payment from the Settlement Account established under Section 17.1 or RCSI will provide First Data immediately upon notice with access to an account of RCSI's funds, not requiring signature, which First Data may draw upon in order to receive payment for such fees and charges. First Data shall provide RCSI with prompt documentation for the fees and charges paid on behalf of RCSI. In addition, First Data shall maintain and support translation tables which identify and translate historic account numbers to facilitate the settlement of actual or attempted transactions.

**EXHIBIT A-1**  
**DISCOVERY GUIDELINES**

This Exhibit A-1 sets forth the objectives, personnel assignments, deliverables, methodology, and major phases and activities (collectively, the “Discovery Guidelines”) that the Parties agree to follow during the GECF-A Discovery and the Conversion processes.

**OBJECTIVES:**

- Familiarize RCSI technical and business discovery participants with First Data from company and system capability perspective.
- Identify differences between GECF-A general requirements and First Data System capabilities, including those changes made since the beginning of RFS Discovery.
- Position each subsequent portfolio Wave to finalize and identify differences between RCSI client specific requirements and First Data System capabilities.
- Reach agreement on the method to resolve each selected difference between RCSI general and client specific requirements and First Data System capabilities with the goal of meeting RCSI’s business requirements as efficiently as possible for both Parties, including through use of existing First Data System functionality where possible.
- Define the resulting impacts on system capability requirements from RCSI front-end systems (including GE Workstation) and the business process re-engineering effort.
- Account for the influence of Future First Data System Architecture on the resulting development effort.
- Revise any pre-GECF-A Discovery estimate of total development effort required.
- Outline RCSI portfolio Conversion approach, including segmentation and timeframes.
- Agree on a change control process to be used throughout Conversion Waves during the Conversion process.
- Agree on the code release process outside of scheduled implementations (including MICN) in order to achieve the goals of Conversion.

**DELIVERABLES:**

- RCSI participants will understand First Data’s products and Services, as well as the GECF-A Discovery process.
- First Data participants will understand the RCSI business model, RCSI front and back end, GE Workstation and business process re-engineering initiatives.
- First Data will create updated Resolution Agreements describing individual differences between the First Data System and the desired capability as represented by RCSI.  
Each

Resolution Agreement will propose options to overcome the described difference with the goal of meeting RCSI's business requirements as efficiently as possible for both Parties, including through use of existing First Data System functionality where possible, and, for each option requiring system development, include a schedule for completion of programming as described in Schedule A, Section 2.3.

- RCSI will determine the best course to follow.
- RCSI will approve all Resolution Agreements by selecting the desired option to close the described difference with the goal of meeting RCSI's business requirements as efficiently as possible for both Parties, including through the use of existing First Data System functionality where possible.
- First Data will initiate the system development process to address any selected options requiring programming.
- The Initial Conversions/KSCM Plan shall include a schedule of the completion of the Initial Conversion and Known Software Conversion Modifications proposed by First Data and approved by RCSI.
- RCSI and First Data will jointly produce a "Discovery Questionnaire Q&A" that will be used to identify the baseline requirements for each Wave of Conversion, including exceptions or client specific requirements.
- Contact list of each Party's team members' roles and responsibilities.

**PERSONNEL ASSIGNMENTS:**

First Data shall assign the following personnel to the GECF-A Discovery and Conversion process:-

- System Consultants
- Conversion Team
- Product Owners
- RCSI Project Team
- First Data System Architecture Team
- Administrator for tracking changes

RCSI shall assign the following personnel to the GECF-A Discovery and Conversion process:

- Technical personnel with proficiency on platform functionality
- Business personnel with proficiency as end-users and client liaisons with product requirements.
  - Client Integration Project Mgt
  - Operations
  - Client Service
  - Client Development
  - Product Development
  - Marketing/Risk
  - Pricing
- RCSI Process Owners

**METHODOLOGY:**

GECF-A Discovery for subsequent Waves of Conversion will run in parallel with the Conversion of Wave 1 in order to meet the timelines targeted.

- First Data will conduct planning meetings with RCSI participants prior to initiation of GECF-A Discovery to provide an overview of the First Data System as well as to explain the GECF-A Discovery methodology and process. At that time, RCSI will also have the opportunity to provide additional information about the RCSI business model, its clients, the GE Workstation as well as any business process re-engineering activities.
- The Parties will agree to mapping of high-level milestones and operational definitions.
- First Data will adapt a database of questions divided along functional topics and integrated across RCSI and its Affiliates' lines of business (Private label consumer, BRC, Oil) to guide each GECF-A Discovery session as approved by RCSI.
- First Data will discuss individual topic areas with RCSI in meetings between knowledgeable technical and business representatives from RCSI and First Data. At the beginning of each meeting, First Data will deliver an in-depth overview of First Data's capability in the particular topic area, if applicable, and the Parties' teams will then follow a Q&A format using the previously provided list of questions for that topic area. Immediately following the conclusion of each interview process, the RCSI and First Data participants will review the identified system differences and begin to identify possible solutions. The First Data team will follow up with further research and option definitions documenting those findings in the Resolution Agreement format.
- As First Data completes the Resolution Agreements for each topic, First Data will present the Resolution Agreements to RCSI for timely review and approval.
- First Data shall establish with the participation by RCSI the General Discovery (as defined below) schedule and initial Wave (as defined below) team structure to allow for concurrent GECF-A Discovery in order to complete the majority of GECF-A Discovery in the allotted timeframe and prior to subsequent Wave kickoffs.
- First Data will adjust the GECF-A Discovery and Wave Conversion schedule based on new RCSI business requirements or new RCSI business opportunities consistent with Section 3.4 (b) of the Main Body of the Agreement.

**CONVERSION MAJOR ACTIVITIES:**

**Phase I & II – General GECF-A Discovery Phase and Wave Planning (Completed in Parallel)**

During the "General Discovery" phase, the Parties shall undertake general planning and learning activities in preparation for GECF-A Discovery and Conversion. Upon completion of the General Discovery phase, First Data and RCSI will move to Phase II of the Conversion.

The planning phase details how the Conversion will occur in several phases ("Waves"). The key activity in the Planning phase is First Data's development of the project plan for RCSI's

approval. This project plan is a schedule of tasks that shall be completed by First Data and RCSI in order to successfully Convert RCSI portfolios onto the First Data System. A project team will be identified and the champions will be assigned from RCSI and First Data to assume ownership for each task by Wave. Milestone events and RCSI responsibilities on the project plan will be identified and approved by RCSI prior to its implementation. The project plan will be reviewed by First Data and RCSI as described in Schedule A, Section 2.

System Development

As an outcome from the General Discovery phase and GECF-A Discovery, First Data will identify general system differences, which will require systems development on the First Data System. First Data will identify final specific differences for RCSI's approval within each Wave that may require systems development on the First Data System. With respect to differences that require systems development, First Data will:

- Write programming requests for all First Data System changes identified during GECF-A Discovery and outlined in the Resolution Agreements.
- Design First Data System enhancements and write detailed documents describing the specific First Data System changes.
- Quality inspects designs by the requester as well as members of the Systems and Programming organization.
- Provide detail designs to RCSI for review and approval.
- Code and construct the First Data System changes, including individual unit and system testing of the programs that are changed.
- Merge the new code with production code into an integration testing environment, which is executed by First Data development and testing staff to identify specific coding errors.
- Move all applicable programs into the Client Acceptance Test environment where the new functionality can be tested in a production-like system by RCSI and First Data.
- Install completed programs into production according to the standard release schedule.

Conversion Mapping

First Data will:

- Receive and analyze the RCSI system masterfiles.
- Prepare a mapping specifications document, which details how fields are mapped from the RCSI masterfiles to First Data masterfiles.
- Review mapping specifications with the RCSI.

- Code the Conversion programs from the mapping specifications. The Conversion programs create new First Data System masterfiles.
- Test the Conversion programs using a series of “Mock” Conversions. First Data will receive the production masterfiles from RCSI and run them through the Conversion programs to create output reports showing each masterfile field and value. First Data will verify the information against the mapping specifications.
- Execute the Conversion programs on conversion weekend and merge the new masterfiles into production.

RCSI Specific Output and Parameters

First Data or RCSI, in accordance with the Discovery Plan, will:

- Establish RCSI defined parameters on the Product Control File and fully document deviations from the RCSI standard template for each portfolio.
- Create Account Level Processing/Transaction Level Processing strategies.
- Build Portfolio Allocation and Cardholder Allocation tables to drive pricing strategies.
- Create statement forms and envelopes.
- Order plastics, card carrier forms, inserts and envelopes.
- Set reporting parameters and fully document deviations from the RCSI standard template for each portfolio.
- Build cardholder letters.
- Establish Behavior Score/Adaptive Control parameter tables.

Telecommunications and Interfaces

First Data or RCSI, in accordance with the Discovery Plan, will:

- Analyze current terminal and network configuration.
- Design telecommunication network for terminals, point of sale devices and interfaces.
- Order and install data lines and communication equipment.
- Complete programming to route data files to/from First Data System.
- Establish procedures for mailed tape media.

**Phase III – Training**

The Conversion training plan consists of four (4) phases that First Data or RCSI, in accordance with the Discovery Plan, will perform as part of each Conversion Wave: needs assessment, train the trainer, staff level training, and follow up as described in Schedule A, Section 16. In order for the training portion of the Conversion to be successful, the following must occur:

**Keys for Success**

- The Parties' commitment and support.
- Dedicated resources from First Data and RCSI
- Appropriate time for planning and execution
- Open communication between the Parties to facilitate a positive experience
- Time allocated for employee training and follow-up
- Instill the business Partnership between First Data and RCSI
- Timely escalation of issues

**Phase IV—Testing**

Testing consists of First Data's planning and coordination of all software development, Conversion programs, interfaces and product control file parameters.

First Data will perform software development testing, including having new software to pass through three (3) phases of internal testing before the software is turned over to RCSI for user acceptance testing. First Data Systems and Programming ("S&P") is responsible for testing in first three (3) phases. It is in the user acceptance testing phase that RCSI will have the opportunity to use the First Data System and become involved in the various testing scenarios. RCSI may at its discretion participate in the scripting and execution of any phase of testing. First Data will perform the three (3) testing phases, and facilitate client/user acceptance testing described below.

Unit Testing-This phase of testing is conducted by First Data's S&P staff. The testing is done at the most basic level. The unit test ensures that all modified or new logic paths in the affected applications modules work correctly and reflect the final design requirements. The test includes known inputs, test case scripts, and expected results.

System Test-This phase of testing is also conducted by the First Data S&P staff. The testing is now expanded to include all modules that have been modified for a given project (usually a sub-system). The modules are tested together to validate that code changes meet design requirements and that the various components of the altered system function together properly. The system test consists of both acceptance and regression testing. Modules that send, receive, and share data with the modified modules are used to test changes and to regression test the legacy functionality. First Data will share the results with RCSI.

Integration Test-The integration test conducted by the First Data S&P staff incorporates all software and database modifications from a specific software release into one (1) testing environment. Multiple daily cycles will be executed as well as weekly and monthly cycles. The testing ensures that projects execute as intended and do not introduce any unanticipated problems. Changes are tested across and between applications as well.

Client/User Acceptance Testing- (M Cycle) Upon the completion of the three (3) internal First Data test phases described above, the software release is installed in the user acceptance test cycle. The M cycle is a daily production cycle which is run by First Data's production control department. Performance and stress tests are performed by extrapolating results from this Client/User Acceptance Test.

RCSI Testing – RCSI will prepare timelines and test plans for all internal and external requirements, including any data or resource requirements from First Data. M cycle is available for RCSI to test a production cycle against RCSI converted data, input and output along with any system development relating to the Initial Conversions. In addition, specific requests for testing will be addressed as received from RCSI which may require Team 9P involvement. RCSI will need to identify a champion to coordinate testing required by RCSI.

RCSI will have on-line access to the M cycle and have the ability to send inputs to and receive outputs from the M cycle. RCSI will prepare and execute test scripts to ensure that custom program requests function as intended.

Conversion Testing-First Data will prepare specifications for each file which will be Converted. First Data will review the specifications with RCSI and schedule several First Data internal mocks and several RCSI mocks. During mock testing, First Data will review with RCSI old and new dumps of the files to ensure information has mapped properly. First Data will run balance reports and any additional verification reports requested by RCSI during the mocks. For the mock testing it will be important that RCSI representatives be onsite in Omaha. That way, they will have access to First Data experts and have the ability to review reruns and reports timely.

Product Control File- (PCS/ALP/TLP/TLR) First Data will build tables in production and M cycles. First data will train and assist RCSI in building its PCF tables. First Data and RCSI will verify each field before and after it is built. In addition, First Data will hold PCF/TLP/TLR reviews to ensure parameters are set correctly. After verification, First Data will build parameters in M cycle as well as production. RCSI will be able to test all inputs and output, screens, etc., using the parameters which will be in place at conversion. Using M cycle and the 9P environment, First Data and RCSI will verify that all parameters are mirrored correctly from M to production.

#### **Phase V-Implementation**

Conversion weekend is the culmination of all the previous phases. First Data will adequately prepare RCSI using the mock Conversions RCSI for file verification on conversion weekend. The process starts with RCSI delivering masterfiles to First Data. This can be accommodated via transmission or delivering of physical tapes. First Data will run these files through the Conversion programs and product audit reports for approval. Both RCSI and First Data will verify the results. First Data will balance the total number of accounts and current outstandings to the penny. First Data will review all exception reports. Once the Conversion results are signed off by RCSI, the First Data will merge the RCSI masterfile records into the masterfile records of the First Data System.

First Data will establish procedures for lost/stolen account processing during the Conversion weekend, for RCSI's approval. At the end of the implementation phase, RCSI should feel confident that masterfile integrity remained the same from the last day of processing on the RCSI system to the first day of processing on the First Data System.

RCSI will need to have staff on-site in Omaha the weekend of each Conversion Wave. It will also need to put together their own plan identifying the new processes, sequence of events, command center personnel, etc.

**Phase VI—Post Implementation**

Post implementation begins the first day RCSI Accounts are on the First Data System. A command center will be staffed by the First Data Conversion team to document and address all issues that may arise. This command center will be in place for at least thirty (30) days post Conversion depending on the resolution of all conversion related incidents, after which time the First Data business relation's team will address all issues. RCSI may also establish their own procedures for raising and resolving issues post implementation.

First Data will provide on-site support to assist RCSI in their daily operations. This support usually lasts up to one (1) week post Conversion for each Wave. Throughout this phase, certain members of the First Data Conversion team will be available twenty-four (24) hours per day in case of emergency. First Data will conduct a review of the Conversion process to ensure we have met or exceeded RCSI's expectations. It is First Data's goal to provide a conversion with no impact to RCSI and its customers.

**Exhibit A-2**

USER MANUALS

**Adjustments**

This manual documents the Adjustment System, references entry procedures for the Automated Adjustment/Approval System used through the Customer Inquiry System (CIS), and details the transaction codes used with all the Monetary Systems.

**Application Controls**

This manual is your primary resource for information about the Application Processing System at the management level.

**Applications**

This manual is your primary resource for information about the Application Processing System at the operations level.

**Authorizations**

This manual is a primary resource for information about the First Data Authorization System. It provides all the processing, inquiry, and updating information necessary to control authorizations on your cardholder accounts.

**Behavior Scoring and Adaptive Control**

This manual provides information on utilizing the Behavior Scoring and Adaptive Control processing along with reporting options.

**Cardholder Account Maintenance**

This manual provides information about using online screens and reports to monitor accounts. This manual contains information about the following topics.

- Obtaining initial account information
- Managing account information using the Cardholder Names system
- Answering cardholder questions
- Credit lines
- Disputed items
- Determining account status
- Transferring accounts

**Cardholder Billing**

Cardholder billing manual feature documents how to manage billing of your cardholder base. These features give you the following.

- Automatic control over the volume of cardholder inquiries through billing cycle options
- Revenue potential in merchandising through statement, letter, and plastics inserts
- Such cardholder payment features as pay ahead, skip payment, 90/180 days same as cash, and automatic cardholder payments
- Other billing features like noninterest-bearing debits, annual charges, and cardholder terms processing

### **Cardholder Communication**

The *Cardholder Communication* manual provides information about establishing and managing decision tables for use with the following processing areas.

- Payment Return Address
- Plastic Inserting
- Statement Inserting
- Statement Messaging

### **Cardholder Letters**

The *Cardholder Letters* manual provides step-by-step procedures for creating and maintaining written communication with your cardholders via the Cardholder Letters System. This User Manual incorporates the User Manual formerly known as Correspondence Management.

### **Cardholder New Accounts**

This documentation contains a description of the Cardholder Application System. Documentation about the Application Processing System is in the *Applications* and *Application Controls* manuals.

### **Cardholder Non-Monetary Transactions**

This documentation contains a description of both unformatted and menu-entered cardholder non-monetary transactions.

### **Cardholder Plastics**

This manual serves as the primary resource for information about cardholder plastics and related products processed in First Data's standard embossing system and in the Card Issuance Unit (CIU) system.

### **Cardholder Select**

This manual documents the process to isolate a specific group of cardholders from your entire cardholder base so that you can take a specific action on those accounts.

### **Cardholder System Features**

The *Cardholder System Features* manual includes the following information about some of the special processing options of the First Data System.

ARU/PINpoint

Balance Consolidation

Convenience Checking

Automated Convenience Checking

Authorization and Post Processing

Home Equity Credit Accounts

Cardholder Rebate/Bonus Program

Credit Life Insurance

Automatic Basic Travel Insurance

Duality Processing

Emergency Cash and Plastics

Special Plastics

BusinessCards

Visa Premier Cards

Gold MasterCard Cards

MULTRAN Processing for a multipurpose transaction account

Year-End Summary so you can provide cardholders with a record of their charges for the past year

### **Chargebacks**

This manual documents the Chargeback System. It contains a description of chargeback processing options, a detailed explanation of each step in the chargeback process, online transactions to enter and monitor chargebacks, chargeback forms, and chargeback reports. This User Manual incorporates the User Manual formerly known as Chargeback Message Codes.

### **Client-Defined Screens**

The *Client-Defined Screens* manual provides you with instructions, forms, and procedures for developing and implementing customized transaction response screens.

### **Collections and Debt Management**

The *Collections and Debt Management* manual provides you with information about using the Collection System. It describes the output that shows collections productivity information, including details such as field descriptions and samples of the various reports your institution can use. It also explains the information and how various day-to-day business actions can affect this information.

### **Commercial Cards**

This manual provides information about Commercial Card processing.

### **CommercialView**

The *CommercialView*<sup>TM</sup> manual provides you with step-by-step procedures for using the PC-based CommercialView<sup>®</sup> product.

### **Credit**

This documentation contains a description of the First Data Credit Scoring System, the First Data Online Credit Bureau Interface, and credit bureau reporting.

### **Custom Fee Processing**

The Custom Fee Processing manual describes a flexible, efficient method for generating and assessing recurring cardholder fees.

### **Customer Inquiry Management System**

This manual contains descriptions of online transactions needed to set up processing parameters, to enter and work inquiries, and to monitor the progress of your customer service personnel. This manual also describes System-generated reports you can use to monitor and evaluate customer inquiries.

### **Customer Inquiry System**

This manual provides information about the Customer Inquiry System.

### **DataChoice Service**

The *DataChoice*<sup>SM</sup> *Service* manual provides information about the data staging warehouse. The manual includes procedures that show you how to use the access tool to submit queries, generate reports, and create charts.

### **DataLink**

This manual is the primary resource for information about the DataLink<sup>SM</sup> service, which enables you to create decision elements to use with First Data decision processing products.

### **Debit Processing**

The *Debit Processing* manual describes First Data's debit processing, including authorization options, transactions, and reports specific to debit processing. This manual also provides operations information, including settlement, ticket matching, and monitoring debit accounts. This User Manual incorporates the User Manual formerly known as Off Line Debit.

### **Electronic Ticket Capture**

The *Electronic Ticket Capture* Manual describes the ETC System including the capture of data electronically and processing the items in the same way First Data processes the tickets when you batch, deposit, and forward them for data entry.

### **Enterprise Presentation**

This manual provides the information you need to establish, manage, and use the Enterprise Presentation Statements<sup>SM</sup> service.

### **FDR Falcon Fraud Detection System**

This manual provides the information that First Data Falcon administrators, supervisors, and analysts need to establish, manage, and use First Data Falcon.

### **FDR First Track Fraud Management System**

This manual provides the information that First Data First Track administrators and analysts need to configure, manage, and use the First Data First Track system.

### **FDR Merchant Services Product Guide**

The *FDR Merchant Services Product Guide* contains overviews of the products and services offered by First Data Merchant Services (FDRMS) processing platforms, including Nashville, Omaha, and TeleMoney. This guide can help you determine the appropriate FDRMS product solutions for your merchants. The guide identifies preferred products and suggests secondary solution products that may help your merchants when the preferred product is not feasible.

### **First Conference**

This manual provides the information you need to configure, manage, and use First Conference.

### **First Data DecisionQuest Service**

This manual provides the information that supervisors need to configure and maintain the First Data DecisionQuest service.

### **First Data Internet Account Acquisition Service**

This manual provides you with the information you need to establish and use FDIAAS at your institution.

### **Fraud Control Options**

The *Fraud Control Options* manual is designed for project managers who select and establish fraud control programs. This manual is the primary resource for the information you need to select and establish these options for prevention, detection, and investigation/recovery.

### **Group Processing**

The *Group Processing* manual contains information about the following products and features.

- Account Relationships
- Relationship Processing<sup>SM</sup> service

### **Industry Products and Features**

The *Industry Products And Features* manual provides you with information about Visa® and MasterCard® programs, products, and services that are supported by First Data.

### **Information Delivery Platform**

The *Information Delivery Platform* manual contains information for routine users of online reports as well as for system administrators.

### **Invoice Reconciliation Guide**

The *Invoice Reconciliation Guide* is the primary resource for information about your invoice from First Data. It provides information about how to tie the volumes on your invoice to System-generated backup reports. This manual provides the following information.

- Definitions of billing elements for products and services provided by First Data
- Instructions for verifying element volumes
- Samples of reports to help you locate the numbers used to calculate volumes

### **Issuer Marketing Products**

The *Issuer Marketing Products* manual provides procedures for establishing, managing and using the DMM, Decision Management transactions and decision table maintenance screens for the following services,

- Account Level ActionsSM service (ALASM service)
- Account Level ProcessingSM service (ALPSM service)
- Method Level ProcessingSM service (MLPSM service)
- Transaction Level FeesSM service (TLFSM service)
- Transaction Level ProcessingSM service (TLPSM service)
- Transaction Level RewardsSM service (TLRSM service)

### **KnowledgeSight User's Manual**

This manual describes the KnowledgeSightSM service, one of the First Data® data warehouse services. It provides instructions about accessing data and software for managing a customer account portfolio.

### **Letter Fundamentals**

This manual documents the FDR Cardholder Letters System letter templates that are available for your use. When designing cardholder letters, you may select from templates in the following categories: Customer Service, Solicitation Mailer Response (SMR), Delinquent and Overlimit, Skip Payment, Chargebacks, Balance Transfers, Non-Reissue, New Accounts and Fraud

### **Merchant Letters**

The *Merchant Letters* manual involves written communication with your merchants.

### **Merchant New Accounts**

This manual describes setting up new merchant accounts, discount methods, processing merchant chains and headquarters, plates and plastics, the online system, and MultiCard processing.

**Merchant Non-Monetary Entry**

This documentation contains a description of unformatted and menu display non-monetary transactions.

**Merchant Processing**

This manual includes the information you need to monitor merchant profitability and exception reporting.

**Merchant Real Time Fraud**

The First Data Merchant Processing System (FDMP) provides you with the transaction and report resources to monitor merchant real time transaction activity for potential fraud.

**Monetary Entry**

This manual documents the Monetary Entry System (sales, returns, cash advances, and Payments).

**Online Product Control File Management**

The *Online Product Control File Management* manual provides procedures for linking Product Control File settings to groups of accounts.

**Open Data Streams**

This manual contains the information you need to retrieve and update the data you want.

**PIN Management**

The *PIN Management* manual outlines the First Data® PIN Management System. The *PIN Management* manual also explains the formats for PIN, post, PIN/post, and acknowledgment mailers, and contains sample mailers.

**Plastics-Related Formats**

The *Plastics-Related Formats* manual provides information about the types of formats available for the generation of plastics.

The available formats for the following elements appear in the *Plastics-Related Formats* manual.

- Magnetic Stripe Encoding
- Embossing
- Card Carriers

**Product Control File Fields**

The *Product Control File Fields* manual includes detailed descriptions for each Product Control File card-driven field. This manual contains the card forms for card-driven changes, and change forms you use to update your card-driven settings in the Product Control File.

**Recovery 1**

The *Recovery 1* manual contains information about how to use Recovery 1® screens in daily operations.

**Recovery 1 Controls**

The *Recovery 1 Controls* manual contains information about establishing and monitoring Recovery 1® processing.

## **Reference Manual**

The *Reference Manual* is the primary resource, and starting point, for information about reference numbers and various code tables in the First Data® System. This manual contains such information as MasterCard® and Visa® merchant category codes, currency codes, and fee attributes.

## **Reports Management**

The *Reports Management* manual combines information about two major processing systems: the Online Reports System and the Reports Management System (RMS). The *Reports Management* manual provides instructions about controlling the generation of these reports through your Product Control File, Reports Data File, and Microfiche Data File settings. It also explains how to view the reports online and how to request reports, cardholder statements, and merchant statements on CD-ROM or DVD.

## **Retail Processing**

The *Retail Processing* manual is the primary resource for information about the First Data Resources® retail processing options and procedures.

This manual contains a general overview of the Retail System features, promotional and revolving purchases and the Transaction Level ProcessingSM service. The manual also contains information about transactions and reports used in retail processing.

## **Retrievals**

The *Retrievals* manual describes the First Data® Retrieval System. This manual contains a general overview of retrieval processing, specific daily procedures, and descriptions of online transaction display screens and paper report samples. This manual condenses information common to several transactions and reports onto tables.

## **Rewards**

The Rewards manual describes how to provide bonus point or monetary incentives to your cardholders.

## **Rules Management**

The *Rules Management* manual provides documentation about using Rules Management to determine customer account and transaction processing outcomes using business rules and action sets that you create.

## **Security**

This manual contains a general overview of the Security System's features, information about warning bulletins, specific daily procedures, descriptions of online transaction display screens, and report samples.

## **Settlement**

The *Settlement* manual begins with a general overview of settlement processing, ticket exchange, net settlement, and wire transfers. Specific daily procedures, descriptions of online transaction display screens, and paper reports are described in following chapters.

## **Strategy Management**

The *Strategy Management* manual provides the functional details for setting and maintaining your processing controls if you use the 3270 version of the online Product Control File. The *Strategy Management* manual provides procedures for linking Product Control File settings to groups of accounts.

## **System Administration**

The *System Administration* manual outlines the Online Control System, a security feature offered by First Data.

## **System Overview**

The *System Overview* manual provides a summary of the ways that First Data can support your financial institution's transaction card operation. This includes the following subjects.

- First Data's role in the buy/sell chain
- A summary of the general merchant and cardholder processing features offered by First Data

## **First Track Fraud Management**

This manual is the primary reference document for the First Data First Track Fraud Management System. It contains descriptions and explanations of system features, with information about how to use the screens, actions, and reports associated with each feature. Analysts, administrators, and supervisors can refer to this manual for information about operating the First Data First Track desktop.

## **FDR Evolve Collections**

This manual serves as a primary resource for information about the First Data Evolve®Collections application. This manual discusses the process of logging onto the Evolve Collections system.

## **FDR Chronicle**

This manual begins with an introduction to the Chronicle product and how it can benefit your institution. Specific information about getting started with Chronicle, processing memos, and using transactions follows.

## **Bankruptcy Defender**

This manual aids in utilizing the Bankruptcy DefenderSM service which provides you with an early indicator of cardholders who are most likely to go bankrupt.

## **Cardholder Statement Development and Revisions**

This manual contains procedures and forms for providing First Data with all information needed for creating or revising cardholder heritage statements and preparing for implementation of the new or revised statement.

## **Chronicle**

This manual begins with an introduction to the Chronicle product and how it can benefit your institution. Specific information about getting started with Chronicle, processing memos, and using transactions follows.

## **Debit Service Documentation**

This manual is a connection to all debit documentation related to your debit portfolio

## **DecisionQuest**

This manual provides you with documentation about the features of the First Data DecisionQuest™ service. Use this manual to find the following information.

- First Data DecisionQuest desktop features
- Procedures for establishing and maintaining First Data DecisionQuest service components
- Report documentation, including field descriptions

**Evolve**

This manual provides you with detailed documentation on utilizing the Evolve system within the collection areas.

**Forms Interactive – PCF**

This manual provides you with forms to submit PCF via e-mail.

**Internet Account Acquisition**

The *Internet Account Acquisition* Manual explains the use of interactive forms on a series of Web pages, combined with First Data's existing Application Processing System, to initiate and complete the credit application process.

**Introduction to FDR**

Utilize this manual to present in a logical, self-instructional format the basic concepts, terms, and technologies of First Data's Card Processing System. To provide a preparation for the classroom instruction on the First Data Processing System.

**Online PCF**

This manual contains all parameter descriptions for the associated service of the online Product Control File.

**PC Remote Access**

Utilize the PC Remote Access (PCRA) manual to obtain instruction on using a personal computer and modem to access the First Data System.

General Electric Capital Corporation  
GE Consumer Finance Division  
1600 Summer Street  
Stamford, CT 06907

First Data Resources Inc.  
10825 Farnam Drive  
Omaha, Nebraska 68154

June 5, 2003

Fair, Isaac and Company, Inc.  
120 North Redwood Drive  
San Rafael, California 94903  
ATTN: Senior Vice President – Marketing

Dear Sir or Madam:

Reference is made to the Adaptive Control and Behavior Scoring Addendum (the "Addendum"), dated as of December 10, 1998, among yourselves ("FICO"), First Data Resources Inc. ("First Data"), and General Electric Capital Corporation ("GE Capital"). The Addendum is an addendum to a Technology Sourcing Agreement (the "TSA"), of the same date, between First Data and GE Capital. Simultaneously with the execution and delivery of this letter agreement, (a) GE Capital is assigning the TSA and the Addendum to Retailer Credit Services, Inc. ("RCSI"), an affiliate of GE Capital, and (b) First Data and RCSI are executing a First Amended and Restated Technology Services Agreement (the "Restated TSA"). Notices to RCSI should be sent to it c/o the existing notice addressees.

Because the term of the Restated TSA extends until at least 2016, RCSI and First Data desire to extend the term of the Addendum to remain in effect until March 31, 2016, unless otherwise terminated in accordance with Section 5.1 of the Addendum. The Addendum would otherwise remain in full force and effect, without modification. Could you confirm your agreement to such extension, and acknowledge notice of assignment, by signing both copies of this letter where indicated and returning to me one fully-executed copy?

Very truly yours,

GENERAL ELECTRIC CAPITAL CORPORATION  
GE Consumer Finance Americas Division

By: \_\_\_\_\_

FIRST DATA RESOURCES INC.

By: \_\_\_\_\_

Accepted and agreed to:  
FAIR, ISAAC AND COMPANY, INC.

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**EXHIBIT A-4**  
**RCSI ACCOUNT MANAGEMENT TEAM SERVICES**

First Data, in performing its obligations and providing the Services under the Agreement, shall supply the team services to RCSI as described in this Exhibit A-4.

<b>Activities</b>	<b>Description of Responsibility</b>
<ul style="list-style-type: none"><li>• Statement Design</li>          <li>• ALP/TLP</li>  <li>• Reporting</li>  <li>• Settlement</li></ul>	<ul style="list-style-type: none"><li>• Project Coordinator<ul style="list-style-type: none"><li>• Internally coordinates statement changes with Macon, other S&amp;P teams, and other outside vendors for logos</li><li>• Provides the specifications based upon RCSI's request to the S&amp;P resources to make changes</li><li>• Gathers all the data that is needed from RCSI to make the requested changes or create a new statement type</li><li>• Reviews test results to ensure the statement changes were made correctly</li><li>• Serves as a focal point for RCSI on all statement change requests</li></ul></li><li>• S&amp;P Designers/Painters<ul style="list-style-type: none"><li>• Codes and paints changes based upon client's request</li><li>• Creates change turnover package following the Change Control Procedures</li><li>• Performs unit and regression testing</li></ul></li><li>• Provides consulting support to RCSI on using ALP and TLP</li><li>• Provides expertise to RCSI in how to set up the parameters within ALP and TLP</li><li>• Performs initial set up of RMS reports and testing</li><li>• Provides ongoing administration support as required for changes in report set-up</li><li>• Provides settlement expertise to RCSI</li><li>• Performs balancing functions, including<ul style="list-style-type: none"><li>• Visa, Mastercard, other Associations, chargebacks, Interchange fees, net settlement</li></ul></li></ul>



	<b>Description of Responsibility</b>
<b>Six Sigma/Overhead</b>	
• Six Sigma • HR	• Provides Black Belts to work on specific RCSI/First Data Corporate Quality Opportunities • Provides compensation and benefits expertise
• Finance	• Provides general HR support • Provides internal support for RCSI financials
• LAN Support	• Provides contract administration support • Provides billing support • Provides PC installation and ongoing support
• Client Services • Management • Project Managers	• Provides network, hardware and software support • Provides on-site support for strategic RCSI clients • Provides Service Directors/VP's to lead and manage service and project teams
• Service Reps	• Serves as the focal point in coordinating any new RCSI product launch, bank transfer, portfolio repricing, or other special project with other internal First Data departments • Writes program requests • Reviews test results before live date
• Technical Documentation	• Provides support on the First Data system functionality • Provides front line support in problem management • Represents RCSI's requirements to other First Data departments
• Quality Measurement/Six Sigma	• Provides dedicated technical documentation writers to support RCSI specific code or modules • Documents all processes and procedures • Focuses on RCSI Quality Improvements
• Testing Support	• Creates and maintains a balanced scorecard • Collects and analyzes the daily and monthly Service Level measurements specific to RCSI • Creates and maintains a report for Service Levels
• Support Staff • Senior Management	• Documents any failures and coordinates with the business unit their plan to correct the failure • Provides a testing team dedicated to writing test scripts with RCSI • Works with RCSI to maintain valid test data in the test cycle • Provides administrative support • Provides senior dedicated executives to managing the RCSI relationship Support

	<b>Description of Responsibility</b>
• RCSI Specific Maintenance Staff	<ul style="list-style-type: none"><li>• RCSI specific problems and Incident Reports (IR's) which affect only RCSI or are related to Non-Shared-Cost-Interfaced New Materials will be researched, managed, solved, and repaired by this team. Because this team has a greater understanding of the RCSI business, it will be in the best position to diagnose and understand impact to the RCSI business.</li><li>• System-wide problems may affect all customers, yet some system-wide problems may impact particular customers more than others. Since RCSI, only, controls the priority of this dedicated team, RCSI will always be able to obtain and direct the responsiveness RCSI needs in addressing business impacting system problems.</li><li>• The dedicated maintenance team will be responsible for support of any subsystems and software modules that have been customized uniquely for RCSI.</li><li>• Due to RCSI's growth, usage patterns, interfaces, or configurations, certain software subsystems may require tuning or modification to achieve service level goals or required system performance and efficiency levels. This team will be available and responsible for such RCSI specific tuning tasks.</li><li>• When possible, this dedicated team will be available to supplement RCSI directed development efforts. Quick, small, custom requests for special reports, passers, etc. can be supported by this group.</li><li>• Proactively, this staff will be able to put in custom logic and coding into the First Data application. Such logic can implement business sanity checks in the transaction processing stream, monitor for RCSI appropriate thresholds of activity, and take predetermined actions when appropriate.</li></ul>
• General Core Maintenance	<ul style="list-style-type: none"><li>• Design control and code/systems integration. First Data core teams perform this function through development of application standards, QI's, and final code integration services. These processes allow parallel, independent development to occur, while maintaining consistent application architecture.</li><li>• Six major releases, approximately 20 minor releases, and 11 monthly statement installs are introduced annually into the First Data System. These releases provide somewhere between 800,000 hours to 1,200,000 hours of enhancements annually.</li><li>• First Data core system and product subsystem experts will provide consulting, training, education and guidance for dedicated client services and programming teams, conversion development teams, and for RCSI.</li><li>• Regression testbeds in conjunction with test scripts are built and maintained. Every new function or combination of parameters may require and update to these regression platforms.</li></ul>

**Description of Responsibility**

- First Data provides systems-wide, RCSI-wide maintenance of core and product software, including immediate and follow-up efforts necessary to keep the cycle running and to meet business service level requirements.
- First Data provides ongoing reengineering and tuning of the core application for quality and efficiency improvements.

First Data will provide these services to support “after the fact” problem recovery required, whether caused by system/software failure, invalid input, procedural errors, client or First Data, including impact analysis/reporting, file restore/repair statement reruns, etc.

**EXHIBIT A-5  
Third Party Terms**

**FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

**between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES INC.**

**Dated**

**December 10, 1998**

**First Amended and Restated as of April 1, 2003**

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1. ODS SERVICES
2. KNOWLEDGESIGHT SERVICES
3. EVOLVE

This Exhibit A-5 sets forth third party terms to enable RCSI to use the ODS, KnowledgeSite and Evolve products and functionality in accordance with the terms and conditions of the Agreement. Any capitalized terms not defined in this Exhibit A-5 shall have the meanings given in the Agreement.

**1. ODS SERVICES.**

**1.1 Definitions.**

(a) "Access Restrictions" means the restrictions for RCSI Developed Applications that are set forth in Section 1.4 below.

(b) "RCSI Developed Applications" means the computer applications developed by RCSI that will be entitled to access RCSI's Accounts on the First Data computing environment only as expressly permitted herein.

(c) "ODS Software" constitutes First Data Software and means the object code versions of the network application components described as follows:

(i) The versions of Sybase, Inc.'s ("Sybase") software packages commonly known as "Net Gateway," and "Open Server" ("Sybase Software"), including any new versions, upgrades, or modifications thereof (except as provided herein);

(ii) The interface access to the production system developed by First Data that allows RCSI access and use of the First Data System; and

(iii) All additions, updates, revisions, corrections, enhancements and modifications to the foregoing Sections 1.1(c)(i) and 1.1(c)(ii) delivered to RCSI from time to time, except as provided herein.

First Data reserves the right to modify, enhance, change, or substitute any of the components of the ODS System, including substituting one (1) or more software packages for any of the above software packages that are licensed to First Data by any First Data Licensor, provided that the utility or performance of the ODS System is not materially impaired. First Data and RCSI may agree from time to time to supplement or change the ODS Software or services for current or future applications, which shall be done by additional schedules.

(d) "ODS System" means the ODS Software, the related Documentation, and the equipment supplied by RCSI.

(e) "First Data Licensor" means any entity that has licensed to First Data any third party software.

(f) "Workstation/Server Access Points" means the number of mini computers, automated recognition units, workstations, servers, automatic processors, concentrators and other processors of any type that are operating Sybase "Open Client" ("Workstation/Server") and process transaction requests to the First Data computing environment.

(g) "Workstation/Server Software" means the Sybase Open Client software obtained by the RCSI and included within the Sybase Open Client Developer's Toolkit and installed on RCSI's computing environment.

**1.2 Grant of License and Use of ODS System.**

(a) First Data grants to RCSI a limited, nonexclusive, and nontransferable right and license, exercisable during the Term of, and under the terms of, the Agreement, to use the ODS Software and the related Documentation as provided herein.

(b) All right, title and interest in the ODS Software, including all Intellectual Property rights, are and shall remain with First Data and the applicable First Data Licensors. First Data and the First Data Licensors reserve all rights not expressly granted to RCSI in this Agreement.

(c) RCSI shall not sublicense, assign or transfer all or any portion of its rights in the ODS Software to any third party, whether by operation of law or otherwise. Any attempt by RCSI to sublicense, assign or transfer its rights to the ODS Software or any other part thereof in violation of this Exhibit A-5 shall be void.

(d) Except as expressly authorized in the Agreement or this Exhibit A-5, RCSI shall not directly or indirectly copy the ODS Software, nor shall RCSI allow anyone else to do so. RCSI may copy and distribute the Documentation for internal use only. RCSI shall not alter, remove, modify or suppress any proprietary notices placed on or contained within the Documentation but shall retain and reproduce them in their exact form on all copies and partial copies thereof.

(e) RCSI shall not attempt to modify, distribute, display, sublicense, rent, reverse engineer, decompile or disassemble (or otherwise attempt to derive a source code for) the ODS Software or any part thereof.

(f) In addition to any other restrictions contained herein, RCSI shall not install or use the ODS System or any part thereof outside the United States, Canada or Mexico.

(g) RCSI shall acquire one (1) copy of the "Sybase Developer Tool Kit" from Sybase (and First Data shall reimburse RCSI for the price of such software) and install Sybase Open Client on the Workstation/Server Access Points. RCSI shall perform any required data conversion.

(h) RCSI may use the ODS Software solely to access, transmit, modify and process information concerning RCSI's Accounts, which information resides on First Data's managed databases and to use the Development Workstations for Application Development to the First Data computing network. RCSI shall not use the ODS Software for bulk data transfers or to populate a data warehouse. Except for Application Development pursuant to RCSI's Sybase development license or as set forth herein, RCSI shall not:

System: (i) use any third party application development tools or otherwise modify or enhance existing screens or forms that are delivered as part of the ODS System;

(ii) directly access the Sybase Software command verbs except as the command verbs are contained in the ODS System or applications developed on Development Workstations;

(iii) use the Sybase Software as a general database product; or

(iv) create new reports or modify existing reports with executables delivered as part of the ODS System unless RCSI does so with licensed Development Workstations that are licensed to use the "Full Use Report Writer" from Sybase or First Data by a separate license.

(i) This license does not include a license to use the Full Use Report Writer. Nothing herein shall preclude RCSI from using the ODS System to create or alter tables, columns or rows and adding fields to existing tables as necessary to implement, operate and administer the ODS System. Access to the First Data computing network using applications or other software developed by RCSI must be developed only on Development Workstations and must operate and access the ODS System and First Data computing network in compliance with the provisions of the Access Restrictions set forth below.

(j) RCSI shall, based on the reasonable direction of First Data, install and implement any replacement or upgrade of Workstation/Server Software within ninety (90) days after the date that the upgrade is required for the ODS System and made available to RCSI. At the conclusion of such ninety (90) day period, First Data's support Services for the previous version of the Workstation/Server Software will cease. RCSI shall modify the RCSI-supplied equipment as necessary for use of any upgrades. First Data will deliver reasonable notice of the changes in the Specifications that may affect operation of RCSI Developed Applications. RCSI acknowledges and agrees that upgrades and other modifications that First Data may make to the ODS System in the future may result in RCSI Developed Applications becoming incompatible and result in errors or failure of the RCSI Developed Applications to operate properly ("RCSI Developed Application Upgrade Error"). First Data will provide interface Specifications via development notifications for RCSI to make appropriate changes to RCSI Developed Applications. RCSI shall correct all RCSI Developed Application Upgrade Errors and revise all RCSI Developed Applications to operate properly with all future upgrades and modifications of the ODS System. First Data shall not be obligated to correct any RCSI Developed Application Upgrade Error or to modify the ODS System in any way.

### **1.3 Termination of Sybase License Agreement.**

The Parties acknowledge that the Sybase Software is licensed to First Data pursuant to a license agreement between First Data and Sybase dated December 30, 1999, as amended. In the event such license agreement expires or is terminated, First Data shall obtain a substitute for the Sybase Software and such substitute will not degrade the performance or quality of the affected component of the Services.

**1.4 Access Restrictions.**

(a) RCSI will develop RCSI Developed Applications in substantial compliance with the material and reasonable recommendations of First Data. RCSI shall install and maintain programs that will produce a transaction trace error log and store a detailed log of problems encountered in transactions with the First Data computing network (“Problem Log”). RCSI shall allow First Data access to the Problem Log at any time. RCSI shall promptly notify First Data if RCSI becomes aware that any RCSI Developed Application is causing any Operating Problems (as defined below) in the ODS System or the First Data computing network. In the event that an Operating Problem comes to the attention of RCSI or First Data, both Parties agree to consult and cooperate promptly in good faith to prevent the RCSI Developed Application from causing any degradation in the performance of the ODS System or the First Data computing network and to repair and modify the RCSI Developed Application that is causing the Operating Problems so that it will not cause any further Operating Problems. If it is necessary to discontinue use of the RCSI Developed Application to prevent further Operating Problems, RCSI shall discontinue operation of that RCSI Developed Application and First Data may deny access of that RCSI Developed Application to the ODS System. First Data shall cooperate with RCSI to repair and modify the RCSI Developed Application that is causing the problems so that it will not cause any further Operating Problems and it will be allowed to commence operation as soon as possible.

(b) When used herein “Operating Problems” means any of the following:

- (i) The RCSI Developed Application malfunctions and causes problems in the First Data computing network that materially reduce the response time or the performance of the programs or transactions operating on the First Data computing network.
- (ii) The RCSI Developed Application is sending invalid transaction requests that do not comply with the proper transaction request format and such requests slow the response time or otherwise degrade the performance of the First Data computing network.
- (iii) The RCSI Developed Application is malfunctioning by sending transaction requests that result in a substantially higher volume than RCSI’s typical volume.
- (iv) The RCSI Developed Application causes problems in the First Data computing network that cause programs or other processes to terminate or otherwise cease operating properly.
- (v) The RCSI Developed Application causes problems in the First Data computing network that cause program operation or other response or performance time of other First Data clients to slow down materially.
- (vi) Without any prior notice from RCSI, the transaction requests from a RCSI Developed Application increases by fifty (50%) percent above the typical transaction request volume of RCSI.

**2. KNOWLEDGESIGHT SERVICES.**

**2.1 License Grant.**

(a) In order for RCSI to obtain KnowledgeSight Services as described in this Section 2, First Data shall permit RCSI to use certain software which First Data licensed from \*\*\* pursuant to a Software License and Services Agreement dated November 20, 1992 (the "KnowledgeSight Software").

(b) First Data grants the following limited, non-exclusive license of the KnowledgeSight Software to RCSI for the Term of the Agreement, or until the Agreement is earlier terminated by the Parties. RCSI shall not use the KnowledgeSight Services for general use not in connection with the Services or for developing additional applications. RCSI shall not copy the KnowledgeSight Software and shall not reverse assemble or reverse compile the KnowledgeSight Software, nor transfer, sublicense, rent, lease or assign the KnowledgeSight Software.

(c) The provisions set forth in this Section 2 only grant RCSI the right to use the KnowledgeSight Software and do not grant any rights of ownership to RCSI. RCSI shall not publish any results of any benchmark tests run on the KnowledgeSight Software.

(d) If First Data's right to license the KnowledgeSight Software to RCSI is terminated, First Data shall have the right to terminate the provision of the KnowledgeSight Services upon thirty (30) days advance notice to RCSI, or such shorter period of notice as coincides with the termination of First Data's right to license the use of the KnowledgeSight Software. In such event, First Data shall use Commercially Reasonable Efforts to provide a substitute for the KnowledgeSight Software. If First Data is unable to provide a substitute for the KnowledgeSight Software, RCSI shall receive, if applicable, a reduction in the Processing Fees in the amount of the KnowledgeSight Services it was receiving at the time of such termination.

(e) RCSI will comply fully with the U.S. Export Administration Act and the relevant regulations of the United States Department of Commerce to assure that the KnowledgeSight Software is not used or exported in violation of such Act or regulations or any other relevant United States law.

(f) \*\*\* MAKES NO WARRANTIES, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, WITH RESPECT TO THE KNOWLEDGESIGHT SERVICES TO BE PROVIDED HEREUNDER, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ORACLE DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE KNOWLEDGESIGHT SOFTWARE WILL MEET RCSI'S REQUIREMENTS OR THAT THE OPERATION OF THE KNOWLEDGESIGHT SOFTWARE WILL BE ERROR FREE, OR THAT DEFECTS IN THE SOFTWARE WILL BE CORRECTED. IN NO EVENT WILL RCSI HAVE ANY CAUSE OF ACTION AGAINST \*\*\*, NOR WILL \*\*\* BE LIABLE TO RCSI FOR ANY LOSSES,

DAMAGES OR ANY ECONOMIC CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS OR SAVINGS), INCIDENTAL DAMAGES OR PUNITIVE DAMAGES INCURRED OR SUFFERED BY RCSI EVEN IF ORACLE IS INFORMED OF THEIR POSSIBILITY.

**2.2 Recovery 1 Services.**

(a) In order for RCSI to obtain "Recovery 1 Services" as described in this Section 2.2, First Data shall permit RCSI to use the Recovery 1 Shared Services System software and all human readable user documentation including additions, updates, revisions, corrections and modifications to the foregoing delivered to RCSI from time to time (collectively, the "Recovery 1 Software") in accordance with the terms and conditions contained herein.

(b) RCSI will access and use the Recovery 1 Software only in conjunction with its internal businesses and only by its personnel or subcontractors. RCSI shall not copy, decompile, reverse compile or reverse assemble the Recovery 1 Software nor transfer, sublicense, rent, lease or assign the same. The provisions set forth in this Section only grant to RCSI a right to use the Recovery 1 Software and in no way grant or convey any rights of ownership.

(c) If First Data's right to license the Recovery 1 Software to RCSI is terminated, First Data shall have the right to terminate the provision of Recovery 1 Services and RCSI's license to the Recovery 1 Software upon thirty (30) days' advance written notice. In such event, First Data shall use Commercially Reasonable Efforts to provide a substitute for the Recovery 1 Software. If First Data is unable to obtain and provide such a substitute, RCSI shall receive, if applicable, a reduction in the Processing Fees in the amount of the Recovery 1 Services it was receiving at the time of such termination.

(d) RCSI acknowledges that the Recovery 1 Software is subject to restrictions and controls imposed under the U.S. Export Administration Act. RCSI certifies that neither the Recovery 1 Software nor any direct product thereof is being or will be acquired, shipped, transferred or re-exported, directly or indirectly, into any country prohibited under such Act or any other applicable laws or regulations.

**3. EVOLVE.**

First Data has developed the First Data "Evolve" proprietary suite of products, which includes the "Evolve Customer Service Application," "Evolve eCustomer Service Application" and "Evolve Collections Application" (collectively, or each, an "Evolve Application(s)"). First Data shall provide the subscribed-to Evolve Applications and license (or sublicense, as applicable) the applicable Evolve Software to RCSI pursuant to the following terms and conditions:

**3.1 Definitions**

For purposes of the Evolve Applications, unless the context requires otherwise, the following capitalized terms used herein shall have the meanings set forth below:

(a) "Evolve Base Templates" means First Data's proprietary software templates for the Evolve Applications licensed to RCSI hereunder, specifically excluding any RCSI Modifications.

(b) “Evolve Software” means (i) the \*\*\* Software; (ii) the Evolve Base Templates; (iii) RCSI Modifications; and (iv) all additions, updates, revisions, corrections, enhancements and modifications to the foregoing. First Data reserves the right to modify, enhance, change, or substitute any of the components of the Evolve Software.

(c) “Evolve System” means the Evolve Software and any related documentation, any First Data-supplied interfaces to the First Data System, the distributed systems platform located in the First Data Data Center and any other hardware and software used to provide the Evolve Applications and related services to RCSI, but specifically excluding RCSI Supplied Components.

(d) “First Data Licensors” means \*\*\* and any other licensor of third-party software incorporated into the Evolve Software.

(e) “\*\*\* Software” collectively means the proprietary software of \*\*\* used in connection with or incorporated into the Evolve Applications, including “\*\*\*\*” and “\*\*\*.”

(f) “RCSI Supplied Components” means the hardware and software listed in Attachment 1 to this Exhibit A-5, and such other hardware and software as may be designated by First Data for RCSI’s use of the Evolve Applications. RCSI, at RCSI’s expense, shall procure, install, maintain and upgrade (as necessary) the RCSI Supplied Components.

**3.2 License Grant.**

(a) First Data grants to RCSI a limited, nonexclusive, and nontransferable right and license, exercisable during the Term, to access and use the Evolve Software, in executable form only, solely as described and for the purposes provided herein and in connection with the Services.

(b) RCSI may use the Pegasystems Software to customize the Evolve Base Templates to modify existing, or develop new, rules, screen presentations, decisioning, workflows or other elements customizable with such Pegasystems Software, as RCSI sees fit for, and solely in connection with its use of, the Evolve Applications (“RCSI Modifications”). RCSI is solely responsible for, and shall at its expense maintain, all RCSI Modifications.

(c) Except for backup and archival purposes, RCSI shall not directly or indirectly copy any of the Evolve Software. RCSI shall reproduce on any such permitted copies all copyright and proprietary notices and legends originally included in the Evolve Software. RCSI shall not:

(i) attempt to reverse engineer, decompile, recompile, disassemble, or modify the Evolve Software or any part thereof except as expressly permitted in 3.2(b), above;

(ii) publish or disseminate results of benchmark or other testing run on any of the Evolve Software (including on RCSI Modifications);

(iii) enter into an arrangement for timesharing or hypothecation of any of the Evolve Software;

(iv) rent, sublicense, distribute, assign or otherwise transfer any or all of its rights in the Evolve Software to any third party, whether by operation of law or otherwise; or

(v) allow use of the Evolve Software by any other party (except that RCSI may allow RCSI subcontractors access to the Evolve Software provided that such subcontractors agree in writing to comply with the license restrictions under Article 3 of this Exhibit A-5).

(d) The Evolve Software and Evolve System are composed of confidential and proprietary information of First Data and the First Data Licensors, as applicable, and shall be subject to all rights and obligations under Article 14 of the Main Body of the Agreement. Upon any termination of this Agreement, of the provision of the Evolve Applications or of the license or any sublicense to the Evolve Software granted herein, RCSI shall immediately return to First Data any and all copies of the Evolve Software and any related documentation.

(e) First Data or the First Data Licensors, as applicable, shall retain all Intellectual Property Rights in and to the Evolve Software, and any copies, documentation, derivative works thereof subject to Article 7 of the Main Body of the Agreement. First Data and the First Data Licensors reserve all rights not expressly granted to RCSI herein.

(f) The Evolve Software shall not be shipped or used by RCSI outside of the United States without obtaining First Data's prior written consent; provided, however, that First Data hereby consents to any such shipments to India. If such consent is received, RCSI shall comply with the United States Export Administration Act and all applicable use, export, and re-export restrictions and regulations of the U.S. Department of Commerce or other relevant U.S. agency or authority.

(g) RCSI hereby agrees that it shall utilize the Evolve System and the Evolve Software solely in connection with the servicing of its Designated Accounts, and RCSI shall not utilize the Evolve System and the Evolve Software in connection with the servicing of any other type of product or program offered by RCSI to its clients.

**ATTACHMENT 1**

**EVOLVE APPLICATIONS  
CUSTOMER-SUPPLIED COMPONENTS**

RCSI procures and installs the workstations used with its Evolve Applications (the "Customer-Supplied Components"). This Attachment 1 summarizes the minimum requirements for the Customer-Supplied Components.

**TYPES OF USERS**

The Evolve Applications allow for three (3) types of users to operate, administer, and develop the product as follows: (1) **Operator**: most basic user, (2) **Supervisor/System Administrator**: user with additional access privileges and workstation functionality in order to handle supervisor functions (e.g., report generation, queuing and related set-up and workflow management), and (3) **Workflow Architect**: user with access to additional tools for development and maintenance of workflows for the Evolve Applications.

**WORKSTATION REQUIREMENTS**

1. **Hardware.** The following tables show the recommended minimum workstation hardware configurations for the users described above. First Data may reasonably update these minimum requirements as necessary to reflect changes in technology and shall provide timely notice to RCSI in advance of any such update.

Operator/Supervisor/System Administrator (as of 6/00)	
<b>CPU</b>	Pentium II or better
<b>Memory</b>	96 MB RAM for Windows NT*
<b>Resolution</b>	Graphics accelerator board – 4 MB video RAM
<b>Disk</b>	15 MB of free disk space (if all fields on local disk)
<b>Monitor</b>	17-inch monitor, 1024x768 (256 colors)

Workflow Architect (as of 6/00)

<b>CPU</b>	Pentium II or better
<b>Memory</b>	96 MB RAM for Windows NT*
<b>Resolution</b>	Graphics accelerator board – 4 MB video RAM
<b>Disk</b>	200 MB of free disk space (if all files on local disk)
<b>Monitor</b>	17-inch monitor 1024x768 (256 colors)

2. **Software.** Each workstation which uses the Evolve Applications requires the following software to be procured and installed by the client: (a) Operating System: Windows NT\*, and (b) Browser: Microsoft Internet Explorer 5.0\*. For optional 3270 emulation, Customer may use WallData Rumba\*, Attachmate Extra!\*, or another product of their choice.



**DISASTER RECOVERY AND BUSINESS CONTINUATION PLANS**

**EXHIBIT A-7 to the**

**FIRST AMENDED AND RESTATED**

**TECHNOLOGY SOURCING AGREEMENT**

**between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES INC.**

**Dated**

**December 10, 1998**

**First Amended and Restated as of April 1, 2003**

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**1. INTRODUCTION**

**1.1 Context and Basic Obligations**

This Exhibit A-7 describes First Data's obligations relating to disaster recovery arrangements, plans, processes and procedures ("Plans") relating to the Services (collectively, "Disaster Recovery Services"). First Data shall follow all of its Plans relating to the Services in existence as of the FAAR Effective Date (which are listed in Attachment 1 to this Exhibit A-7), and as updated from time to time, to enable recovery from any unplanned event or condition affecting First Data that renders RCSI unable to use the Services (a "Disaster"). In addition, First Data's obligations shall include supporting RCSI's Plans in existence as of the FAAR Effective Date, and as updated from time to time, relating to the Services (which are listed in Attachment 2 to this Exhibit A-7).

**1.2 Maintenance of Disaster Recovery Plans**

First Data shall maintain and update its Plans at least annually to reflect any changes to the Services, First Data System and any of its technical components. The Change Control Procedure under the Agreement shall include making updates to both Parties' Plans as necessary to keep the Plans current.

**2. INVOCATION**

After the FAAR Effective Date, the decision to declare a Disaster relating to the Services may be taken by any authorized member of First Data's Personnel, according to agreed procedures as set forth in the Plans or otherwise agreed upon by the Parties. The Parties shall develop a procedure that will permit designated officers of RCSI to request First Data to declare a Disaster ("Disaster Request") relating to the Services. RCSI's designated officers as of the FAAR Effective Date shall be: the (a) Chief Information Officer, (b) Chief Technology Officer and (c) Vice President of IT Service Operations, all of RCSI's Affiliate GECF-A. The list of designated officers may be amended, from time to time, by written agreement of the Parties. A Disaster Request may be submitted by RCSI when any incident or problem appears likely to result in one (1) or more important parts of the First Data System being unavailable (or only partly available) for a period which RCSI regards as unacceptable. This incident or problem may not necessarily be a sudden or catastrophic failure, but may result from a continuing inability to resolve a problem and restore a service or function of the First Data System. In the event that RCSI submits a Disaster Request, First Data shall review the Disaster Request immediately and inform RCSI of its decision or response within \*\*\* hours.

**3. GENERAL OBLIGATIONS OF FIRST DATA**

First Data shall undertake a range of ongoing planning and preparation activities ("Pre-Disaster Activities"). In the event of the Disaster Recovery Services being invoked, First Data shall also undertake activities during and after the Disaster ("During Disaster Activities" and "Post-Disaster Activities"). These activities are set forth below.

**3.1 Pre-Disaster Activities**

- (a) First Data's Disaster Recovery Services as set forth in this Exhibit A-7 and elsewhere in Schedule A shall be available twenty-four (24) hours per day, three hundred and sixty five (365) days per year, and can be invoked at any time in accordance with Section 2.
- (b) Conduct periodic risk assessments for all systems (including the First Data System) and Applications;
- (c) Assess the readiness of the network infrastructure and network strategy supporting the Services and its capability for disaster recovery and recommend options to close any identified weaknesses;
- (d) Provide or negotiate access to emergency equipment to the extent necessary (including computers, network connections, accommodation for hardware, and associated facilities) until the resumption of normal services or the availability of replacement equipment;
- (e) Test, through simulation testing, the First Data Plans at least annually;
- (f) Maintain and update the First Data Plans, including detailed procedures, in order to take account of business changes, changes to the Services, and lessons learned from testing of the Plans;
- (g) Work with RCSI to ensure proper coordination of the First Data Plans relating to the Services and RCSI's Plans, including proper coordination of the obligations set forth in Articles 2, 5 and 6 of this Exhibit A-7;
- (h) Store complete and recent copies of data and First Data Software in secure off-site locations; and
- (i) Proactively manage all relevant third party suppliers, including review and monitoring of suppliers' disaster recovery plans and testing.

**3.2 During -Disaster Activities**

- (a) Carry out emergency back-up and shutdown procedures (if situation permits);
- (b) Assess damage;
- (c) Invoke the Plans by declaring a Disaster;
- (d) Establish a control center;
- (e) Establish an operational environment at the emergency facility;

- (f) Recover and operate systems at the emergency facility (including startup, data restore and scheduling);
- (g) Provide network links from emergency facility to RCSI sites and end users;
- (h) Provide technical support for systems (including the First Data System) and all Applications; and
- (i) Handle communications to and interfaces with all other parties (including end users, IT staff, management and corporate crisis teams). This includes operating a dedicated disaster help desk throughout the Disaster and recovery period. This also includes meeting the requirements of any communication plan provided by RCSI, as provided in Section 8.1 below.

**3.3 Post-Disaster Activities**

- (a) Carry out migration from emergency environment back to long term operational facilities at refurbished or replacement locations;
- (b) Conduct post-disaster review and implement lessons learned; and
- (c) Communicate as outlined in Article 9 of Schedule B.

**4. SPECIALIST THIRD PARTIES**

Where a Plan refers to disaster recovery contracts with specialist third parties or specialist services to be provided by First Data then First Data shall, where appropriate:

- (a) assume responsibility for invoking the services described in those contracts, where appropriate, in the event of a Disaster; and
- (b) assume responsibility for coordinating the delivery of the services described in those contracts, and integrating that delivery with other disaster recovery components.

These obligations with respect to third party specialists apply whether or not the provisions of such third party contracts (such as processes, procedures and responsibilities) are specified in this Exhibit A-7 or elsewhere in the Agreement.

**5. FIRST DATA OBLIGATIONS FOR CRITICAL SYSTEMS AND CRITICAL APPLICATIONS**

**5.1 Critical Systems and Critical Applications**

- (a) Within one hundred-twenty (120) days after the FAAR Effective Date, First Data shall list the critical systems and critical applications relating to the Services and propose disaster recovery preparation standards and procedures ("DR Standards"), including as defined

below in Section 5.2 and substantially in the format provided as Attachment 3 to this Exhibit A-7. First Data shall present its proposed DR Standards for review by and discussion with RCSI, which shall have the opportunity to propose modifications to the list and proposed DR Standards for a period of thirty (30) days following presentation to RCSI. If the Parties are unable to agree on such list or DR Standards, RCSI may escalate the issue to the Chief Information Officer of GECF-A (or his or her designee) and the Chairman of FDC (or his designee) for attempted resolution, and failing any such resolution within thirty (30) days following escalation, the dispute shall be subject to Section 20.2 of the Main Body of the Agreement. When the Parties agree to the list and proposed DR Standards, First Data shall prepare an implementation plan capable of meeting the agreed DR Standards (the "DR Implementation Plan"). First Data shall present its proposed DR Implementation Plan for review by and discussion with RCSI, which shall have the opportunity to propose modifications to the DR Implementation Plan for a period of thirty (30) days following presentation to RCSI. The Parties also will document any work that RCSI must perform in connection with the DR Implementation Plan. If the Parties are unable to agree on such DR Implementation Plan, RCSI may escalate the issue to the Chief Information Officer of GECF-A (or his or her designee) and the Chairman of FDC (or his designee) for attempted resolution, and failing any such resolution within thirty (30) days following escalation, the dispute shall be subject to Section 20.2 of the Main Body of the Agreement.

- (b) Following completion of the list of critical systems and applications and DR Standards as provided in Section 5.1(a), during the first calendar quarter of each year of the Term First Data shall update such list and DR Standards in a form substantially similar to Attachment 3. First Data shall present such updated information for review by and discussion with RCSI, which will have an opportunity to propose modifications to such list and DR Standards for a period of thirty (30) days following presentation to RCSI. The Parties also will document any work that RCSI must perform in connection with disaster recovery planning for the critical systems and critical applications. If the Parties agree to new or increased DR Standards and/or requirements, First Data shall prepare a plan and timeline (with completion dates), within sixty (60) days following such agreement, for meeting the new or increased DR Standards and/or requirements ("DR Modification Plan"). If the Parties are unable to agree on such DR Modification Plan, RCSI may escalate the issue to the Chief Information Officer of GECF-A (or his or her designee) and the Chairman of FDC (or his designee) for attempted resolution, and failing any such resolution within thirty (30) days following escalation, the dispute shall be subject to Section 20.2 of the Main Body of the Agreement.

**5.2 Disaster Recovery Standards and Procedures for Backing Up Critical Systems and Critical Applications**

The DR Standards and procedures to be agreed upon annually pursuant to Section 5.1 shall include the following requirements:

- (a) Recovery. “Recovery” shall mean providing a complete, operational Service (using Alternative Facilities where necessary) ready to begin new business processing. Except as otherwise agreed pursuant to Section 5.1, Recovery also shall mean: (i) restoration of one hundred percent (100%) of functionality and capacity; (ii) performance levels meeting or exceeding the Service Levels agreed for such systems and applications; (iii) online restoration; (iv) user validation; (v) completion of batch process for recovery of back-up data as of date of Disaster; and (vi) readiness of batch process for new cycle.
- (b) Recovery Subject to Limitations. “Recovery Subject to Limitations” shall mean Recovery subject to any limitations, restrictions and/or conditions to functionality, capacity and agreed Service Levels, under which a system or application is planned to operate during a Disaster.
- (c) Recovery Time. “Recovery Time” shall mean the time that elapses from the time of the declaration of a Disaster to Recovery of a system or application, which will not be greater (and in some cases will be less) than \*\*\* hours for any critical system or application. Recovery Time shall include the initiation of processing of all activity that took place during the period of service interruption, subject to getting required input files from third party providers (i.e., Associations), as defined by RCSI. In the event RCSI requests such input files from third party providers, all recovery activities shall be completed within \*\*\* hours following receipt of such input files.
- (d) Recovery Strategy. “Recovery Strategy” shall mean the methods and procedures being used by First Data to accomplish Recovery.
- (e) Impacts on RCSI. “Impacts on RCSI” shall mean the impacts, if any, of the Recovery Strategy on RCSI’s systems, applications and/or procedures in the event of a Disaster that require RCSI to make changes to its systems, applications and/or procedures to be prepared for a Disaster.
- (f) Simulation Testing. “Simulation Testing” shall mean simulation testing of a Disaster affecting a system or application, together with interconnected systems and applications, including the use of “hot-site” facilities and other emergency equipment and facilities designated by First Data to be used in the event of a Disaster.

- (g) Simulation Testing Frequency. “Simulation Testing Frequency” shall mean the frequency with which First Data conducts Simulation Testing of a critical system or application.
- (h) RCSI User Participation. “RCSI User Participation” shall mean any requirements for RCSI participation in Simulation Testing of a system or application, and the nature of such participation.
- (i) Back Up. “Back Up” shall mean a complete back up of a system or application performed by First Data pursuant to a regular schedule.
- (j) Back Up Frequency. “Back Up Frequency” shall mean the frequency with which a Back Up is performed.
- (k) Retained Back Ups. “Retained Back Ups” shall mean the number of successive Back Ups, which will be not less than three (3) Back Ups for any critical system or application, retained in Off-Site Storage at all times. “Off-Site Storage” shall mean storage in a facility, no less than thirty-five (35) miles from the facility in which the application or system is housed, which is used by First Data to store Retained Back Ups.
- (l) Back Up Format. “Back Up Format” shall mean the storage format used by First Data to perform a Back Up.
- (m) Off-Site Cycle Time. “Off-Site Cycle Time” shall mean the number of hours, which will be no greater than \*\*\* hours for any critical system or application, from the completion of a Back Up to removal of the Back Up from the location of the system or application to the Off-Site Storage.
- (n) Alternative Facilities. “Alternative Facilities” shall mean one (1) or more facilities (which may be owned or leased by First Data), no less than fifty (50) miles from the facility in which the application or system is housed, which houses the Redundant Capability for such application or system.
- (o) Redundant Capability. “Redundant Capability” shall mean hardware and software maintained by First Data at Alternative Facilities that is capable of supporting Recovery of each critical application and system within the Recovery Time.
- (p) Replacement Facilities. “Replacement Facilities” shall mean one or more facilities (which may be owned or leased by First Data), no less than (50) miles from the facility in which the application or system is housed, which is capable of replacing the Alternative Facilities on a permanent basis.

**5.3 Redundant Capability**

First Data shall establish and maintain Alternative Facilities with Redundant Capabilities for all critical systems and applications for immediate use in the event of a Disaster. First Data shall have guaranteed availability to the Alternative Facilities at all times. In addition, First Data shall establish and maintain Replacement Facilities for critical systems and applications and plans to complete transition from the use of Alternative Facilities to Replacement Facilities with Redundant Capability for all critical systems and applications in no more than \*\*\* weeks following the declaration of a Disaster.

**5.4 Recovery Time**

As agreed by the Parties, the specific Recovery Time for certain critical systems and applications shall be shorter than the \*\*\* hour Recovery Time for Services in total.

**5.5 Disaster Recovery Testing**

All critical systems and critical applications shall be fully tested, through Simulation Testing, at least twice during every three hundred and sixty five (365) day period until RCSI verifies satisfactory test results, at which time Simulation Testing will be conducted annually, unless it is otherwise agreed by the Parties that additional testing is required by regulation or mutual evaluation of functionality, infrastructure or that a New Service points toward a need to retest. First Data shall use Commercially Reasonable Efforts to schedule any major infrastructure changes in order to align with scheduled Simulation Testing, in accordance with the Change Control Procedures in Section 9.5 of the Main Body of the Agreement.

**5.6 Other Systems and Applications**

Each year in the first calendar quarter, First Data shall identify all systems and applications relating to the Services not considered “critical” as provided in Section 5.1. First Data shall present annually its Plans (including back up and recovery strategy) for such non-critical systems and applications in the event of a Disaster. RCSI shall have the opportunity to propose modifications to the list and Plans for such systems and applications. If the Parties are unable to agree on such modifications, RCSI may escalate the issue to the Chief Information Officer of GEFCF-A (or his or her designee) and the Chairman of FDC (or his designee) for attempted resolution, and failing resolution within thirty (30) days following escalation, the dispute shall be subject to Section 20.2 of the Main Body of the Agreement.

**6. OTHER REQUIREMENTS**

**6.1 Participation in Testing**

First Data and RCSI shall work closely together to ensure that both Parties' Plans will permit First Data to achieve the agreed DR Standards. As part of this coordination, First Data and RCSI shall perform annually a joint risk assessment to identify gaps and weaknesses in disaster recovery preparedness. In addition, each Party shall be invited to participate in the other Party's Simulation Testing relating to the Services. Notice of such testing shall be provided at least ninety (90) days in advance of the scheduled commencement of such testing.

**6.2 Updated Disaster Recovery Plan Information**

First Data and RCSI shall provide each other with updated Plans relating to the Services at least annually. In addition, each Party shall make the results of its Simulation Testing for systems and applications relating to the Services available for review by the other Party.

**6.3 RCSI Communication Plan**

RCSI shall be responsible for providing First Data with a communication plan that will permit First Data to provide RCSI with appropriate communication in the event of a Disaster.

**6.4 Audit Rights**

First Data and RCSI shall have the right to audit each other's performance of its obligations under this Exhibit A-7.

**7. FIRST DATA COMPLIANCE WITH DISASTER RECOVERY SERVICE LEVELS AND PROCEDURES**

**7.1 DR Implementation Plan**

First Data recognizes that its failure to complete and implement the DR Implementation Plan as described above in Section 5.1(a) may have a material adverse impact on the business and operations of RCSI and that the damage from First Data's failure to meet such DR Implementation Plan is not susceptible of precise determination. Accordingly, in the event that First Data fails to complete and implement in all material respects the DR Implementation Plan within eighteen (18) months following the FAAR Effective Date, for reasons other than the wrongful actions of RCSI or circumstances that constitute a Force Majeure Event under the Agreement, then in addition to any non-monetary remedies available to RCSI under this Agreement, at law, or in equity, RCSI may, in lieu of pursuing other monetary remedies, elect to recover as its sole and exclusive monetary remedy for such failure the credits specified in this Section 7.1 as liquidated damages; provided, however, that this provision shall not limit RCSI's right to recover any other monetary damages in the case of its termination of this Agreement under Section 21.1(b) of the Main Body of the Agreement.

The liquidated damages for purposes of this Section 7.1 shall equal:

\*\*\* of the total Charges paid to First Data under this Agreement (excluding Pass-through Expenses) for the prior three hundred and sixty five (365) days on a monthly basis until First Data completes and implements the DR Implementation Plan in all material respects.

**7.2 DR Modification Plan**

First Data recognizes that its failure to complete and implement any DR Modification Plan as set forth in Section 5.1(b) above may have a material adverse impact on the business and operations of RCSI and that the damage from First Data's failure to meet any such DR Modification Plan is not susceptible of precise determination. Accordingly, in the event that First Data fails to complete and implement in all material respects any DR Modification Plan within three (3) months following the agreed upon completion date for such DR Modification Plan, for reasons other than the wrongful actions of RCSI or circumstances that constitute a Force Majeure Event under the Agreement, then in addition to any non-monetary remedies available to RCSI under this Agreement, at law, or in equity, RCSI may, in lieu of pursuing other monetary remedies, elect to recover as its sole and exclusive monetary remedy for such failure the credits specified in this Section 7.2 as liquidated damages; provided, however, that this provision shall not limit RCSI's right to recover any other monetary damages in the case of its termination of this Agreement under Section 21.1(b) of the Main Body of the Agreement.

The liquidated damages for purposes of this Section 7.2 shall equal:

\*\*\* of the total Charges paid to First Data under this Agreement (excluding Pass-through Expenses) for the prior three hundred and sixty five (365) days on a monthly basis until First Data completes and implements such DR Modification Plan in all material respects.

**7.3 Pre-Disaster Activities**

First Data recognizes that its failure to comply at all times during the Term with the requirements set forth in Section 3.1 above may have a material adverse impact on the business and operations of RCSI and that the damage from First Data's comply with such requirements is not susceptible of precise determination. Accordingly, in the event that First Data at any time during the Term fails to comply with the requirements set forth in Section 3.1, RCSI shall provide written notice to First Data of such non-compliance. If within three (3) months after receipt of such notice, First Data fails to be in compliance with its obligations under Section 3.1 in all material respects, for reasons other than the wrongful actions of RCSI or circumstances that constitute a Force Majeure Event under the Agreement, then in addition to any non-monetary remedies available to RCSI under this Agreement, at law, or in equity, RCSI may, in lieu

of pursuing other monetary remedies, elect to recover as its sole and exclusive monetary remedy for such failure the credits specified in this Section 7.3 as liquidated damages; provided, however, that this provision shall not limit RCSI's right to recover any other monetary damages in the case of its termination of this Agreement under Section 21.1(b) of the Main Body of the Agreement.

The liquidated damages for purposes of this Section 7.3 shall equal:

\*\*\* of the total Charges paid to First Data under this Agreement (excluding Pass-through Expenses) for the prior three hundred and sixty five (365) days on a monthly basis until First Data is in compliance with the requirements set forth in Section 3.1 above in all material respects.

**7.4 Cumulative Liquidated Amounts**

For any particular month, the liquidated damage amount assessed under this Article 7 shall not exceed \*\*\* of the total Charges paid to First Data under this Agreement (excluding Pass-Through Expenses) for the prior three hundred and sixty-five (365) days.

**ATTACHMENT 1**  
**FIRST DATA DISASTER RECOVERY PLANS**

**Business Continuity  
Executive Summary**

**Chandler Data Center**

**October 2002**



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**Business Continuity  
Executive Summary**

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**Introduction**

**Minimizing the Consequences of a Disaster or Service Outage**

An effective corporate and technical business continuity strategy can lessen the impact on a company's finances and operations should a disaster strike or service be disrupted.

This Executive Summary offers an overview of First Data Resources' internal business recovery strategy and methodology which is fully supported by the senior management and Board of Directors of First Data Corporation.

Each Business Continuity Plan identifies procedures needed to restore operations at First Data after an adverse event. The plans are designed to reestablish all critical business functions, including data centers and telecommunications networks.

**Business Continuity Department Plans Ahead**

At First Data, the Business Continuity Planning Department manages the company's business continuity efforts. Special precautions are taken to protect the Data Centers, which house First Data's main computer systems.

As an annual requirement, Data Center personnel test procedures to ensure the recoverability of a Data Center following a disaster. The results of the Chandler Data Center exercise are included in Appendix A of this summary.



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**First Data Recovery Strategy**

**Business Continuity Planning: A Timely Initiative**

To provide quality business continuity services for clients, First Data Resources starts with a recovery strategy for each of its critical business units.

The goal: To return First Data operations to normal as soon as possible and provide interim services after a disaster or other serious service disruption has occurred.

The first step of the strategy is the creation and rehearsal of a well-documented and structured plan. By creating a plan — and then exercising it — individual business units can minimize the impact of a disruption.



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### **First Data's Business Continuity Planning Department**

The Business Continuity Planning Department ensures that current, viable continuity plans are in place. The Department helps individual units within First Data develop and maintain their plans, and works with them to:

- review and categorize potential risks
- identify critical functions
- develop and exercise effective recovery plans that are approved and supported by management
- inform senior management and the Board of Directors annually of First Data's ability to recover from a disaster

Accountable for the overall management of these plans, the Business Continuity Planning Department also:

- creates business impact analyses
- tracks updates
- conducts audits
- monitors exercises
- serves as a central repository for all business continuity documentation
- acts as liaison, for Business Continuity issues, between First Data Business units, senior management, and internal and external agencies

The Business Continuity Planning organization is a catalyst for ensuring the continuous delivery of products and services by First Data business units. The Business Continuity Planning process entails the identification of risk and single points of failure, plan development, implementation of procedures that mitigate these risks communication, and the monitoring of practices that assure customer satisfaction and ongoing industry leadership.

Each business unit must develop a business continuity plan based on known risks and recovery requirements. The standard First Data Business Continuity plan is outlined in Appendix B.



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**Assumptions Behind the Plan**

Each plan is built around four basic assumptions:

- **Worst-case Interruption** – Affected First Data facilities would be totally unusable with no salvageable equipment, records, data, documentation, etc.
- **Vital Business Records** – Records that would be irreplaceable or essential in recreating the business operations are backed up and stored offsite. Records stored offsite would be sufficient to reestablish the critical business functions of First Data.
- **File Backup** – All data files required to recover computer operations are backed up on a regular basis and shipped to off-site storage.
- **Localized Disruption** – The disruption would impact specific FDR facilities.

Assisting the Business Continuity Planning Department is the Business Continuity Planning Committee, which consists of key members from critical operating units.

Committee members are responsible for:

- auditing critical plans
- participating in exercise evaluations
- providing guidance and serving as liaison between FDR business units and the BCP Department
- assisting with the annual BCP Coordinator Conference



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**A Thorough Review/Exercise Regimen**

A minimum of twice a year, each business unit reviews and updates its business continuity plan. Annually, each plan is thoroughly exercised. The Business Continuity Planning Department monitors those exercises to ensure their consistency.

Plans are evaluated to ensure that not only is each plan current, but that vital records can be retrieved and recovery procedures are implemented under realistic conditions.

Established procedures provide the framework for each exercise and are documented on a standardized form. The Business Continuity Planning Department evaluates the exercise results and shares them with the Business Continuity Committee. Quarterly, First Data executive management is provided a report that details the status of all BCP plans and exercises.

**Exercises Strive for Realism – Without the Risks**

Whenever possible, full-scale exercises are conducted. If operations can be disrupted, the environment is made to simulate actual events. Naturally, every precaution is taken not to disrupt our customer’s business operations.

To make sure each plan is available to those who need it, copies are stored at multiple off-site locations, including the Business Continuity Planning Department.

**Backup is Built-in**

Because of its size, First Data has numerous facilities that are geographically separated and provide redundant capability. Often, critical business functions are performed at more than one site—providing a built-in backup.

In the event of a disaster, alternate facilities have been designated to provide space and/or equipment for each business unit.



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**Data Center Recovery Strategy:  
Building Safety in Before the Crisis**

From the onset, First Data recognized the need to restore its Data Centers to normal operations as quickly as possible after a disruption. Data processing and telecommunications network recovery plans are maintained and exercised annually. Objectives include, but are not limited to, ensuring that the following would be operational after a disaster affecting the Data Center:

Platforms:	Mainframe, Tandem S76000, IBM RS/6000, Sun E15000, Dell 6400
Applications Systems:	Critical Applications
On-line Telecommunications:	Major components (carrier services, hardware, and software)

In fact, the Data Centers were built to withstand the most extreme risk factors; many safeguards were incorporated into the buildings' designs. (See Appendix C for a description of the Omaha Data Center, Appendix D for the Chandler Data Center, and Appendix E for the CommSite 2 Data Center.)

Other safeguards involve procedures and processes, such as:

- Critical systems backup files are transported to a secured records management vault near the recovery hot-site
- Critical application backup files are transported daily to a secured records management vault, by bonded employees, five miles or more from the main Data Centers
- Daily, weekly, and monthly tape backups are controlled by a Tape Management System
- A physical audit of the off-site storage vault is performed at least quarterly to ensure proper data rotation
- First Data has contracted with a recovery service organization for backup Data Center facilities. Data-processing and telecommunications equipment at these facilities enable critical computer operations to be restored
- Off-site files are used for exercising both the operating system and applications from a previously run cycle. The cycle is restored at our recovery facility, separated from the live production environment



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**Recovery Objectives**

Following a disaster, our recovery objective is to restore operational infrastructures and client critical applications and begin running our first recovery cycle within 48 hours.

**Getting Back On-line Fast**

Once the official declaration has been issued, Emergency Management Teams will recreate the software and network environment for applications currently on the system. Their assignments will be to reestablish:

**Critical Systems:**

- operating system
- DASD configuration
- catalog structure
- third party software
- CICS regions
- data security
- telecommunications network
- data communications
- data center operations
- client databases

**Critical Applications:**

- application processing
- merchants
- chargeback/retrievals
- authorizations
- non mons
- cardholder processing
- collections
- security
- CIMS
- statements
- embossing

**Turning Plans Into Actions**

In the event of a disaster, it's the responsibility of the Business Unit Recovery Team to put their plan into action. Each plan includes vital information about team members and clearly defined recovery steps to follow.

The Recovery Team Leader must constantly update the corporate Incident Management Team: the focal point for helping affected units restore operations. Established at the corporate level in one of two existing Command Centers, the Incident Management Team coordinates the key elements of business resumption, including:

- assessment
- restoration
- internal/external communications
- human resources
- administrative support
- facility security
- telecom support
- risk management

**Damage Assessment**

The Assessment/Restoration team from the Incident Management Team, or the Data Center Damage Assessment Team in a Data Center disaster, assess the affected area. These teams determine if operations can be resumed or must be moved to the designated alternate site. They also help assure that restoration is achieved with minimal impact on business operations and within specified time frames. The Assessment/Restoration Team will report their findings to the



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Recovery Team, which, in turn, regularly reports the status of the recovery to the Incident Management Team. The Incident Management Team provides the following additional support to the recovery effort:

**Getting the Word Out**

Incident Management Team communications specialists coordinate all communications to employees, their families, customers, and the news media. They are positioned at both the disaster site and the Command Center.



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**Focusing on the Human Factor**

Human Resources Team members are responsible for the well-being of employees. Together with the Communications Team leader, Human Resources Team members prepare recovery updates for employees.

Human Resources Team members, positioned at both the disaster site and within the Command Center, help answer employee questions, resolve safety and health concerns, coordinate staffing issues, distribute emergency funds, and provide other support services.

**Helping the Incident Management Team Help Clients**

Administrative Support Team members provide initial setup and ongoing support for the Incident Management Team. Risk Management coordinates legal and insurance issues. Business Continuity Planning works with Contracts and Strategic Sourcing to initiate vendor contacts. Security Team members are responsible for insuring that additional security is dispatched to the appropriate locations, as required. Telecom Team members coordinate the recovery of First Data's networks.

If a disaster at a First Data facility threatens to disrupt service to our clients, First Data's Client Service Representatives will inform the clients assigned to them. These contacts are coordinated through the Incident Management Team to assure the most current information is available.

The corporate Incident Management Team reviews and tests its emergency activation procedures semi-annually. That way, it can ensure that the business units would be supported and the company could recover.



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**Summary**

First Data Business Continuity Planning minimizes the consequences of a disaster or service outage. This is accomplished through a well-documented, highly structured plan for:

- identifying potential risks
- minimizing worst-case interruption damage
- providing critical backup of key files and facilities
- duplication and off-site storage of vital business records

At First Data, successful business continuity planning consists of several factors:

- a Business Impact Analysis to study and analyze functions that will be considered in the recovery process
- business recovery plans that are routinely exercised and updated
- methodology behind the plan that is routinely evaluated

For more information about First Data Business Continuity Planning, contact your Client Services Representative or the Response Center at (800) 337-1222.



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**Notice**

This executive summary is a general overview of First Data's strategy and methodology for Business Continuity.

Nothing in this document shall be construed as creating a new, amended or modified agreement between First Data Resources and its clients. Any liability of First Data for failure to comply with this Business Continuity Executive Summary shall be determined solely in accordance with the terms and conditions of the written service agreement(s) previously entered into by First Data and its client(s).

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**Appendix A**

**Chandler BCP Exercise  
Results by Objectives  
October 2002**

**Overview**

FDR's Chandler BCP Exercise was conducted from 7:30amCST on Sunday, October 27th through 3:30pmCST on Thursday, October 31st (104 hours). This test used SunGard's Las Colinas facility in Irving, TX (Mainframes). This was the inaugural use of FDR's CommSite2 facility in Omaha, NE. The following platforms (applications) were supported from CommSite2 in this exercise:

- IBM (CMC)
- IBM (AIX / ODS)
- Sun (Chronicle)
- Sun (Evolve)
- Dell (NT / Decision Quest)

Three FDR personnel traveled to SunGard's Las Colinas facility to oversee the tape handling support for the exercise.

**The BCP objectives and the results against those objectives, are documented below:**

**Pretest Objectives**

- Certify CommSite2 is ready for the exercise.

*Completed as planned.*

- For recovery of the operating system at SunGard's Las Colinas facility, use backup tapes (October 12-13, 2002) that were pre-positioned at Iron Mountain in Lewisville, TX.

*Completed as planned.*

- Application tapes (created during the night of October 14, 2002), and scratch tapes to be delivered from the Chandler vault to SunGard in Las Colinas by chartered truck.

*Completed as planned.*

- Inventory and stage all exercise tapes.

*Completed as planned.*



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**Test Objectives**

- Establish connectivity and console support from SunGard via channel attached controllers at the Remote Operations Center (CommSite2).

*Completed on schedule.*

- Initialize DASD environment and restore system volumes in Las Colinas using FDR turnkey procedures.

*Completed on schedule*

- Load silos with designated exercise and scratch tapes.

*Completed on schedule.*

- Restore the MVS Operating System and associated third-party software products in Las Colinas.

*Completed on schedule.*

- Rebuild GDG bases; restore and verify status of catalogs.

*Completed on schedule.*

Establish IP connectivity on the SunGard hosts and the CMC to facilitate multiple access, inclusive in the FDR network.

*Completed on schedule.*

- Establish OSA ATM Configuration at SunGard's Las Colinas facility.

*Completed on schedule for two of the three processors – issues with OSA ATM on the third processor had no impact to the overall timeline.*

- Establish OSA ATM Configuration at CommSite2

*Completed on schedule between CommSite2 and two of the three Las Colinas processors – issues with OSA ATM on the third processor had no impact to the overall timeline.*

- Restore the front-end processor supporting terminal and transaction access at CommSite2.

*Objective was dropped due to change in client requirements.*

- Restore all primary online regions supporting credit card applications and services needed for cycles F and N.

*Completed on schedule.*

- Restore all application-required libraries (source code, object code, JCL, control card, font, DELETE/DEFINE, SYSREEL, and FJAM; also all libraries used as a JOBLIB or STEPLIB in any production PROC).

*21 libraries were missed, but recreated by alternate means without impact to the overall timeline.*

- Restore source, object code, JCL, control cards and font for the Endeavor system.



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*Completed on schedule.*

- Restore the DB2 operating system.

*Completed on schedule.*

- Restore VTAM, File transmission software, and TCP/IP at SunGard's Las Colinas facility and CommSite2.

*Completed on schedule.*

- Restore the IDP system.

*Completed on schedule.*

- Restore MQ Series.

*Completed on schedule.*

- Restore DB2 data base applications for cycles F and N.

*Completed on schedule.*

- Restore critical application online files for cycles F and N.

*Completed on schedule.*

- Verify online environment for cycles F and N.

*Completed on schedule.*

- Establish connectivity to allow participating clients to perform their stated objectives.

*Completed on schedule.*

- Assist all participating clients in performing their stated objectives.

*Completed on schedule.*

- Restore RS/6000 platform for ODS.
  - AIX operating system and ODS application.
  - Verify connectivity and functionality.

*Completed on schedule.*

- Restore Dell 6400 platform for Decision Quest.
  - NT operating system.
  - SQL Server databases.
  - Applications and verify functionality.

*Completed on schedule*

- Restore Sun E1 5000 platform for Chronicle. ~ Solaris operating system.



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- Oracle databases.
- Verify the Chronicle environment.

### *Completed on schedule.*

- Restore Sun platform for Evolve.
  - Solaris operating system.
  - Oracle databases.
  - Verify the Evolve environment.

### *Completed on schedule.*

- Restore all application batch files for F and N cycles.

### *Completed on schedule.*

- Establish the (application) encryption process.

### *Completed on schedule.*

- Establish connectivity with MasterCard and receive file transmission for processing Cycle F.

### *Completed on schedule.*

- Establish connectivity with Visa and receive file transmission for processing Cycle F.

### *Completed late due to firewall issues at Visa, but without impact to the overall timeline.*

- Process F and N cycles.

### *Cycles were processed through critical path.*

- Produce statement files from Cycle F batch.

### *Completed on schedule.*

- Produce embossing files from Cycle F batch.

### *Completed on schedule.*



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**Appendix B**

**First Data Business Continuity Model Plan**

The Business Continuity Model Plan is a standard recovery plan with established steps and responsibilities for recovering business unit activities.

Each plan, customized to fit the needs of an individual business unit, consists of the appropriate portions of the following stages:

- Stage 1**      Immediate Response and Notification  
                  Section 1.1 – Immediate Response
  
- Stage 2**      Proceed with Critical Notifications  
                  Section 2.1 – Plan Activation Time Line
  
- Stage 3**      Establish Alternate Site  
                  Section 3.1 – Establish Operations at Alternate Site  
                  Section 3.2 – Obtain Necessary Alternate Site Materials
  
- Stage 4**      Restore Support Services  
                  Section 4.1 – Restore Operations Support Functions  
                  Section 4.2 – Evaluate Initial Recovery Restoration Expenses
  
- Stage 5**      Manual Processing Procedures  
                  Section 5.1 – Begin Manual Processing
  
- Stage 6**      Recover Critical Business Functions  
                  Section 6.1 – Resume Business Functions
  
- Stage 7**      Interim Site Migration  
                  Section 7.1 – Move Operations to Interim Site
  
- Stage 8**      Return to Home Site  
                  Section 8.1 – Move Operations to Home Site
  
- Stage 9**      Appendices  
                  Section 9.1 – Documents Prepared in Advance  
                  Section 9.2 – Forms Used Following an Emergency  
                  Section 9.3 – Special Procedures and Attachments



**Appendix C  
Omaha Data Center**

**Physical Characteristics**

The Data Center was built to minimize the impact of a significant service disruption caused by a disaster or other event. The most extreme risk factors were taken into account and safeguards were created to withstand them.

The Data Center is comprised of three computer room areas in two separate facilities. The 7305 facility was built with reinforced concrete walls. The 7301 facility, located in an abutting structure, was designed as a “hardened site.” It can withstand winds up to 200 mph, earthquakes, and other disasters. The first floor of this second facility, which houses the central computer room, is primarily underground and is surrounded by 12 inches of reinforced concrete.

Other safeguards in place at the Data Center are listed below, by category.

**Security of Physical Environment**

- Staffed 24 hours-per-day, 7 days-per-week
- Perimeter fencing controls access to the building from walking traffic; limits the ability of vehicles to get close to the building
- Protected by on-site security guards 24 hours-per-day, 7 days-per-week
- Constant video monitoring of critical operations, entries, and exits by security guards
- Extensive card key and hand scan access requirements restrict access to the building, Data Center and powerhouse
- Bullet-proof observation glass from hallway to Data Center
- Commercial electrical power is supplied from 2 independent public utility feeds with isolated utility transformers
- Multiple Uninterruptible Power Supply (UPS) systems are in place to protect the Data Centers from power interruptions and ensure power quality. Static Switch Computer Power Centers (CPC), in each Data Center, automatically switch between two UPS power sources in the event of total UPS system failure
- Multiple stand-by generators are capable of starting and supporting Data Center loads within 20 seconds in the event of a power outage. All systems and components required to run the generators, including the generators themselves, are redundant. On-site fuel supplies enable the generators to operate for a minimum of 48 hours. Generators are housed in two separate rooms to maintain system isolation.



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- Johnson Control Metasys System monitors all critical systems and environmental conditions. This system also informs on-site engineers of alarms and failures of systems and components
- Data Centers have independent fire alarm systems with addressable smoke detectors. FM200 fire suppression systems are in place on tape silos. Double interlock-preaction systems are in place for the data center and powerhouse
- Fire wall separating the two Data Center computer facilities from the formal office space
- Cooling for the Data Centers is handled by multiple computer air conditioners. The chilled water needs of the Data Center are met by multiple centrifugal chillers, one of which is present for redundancy. All equipment to support the chilled water needs are redundant in number. A private well backs up City water used for cooling.
- Sub-drainage system below the concrete first floor of the second facility for groundwater control. Drainage system in the foundation consists of two concrete slabs separated by eighteen inches of crushed rock.
- Under-floor water detection system monitored 24 hours-per-day, 7 days-per-week

### **Hardware Backup and Redundancy**

- Multiple Central Processing Units
- Multiple communication controllers in separate data centers
- Multiple disk units
- Multiple Tandem controllers in separate data centers
- Multiple system consoles
- Multiple tape drives in separate data centers

### **Hardware Maintenance**

- Preventative maintenance performed on routine basis
- First Data maintenance personnel available 24 hours-per-day, 7 days-per-week
- Maintenance personnel from major hardware vendors on site 8 hours-per-day, 5 days-per week, and available on call after hours



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**Telecommunications**

- Customer Service Center monitoring the network 24 hours-per-day
- Local fiber ring facilities providing protected access with separate entrance points into the building
- Local access carrier with diversified routes providing alternate connectivity to long-haul carriers
- Multiple long-haul carriers and Points of Presence providing alternate nationwide voice and data routing capabilities



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**Appendix D  
Chandler Data Center**

**Physical Characteristics**

The Chandler Data Center, which is located approximately 10 miles southeast of Sky Harbor airport in Phoenix, AZ, is an 83,000 square foot facility designed to endure perils such as earthquakes, windstorms, and flooding. The basic design of the facility is such that no single device can cause an interruption to data processing.

**Security of Physical Environment**

- Staffed 24 hours-per-day, 7 days-per-week
- Protected by on-site security guards 24 hours-per-day, 7 days-per-week
- Extensive access restrictions for gaining entrance
- Two redundant automatically switchable utility feeds, capable of supporting all electrical needs for the facility, entering the building from different locations
- Stand-by generators are capable of starting and supporting Data Center loads within 20 seconds in the event of a power outage. All systems and components required to run the generators, including the generators themselves, are redundant. On-site fuel supplies enable the generators to operate for a minimum of 48 hours. Generators are housed in two separate rooms to maintain system isolation.
- Multiple Uninterruptible Power Supply Systems (UPS) are in place that are redundant and allow loads to be automatically and instantaneously transferred to an alternate power supply
- Redundant city water mains on each side of the Data Center
- Cooling for the Data Center is handled by multiple computer air conditioners. The chilled water needs of the Data Center are met by multiple centrifugal chillers, one of which is present for redundancy. All equipment to support the chilled water needs are redundant in number.
- Addressable smoke detection system in the Data Center (includes the mechanical and office areas). FM200 fire suppression systems are in place for the silos. Sprinkler systems in place for all areas
- Johnson Control Metasys System monitors all critical environmental conditions. This system also informs on-site engineers of alarms and failures of systems and components
- Under floor water detection in raised floor area of data center



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**Hardware Backup and Redundancy**

- Multiple Central Processing Units (CPUs)
- Multiple disk units in separate areas
- Multiple system consoles in separate areas

**Hardware Maintenance**

- Preventive maintenance performed on a routine basis
- FDR maintenance personnel available 24 hours-per-day
- Maintenance personnel on call 24 hours per day

**Telecommunications**

- Customer Service Center monitoring the network 24 hours-per-day
- Local fiber ring facilities providing protected access with separate entrance points into the building
- Local access carrier with diversified routes providing alternate connectivity to long-haul carriers
- Multiple long-haul carriers and Points of Presence (POPs) providing alternate nationwide voice and data routing capabilities



**Appendix E**  
**CommSite 2 Data Center**

**Physical Characteristics**

The CommSite 2 Data Center facility is a 52,000 square foot building supporting 25,000 square feet of raised floor. The facility is designed and constructed with steel reinforced concrete walls and roof to be a “hardened site” that can withstand a 200 mph impact, earthquakes, and other disasters. The infrastructure design is such that no single electrical or mechanical device can cause an interruption to the operation of the equipment on the raised floor.

**Security of Physical Environment**

- Supported 7x24 by the Data Center engineering staff
- Perimeter fencing controls access to the building from walking traffic; limits the ability of vehicles to get close to the building
- Protected by on-site security guards 24 hours-per-day, 7 days-per-week
- Constant video monitoring of critical operations, entries, and exits by security guards
- Extensive card key access requirements restrict access to the building, Data Center and infrastructure equipment.
- Commercial electrical power is supplied from 2 independent public utility feeds with isolated utility transformers
- Multiple Uninterruptible Power Supply (UPS) systems are in place to protect the Data Center from power interruptions and ensure power quality. Static Switch Computer Power Centers (CPC), automatically switch between two UPS power sources in the event of total UPS system failure
- Multiple stand-by generators are capable of starting and supporting Data Center loads within 20 seconds in the event of a power outage. All systems and components required to run the generators, including the generators themselves, are redundant. On-site fuel supplies enable the generators to operate for a minimum of 48 hours.
- Johnson Control Metasys System monitors all critical systems and environmental conditions. This system also informs on-site engineers of alarms and failures of systems and components
- Addressable smoke detection system. Double interlock-preaction systems are in place for the data center and powerhouse. Sprinkler system in place for all areas.
- Fire wall separating the Data Center computer facility from the formal office space, electrical and mechanical rooms.



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- Cooling for the Data Center is handled by multiple computer air conditioners. The chilled water needs of the Data Center are met by multiple centrifugal chillers, one of which is present for redundancy. All equipment to support the chilled water needs are redundant in number. A private well backs up City water used for cooling.
- Under-floor water detection system monitored 24 hours-per-day, 7 days-per-week

### **Hardware Maintenance**

- Preventative maintenance performed on routine basis
- First Data maintenance personnel available 24 hours-per-day, 7 days-per-week
- Maintenance personnel from major hardware vendors are available on call all hours

### **Telecommunications**

- Customer Service Center monitoring the network 24 hours-per-day
- Local fiber ring facilities providing protected access with separate entrance points into the building
- Local access carrier with diversified routes providing alternate connectivity to long-haul carriers
- Multiple long-haul carriers and Points of Presence providing alternate nationwide voice and data routing capabilities



**ATTACHMENT 2**  
**RCSI DISASTER RECOVERY PLANS**

**GE Consumer Finance Americas  
IT Business Continuity Statement**

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### **Introduction:**

Ensuring the recovery of our client's critical business functions in the event of a processing disruption to our Alpharetta data center is of critical importance to the GE Consumer Finance US & Canadian Management Team. Partnering with IBM Global Services, First Data Resources, and SunGard Recovery Services, we have addressed every facet of our critical operating systems (mainframe, midrange, e-business, and telecom).

### **Strategy:**

Our recovery methodology is to recover the business critical systems at the "Hot Site" facilities within 48 hours of the declared disaster. IBM recovers our mainframe at the IBM BCRS facility in Gaithersburg, Maryland. We are contracted with SunGard Recovery Services to recover our critical midrange servers in Philadelphia, PA and our Tandem recovery site is located at the IBM facility in Research Triangle Park, North Carolina. During the interim period, our "Hot Site" Tandem environment will continue to process point-of-sale transactions. This capability allows our clients to continue processing credit card transactions during a declared outage to our main systems.

Each year we conduct bi-annual 'Hot Site' tests to prove our disaster readiness. Successful testing is key to proving true business recovery and continuity.

### **Preparing for the Worst:**

In an effort to prepare our business for a disaster, we spend numerous hours planning and executing tests. Part of the testing is to examine the safeguards for recovery. These safeguards include:

- Ensuring that all critical data required to restore the key applications is identified for off-site storage at Recall America located in Atlanta, Georgia and an inventory of vital records is maintained also at Recall America.
- Transporting daily critical systems and application backup files to a secured records management vault at Recall America by bonded employees, from the main Data Center in Alpharetta, Georgia. Off-site files are used for exercising both the operating system and applications from a previously run cycle. The cycle is restored at our hot-site facility, which is separate from the live production environment.
- Controlling daily, weekly, and monthly tape back-up iterations to Recall America.
- IBM physically audit's each month to ensure proper data rotation and GE Consumer Finance verifies the proper data rotation through online verification.
- Maintaining GE Consumer Finance US & Canada contracts with recovery service organizations, IBM and SunGard Recovery Services for hot-site facilities. Data processing and telecommunication equipment at these facilities enables critical computer operations to be restored.
- Ensuring operating procedures are updated and current.
- Maintaining current network configuration and strategy for recovery.
- Addressing changes in hardware or software requirements for business functions.
- Ensuring currency of all Business Recovery Documentation, which is maintained online and also stored offsite with our tapes at Recall America located in Atlanta.

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- Maintaining updated contact information for all parties including client contacts, application contacts, vendors, and technical specialist contacts for all parties (GE Consumer Finance US & Canada, IBM, and FDR). This information is maintained online and also stored offsite with our tapes at Recall America.
- Conduct testing at least twice a year.

### **Documentation:**

As with any contingency plan, documentation is key. GE Consumer Finance US & Canada has thoroughly documented application recovery procedures. Audits of this documentation are conducted at least twice a year to ensure synchronization with the production environment. In addition, as part of the internal change control process, all application groups are required to address Business Recovery requirements with any production change. These groups must also modify their recovery documentation when such changes are made.

IBM Global Services (IGS) also maintains a “Disaster Recovery Plan” for the Alpharetta Data Center. This plan outlines the recovery of GE Consumer Finance US & Canada’s Operating Environment for the mainframe systems and telecommunications connectivity. This plan also outlines the IGS recovery strategy.

First Data Resources (FDR) similarly maintains a “Business Continuity” document. As with the IGS plan, this document outlines the FDR recovery strategy. This document includes FDR notification procedures and recovery guidelines.

### **“Hot Site” Tandem:**

The GE Consumer Finance US & Canada Management team has successfully addressed the most pressing client concern, “what happens when one of our customers swipes a card at the register and GECF – US & Canada is experiencing an outage or disaster?” To address this concern, we purchased an additional Tandem machine. This Tandem is an exact clone of the Tandem currently in production at the Data Center.

The “Hot Site” Tandem is located in Raleigh, North Carolina. It has the capability to connect to each client currently processing on the production Tandem platform. This Tandem receives daily uploads from the production environment to maintain data integrity. It has the capability of processing point-of-sale transactions during the period our mainframe, midrange, and telecom environments are being re-stored.

This Tandem is available for processing 7X24X365. We have invested in this contingency because we understand how critical point-of-sale processing is to our business.

### **Testing:**

GE Consumer Finance US & Canada is committed to testing its Business Recovery procedures at regular intervals of twice a year to guarantee recoverability for its clients. Our testing philosophy incorporates the mainframe, midrange, e-business, tandem, and network environments. Before each

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test, the Business Recovery Team conducts an audit of all documentation to ensure currency. After each test, the Business Recovery Team determines areas of improvement to streamline the recovery process.

Each year we conduct, at a minimum, two 'Hot Site' tests per year. As our business changes, our Business Recovery procedures are also updated to reflect the changes. We will strive to always improve our recovery measurements. We are constantly examining alternative ways to improve our recovery times to help minimize data loss for our clients.

### **An Actual Disaster:**

The purpose of this section is to outline what would occur in the event of an actual disaster. The definition of a "disaster" is as follows:

- A service providing support to a critical business function fails.
- It is determined the service cannot be restored before the point it becomes vital to the business.

These things may occur due to natural disasters, bomb threats, power outages, or other situations, which render the primary environment inoperable.

In the event of a disaster in the normal processing environment, the first step would be to notify key parties that a disaster has occurred. This would include contacting all clients. This will happen within two hours after a disaster is declared.

The next step is to determine whether or not to activate the "Hot Sites." This decision will be made less than 6 hours from the event causing the "disaster" scenario. At this point, the Recovery Team will be mobilized and preparations will be made to restore production systems at the hot site locations.

Our goal is to have our critical production systems recovered within 48 hours of a formally declared disaster. Our recovery sequence focuses on restoring the business applications in the following priority: 1) Point of Sale, 2) Daily Online and Batch Applications, 3) Weekly, Monthly, Semi-yearly and Yearly Applications.

### **Summary:**

GE Consumer Finance US & Canada, and our vendors, will continue to plan for the worst. Our goal is to minimize the consequences of a disaster or services outage. This is accomplished through a well-documented, highly structured, and tested plan for:

- Minimizing worst-case interruption damage
- Providing critical backup of key files
- Duplication and off-site storage of vital business records.

Successful Business Recovery planning consists of several factors:

- On-going analyses to study and analyze functions that are considered critical in the recovery process.
- Business recovery plans that are routinely audited, exercised, and updated.
- Methodology behind the plan that is routinely evaluated.

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**ATTACHMENT 3**  
**DISASTER RECOVERY STANDARDS**

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**Exhibit A-7  
Attachment 3:  
Disaster  
Recovery  
Standards  
Critical  
Systems  
and  
Applications  
Relating to  
the  
Services**

	Is the product used today as of 5/23/03	Does FDR currently have BCP for recovery as of 5/23/03	FDR BCP Level	Most Recent DR Documentation Review	Simulation Testing Frequency	RCSI User Participation Required in Testing	Recovery Strategy and Impacts on RCSI	Status of RCSI Requirements to Support Recovery Strategy	Recovery and Subject to Limitations	RCSI Recovery Maximum Time Requirement	Back Up Format	Frequency of Back Up	Number of Back Up Versions Stored Off-Site	Cycle Time for Moving Back Ups Off-Site	Off-Site Storage Location
Account Level Actions (ALA)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Account Level Processing (ALP)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Account Relationship	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Account Transfers	YES	***	***		***	Yes			***	***		***	***	***	35 miles
ACS Non-Mon Transaction	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Credit Bureau Score															
ACS Online Credit Line Decision Area	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Adaptive Control Auths	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Adaptive Control System (ACS)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Additional Names	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Address Verification	YES	***	***		***	Yes			***	***		***	***	***	35 miles
AFP OnDemand	YES	***	***		***				***	***		***	***	***	35 miles
Alpha Look-Ups	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Annual Activity Summary	NO	***	***		***				***	***		***	***	***	35 miles
Auth - Pre-Authorization	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Authorization Name Match	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Auto PIN Selection	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Automatic Chargebacks (Fraud Control)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Balance Administration	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Balance Transfer Solution	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Behavior Score	YES	***	***		***	Yes			***	***		***	***	***	35 miles
CAP	NO	***	***		***				***	***		***	***	***	35 miles
Chargebacks	YES	***	***		***	Yes			***	***		***	***	***	35 miles
CIU	NO	***	***		***				***	***		***	***	***	35 miles
Client-Defined Screens	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Cobranding	NO	***	***		***				***	***		***	***	***	35 miles
Combined Warning Bulletin (CWB)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Commercial Card	NO	***	***		***				***	***		***	***	***	35 miles
Communication Results File	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Convenience Checks	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Credit Balance Refund Solution	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Credit Life	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Customer Inquiry Management System (CIMS)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Customer Inquiry System (CIS)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
DMM	YES	***	***		***	Yes			***	***		***	***	***	35 miles
E-Bill	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Enhanced Credit Protection	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Enhanced File Availability	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Enterprise Presentation Statements	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Equation Application Processing System (EAPS)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Event-based Credit Bureau Reporting	NO	***	***		***				***	***		***	***	***	35 miles
Falcon (full)	NO	***	***		***				***	***		***	***	***	35 miles
FDR First TrackSM	YES	***	***		***				***	***		***	***	***	35 miles
First Conference	YES -We are no longer using this product	***	***		***				***	***		***	***	***	35 miles
First Data ChronicleSM	YES	***	***		***	Yes			***	***		***	***	***	35 miles
First Data DataLinkSM	YES	***	***		***	Yes			***	***		***	***	***	35 miles

TABLE Continued

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**Exhibit A-7 Attachment 3: Disaster Recovery Standards Critical Systems and Applications Relating to the Services**

	<b><u>Production Location of System or Application</u></b>	<b><u>Location &amp; Ownership of Alternative Facilities</u></b>	<b><u>Redundant Capability at Alternative Facilities</u></b>	<b><u>Location &amp; Ownership of Replacement Facilities</u></b>	<b><u>Redundant Capability at Replacement Facilities</u></b>
Account Level Actions (ALA)	Chandler	Mainframe, SunGard			
Account Level Processing (ALP)	Chandler	Mainframe, SunGard			
Account Relationship	Chandler	Mainframe, SunGard			
Account Transfers	Chandler	Mainframe, SunGard			
ACS Non-Mon Transaction Credit Bureau Score	Chandler	Mainframe, SunGard			
ACS Online Credit Line Decision Area	Chandler	Mainframe, SunGard			
Adaptive Control Auths	Chandler	Mainframe, SunGard			
Adaptive Control System (ACS)	Chandler	Mainframe, SunGard			
Additional Names	Chandler	Mainframe, SunGard			
Address Verification	Chandler	Mainframe, SunGard			
AFP OnDemand	Chandler	Distributed Systems			
Alpha Look-Ups	Chandler	Mainframe, SunGard			
Annual Activity Summary					
Auth - Pre-Authorization	Chandler	Mainframe, SunGard			
Authorization Name Match	Chandler	Mainframe, SunGard			
Auto PIN Selection	Chandler	Mainframe, SunGard			
Automatic Chargebacks (Fraud Control)	Chandler	Mainframe, SunGard			
Balance Administration	Chandler	Mainframe, SunGard			
Balance Transfer Solution	Chandler	Mainframe, SunGard			
Behavior Score	Chandler	Mainframe, SunGard			
CAP					
Chargebacks	Chandler	Mainframe, SunGard			
CIU					
Client-Defined Screens	Chandler	Mainframe, SunGard			
Cobranding					
Combined Warning Bulletin (CWB)	Chandler	Mainframe, SunGard			
Commercial Card					
Communication Results File	Chandler	Mainframe, SunGard			
Convenience Checks	Chandler	Mainframe, SunGard			
Credit Balance Refund Solution	Chandler	Mainframe, SunGard			
Credit Life	Chandler	Mainframe, SunGard			
Customer Inquiry Management System (CIMS)	Chandler	Mainframe, SunGard			
Customer Inquiry System (CIS)	Chandler	Mainframe, SunGard			
DMM	Chandler	Mainframe, SunGard			
E-Bill	?	Mainframe, SunGard			
Enhanced Credit Protection	Chandler	Mainframe, SunGard			
Enhanced File Availability	Chandler	Mainframe, SunGard			
Enterprise Presentation Statements	Chandler	Mainframe, SunGard			
Equation Application Processing System (EAPS)	Chandler	Mainframe, SunGard			
Event-based Credit Bureau Reporting	Chandler	Mainframe, SunGard			
Falcon (full)					
FDR First TrackSM	Chandler	Distributed Systems			
First Conference	?	?			
First Data ChronicleSM	?	Distributed Systems, Comm Site 2			
First Data DataLinkSM	Chandler	Mainframe, SunGard			

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**Exhibit A-7  
Attachment 3:  
Disaster  
Recovery  
Standards  
Critical  
Systems  
and  
Applications  
Relating to  
the  
Services**

	Is the product used today as of 5/23/03	Does FDR currently have BCP for recovery as of 5/23/03	FDR BCP Level	Most Recent DR Documentation Review	Simulation Testing Frequency	RCSI User Participation Required in Testing	Recovery Strategy and Impacts on RCSI	Status of RCSI Requirements to Support Recovery Strategy	Recovery and Subject to Limitations	RCSI Recovery Maximum Time Requirement	Back Up Format	Frequency of Back Up	Number of Back Up Versions Stored Off-Site	Cycle Time for Moving Back Ups Off-Site	Off-Site Storage Location
First Data DecisionQuestTM	YES	***	***		***	Yes			***	***		***	***	***	35 miles
First Data EvolveSM Customer Service	NO	***	***		***				***	***		***	***	***	
First Data Xpedite	NO	***	***		***				***	***		***	***	***	
FootprintsTM	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Fraud Card Activation	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Greater than Six Rewards	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Host Collections System - ACCD Download	YES	***	***		***	Yes			***	***		***	***	***	35 miles
IDP	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Letter System	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Merchant ECA	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Merchant Web Enablement	YES	***	***		***				***	***		***	***	***	
Method Level Pricing	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Method Level Processing (MLP)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
NCP PIN processing	YES	***	***		***	Yes			***	***		***	***	***	35 miles
New accounts Falcon	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Non-Monetary Transaction	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Online Letters, Western Union, Notices	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Online PCF	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Open Data Streams (ODS)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
PlastiCard Custom Services PlastiCard	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Enterprise PresentationSM															
PlastiCard Custom Services Specialized	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Embossing Services															
PlastiCard Custom Services Standard	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Embossing Services															
PlastiCard Enterprise Presentation Letter	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Mailer Welcome Kits															
Potential Chargeback Queue	NO	***	***		***				***	***		***	***	***	
ProfitSightSM	NO	***	***		***				***	***		***	***	***	
Relationship ProcessingSM	NO	***	***		***				***	***		***	***	***	
Report Transmissions	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Reward (old)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Right- Time Payments	YES	***	***		***	Yes			***	***		***	***	***	35 miles
ROW - Report Organizer and Writer	YES	***	***		***				***	***		***	***	***	
Rules	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Settlement into the Future (SITF/GL)	YES	***	***		***				***	***		***	***	***	
SQR	NO	***	***		***				***	***		***	***	***	
Suspense Account Management (SAM)	YES	***	***		***				***	***		***	***	***	
TLF (Transaction Level Fees)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
TLP (Transaction Level Processing)	YES	***	***		***	Yes			***	***		***	***	***	35 miles
Universal Addressing	NO	***	***		***				***	***		***	***	***	
Visa Request for Copy Processing	YES	***	***		***				***	***		***	***	***	
Year-End Summaries	NO	***	***		***				***	***		***	***	***	

TABLE Continued



**SCHEDULE B – SERVICE LEVELS**  
**FIRST AMENDED AND RESTATED**  
**TECHNOLOGY SOURCING AGREEMENT**  
  
**between**  
**RETAILER CREDIT SERVICES, INC.**  
  
**and**  
**FIRST DATA RESOURCES INC.**  
  
**Dated**  
**December 10, 1998**  
  
**First Amended and Restated as of April 1, 2003**

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EXHIBITS

Exhibit B-1	Service Levels for the Services under the First Amended and Restated Technology Sourcing Agreement
Exhibit B-2	Service Level Credit/Service Level Bonus Calculation
Exhibit B-3	Example Reports
B-3.1	Example Performance Level Summary Report
B-3.2	Example Service Deviation Report
B-3.3	Root Cause Analysis Report Template
Exhibit B-4	Service Level Template
Exhibit B-5	Identified New Service Levels
Exhibit B-6	Potential New Service Levels

**SCHEDULE B**  
**SERVICE LEVELS**

**1. GENERAL.**

- 1.1** Purpose of this Schedule B. Exhibit B-1 sets forth the Service Levels and associated Target Performance Levels that First Data is required to meet or exceed in performing the Services during the Term. Exhibit B-2 describes the methodology for calculating (a) Service Level Credits that will be provided to RCSI by First Data if First Data fails to meet or exceed the Credit Performance Level for any Critical Service Level, and (b) the Service Level Bonuses payable to First Data as provided therein. First Data shall perform the Services so as to achieve or exceed all of the Target Performance Levels and Credit Performance Levels for Service Levels set forth in this Schedule B and its attached Exhibits. With respect to any Target Performance Levels, Bonus Performance Levels and/or Credit Performance Levels that are not identified or completed in Exhibit B-1 as of the date of execution of the Agreement (the “Unidentified Service Levels”), the Parties agree that First Data will propose and RCSI will approve such Unidentified Service Levels within sixty (60) days following the FAAR Effective Date.
- 1.2** Improvement of Service Levels Over Time. The Service Levels, measurements, performance goals and associated calculation matrices in, and incorporated into the Agreement by, this Schedule B shall be used to measure First Data’s performance of certain of the Services. The Parties expect that First Data will improve the quality of service it provides to RCSI over the Term.
- 1.3** Six Sigma: Quality Improvement. First Data represents and warrants that it has instituted and provided under the Agreement world class quality and has targeted the achievement of Six Sigma quality, as a goal, in every product, process and operation of RCSI. Achieving this target will require that the average product, process and operation will generate or experience fewer than \*\*\* DPMOs. First Data shall maintain a program of continuous quality improvement consistent with the goal of supporting RCSI’s Six Sigma goals as disclosed to First Data by RCSI. First Data maintains responsibility under the Agreement for the quality training tuition and fees it incurs in connection with such program. In order to assist First Data in achieving this goal, RCSI shall continue to provide First Data specifications and detailed information on RCSI’s prescribed quality management processes.

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**2. DEFINITIONS**

Certain terms used in this Schedule B and its attachments are defined in Schedule E (Glossary) to the Agreement. Other capitalized terms used in this Schedule B and its attachments are defined in the context in which they are used and shall have the meaning there indicated. Capitalized terms not defined in this Schedule B, its attachments or Schedule F shall have the meanings set forth in the text of the other portions of the Agreement. Unless otherwise provided, any reference herein to a "Section," "Article," "Schedule" or "Exhibit" shall be deemed to refer to a Section or Article of, or Schedule or Exhibit to, this Schedule B.

**3. ESTABLISHMENT OF ADDITIONAL SERVICE LEVELS.**

- 3.1 Additional Service Levels Applicable to the Services.** If requested by RCSI, First Data shall propose to RCSI an individual additional Service Level or set of additional Service Levels, measurements, performance goals and associated calculation matrices to be used to provide additional measurements of the timeliness, quality, accuracy and responsiveness, as applicable, of the Services provided in connection with the Designated Accounts. For each additional or new Service Level, First Data shall complete a version of the Service Level Template attached as Exhibit B-4 and in each version note its proposals as to such Service Level for each of the categories of information listed. RCSI shall review any proposed additional Service Levels, measurements, performance goals and calculation matrices and may approve or reject them, in whole or in part. Those Service Levels, measurements, performance goals and calculation matrices which RCSI approves will become part of, and be applied pursuant to, the Agreement. If RCSI rejects any of such additional proposed Service Levels, measurements, performance goals and calculation matrices, it shall propose in writing to First Data the changes RCSI desires. The Parties shall then negotiate and use their respective best efforts to reach agreement within ninety (90) days on an individual Service Level or set of any additional Service Levels, measurements, performance goals and calculation matrices which are consistent with RCSI's drive for Six Sigma quality. Without limiting the foregoing, the Parties will develop Service Levels for the measures listed in Exhibit B-5 within ninety (90) days, or as mutually agreed to by the parties, following the FAAR Effective Date. Further, during the first year of the Term of the Agreement, the Parties will consider in good faith developing Service Levels for the measures in Exhibit B-6.
- 3.2 Service Levels Applicable to New Services.** Promptly upon RCSI's election of a New Service as described in Section 12.6 of the Main

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Body of the Agreement, First Data will propose to RCSI the Service Level(s) measurements, performance goals and calculation matrices for such New Service and the affected Designated Accounts and shall accompany such proposal with a completed version of the Service Level Template attached as Exhibit B-4 and in such version note its proposals as to such Service Level for each of the categories listed. RCSI shall review the proposed Service Levels, measurements, performance goals and calculation matrices and may approve or reject them, in whole or in part. Those Service Levels, measurements, performance goals and calculation matrices as to which RCSI approves will become part of and be applied pursuant to the Agreement. If RCSI rejects any of such proposed Service Levels, measurements, performance goals and calculation matrices RCSI shall propose in writing to First Data the changes RCSI desires. The Parties shall then negotiate and use their respective best efforts to reach within ninety (90) days following First Data's initial delivery of the proposed Service Levels and Service Level Templates to RCSI agreement on Service Levels, measurements, performance goals and calculation matrices.

**3.3** Measurement and Reporting.

- a. Except as otherwise specified in this Schedule B or agreed in writing by the Parties, First Data shall measure and report on its performance against the Service Levels on a calendar-month basis. Unless otherwise specified for a particular Service Level, the Services and First Data's performance against the Service Levels are to be monitored by First Data twenty-four (24) hours per day, seven (7) days per week during the Term.
- b. The cost of all activities required for monitoring, measuring, and reporting on First Data's performance against the Service Levels are included in the Charges set out in Schedule C; there shall be no additional charges to RCSI for such activities.
- c. Except as otherwise required herein First Data compliance with the Service Levels shall be reported in the Monthly Performance Report.
- d. In addition to the Monthly Performance Report, First Data shall provide to RCSI the weekly Service Deviation Reports, monthly Performance Level Summary Reports, and the Root Cause Analysis Reports (in the formats set forth at Exhibit B-3), as well as any other reports identified in Schedule B, elsewhere in the Agreement, and as further required by RCSI (collectively, the "Reports"). First Data shall provide a

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template for the Monthly Performance Report within ninety (90) days following the FAAR Effective Date for review and approval by RCSI. The Reports shall be provided by First Data on the frequency identified in this Exhibit B-3, elsewhere in the Agreement, and as otherwise agreed by the Parties, as applicable. Each such Report shall be provided in paper format or in the electronic format as requested by RCSI.

- e. For any agreed upon Service Levels that First Data has yet to implement, First Data shall provide a monthly status update detailing the progress in implementing such Service Levels.
- f. First Data shall measure, document and report on Service Levels consistent with and in accordance with this Schedule B and on an aggregate basis across all measured RCSI portfolios. Any failure by First Data to \*\*\* on a Service Level, in which the \*\*\* is under First Data's or its vendors', subcontractors' or suppliers' control, shall be deemed a Service Level Default for that particular Service Level. Upon RCSI's reasonable request, First Data will provide RCSI with reporting information on a portfolio-by-portfolio basis. Further, First Data will not unreasonably refuse to provide measurements and reporting in RCSI's requested format.

**4. MEETINGS AND ACCOUNT REVIEWS.**

In addition to the requirements set forth in Section 9.3(b) of the Main Body of the Agreement, the Parties shall meet on a monthly basis, or as requested by RCSI, to discuss First Data's success or failure in achieving the Service Levels, resource management, capacity planning, requested services, quality project deliverables, First Data's quality program progress and disaster recovery. At any such meeting, the Reports shall facilitate the discussion, and First Data shall have appropriate representation of staff or sufficient technical knowledge to discuss and explain specific technical points. At RCSI's request, First Data shall co-ordinate a review meeting with RCSI senior management to discuss, at a minimum, overall Service Level performance, RCSI satisfaction issues and quality improvement efforts.

**5. SERVICE LEVEL CREDITS.**

RCSI may elect to receive credits from First Data ("Service Level Credits") upon First Data's failure to achieve a Service Level (a "Service Level Default"). Service Level Credits shall be calculated in accordance with Exhibit B-2. If one or more such Service Level Defaults occur in a single month, the sum of the corresponding Service Level

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Credits shall be credited to RCSI; provided, however, that the total amount of Service Level Credits credited to RCSI with respect to Service Level Defaults occurring in a single month shall not exceed \*\*\* of the Processing Fees for that month. All Service Level Credits will be referred to as dollar amounts.

**6. SERVICE LEVEL BONUSES.**

First Data may earn payments by RCSI ("Service Level Bonuses") if First Data's performance of a given Service Level exceeds the Bonus Performance Level for such Service Level(s) for six (6) consecutive months in accordance with Exhibit B-2. Service Level Bonuses, if any, shall be payable by RCSI to First Data once every six (6) months. The total amount of Service Level Bonuses paid to First Data with respect to a Service Level shall not exceed \*\*\* of the Processing Fees for the prior six (6) months.

**7. NEW SERVICE LEVELS**

In accordance with Section 3.1, new Service Levels and modifications to existing Service Levels may be proposed by either Party and mutually agreed to by the Parties during the Term in order to achieve a fair, accurate, and consistent measurement of First Data's performance of the Services. For example, such additions may occur in conjunction with changes to the environment and the introduction of new equipment or software or means of service delivery; provided, however, that where such equipment or software or means of service delivery is a replacement or upgrade of existing technology, there shall be a presumption (subject, if appropriate, to an initial limited period to adjust to replacement or upgrade technology) of equivalent or improved performance. Adoption of such new Service Levels is subject to approval by the Parties. Neither party will unreasonably withhold its consent to any proposed addition of a new or modification to an existing Service Level. It is not anticipated that changes in the performance monitoring systems will cause changes in Service Levels; rather, the need to collect and accurately reflect the performance data may require the development or change in performance monitoring systems.

**8. SERVICE LEVEL PROJECT PLAN**

First Data shall develop for RCSI's review and approval a project plan for implementation of any additional or improved Service Levels or Service Level changes. This plan shall include, as appropriate, a project schedule and any required updates to this Schedule B. The project plan and schedule will be developed by First Data and approved by RCSI.

**9. ROOT CAUSE ANALYSIS**

Upon RCSI's request following any Services related incident, as significant performance trends dictate, and upon each occasion that First Data fails to meet a Performance Standard (including any Service Level), due to a First Data or a First Data vendor, subcontractor or supplier cause, First Data shall perform Root Cause Analysis as follows:

- a. promptly investigate and report on the root causes of the problem to RCSI;
- b. correct the problem and begin meeting the Performance Standard (including any Service Level) as soon as practicable;
- c. advise RCSI, as and to the extent requested by RCSI, of the status of remedial efforts being undertaken with respect to such problem; and
- d. complete an appropriate Root Cause Analysis Report as required by RCSI.

In addition, RCSI will co-operate with First Data to the extent its co-operation is necessary to perform Root Cause Analysis. First Data shall strive to ensure that it maintains continued focus on problem identification, by-pass and recovery, and problem resolution.

**Exhibit B-1**

Service Levels for the Services under the  
First Amended and Restated Technology Sourcing Agreement

[Copy Attached]

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EXHIBIT B-1: Service Levels

This Exhibit B-1 serves as the master document outlining the TSA Service Level performance commitments under the Agreement.

*Service Level Definition*

**Performance Standard - Y1 Authorization Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - Authorization system availability (All RCSI clients)	The authorization on-line system will be available via primary, backup, or tertiary (A, B and Z regions) to respond to authorization inquiries 7 x 24 x 365.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma
<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>		<u>Out of Spec Notification</u>			
Measure total minutes that all 3 authorization systems (primary, backup and tertiary) is not available.	Each minute in which a primary and its respective backup and tertiary authorization systems are concurrently unavailable (total outage) is considered a Defect.	Each minute in which a primary and its respective backup and tertiary authorization systems is concurrently unavailable (total outage).  Collected by First Data	1) Any non-First Data owned/maintained systems and /or network,  2) Any RCSI caused defect	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000)  2. Provide raw data at end of month.  *** opportunities per day x calendar days / month  *** Opportunities		Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.			

Performance Range (Resolution) Period

Credit/Bonus Measure

Notes and Comments

First Data Account Executive Approval: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

5/2/2014

Y1 X1 Auth System Avail

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**Performance Standard - Y1 X1 Authorization System Availability (Addendum)**

The First Data regions that are considered within the Authorization System are as follows:

***	Acquirer Authorization Region Primary	***
/RSF	Acquirer Authorization Region Backup	***
	Acquirer Authorization Tertiary	***
	Acquirer Authorization Region Primary	***
	Acquirer Authorization Region Backup	***
	Acquirer Authorization Tertiary	***
Retail Services Finance Additional:	Visa Issuing Authorization Region Primary	***
	Visa Issuing Authorization Region Backup	***
	Visa Issuing Authorization Tertiary	***
	MasterCard Issuing Authorization Region Primary	***
	MasterCard Issuing Authorization Region Backup	***
	MasterCard Issuing Authorization Region Tertiary	***

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**Service Level Definition**

**Performance Standard - Y1 Authorization Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X2 - Authorization System Stand-Ins by RCSI (All RCSI clients)	Authorization response by First Data Mainframe > 2 seconds requiring RCSI to stand-in for the authorization.	Discrete	Monitor Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
RCSI will measure the number of times that the RCSI stand-in has to authorize vs. the total number of authorizations requested. Stand-in will authorize if > 2 second delay from First Data.	Each authorization request in which the RCSI Stand-in responds is a Defect.	Data will be collected by RCSI at stand-in.	All causes, found during root cause analysis, which are not attributable to First Data.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		First Data to collect avg. hourly response time at host as back-up data.		Opportunities = Total Authorizations per monthly period (varies). 2002 avg # opportunities = ***  *** Opportunities	

<u>Performance Range</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
	Credit/Bonus Measure	

First Data Account Executive Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 RCSI Vendor Management Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 First Data Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

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**Service Level Definition**

**Performance Standard - Y1 Authorization Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X3 - Authorization file to RCSI stand-In (All RCSI clients)	GE Capital Tandem daily file ready to transmit by 4:30 a.m. ETZ/3:30 a.m. CTZ, every processing day.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes from 4:30 a.m. ETZ/ 3:30 a.m CTZ until the RCSI Tandem daily file (CAF Partial Authorizations Positive file, Daily) is available to transmit.	Each minute, past 4:30 am ETZ, that the file is not on the spool ready to transmit is a Defect.	Record if file available on time or not. Time measured from 1:00 a.m. ETZ	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		1230 opportunities x number of cycles / month. 1230 = 20.5 hours in a day x 60 minutes per hour 32493 Opportunities	

<u>Performance Range</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities based on 317 cycles per year X daily opportunities divided by 12 Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y1 X3 Authorization File to RCSI Stand-In (Addendum)**

The First Data file that equates to the RCSI Tandem CAF partial authorizations positive file is as follows:

\*\*\* production job: \*\*\*

\*\*\* production job: \*\*\*

RSF production job: \*\*\*

5/2/2014 Y1 X3 Addendum

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**Service Level Definition**

<b>Performance Standard -</b>		<b>Y1 Authorization Availability</b>							
<b>Measure Title</b>	<b>Measure</b>	<b>Data Type</b>	<b>Measure Period</b>	<b>Target Performance Level (TPL)</b>		<b>Bonus Performance Level (BPL)</b>		<b>Credit Performance Level (CPL)</b>	
X3.1 - Authorization month-end files/tapes to RCSI stand-in (All RCSI Clients)	Process month-end auth files/tapes within 5 calendar days of month-end.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma
<b>Measure Definition</b>	<b>Defect Definition</b>	<b>Data Collection Guidelines</b>	<b>Specific Exclusions</b>	<b>Report Method and Opportunities</b>		<b>Out of Spec Notification</b>			
Measure the number of files/tapes that are not available for transmission or mailed to RCSI within the specified time requirement.	Each file/tape, past requirement, which is not available for transmission or mailed to RCSI is a Defect.	Record if file available on time or not.	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.		Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.			
		Collected by First Data		Weekly / Monthly opportunities = number of required files/tapes as outlined in Addendum. *** Opportunities					

**Performance Range (Low - High)**      **Resolution Period**      **Notes and Comments**  
 Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y1 X3.1 Authorizations Month-End File/Tape To RCSI Stand-In (Addendum)**

The First Data file that equates to the month-end authorizations positive file is as follows:

	<u>Portfolio</u>		<u>FDR Job</u>		<u>Time Required By:</u>
*** production job:		***			5th calendar day
*** production job: ***		***			5th calendar day
RSF production job: ***		***			5th calendar day

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**Service Level Definition**

<b>Performance Standard -</b>		<b>Y1 Authorization Availability</b>							
<b>Measure Title</b>	<b>Measure</b>	<b>Data Type</b>	<b>Measure Period</b>	<b>Target Performance Level (TPL)</b>		<b>Bonus Performance Level (BPL)</b>		<b>Credit Performance Level (CPL)</b>	
X4 - First Data authorization file availability (All RCSI Clients)	Current First Data Auth File updated by 6:00 a.m. ETZ/5:00 a.m. CTZ, every processing day.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
				***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma
			Provide Daily Raw Data each Month						

<b>Measure Definition</b>	<b>Defect Definition</b>	<b>Data Collection Guidelines</b>	<b>Specific Exclusions</b>	<b>Report Method and Opportunities</b>	<b>Out of Spec Notification</b>
Measure total minutes from 6:00 a.m. ETZ/5:00 a.m. CTZ until First Data Auth file is updated.	Each minute, past 6:00 a.m. ETZ, that First Data Auth file is not updated is a Defect.	Record daily finish time of Auth file update in minutes from 1:00 a.m. ETZ  Collected by First Data	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000)  2. Provide raw data at end of month.  1140 Opportunities per day x number of cycles / month. 1140 = 19 hours per day x 60 minutes per hour.  30115 Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

<b>Performance Range (Low - High)</b>	<b>Resolution Period</b>	<b>Notes and Comments</b>
		Opportunities based on 317 cycles per year X daily opportunities divided by 12  Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y1 X4 Current First Data Auth File Update (Addendum)**

The applicable First Data job for authorization file update:

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**Service Level Definition**

**Performance Standard - Y2 Customer Service Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - Customer Service System Availability (All RCSI Clients)	Customer Service unplanned Downtime, 7 x 24 x 365.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the total minutes that Customer Service is unavailable as reported by IR's. Report impact using transactional impact scale located in attached addendums.	The minutes that a specified Customer Service capability cannot be used multiplied by the assigned transactional weight are Defects.	Collect total downtime by day for Customer Service off of IR reports.	1) Any Non-First Data owned/maintained systems and/or network, 2) GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data	See Y2 X5 for scheduled downtime.	1440 opportunities per day x calendar days / month. 1440 = 24 hours per day x 60 minutes per hour. 43800 Opportunities	

<u>Performance Range</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
	Credit/Bonus Measure	

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y2 X1 Customer Service System Availability (Addendum)**

The First Data Owning regions/impact weightings for each transaction are listed below:

Note: This measure excludes First Data maintenance practices which would include daily (online interruptions from batch cycle and any online regions that are recycled daily), weekly (weekend batch processing interruptions onlines, i.e.: CIS loads, file compresses, network reloads), monthly (Data Center maintenance including IPL's and hardware maintenance), and FDR software installations.

<u>JCP/WM/LNT/bebe's/ Meijer Transactions</u>	<u>Transaction Name</u>	<u>FDR Application Owning Region (CSPBN..A)</u>	<u>Impact Scale</u>
BS	Balance & Status	36	15%
AL	Alpha Lookup	30	13%
CDA	Display Daily Authorizations	31	
CDS	Cycle-to-Date Activity	31	
CSS	Display Statement	31	12%
UAR	Formatted Authorization Transaction	20	
LSX	Real Time Credit Line Decision	21	11%
NM Screens		40	10%
ANS	Cardholder Names Display		
CU3	Cardholder Details	40	9%
PIR	Presentation Instrument Request		
CHD	Cardholder History Display	21	8%
CPH	Cardholder Payment History	21	8%
CIS	Display Memo File	31	4%
CMS			
CJA	Automated Adjustment	21	3.50%
JDC	Transaction Adjustment Review		
WE	CIMS Workcase Entry – CSR Assigned		
WR	CIMS Resolution Scenario Display		
WRV	CIMS Resolution Scenario Variable	21	3%
WS	CIMS Account Workcase Listing		
SL	Lost/Stolen Report	21	2%
LTR	Computer Letter Request	23	0.50%
BS1 – BS8	Balance & Status Client Defined	36	0.50%
RP	Alpha Lookup/Account Relationship	36	0.50%

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**Performance Standard - Y2 X1 Customer Service System Availability (Addendum)**

The First Data Owning regions/impact weightings for each transaction are listed below:

RSF Transactions	Transaction Name	FDR Application Owning Region (CSPBN..A)	Impact Scale
XZ1 – XZ2	Client Defined Collection Account Display	24	15%
BS & BS1 – BS9	Balance & Status Display, Client Defined	36	15%
CIS/CMA	Chronicle Memos	31/21	10%
CSS	Cardholder Display Statement		
CDS	Cycle to Date Activity	31	10%
CDA	Display Daily Authorizations		
CJA/JDC	Automated Adjustment / Transaction Reversal Review	21	5%
MS	Merchant Status Display	38	15%
All NM Screens	Non Monetary Transactions	40	10%
NPO			
CMP (CM1 – CM4)	Promotion Details	21	2%
AL	Alpha Look-Up	30	2%
RP, RG	Alpha/General Account Information	36	4%
TT	Tape Transmission	21	5%
WC	Visa Warning Bulletins	20	
XAA	Add Action Entry	24	
XAC	Change Action Entry	24	
XC	Collection Account Status Display	24	
XCE	Enter Action Codes	24	
XCL	Action Code List	24	
XCW	Working Collector Code	24	
XD	Display Delinquent Accounts Queue	24	
XH	Display Collections History Summary	24	
XMA	Add Memo	24	
XO	Display Overlimit Accounts Queue	24	
XP	Display Page of Collection Data	24	
XQ	Display Collection Account	24	
XS	Set Terminal Option	24	
XT	Display Collector Totals	24	
XW	Set Next Work Date and/or Time	24	
XZ	Random Collection Account Display	24	
ZD	General Ledger Display	21	
LSX	Real-time Credit Line Decision	21	5%
AOT	Outstanding Authorizations	21	2%
CDE	Display Detail Item	21	
CL	Credit Line	33	
CPH	Cardholder Payment History	21	
DMM	Decision Management Main Menu	25	
FSV	Fraud Control (Falcon Strategy System)	25	
INS	Credit Life Insurance	21	
LTR			
(including all LT screens within Letter Writing System)			
Letter Menu	Letter Menu	23	
MCT	Merchant Card Types	38	
MDF	Merchant Deposit Flags	38	
MIO	Merchant Industry Options	38	
ML	Merchant Alpha Look-up Display	38	
MNA	Merchant Name and Address	38	
NC	Cardholder New Account Entry	22	
NG	Request Automatic Cardholder Account Number Assignment	22	
NS/ATP	Automatic Cardholder Account Number Assignment	22	
PCF	Online Product Control File Management System	25	
PID	Presentation Instrument Details	40	
PIR	Presentation Instrument Requests	40	
RG	General Account Info (SSN, Home or Business Phone Search)	36	
RSV	Account Level Action (ALA)	25	
SQ	Display Lost Stolen Reports	21	
SQR	Display Account Transfer Rejects	21	

RSF Transaction	Transaction Name	FDR Application Owning Region (CSPBN..A)	Impact Scale
PID	Presentation Instrument Details	40	2%
PIR	Presentation Instrument Requests	40	
RG	General Account Info (SSN, Home or Business Phone Search)	36	
RSV	Account Level Action (ALA)	25	
SQ	Display Lost Stolen Reports	21	
SQR	Display Account Transfer Rejects	21	
TAC	Table Access Cardholder	21	
TAM	Table Access Merchant	21	
BRP	Reference Number Cross-Reference	21	
ANS	Cardholder Names Display	40	
ASV	Adaptive Control	25	
BON (B01 – B09)	Bonus Menu (Rewards Screens)	21	
BR	Reference Number Conversion	21	
CWB	Combined Warning Bulletin	20	
PI	Encrypted Key File Display Transaction	33	
AA	Authorization Adjustment	20	
BRPT	Display Credit Bureau Report	22	
BUR	Request Credit Bureau Report	22	
CAR	Cardholder Pricing Audit History Display	21	
CCD	Cardholder Communications Display	21	
CD	Check Digit	21	
CPS	Cardholder Pricing Strategy Display	21	
CP1	General Pricing Information	21	
CP2	Finance Charge Information	21	
CP5	Performance Based Pricing	21	
IRS2	IRS 1099C Form Entry	21	
MO	Override Declined Merchandise Authorization	38	
OD	Operator Display	0	

TAC	Table Access Cardholder	21
TAM	Table Access Merchant	21
BRP	Reference Number Cross-Reference	21
ANS	Cardholder Names Display	40
ASV	Adaptive Control	25
BON (B01 – B09)	Bonus Menu (Rewards Screens)	21
BR	Reference Number Conversion	21
CWB	Combined Warning Bulletin	20
PI	Encrypted Key File Display Transaction	33
AA	Authorization Adjustment	20
BRPT	Display Credit Bureau Report	22
BUR	Request Credit Bureau Report	22
CAR	Cardholder Pricing Audit History Display	21
CCD	Cardholder Communications Display	21
CD	Check Digit	21
CPS	Cardholder Pricing Strategy Display	21
CP1	General Pricing Information	21
CP2	Finance Charge Information	21
CP5	Performance Based Pricing	21
IRS2	IRS 1099C Form Entry	21
MO	Override Declined Merchandise Authorization	38
OD	Operator Display	0

Note: This measure excludes First Data maintenance practices which would include daily (online interruptions from batch cycle and any online regions that are recycled daily), weekly (weekend batch processing interruptions onlines, i.e.: CIS loads, file compresses, network reloads), monthly (Data Center maintenance including IPL's and hardware maintenance), and FDR software installations.

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*Service Level Definition*

**Performance Standard -**

**Y2 Customer Service Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X2 - Critical customer files updated (All RCSI clients)	Current data available by 6:00 a.m. ETZ/5:00 a.m. CTZ, every processing day.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method</u>	<u>Out of Spec Notification</u>
Measure total minutes from 6:00 a.m. ETZ/5:00 a.m. CTZ until the critical customer files are updated.	Each minute, past 6:00 a.m. ETZ, that Customer Service data is not available is a Defect.	Record daily finish time of Customer Service cycle in minutes from 1:00 a.m. ETZ  Collected by First Data	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000)  2. Provide raw data at end of month.  1140 opportunities per day x number of cycles / month. 1140 = 19 hours per day x 60 minutes per hour.  30115 Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

**Performance Range (Low/High)**

Opportunities based on 317 cycles per year X daily opportunities divided by 12  
Non-Credit/Bonus Measure

**Notes and Comments**

First Data Account Executive Approval: \_\_\_\_\_  
Date: \_\_\_\_\_  
RCSI Vendor Management Approval: \_\_\_\_\_  
Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_  
Date: \_\_\_\_\_  
First Data Process Owner Approval: \_\_\_\_\_  
Date: \_\_\_\_\_

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**Performance Standard - Y2 X2 Critical Customer Files Updated (Addendum)**

**All of the files below are considered within the completion time for Critical Path. The completion times for each product/file vary. The last product to complete dictates the actual cycle completion time. The files below all relate to the following products: Cardholder Account Balance & Status, Non-monetary, Security, Settlement, Customer Inquiry System, and Account Memo information.**

Balance & Status	***
Namealph/Zipalph	***
Nonmon Displays	***
Security Files	***
Settlement Files	***
On-line Statement/CIS Files	***
Memo Files	***

Note: The above excludes Collections which is being tracked separately in Y3 X2.

Note: This measure excludes First Data maintenance practices which would include daily (online interruptions from batch cycle and any online regions that are recycled daily), weekly (weekend batch processing interruptions to onlines, i.e.: CIS loads, file compresses, network reloads), and monthly (Data Center maintenance including IPL's and hardware maintenance).

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**Service Level Definition**

**Performance Standard - Y2 Customer Service Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X3 - Host response time (All RCSI clients)	Host Response Time within an average of *** seconds, 24 x 7.	Discrete	Measure within hourly timeframes / report monthly  Provide Daily Raw Data each Month	***	DPMO	***	DPMO	***	DPMO
				***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the hourly average seconds for on-line transaction host response time.	The total transactions processed within each hour in which the average on-line transaction host response time exceeds .55 seconds are Defects.	Number of transactions per hour timeframe and corresponding average response time for each hour timeframe as determined from the Netspy monitor and entered into QMRS / Matrix reporting system  Collected by First Data	Measurement applies only to host component of response time and specifically excludes network response time and ODS response time. Any GE caused defects would be excluded from this measure.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.  Total number of GE transactions tracked for the month. Avg 2002 opportunities = *** *** Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

**Performance Range (Low - High Resolution Period)**

Opportunities will vary by month.  
Credit/Bonus Measure

**Notes and Comments**

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y2 X3 Host Response Time (Addendum)**

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Note:

The response time average target applies to non-ODS access, and excludes long running transactions during hours 2 through 4 where the FDR system currently includes systematic processes that should not be included within client response time data.

Calculation Criteria:

Defects = number of transactions that exceed .55 seconds

Opportunities = total number of transactions for the reporting period (month)

5/2/2014

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***Service Level Definition***

**Performance Standard - Y2 Customer Service Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X5 - Planned Customer Service maintenance (All RCSI clients)	Planned Customer Service Maintenance Windows	Discrete	Measure Weekly & Monthly / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma
<b><u>Measure Definition</u></b>	<b><u>Defect Definition</u></b>	<b><u>Data Collection</u></b>	<b><u>Guidance Exclusions</u></b>	<b><u>Report Method</u></b>		<b><u>Out of Spec Notification</u></b>			
Measure total minutes in which scheduled maintenance occurs outside the specified scheduled maintenance windows and/or the time (within the window) that planned maintenance exceeds the weekly allotted time.	Each minute, outside of the Y2X5 Addendum specified requirements, that Customer Service capability cannot be used is a Defect.	Record beginning and end of scheduled downtime.	1) Excluding FDR weekly, minor/major software installs, 2) unscheduled Chronicle outages as they are reported in Y2X1, 3) Unscheduled On Demand outages (GEN II) will be reported in separate measure, 4) GE caused defects.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.		Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.			
		Collected by First Data		*** opportunities. (1440 minutes per day - ***minutes (**hour window) x 52 weeks divided by 12 months). *** Opportunities					
<b><u>Performance Range (Low - High)</u></b>			<b><u>Resolution Period</u></b>	<b><u>Notes and Comments</u></b>					
			Credit/Bonus Measure						

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard: Y2X5 Planned Customer Service Maintenance (Addendum)**

Acceptable maintenance windows for 24-hour regions (customer service):

Weekly / Extended Outages:

<u>Day</u>	<u>Length</u>	<u>Opportunities</u>	<u>Timing</u>	<u>Purpose</u>	<u>Notes</u>
Saturday night / Sunday morning:	*** hours per weekend. Note: Hours cannot be accumulated throughout the month.	*** minutes per month (1440 minutes per day - *** minutes (***) x 52 weeks divided by 12 months)	Between ***ETZ / ***CTZ	IPL mainframes, on-line compresses, NCP reloads, scheduled Chronicle and On Demand maintenance, mainframe software / hardware maintenance.	Outages extended beyond 3 hours will be discussed in advance with RCSI. Where applicable, alternate processing platforms will be used.

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**Service Level Definition**

**Performance Standard - Y3 Collections Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - Collections Availability (All RCSI clients)	Collections Availability 365 X *** hours per day.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection</u>	<u>Guidance Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes that Collections is not available between 7:00 a.m. to 1:00 a.m. ETZ /6:00 a.m. to 12:00 p.m CTZ.	Each minute between 7:00 a.m. and 1:00 a.m. ETZ / 6:00 a.m. and 12:00 p.m. CTZ, that Collection information is not available is a Defect.	Collect total downtime by day for collections from IR's.	Excludes Collections via Open Data Streams Terminal Owning Regions and any GE attributable defects.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		1080 opportunities per day x calendar days. 1080 = 18 hours per day x 60 minutes per hour. *** Opportunities	

**Performance Range (Low - High) Resolution Period**

Credit/Bonus Measure

**Notes and Comments**

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y3 X1 Collections Availability (Addendum)**

**The First Data Application, and Terminal Owning regions considered for this measure are as follows:**

\*\*\* Collections  
\*\*\* Terminal Owning Region  
\*\*\* Terminal Owning Region  
\*\*\* Terminal Owning Region  
\*\*\* Terminal Owning Region

Note: This measure excludes First Data maintenance practices which would include daily (online interruptions from batch cycle and any online regions that are recycled daily), weekly (weekend batch processing interruptions to onlines, i.e.: CIS loads, file compresses, network reloads), and monthly (Data Center maintenance including IPL's and hardware maintenance).

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**Service Level Definition**

**Performance Standard - Y3 Collections Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X2 - Collections data available by 7:00 ETZ (All RCSI clients)	Current Collections data available by 7:00 a.m. ETZ / 6:00 a.m. CTZ on processing days.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes from 7:00 a.m. ETZ/6:00 a.m. CTZ until the Collections files update cycle is complete.	Each minute, past 7:00 a.m. ETZ, that Updated Collections data is not available is a Defect.	Record daily finish time of Collection cycle in minutes from 1:00 a.m. ETZ.	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		1080 opportunities per day x number of cycles / month. 1180 = 18 hours per day x 60 minutes per day.	
				*** Opportunities	

**Performance Range (Low Resolution Period)**

**Notes and Comments**  
 Opportunities based on 317 cycles per year X daily opportunities divided by 12 Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y3 X2 Collections Data Available by 7:00 ETZ (Addendum)**

**The First Data job name considered for this measure is as follows:**

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Collections

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Y3X2 Addendum

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**Service Level Definition**

**Performance Standard - Y3 Collections Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X3 - Collections Auto dialer files available by 5:00 ETZ (All RCSI clients)	Collections files available for transmission to the collection sites by 5:00 a.m. ETZ/ 4:00 a.m. CTZ.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes taken from 5:00 a.m. ETZ/4:00 a.m. CTZ until all specified Collections files are available for transmission to the collection sites.	Each minute, past 5:00 a.m. ETZ, that the Collections files are not available is a Defect.	Record daily time files are on spool ready for transmission in minutes from 1:00 a.m. ETZ.	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		1200 opportunities per day x number of cycles / month. 1200 = 20 hours per day x 60 minutes per hour. *** Opportunities	

<u>Performance Range (Low to High)</u>	<u>Calculation Period</u>	<u>Notes and Comments</u>
		Opportunities based on 317 cycles per year X daily opportunities divided by 12 Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y3 X3 Collections auto Dialer Files Availability (Addendum)**

**The First Data job information that equates to the RCSI Collections files is as follows:**

*** Collections ACCD job:	***
*** CD-192 report file:	***
*** Collections ACCD job:	***
*** CD-192 report file:	***
RSF ACCD job:	***
*** Collections ACCD job:	***

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**Service Level Definition**

**Performance Standard - Y3 Collections Availability**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X4 - Collection extract and recovery files available by 7:00 ETZ (All RCSI clients)	Collections extract and recovery files available for transmission to the collection sites by 7:00 a.m. ETZ / 6:00 a.m. CTZ	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes taken from 7:00 a.m. ETZ/6:00 a.m. CTZ until all specified collections files are available for transmission to the collection sites.	Each minute, past 7:00 a.m. ETZ, that the Collections files are not available is a Defect.	Record daily time files are on spool ready for transmission in minutes from 1:00 a.m. ETZ.	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		1080 opportunities per day x number of cycles / month. 1080 = 18 hours per day x 60 minutes per hour. *** Opportunities	

<u>Performance Range (Low)</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities based on 317 cycles per year X daily opportunities divided by 12 Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y3 X4 Collections Extract and Recovery Files Availability (Addendum)**

The First Data job information that equates to the RCSI Collections files is as follows:

*** collections extract files:	*** *** ***	Note: *** to be eliminated. *** and *** to replace this file.
***comments file:	***	
*** promise file:	***	
*** recovery files:	*** ***	
*** collections extract files:	*** *** ***	Note: *** to be eliminated. ***4 to replace this file.
***comments file:	***	
*** promise file:	***	
*** collections recovery files:	*** ***	
RSF collections recovery files:	*** ***	
RSF collections extract files:	*** *** ***	Note: *** to be eliminated.

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**Service Level Definition**

**Performance Standard - Y4 On-Line Reports Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - General ledger reports available on-line by 6:00 ETZ (All RCSI clients)	General Ledger reports in support of Extracts CD-121, CD-029, CD-053, CD-072 to be available online by 6:00 a.m. ETZ/ 5:00 a.m. CTZ, in support of the general ledger feeds.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes taken from 6:00 a.m. ETZ / 5:00 a.m. CTZ until all G/L reports in support of Extracts CD-121, CD-029, CD-053, CD-072 are available on-line.	Each minute, past 6:00 a.m. ETZ, that all G/L reports are not available on-line is a Defect.	Record daily time reports are available on-line in minutes from 1:00 a.m. ETZ	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		1140 opportunities per day x number of cycles / month. 1140 = 19 hours per day x 60 minutes per hour. *** Opportunities	

**Performance Range (Low - High) Resolution Period**      **Notes and Comments**  
 Opportunities based on 317 cycles per year X daily opportunities divided by 12  
 Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y4 X1 General Ledger Reports Availability (Addendum)**

The First Data reports considered for this measure are as follows:

<u>FDR JOB</u>	<u>REPORT</u>	<u>REPORT NAME</u>
***	CD-029	Tape Transmittal Rejected
***	CD-121	Ledger Activity Report
***	CD-053	Unposted Monetary Items Report
***	CD-072	Report of Adjustments

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Y4X1 Addendum

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**Service Level Definition**

**Performance Standard - Y4 On-Line Reports Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X2 - Daily on-line report availability (All RCSI clients)	Daily reports available on-line by time specified in Y4X2 Addendum	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes past Y4X2 addendum requirement until each required report is available on-line.	Each minute, past Y4X2 Addendum requirement, in which the required reports are not available on-line is a Defect.	Record time each report became available in minutes from 1:00 a.m. ETZ  Collected by First Data	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000)  2. Provide raw data at end of month.  ** Opportunities = 1440 minutes - Required completion time in minutes (600) x number of cycles / month = 900  23910 Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

**Performance Range (Low - High) Resolution Period**

**Notes and Comments**

Opportunities are based on weighted average of times reports are due (2 at 8:00 a.m. & 47 at 10:00 a.m.: net of 905 opportunities /day)  
Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y4 X2 Daily On-line Rpts (Addendum)**

**Performance Standard Y4X2 - Daily On-Line Reports Availability by Specified Time (Addendum)**

<u>First Data Report ID</u>	<u>FDR JOB</u>	<u>FDR Report Name</u>	<u>FDR Manual</u>	<u>Time Required by:</u>	<u>Triggered by:</u>	<u>Comments</u>
AD-041	***	Authorization Services Report	Authorizations	***	***	
AD-066	***	Daily Auth Statistics Approved/Decline	Authorizations	***	***	
BD-020	***	Bank Data Card Daily PCF Changes	Product Control File Fields	***	***	
CD-006	***	Credit Life Fees	Cardholder System Features	***	***	Tracking of CD-006 will be used for CD-116 as both reports use same trigger job.
CD-007	***	Daily Charged Off Accounts	Collections and Debt Management	***	***	Tracking of CD-007 will be used for CD-007C, CD-132 and CD-179 as all reports triggered by same trigger job.
CD-011	***	Non-monetary Entry List	Cardholder Non-monetary Transactions	***	***	
CD-028	***	Tape Transmittal Accepted	Monetary Entry	***	***	Tracking of CD-028 will be used for CD-029 and CD-043 as all jobs are triggered by same trigger job.
CD-031	***	Authorization Log	Approved/Declined - Authorization Log	***	***	
CD-051	***	Non-monetary Journal	Cardholder Non-monetary Transactions	***	***	Tracking of CD-051 will be used for CD-052 as both jobs triggered by same trigger job.
CD-051E	***	Employee Non-monetary Journal	Cardholder Non-monetary Transactions	***	***	Tracking of CD-051E will be used for CD-072E as both reports triggered by same trigger job.
CD-053	***	Unposted Monetary Items	Monetary Entry	***	***	
CD-054	***	Report of Adjustments and Reversals	Adjustments	***	***	
CD-055A	***	Same Day Plastic Log Journal	Cardholder Plastics	***	***	
CD-059	***	Customer Transaction Log	Security	***	***	
CD-061	***	New Accounts Journal	Cardholder New Accounts	***	***	
CD-062	***	Embossing Cards Report	Cardholder Plastics	***	***	
CD-063	***	Daily Embossing	Cardholder Plastics	***	***	
CD-071	***	Monetary Transaction Journal	Adjustments	***	***	
CD-072	***	Report of Adjustments	Adjustments	***	***	
CD-075	***	Disputed reports	Cardholder Account Maintenance	***	***	
CD-078	***	Adaptive Control Authorization Exceptions	Behavior Scoring and Adaptive Control	***	***	
CD-107	***	Authorization Exceptions Report	Authorizations	***	***	Tracking of CD-107 will be used for CD-108, CD-109 and CD-110 as all reports triggered by same trigger job.
CD-111	***	Unusual Sales Activity Report	Collections	***	***	We will continue to track this job separately as availability timeframes are longer than the CD-113 and 114.
CD-112	***	Cardholder Exceptions Report	Cardholder Account Maintenance	***	***	
CD-113	***	Cardholder Exceptions Report	Collections	***	***	Tracking of CD-113 will be used for CD-114 as both jobs triggered by same trigger job.
CD-1162	***	Expired Promotion Finance Charge Report		***	***	Tracking of CD-1162 will be used for CD-1163 as both jobs triggered by same trigger job.
CD-120	***	Ledger Activity Report	Settlement	***	***	Tracking of CD-120 will be used for CD-121 as both reports triggered by same trigger job.
CD-1229	***	Promotional Balances Collapsed Report	Issuer Marketing Products	***	***	
CD-143	***	Security Detail Update List	Security	***	***	
CD-147	***	Security Daily Reissue Actions	Security	***	***	Tracking of CD-147 will be used for CD-154 as both reports triggered by same trigger job.

CD-159	***	Daily Letters Report	Cardholder Plastics	***	***	Tracking of CD-159 will be used for CD-367, CD-850 and CD-1567 as all jobs triggered by same trigger job.
CD-187	***	Application Pre-edit Report	Cardholder New Accounts	***	***	Tracking of CD-1886 will be used for CD-1887 as both jobs triggered by same trigger job.
CD-1886	***	Name Match Failed Report	Authorizations	***	***	
CD-191	***	Collection Journal	Collections and Debt Management	***	***	Tracking of CD-236 will be used for CD-259 as both jobs triggered by same trigger job.
CD-192	***	Daily Productivity Report	Collections and Debt Management	***	***	
CD-197	***	ACCD Totals Report	Collections and Debt Management	***	***	
CD-216	***	Issuing Retrieval Request Summary List	Collections	***	***	Tracking of CD-236 will be used for CD-259 as both jobs triggered by same trigger job.
CD-231	***	Letters - Daily Audit Trail Report	Cardholder Plastics	***	***	
CD-236	***	Daily Letter System Removal and Archive	Cardholder Letters	***	***	
CD-271	***	Credit Limit Change Report	Cardholder Non-monetary Transactions	***	***	Tracking of CD-271 will be used for CD-273 as both reports triggered by same trigger job.
CD-318	***	Credit Refund Check Order Activity Report	Cardholder Billing	***	***	Tracking of CD-501 will be used for CD-502 and CD-503 as all reports triggered by same trigger job.
CD-324	***	Fraud Tracking - Address Change Before Nonmonetary	Security	***	***	
CD-501	***	Automatic refund audit trail report	Cardholder Billing	***	***	
CD-526	***	Operator PIN/Plastic Activity Journal	Fraud Control Options	***	***	Tracking of MD-030 will be used for MD-031, MD-032 as all are triggered by same trigger job.
CD-534	***	CIMS Daily Workcase Status Report	Customer Inquiry Management System	***	***	
CD-621	***	Portfolio Management Statistics	Issuer Marketing Products	***	***	
CD-676	***	CVV/CVC Authorization Audit Report	Authorizations	***	***	Tracking of MD-030 will be used for MD-031, MD-032 as all are triggered by same trigger job.
CD-821	***	Daily Card Activation History Report	Security Authorization-Only Guide	***	***	
CD-881	***	Daily Force Emboss, Rush, Reinstatement Report	Cardholder Plastics	***	***	
CD-882	***	Promotion Activity Report	Issuer Marketing Products	***	***	Tracking of MD-030 will be used for MD-031, MD-032 as all are triggered by same trigger job.
MD-022	***	Merchant Summary Report	Merchant Processing	***	***	
MD-030	***	Merchant Non-Monetary Error List	Merchant Non-Monetary Entry	***	***	
MD-033	***	New Merchant Accounts	Merchant New Accounts	***	***	Tracking of SD-041 will be used for SD-042 as both are triggered by same trigger job.
MD-050	***	Daily Merchant Exceptions	Merchant Processing	***	***	
MD-180	***	Promotional Purchase Merchant Report	Retail Processing	***	***	
MD-622	***	DAILY MERCHANT RESEARCH		***	***	
MD-721	***	BANK DEPOSIT REPORT		***	***	
MD-840	***	Merchant Deposit History	Monetary Entry	***	***	
PL-038	***	Retail Headquarters Report	Retail Processing	***	***	
SD-041	***	Settlement Advice Parts I & II	Settlement	***	***	
SD-077	***	ACH Monetary Transaction Journal	Merchant Processing Off-line Debit Card	***	***	Tracking of SD-077 will be used for SD-078 as both jobs are triggered by same trigger job.
SD-119	***	Daily Chargeback Activity List	Chargebacks	***	***	

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**Service Level Definition**

**Performance Standard - Y4 On-Line Reports Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X3 - Weekly / monthly on-line report availability (All RCSI clients)	Wkly/Mthly reports available on-line by day specified in Y4X3 Addendum	Discrete	Measure Weekly, Monthly / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure number of weekly & monthly on-line reports not available on-line by the specified day.	Each required weekly/monthly report not available on-line by the day specified in the Y4X3 Addendum is a Defect.	Record day report became available.  Collected by First Data	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.  Opportunities = number of weekly and monthly required on-line reports scheduled per month  40 Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

<u>Performance Range</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities are an approximation as they vary per month Non-Credit/Bonus Measures

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y4 X3 Wkly/Mthly On-line Report Availability (Addendum)**

<u>First Data Report ID</u>	<u>FDR JOB</u>	<u>FDR Report Name</u>	<u>FDR Manual</u>	<u>Time Required by:</u>	<u>Trigger Job:</u>	<u>Comments:</u>
BW-022	***	Agent Bank File Listing	Product Control File Fields	First (1st) Business Day of following Week	***	
CW-013	***	CIMS weekly CSR Productivity Report	Customer Inquiry Management System	First (1st) Business Day of following Week	***	CW-013 will be tracked for CW-015, 016 and 018 as all reports triggered by the same FDR trigger job.
AM-169	***	Monthly Historical Authorizations Statistics	Authorizations / Authorization - only guide	Fifth (5th) calendar day of the month	***	AM-169 will be tracked independent of CM-027 even though both reports are triggered by the same trigger job.
CM-027	***	Deleted Accounts	Collections and Debt Management	Fifth (5th) calendar day of the month	***	
BM-301	***	PCF Parameter Report	Strategy Management Online Product Control File Management	Saturday following month-end processing completion	***	
BM-405	***	Monthly Invoice Backup Report	Backup Invoice Reconciliation Guide	Sixth (6th) calendar day of the month	***	BM-405 will be tracked separately from BM-406 as the backup report will always run a day later than the month-end report.
BM-406	***	Monthly Invoice Report	Invoice Reconciliation Guide	Fifth (5th) calendar day of the month	***	BM-406 will be tracked separately from BM-405 as the backup report will always run a day later than the month-end report.
CM-051	***	Cardholder Management Report	Settlement	Fifth (5th) calendar day of the month	***	CM-051 will be tracked for CM-052 as both reports are triggered by the same FDR job.
CM-060	***	Lost/Stolen/Fraud Accounts	Fraud Control Options	Fifth (5th) calendar day of the month	***	
CM-061	***	Security Monthly Detail Report	Fraud Control Options	Fifth (5th) calendar day of the month	***	
CM-092	***	Accounts Abandoned This Month	Collections and Debt Management	Fifth (5th) calendar day of the month	***	CM-092 will be tracked for CM-093 as both reports are triggered by the same FDR job.
CM-170	***	Monthly Letters Tracking Report	Cardholder Letters	Fifth (5th) calendar day of the month	***	
CM-171	***	Monthly Insurance Statistics Report	Cardholder System Features	Fifth (5th) calendar day of the month	***	
CM-201	***	CIMS Monthly CSR Resolution Report	Customer Inquiry Management System	Fifth (5th) calendar day of the month	***	CM-201 will be tracked for CM-203 as both reports triggered by the same FDR trigger job.
CM-254	***	Portfolio Monthly Management Statistics	Issuer Marketing Products	Fifth (5th) calendar day of the month	***	
CM-286	***	1099C Monthly Add Report	Collections and Debt Management	Fifth (5th) calendar day of the month	***	
CM-327	***	Lost/Stolen/Fraud Report	Fraud Control Options	Fifth (5th) calendar day of the month	***	
CM-989	***	Summary of Individual User Transactions	Cardholder Non-Monetary Transactions	Fifth (5th) calendar day of the month	***	
MM-035	***	All Merchant Accounts	Merchant Processing	Fifth (5th) calendar day of the month	***	
MM-061	***	Merchant Alpha Report	Merchant Processing	Fifth (5th) calendar day of the month	***	
MM-101A	***	Merchant Profitability	Merchant Processing	Fifth (5th) calendar day of the month	***	
MM-120	***	Promotional Purchase Merchant Report	Merchant Processing	Fifth (5th) calendar day of the month	***	

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**Service Level Definition**

**Performance Standard - Y5 Critical File Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - Transmission acknowledgements Within 45 Minutes (All RCSI clients)	Transmission acknowledgements available on spool for RCSI within 45 minutes following the receipt of the corresponding transmission file at First Data every business day.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure when transmission acknowledgements are placed on spool ready for RCSI.	Each acknowledgement not available on spool within 45 minutes of transmission file receipt is a Defect.	Record time acknowledgement file becomes available.	1) Excludes files received at FDR during monetary posting and processing, 2) empty incoming files, 3) client-caused file issues which prohibit processing in that night's production processing cycle, and 4) files received during monthly ICASUBBY installs.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		Opportunities = Files sent minus files due to the specified exclusions. 2002 avg. files sent = 570	
				570 Opportunities	

<u>Performance Range (Resolution) Period</u>	<u>Notes and Comments</u>
Opportunities are an approximation as they vary per month Non-Credit/Bonus Measure	

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y5 X1 Transmission Acknowledgements Within 45 Minutes (Addendum)**

The following lists the applicable First Data files and confirmation files:

\*\*\* sales file:  
First Data job: \*\*\*

\*\*\* sales confirmation file:  
First Data job: \*\*\*

\*\*\* payment file:  
First Data job: \*\*\*

\*\*\* payment confirmation file:  
First Data job: \*\*\*

\*\*\* sales file:  
First Data job: \*\*\*

\*\*\* sales confirmation file:  
First Data job: \*\*\*

\*\*\* payment file:  
First Data job: \*\*\*

\*\*\* sales confirmation file:  
First Data job: \*\*\*

**RSF payment file:**  
First Data job: \*\*\*

**RSF confirmation file:**  
First Data job: \*\*\*

\*\*\* sales file:  
First Data job: \*\*\*

\*\*\* sales confirmation file:  
First Data job: \*\*\*

\*\*\* sales file:  
First Data job: \*\*\*

\*\*\* sales confirmation file:  
First Data job: \*\*\*

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**Service Level Definition**

**Performance Standard - Y5 Critical File Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPI)</u>	
X2 - Monetary files received in the FDR Data Center by the designated cut off time will be processed in that night's production processing cycle for 100% of the production cycles for the month. (Includes all RCSI clients)	Monetary files received in the FDR Data Center by the designated CTZ cut-off time (6:00 PM ETZ/5:00 PM CTZ) will be processed in that same day's nightly production processing cycle.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure when all of the incoming monetary transmission files tracked in Y5 X1, received at First Data by 6:00 p.m. ETZ/5:00 p.m. CTZ, are processed.	Each monetary file confirmed but not run in same day's nightly production processing cycle is a Defect.	Collect data from IR report.	Files received from the client with client-caused issues (i.e., out of balance or invalid fields/transactions) which prohibit processing in that night's production processing cycle, 2) files that exceed one million transactions where notification and receipt conditions outlined in the addendum are not followed, 3) files received on Fridays after the designated cut-off and before Sunday's designated cut-off will be processed in Sunday night's cycle, and 4) scheduled FDR non-cycle days.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		Opportunities per day = All Y5 X1 files confirmed. (Varies by month). 2002 avg files = 570.	
				570 Opportunities	

<u>Performance Range (Low - High)</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities are an approximation as they vary per month Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y5 X2 Process Files (in Y5X1) Same Day (Addendum)**

**Special Notes:**

1. Report daily monetary entries in excess of 1 million (each) to an FDR Service Analyst at least three hours prior to the designated cut-off time of the files transmission. For example, if the cut-off time is 5:00 PM CTZ, notification must be made by 2:00 PM CTZ.
2. The transmission must be received in the FDR Data Center at least 1.5 hours prior to the normal cut-off time for the file to be processed in that night's production processing cycle. For example, if the cut-off time is 5:00 PM CTZ, transmission must be received by 3:30 PM CTZ.

Note: Physical tapes must be received in the Input/Output Control area thirty minutes prior to the designated cut-off time.

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**Service Level Definition**

**Performance Standard - Y5 Critical File Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X3 - General ledger files available for transmission by 3:00 ETZ (All RCSI clients)	General ledger interface files available for transmission by 3:00 a.m. ETZ/2:00 a.m. CTZ. every applicable processing day.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure total minutes taken from 3:00 a.m. ETZ/2:00 a.m. CTZ until all general ledger interface files, as defined in Y5X3 Addendum, are available for transmission to RCSI.	Each minute, past 3:00 a.m. ETZ, that all G/L files are not ready for transmission is a Defect.	Record daily time file is on spool ready for transmission in minutes from 1:00 a.m. ETZ.  Collected by First Data	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000)  2. Provide raw data at end of month.  1320 opportunities per day x number of cycles / month. 1320 = 22 hours x 60 minutes per day.  34870 Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

<u>Performance Range (Low - High)</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities based on 317 cycles per year X daily opportunities divided by 12 Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y5 X3 General Ledger Files Available by 3 ETZ (Addendum)**

The following lists the applicable \*\*\* files:

**CD-121 File**  
First Data job: \*\*\*

**CD-053 File**  
First Data job: \*\*\*

**CD-072 File**  
First Data job: \*\*\*

**CD-029 File**  
First Data job: \*\*\*

The following lists the applicable \*\*\* files:

**CD-121 File**  
First Data job: \*\*\*

**CD-053 File**  
First Data job: \*\*\*

**CD-072 File**  
First Data job: \*\*\*

**CD-029 File**  
First Data job: \*\*\*

Note: RSF does not currently receive any General Ledger files

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**Service Level Definition**

**Performance Standard - Y5 Critical File Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X4 - Daily Data Warehouse files available by scheduled time (All RCSI Clients)	Data Warehouse Files available for transmission by times outlined in addendum for every applicable processing day.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the time in minutes past 6:00 a.m. ETZ or 7:00 a.m. ETZ (based on file spec limits), when each of the files listed is available for transmission to RCSI.	Each minute, past 6:00 a.m. ETZ or 7:00 a.m. ETZ (based on file spec limits), in which the required files are not available for transmission is a Defect.	Record daily time files are on spool ready for transmission in minutes from 1:00 a.m. ETZ.	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		Daily opportunities = 1140 opportunities per day x number of cycles / month. 1140 = 19 hours x 60 minutes per day. 30115 Opportunities	

<u>Performance Range</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities based on 317 cycles per year X daily opportunities divided by 12 Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y5 X4 Daily Data Warehouse File Available by Scheduled Time (Addendum)**

**\*\*\* files:**

	Data File	Tape or Transmission	Frequency	SLA	FDR Job
	Authorizations (CD-031)*	Transmission	Daily	6:00 AM ETZ	***
	Credit Limit Overrides (CD-271)	Transmission	Daily	6:00 AM ETZ	***

**\*\*\* files:**

	Data File	Tape or Transmission	Frequency	SLA	FDR Job
	ACS Authorizations*	Transmission	Daily	6:00 AM ETZ	***

**\*\*\* files:**

	Data File	Tape or Transmission	Frequency	SLA	FDR Job
	Data Warehouse Files - ACS	Transmission	Daily	6:00 AM ETZ	***

**\*\*\* files:**

	Data File	Tape or Transmission	Frequency	SLA	FDR Job
	Combined CH Master w/flaps	Transmission	Daily	6:00 AM ETZ	***

**\*\*\* files:**

	Data File	Tape or Transmission	Frequency	SLA	FDR Job
	Authorizations (CD-031)	Transmission	Daily	6:00 AM ETZ	***
	ACS File	Transmission	Daily	6:00 AM ETZ	***
	CD-271 Daily Flat File	Transmission	Daily	6:00 AM ETZ	***
	Monetary Detail File	Transmission	Daily	6:00 AM ETZ	***

**RSF Files:**

	Data File	Tape or Transmission	Frequency	SLA	FDR Job
	Monetary Detail File	Transmission	Daily	7:00 AM ETZ	***

\* Copies of these files are also delivered to the Alpharetta M/F on a daily basis.

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**Service Level Definition**

**Performance Standard - Y5 Critical File Timeliness**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X5 - Weekly / monthly data warehouse files available on time (All RCSI clients)	Process Data Warehouse Files weekly or monthly as specified in Y5 X5 Addendum.	Discrete	Measure Weekly, Monthly / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the days when each of the files listed is available for transmission or mailed to RCSI by specified time requirement.	Each file or tape which is not available for transmission or mailed to RCSI by specified time requirement is a Defect.	Record day file becomes available or is mailed to GE.  Collected by First Data	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.  Weekly / Monthly opportunities = number of required reports as outlined in Addendum  72 Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

<u>Performance Range (Low - High)</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities are an approximation as they vary per month Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 RCSI Vendor Management Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 First Data Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

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**Performance Standard - Y5 X5 Wkly Mthly Data Wrhs File Available on Time (Addendum)**

\*\*\* Files:

<u>Data File</u>	<u>Tape or Transmission</u>	<u>Frequency</u>	<u>SLA</u>	<u>FDR Job</u>	<u>FDR DSN</u>
Revolving Merchant Monetary	Transmission	Weekly	1st business day of the week	***	
Merchant History	Tape	Monthly	5th calendar day of the month	***	***
Monetary Detail	Tape	Monthly	5th calendar day of the month	***	***
ACS Bill/Post/Auth - Weekly	Transmission	Weekly	1st business day of the week	***	

\*\*\* Files:

<u>Data File</u>	<u>Tape or Transmission</u>	<u>Frequency</u>	<u>SLA</u>	<u>FDR Job</u>	<u>FDR DSN</u>
Bon Base	Tape	Monthly	5th calendar day of the month	***	***

\*\*\* Files:

<u>Data File</u>	<u>Tape or Transmission</u>	<u>Frequency</u>	<u>SLA</u>	<u>FDR Job</u>	<u>FDR DSN</u>
TLP Promo	Tape	Monthly	5th calendar day of the month	***	***
Combined CH Master w/Flaps	Tape	Monthly	5th calendar day of the month	***	***

\*\*\* Files:

<u>Data File</u>	<u>Tape or Transmission</u>	<u>Frequency</u>	<u>SLA</u>	<u>FDR Job</u>	<u>FDR DSN</u>
Insurance History	Transmission	Monthly	5th calendar day of the month	***	

\*\*\* Files:

<u>Data File</u>	<u>Tape or Transmission</u>	<u>Frequency</u>	<u>SLA</u>	<u>FDR Job</u>	<u>FDR DSN</u>
Revolving Merchant Monetary	Transmission	Monthly	5th calendar day of the month	***	
TLP Promo	Tape	Monthly	5th calendar day of the month	***	***
Merchant History	Tape	Monthly	5th calendar day of the month	***	***
Insurance History	Transmission	Monthly	5th calendar day of the month	***	

RSF Files:

<u>Data File</u>	<u>Tape or Transmission</u>	<u>Frequency</u>	<u>SLA</u>	<u>FDR Job</u>	<u>FDR DSN</u>
Revolving Merchant Monetary	Transmission	Weekly	Saturday AM	***	
Combined C/H Master W/Flaps	Tape	Monthly	5th calendar day of the month	***	***
Merchant History	Tape	Monthly	5th calendar day of the month	***	***
TLP Promo	Transmission	Monthly	5th calendar day of the month	***	***
Bon Base	Transmission	Monthly	5th calendar day of the month	***	***
Merchant Statistical (SKU)	Transmission	Monthly	5th calendar day of the month	***	***
PCF - Weekly	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	
	Transmission	Weekly	Saturday PM	***	

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**Service Level Definition**

**Performance Standard - Y6 Input Services**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - Batch PCF changes within 2-days (All RCSI clients)	Standard Batch Product Control File (PCF) Changes / Requests processed within 2 business days (All GE Clients)	Discrete	Measure as Occurs / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the time/date received in Service and the time/date when the Standard Batch PCF request is complete. Record number of business days taken to complete request; day 1 starts when request is received by 12:00 noon ETZ. A two business day lead time is required for these requests. The submitted implementation date for submitted changes < 2 business days will be modified to reflect the required lead time.	Each Standard Batch PCF Request that is not completed within 2 First Data processing days is a Defect.	Record day the batch PCF request is built and any defects associated with the timeliness of the build.	Does not include On-line Product Control File, Expedite PCF changes, 5-day changes, M cycle requests and PCF mirrors. All batch PCF requests received after 12:00 noon ETZ will consider processing day 1 as the following processing day. Any GE caused defects are also excluded.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		See addendum for opportunities calculation. Monthly opportunities vary. 5 Opportunities	

<u>Performance Range</u>	<u>Reporting Period</u>	<u>Notes and Comments</u>
		Opportunities can vary due to volume Non-Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y6 X1 Batch PCF Change Requests Within 2 Days (Addendum)**

**Standard Batch PCF:**

**2 day standard:**

1. From date of receipt in First Data by 11:00 a.m. CTZ
2. No verification checking will be provided
3. \*Volume limitation is 500 entries or less
4. A 2 business day lead time is required for PCF changes. The requested implementation date for submitted changes < 2 business days will be modified to reflect the required lead time.

\* "Entries" are defined as one 'card' and one 'field'.

**Counting Methodology:**

Sample calculation : Assume 100 PCF requests and 98 are processed within 2 days, 1 in 3 days and 1 in 4 days

Opportunities = 100 Requests + 3 Late Days

Defects = 3 Late Days (1 at 1 day late and 1 at 2 days late)

Calculation: Yield =  $(103-3)/103 = 97.09\%$ ; DPMO = 29,126; Sigma = 3.39

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**Service Level Definition**

**Performance Standard - Y6 Input Services**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>	<u>Bonus Performance Level (BPL)</u>	<u>Credit Performance Level (CPL)</u>
X1 - Batch PCF changes within 2-days (All RCSI clients)	Standard Batch Product Control File (PCF) Changes / Requests processed within 2 business days (All GE Clients)	Discrete	Measure as Occurs / Report Monthly	*** DPMO	*** DPMO	*** DPMO
			Provide Daily Raw Data each Month	*** Actual Yield	*** Actual Yield	*** Actual Yield
				*** Defects per month	*** Defects per month	*** Defects per month
				*** Sigma	*** Sigma	*** Sigma
<b>Measure Definition</b>	<b>Defect Definition</b>	<b>Data Collection Guidelines</b>	<b>Specific Exclusions</b>	<b>Report Method and Opportunities</b>	<b>Out of Spec Notification</b>	
Measure the time/date received in Service and the time/date when the Standard Batch PCF request is complete. Record number of business days taken to complete request; day 1 starts when request is received by 12:00 noon ETZ. A two business day lead time is required for these requests. The submitted implementation date for submitted changes < 2 business days will be modified to reflect the required lead time.	Each Standard Batch PCF Request that is not completed within 2 First Data processing days is a Defect.	Record day the batch PCF request is built and any defects associated with the timeliness of the build.	Does not include On-line Product Control File, Expedite PCF changes, 5-day changes, M cycle requests and PCF mirrors. All batch PCF requests received after 12:00 noon ETZ will consider processing day 1 as the following processing day. Any GE caused defects are also excluded.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.	
		Collected by First Data		See addendum for opportunities calculation. Monthly opportunities vary. 5 Opportunities		
<b>Performance Range (Low - High)</b>	<b>Resolution Period</b>			<b>Notes and Comments</b>		
		Opportunities can vary due to volume Non-Credit/Bonus Measure				

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y6 X2 Batch PCF Change Requests within 5 Days (Addendum)**

**Standard Batch PCF:**

- 5 day standard:**
1. From date of receipt in First Data by 11:00 a.m. CTZ
  2. Verification will be provided
  3. No volume limitation
  4. A 2 business day lead time is required for PCF changes. The requested implementation date for submitted changes < 2 business days will be modified to reflect the required lead time.

Each Standard Batch PCF Request that is not completed within five (5) First Data processing days is a Defect.

**Counting Methodology:**

Sample calculation: Assume 100 PCF requests and 98 are processed within 2 days, 1 in 3 days and 1 in 4 days

Opportunities = 100 Requests + 3 Late Days

Defects = 3 Late Days (1 at 1 day late and 1 at 2 days late)

Calculation: Yield =  $(103-3)/103 = 97.09\%$ ; DPMO = 29,126; Sigma = 3.39

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**Service Level Definition**

**Performance Standard - Y6 Input Services**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X3 - Expedited batch PCF files on same day (All RCSI clients)	Same day processing of Expedited Batch Product Control File Requests. These requests are limited to cases of extreme liability to the client and requires exception approval.	Continuous	Measure as Occurs / Report Monthly	***	DPMO	***	DPMO	***	DPMO
				***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
			Provide Daily Raw Data each Month	***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the time/date received in Service and the time/date when the Expedited Batch PCF request is complete. Record number of business days taken to complete request; day 1 starts when request is received by 9:00 a.m. ETZ.	Each Expedite Batch PCF Request that is not completed within 1 First Data processing day is a Defect.	Record day the batch PCF request is built and any defects associated with the timeliness of the build	Does not include On-line Product Control File, 2 or 5 day requests, M cycle requests and PCF mirrors. All batch PCF requests received after 12:00 noon ETZ will consider processing day 1 as the following processing day. Any GE caused defects are also excluded.	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by First Data		See addendum for opportunities calculation. Monthly opportunities vary. 1 Opportunities	

**Performance Range (Low - High) Resolution Period**

Opportunities can vary due to volume  
Non-Credit/Bonus Measures

**Notes and Comments**

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y6 X3 Batch PCF Requested Changes on Same Day (Addendum)**

**Expedited Batch PCF**

**1 day standard:**

1. From date of receipt in First Data by 8:00 a.m. CTZ
2. No verification checking will be provided
3. \*Volume limitation is 100 entries or less (must be entered same day in First Data by 11:00 a.m. CTZ to make the final edit to run before noon.
4. Note: Same day processing of Expedited Batch Product Control File Requests are limited to cases of extreme client liability and requires exception approval.

\* "Entries" are defined as one 'card' and one 'field'.

Each Expedite Batch PCF Request that is not completed within one (1) First Data processing day is a Defect.

**Counting Methodology:**

Sample calculation: Assume 100 PCF requests and 98 are processed within 2 days, 1 in 3 days and 1 in 4 days

Opportunities = 100 Requests + 3 Late Days

Defects = 3 Late Days (1 at 1 day late and 1 at 2 days late)

Calculation: Yield =  $(103-3)/103 = 97.09\%$ ; DPMO = 29,126; Sigma = 3.39

**Table of Contents**

**Service Level Definition**

**Performance Standard - Y6 Input Services**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X4 - Statement checker file availability (JCPenney, Walmart, LNT, Bebe's, Meijer's)	Statement checker file available for transmission by 6:00 a.m. ETZ./5:00 a.m. CTZ.	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects/mo.	***	Defects/mo.	***	Defects/Mo
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Notes and Comments</u>
Measure the total minutes taken from 6:00 a.m. ETZ/5:00 a.m CTZ until all specified statement checker file(s) are available for transmission to RCSI.	Each minute, past 6:00 a.m. ETZ, that statement file(s) are not ready for transmission is a Defect.	Record actual time (CTZ) when statement checker files are available for transmission.  Collected by RCSI	GE caused defects	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.  1140 Opportunities/day x number of cycles / month. 1140 = 19 hours per day x 60 minutes per day.  *** Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

<u>Performance Range (Low to High)</u>	<u>Calculation Period</u>	<u>Notes and Comments</u>
		Opportunities based on 317 cycles per year X daily opportunities divided by 12  Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y6 X4 Statement Checker File Availability by 6 ETZ (Addendum)**

\*\*\* files:

\*\*\*  
\*\*\*

\*\*\* file:

\*\*\*

Note: RSF does not receive a statement checker file. They use AFP on Demand

\*\*\* file:

\*\*\*

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**Service Level Definition**

**Performance Standard - Y6 Input Services**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X5 - Daily Statement Content Accuracy (All RCSI clients)	Daily statement content Accuracy	Discrete	Measure Daily / Report Daily	***	DPMO	***	DPMO	***	DPMO
			Provide Daily Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the accuracy of billing statement information content as assessed against pre-established criteria and calculated on a daily basis.	Each event that does not meet specification of a CTQ is a Defect.	Record actual Defects as identified by FDR and PSG random sampling process  Collected by FDR/RCSI	Defects in which RCA determines that the origin is within RCSI	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000)  2. Provide raw data at end of month.  Opportunities = Number of RCSI statements produced within the reporting month as tracked via FDR's CD-1371 report. ***  *** Opportunities	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.

<u>Performance Range (Low - High)</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
		Opportunities are an approximation as they vary by month  Credit/Bonus Measure

First Data Account Executive Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 RCSI Vendor Management Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 First Data Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

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**Service Level Definition**

**Performance Standard - Y7 IR Resolution Timeliness**

**Fix Going Forward**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - IR Resolution for FDR originated defects (All RCSI Clients)	IR resolution to FDR attributed system problems reported to FDR 24 x 365 within 45 (or otherwise negotiated) calendar days.	Discrete	Measure by Report / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the number of closed or outstanding priority 3 and lower priority IR's that exceed performance timeliness targets within the reporting month. Segmentation of data by portfolio and priority of IR will be made available in the monthly data spreadsheet.	Each closed or outstanding priority 3 and lower priority IR that is not corrected within the required timeliness target is a Defect.	Collect the number of closed or outstanding priority 3 or lower rated IR's that are attributed to an FDR defect within the reporting month that exceed performance timeliness targets. Day 1 = date issue is opened* via a Service Center ticket or date the Infoman record is opened if a Service Center ticket was not opened. End date = FDR IR "RESOLVED" date (fix identified, coding completed and install date scheduled).  Collected by First Data	***	1. Defects recorded on a Run Time Chart  2. Provide raw data at end of month.          Opportunities = Number of closed or outstanding RCSI IR's within reporting month that exceed performance timeliness targets minus exclusions.  *** Opportunities	Incidents that exceed RCSI's timeliness targets will be summarized in First Data's month-end Exception Journal.

**Performance Range (Low - High) Resolution Period**

**Notes and Comments**

See Priority Definition list in addendum  
 \* See Addendum for daily cut-off times  
 Credit/Bonus Measure  
 Opportunities are an approximation as they vary by month

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y7 X1 Incident Resolution: FDR Originated Defects: Fix Going Forward**

<u>RCSI Work Priority</u>	<u>First Data SLA's (Open to Resolve)</u>	<u>Priority Description</u>
3 or lower priority	0 - *** (or otherwise negotiated) calendar days	Problems in this priority include minor operational issues that require an IR to fix.

**SLA Counting Methodology:**

1.2 Calendar days include Monday through Sunday.

An incident is considered "corrected" when a fix has been implemented or a RCSI-approved workaround is in place (and a permanent fix has been identified, with a fix date scheduled),

or incident is reassigned in program request format, and RCSI has approved resolution

4. Opportunities are tabulated as the number of IR's closed throughout the month and IR's outstanding at month-end.

5. All IR's closed within the reporting month and those outstanding at month-end are first reviewed against measurement criteria to determine inclusion or exclusion in reporting (see exclusion list on Y7X1 measurement definition document).

**Defect Calculation:**

Defects are any IR's closed within the reporting month or outstanding at month-end that exceed the IR timeliness target. For example, if an IR should be closed in \*\*\* calendar days and is completed in \*\*\* calendar days, 1 defect is counted out of the appropriate number of opportunities.

If 3 incidents are closed within the reporting month and all 3 were scheduled to be fixed in \*\*\* days and all are completed in \*\*\* days, no defects are accumulated. Yield would equal 100%. If 1 of the 3 IR's exceeds the timeliness target 1 defect out of 3 opportunities would be reported. The yield is 2 of 3 or (2/3 or 66.7%)

**Sample Calculation:**

Assume 12 IR's with GE priority 3 (0 - \*\*\* calendar days) are closed within the reporting month and 7 IR's are outstanding at month-end. Assume 11 are completed on time and one on day \*\*\*, (\*\*\*)days late, plus 1 of the 7 outstanding IR's has \*\*\* days elapsed).

Defects = 2 out of 19 IR's exceeded timeliness target or 2/19 = 10.5%

Yield = (19 - 2) / 19 = 17/19 = 89.5%; sigma = 2.75

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**Service Level Definition**

**Performance Standard - Y7 IR Resolution Timeliness**

**Remedial Action**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1.1 - Remedial IR Resolution for FDR originated defects (All Clients)	Remedial IR resolution to FDR attributed system problems reported to FDR 24 x 365 within 75 (or otherwise negotiated) calendar days.	Discrete	Measure by Report / Report Monthly	***	DPMO	***	DPMO	***	DPMO
				***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the number of closed or outstanding priority 3 or lower priority remedial IR's that exceed performance timeliness targets within the reporting month. Segmentation of data by portfolio and priority of IR will be made available in the monthly data spreadsheet.	Each closed or outstanding priority 3 or lower priority remedial IR that is not corrected within the required timeliness target is a Defect.	Collect the number of closed or outstanding priority 3 or lower rated remedial IR's that are attributed to an FDR defect within the reporting month that exceed performance timeliness targets. Day 1 = date issue is opened* via a Service Center ticket or date the Infoman record is opened if a Service Center ticket is not opened. End date = FDR IR "RESOLVED" date (remedial actions identified and implemented).  Collected by First Data	***  1. Defects recorded on a Run Time Chart  2. Provide raw data at end of month.	Opportunities = Number of closed and outstanding RCSI remedial IR's within reporting month minus exclusions.  *** Opportunities	Incidents that exceed RCSI's timeliness targets will be summarized in First Data's month-end Exception Journal.

**Performance Range (Low - High) Resolution Period**

**Notes and Comments**

See Priority Definition list in addendum  
 \* See Addendum for daily cut-off times  
 Non-Credit/Bonus Measure  
 Opportunities are an approximation as they vary by month

First Data Account Executive Approval: \_\_\_\_\_ RCSI Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_ Date: \_\_\_\_\_  
 RCSI Vendor Management Approval: \_\_\_\_\_ First Data Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_ Date: \_\_\_\_\_

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**Performance Standard - Y7 X1.1 Incident Resolution: FDR Originated Defects: Remedial Action**

<u>GE Work Priority</u>	<u>First Data SLA's (Open to Resolve)</u>	<u>Priority Description</u>
3 or lower priority	0 - *** calendar days (or otherwise negotiated)	Problems in this priority include minor operational issues that require an IR to fix.

**Remedial Action Definition:**

Remedial action is defined as the action required (e.g., adjustments to cardholder accounts, refund checks, statement messages, cardholder letters, special mailings, etc.) to correct the RCSI accounts impacted by the issue.

**SLA Counting Methodology:**

1. An issue submitted to the FDR Client Services team prior to 11:00 a.m. CTZ will be considered as “day 1” for SLA counting purposes.
  - 1.1 An issue received after 11:00 a.m. CTZ will be considered as “day 0” for SLA counting purposes.
  - 1.2 Calendar days include Monday through Sunday.
2. An remedial IR is considered ‘closed’, when all remedial actions have been taken to restore impacted accounts to their correct state or the IR is reassigned to a project request format and RCSI has approved its closure.
3. Defects are tabulated as the number of priority 3 or lower priority remedial IR’s closed or outstanding at month-end that exceed the monthly timeliness target of \*\*\* (or otherwise negotiated) calendar days.
4. Opportunities are tabulated as the number of remedial IR’s closed or outstanding at month-end.

**Data Collection/Counting Methodology:**

All remedial action IR’s closed and outstanding at month-end are first reviewed against measurement criteria to determine inclusion or exclusion in reporting (see exclusion list within Y7X1.1 measurement definition document).

**Defect Calculation:**

Defects are any priority 3 or lower priority remedial IR’s closed or outstanding within the reporting month that exceed the incident timeliness target. For example, if a remedial IR should be completed in \*\*\* days and is completed in \*\*\* days, 1 defect is counted out of the appropriate number of opportunities.

Tabulation of the number of closed or outstanding remedial IR’s exceeding the timeliness target within the reporting month will be counted and reported. If 4 priority 3 incidents are closed within the reporting month and all 4 were scheduled to be fixed in \*\*\* calendar days and all are completed in \*\*\* calendar days, no defects are accumulated. Yield would equal 100%. If 1 of the 4 IR’s exceeds the timeliness target 1 defect out of 3 opportunities would be reported (1/3 or 66.7%).

**Sample Calculation:**

Assume 2 priority 3 incidents requiring remedial action are closed within the reporting month and 1 outstanding at month-end; one incident is completed in \*\*\* calendar days and one incident is completed in \*\*\* days; the open incident has been open \*\*\* days. Count ‘0’ defects for the first and third incident and 1 defect for the second incident.

Yield =  $(3-1) / 3 = 66.67\%$  yield; sigma = 1.93

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*Service Level Definition*

**Performance Standard - Y7 IR Resolution Timeliness**

<u>PCS Process Link</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X2 - Compliance IR Resolution, Fix Going Forward of FDR Caused Defects (All RCSI clients)	Response and resolution to GE defined compliance issues reported to FDR that require an FDR IR to fix. Correction of compliance IR's is targeted within 15 (or negotiated) calendar days.	Discrete	Measure by Report / Report Monthly	***	DPMO	***	DPMO	***	DPMO
				***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
			Provide Raw Data each Month	***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the number of compliance-designated IR's that exceed performance timeliness targets closed within the reporting month. Segmentation of data by portfolio and priority of incident will be made available in the monthly data spreadsheet.	Each compliance designated IR that is not corrected by the required timeliness target of 15 calendar days is a Defect unless otherwise agreed. Addendum document outlines specific RCSI criteria that must be met before the issue can be considered 'corrected' or resolved.	Collect the number of compliance designated IR's closed within the reporting month that exceed performance timeliness targets. GE pending time will be subtracted from the overall timeliness calculation.	***	1. Defects recorded on a Run Time Chart 2. Provide raw data at end of month.	Incidents will be communicated on an event basis and summarized in First Data's Weekly Journal.
		Collected by: First Data		Opportunities = number of GE compliance "fix going forward" IR's closed within the reporting month *** Opportunities	

**Performance Range (Low - High)** Resolution Period

**Notes and Comments**  
 \*Note: Designation as Compliance IRs are determined by \*\*\* with the right of appeal by First Data. Final determination will be at the discretion of \*\*\* Legal & Compliance Director(s).  
 Credit/Bonus Measure  
 Opportunities are an approximation as they vary by month

First Data Account Executive Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 RCSI Vendor Management Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 First Data Process Owner Approval: \_\_\_\_\_  
 Date: \_\_\_\_\_

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**Performance Standard - Y7 X2 Compliance IRs - Fix Going Forward (First Data Caused)**

**Compliance IR Definition**

A Compliance IR is any IR established for any First Data System issue that is determined by \*\*\* or \*\*\* and/or Compliance Departments to be a disconnect within the terms and conditions of agreements, etc. First Data has the right to appeal the Compliance IR designation(s) to \*\*\* or \*\*\*.

**Defect Definition:**

Defects are the number of compliance IR's that exceed the required timeliness target.

**Correction/Resolution Definition:**

The 'Fix-Going-Forward' correction is considered complete when one of the following is accomplished:

1. A permanent fix has been implemented into production (or)
2. A RCSI approved work-around has been implemented and/or the IR has been reassigned in a program request format with a mutually agreed upon production release schedule.

<u>RCSI Work Priority</u>	<u>First Data SLA's (Open to Reviewed)</u>	<u>Descriptions</u>
1	0 - *** calendar day	Instances seriously affecting RCSI's business such as system / application outages, and severe connectivity issues.
2	0 - *** calendar days	Instances critical to RCSI's business which have significant impacts to the business including authorization problems, customer service availability, or other issues that significantly impact the Cardholders and/or Client's of RCSI or that significantly impact business partners of RCSI. A basic guideline for prioritizing items as RCSI Work Priority 2 will be whether or not the data or file can be rerun or recovered.
3	0 - *** calendar days	Problems in this priority include operational issues that are efficiency related. A basic guideline for prioritizing items as RCSI Work Priority 3 will be whether or not a reasonable workaround to the problem can be initiated until the fix is completed. (Unless a higher severity ((or negotiated timeframe)) is deemed appropriate, IRs default to this category)
4	0 - *** calendar days	This category includes minor problems, and correspondence posing a question requiring an First Data response to an Incident Report.

1.0 An incident submitted to the First Data Client Services team prior to 11:00 a.m. CTZ on a calendar day will consider that day 1 if IR process (agreed upon between RCSI and First Data) is followed.

1.1 An incident received after 11:00 a.m. CTZ on a calendar day will consider the same day as day 0 if IR process (agreed upon between GE and FDR) is followed.

3.0 Performance is tabulated once the IR is determined to be resolved and reported in that month's performance summary report.

Calendar days are defined as Monday through Sunday.

**Sample calculation:**

Assume 3 Compliance IR's closed within the reporting month (SLA of \*\*\* calendar days). One completed in \*\*\* calendar days;

one in \*\*\* calendar days; and 1 in \*\*\* calendar days. Yield equals 1/3 or 66.7%.

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**Service Level Definition**

<b>Performance Standard -</b>		<b>Y7 IR Resolution Timeliness</b>							
<b>PCS Process Link</b>	<b>Measure</b>	<b>Data Type</b>	<b>Measure Period</b>	<b>Target Performance Level (TPL)</b>		<b>Bonus Performance Level (BPL)</b>		<b>Credit Performance Level (CPL)</b>	
X2.1 - Compliance IR Resolution, Remedial Action of First Data Caused Defect (All RCSI clients)	Response and resolution to GE defined compliance issues reported to FDR that require an FDR IR to fix. Correction of Compliance IR's is targeted within *** (or negotiated) calendar days.	Discrete	Measure by Report / Report Monthly	***	DPMO	***	DPMO	***	DPMO
			Provide Raw Data each Month	***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma
<b>Measure Definition</b>	<b>Defect Definition</b>	<b>Data Collection Guidelines</b>	<b>Specific Exclusions</b>	<b>Report Method and Opportunities</b>		<b>Out of Spec Notification</b>			
Measure the number of compliance-designated recovery IR's that exceed performance timeliness targets closed within the reporting month. Segmentation of data by portfolio and priority of incident will be made available in the monthly data spreadsheet.	Each compliance designated recovery IR that is not corrected by the required timeliness target of *** calendar days is a Defect unless otherwise agreed. Addendum document outlines specific RCSI criteria that must be met before the issue can be considered 'corrected' or resolved.	Collect the number of compliance designated recovery IR's closed within the reporting month that exceed performance timeliness targets. RCSI pending time will be subtracted from the overall timeliness calculation.	***	1. Defect days recorded on a Run Time Chart 2. Provide raw data at end of month.		Incidents will be discussed during the weekly RCSI/First Data Compliance Issue conference call. Summary will be available within the monthend reports.			
		Collected by: First Data		Opportunities = number of RCSI compliance "recovery" IR's closed within the reporting month *** Opportunities					
<b>Performance Range (Low to High)</b>			<b>Notes and Comments</b>						
			* Note: Designation as Compliance IRs are determined by *** with the right of appeal by First Data. Final determination will be at the discretion of *** Legal & Compliance Director(s) Non-Credit/Bonus Measure Opportunities are an approximation as they vary by month						
First Data Account Executive Approval: _____				RCSI Process Owner Approval: _____					
Date: _____				Date: _____					
RCSI Vendor Management Approval: _____				First Data Process Owner Approval: _____					
Date: _____				Date: _____					

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**Performance Standard - Y7X2.1 Compliance IR's - Remedial Action (FDR Caused)**

**Compliance IR Definition**

A Compliance IR is any IR established for any First Data System issue that is determined by \*\*\* Legal and/or Compliance Departments to be a compliance concern and is directly applicable to \*\*\* business served by First Data, which may include a potential non-compliance of Regulation Z, a disconnect within the terms and conditions of agreements, etc. \*\*\*

**Defect Definition**

Defects for Compliance IR remediation, are the number of compliance IR's that exceed the required timeliness target (\*\*\* calendar days from the date a compliance IR is reported by RCSI unless otherwise approved by RCSI)

**Correction/Resolution Definition:**

Remedial action is defined as that action required (e.g.: adjustments to cardholder accounts, refund checks, statement messages, cardholder letters, special mailings, etc.) to correct the RCSI client accounts impacted by the Compliance IR.

Calendar days are defined as Monday through Sunday.

**Sample Calculation:**

Assume two First Data-caused Compliance IR's requiring remedial action; #1 has the default \*\*\* calendar day remedial target, #2 is mutually agreed to require \*\*\* calendar days to complete remedial action.

#1 is completed in \*\*\* calendar days and #2 is completed in \*\*\* calendar days. Count 1 defect for #1 and 0 defects for #2, for a total yield of 1/2 or 50%.

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*Service Level Definition*

**Performance Standard - Y9 Root Cause Analysis Timeliness - Preliminary**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Performance Level (BPL)</u>		<u>Credit Performance Level (CPL)</u>	
X1 - Preliminary root cause analysis documentation timeliness for First Data caused severity 1 & 2, compliance or critical SLA defect issues (All RCSI clients)	Documentation of preliminary RCA for FDR caused severity 1 and 2, compliance or critical SLA defect issues within 7 calendar days. (See addendum for operational definition of severity 1 & 2, compliance and critical SLA defect issues).	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
				***	Actual Yeild	***	Actual Yeild	***	Actual Yeild
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma

<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>	<u>Out of Spec Notification</u>
Measure the number of FDR caused preliminary RCA documents for severity 1 & 2, compliance and/or critical SLA defects not posted to the RCSI QuickPlace site or otherwise received by RCSI within 7 calendar days. Clock starts when RCSI and First Data jointly determine that the situation meets the criteria for a formal RCA.	Each occurrence in which a First Data caused preliminary RCA document for severity 1 or 2, compliance, or critical SLA defects is not posted to the RCSI QuickPlace site or otherwise received by GE within 7 calendar days is a Defect.	All posted preliminary RCA documents for First Data defect caused severity 1 & 2, compliance and/or critical SLA defect issues are included in this measure.	***	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.	Incidents will be communicated to *** on an event basis and posted on the *** QuickPlace site as well as summarized in First Data's Weekly Exception Journal.
		Collected by First Data		Opportunities = total number of completed RCA documents submitted to *** within the reporting month that are attributable to an *** defect. *** Opportunities	

<u>Performance Range (Low/High)</u>	<u>Resolution Period</u>	<u>Notes and Comments</u>
	Non-Credit/Bonus Measure	
	Opportunities are an approximation as they vary by month	

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Performance Standard - Y9X1 Preliminary Root Cause Analysis Timeliness - Preliminary**

**Severity 1 & 2 Definitions:**

Severity 1: Any First Data System / application outage (hard down) at one or more RCSI/GECS sites seriously affecting RCSI's business or ability to service their clients. There is no workaround in place to reduce impact.

**Examples:**

1. Complete First Data System / application system outages such as hardware/software issues creating an outage.
2. First Data application (i.e., Chronicle, AFP OnDemand) down
3. First Data connectivity issues creating a total outage (fiber cut, router, gateway, or Zlink issues creating a total outage)

Severity 2: Any First Data System/application performance degradation issue that inhibits RCSI/GECS-A users from performing their jobs in a normal manner.

**Examples:**

1. Critical applications are not performing as designed with no acceptable workaround.
2. Slow response time of an application severely impacting RCSI's/GECS-A's ability to work.
3. Critical files are not available as required for RCSI/GECS-A processing (i.e, collections).
4. High rate of authorization stand-ins

Note: Other issues that fall outside of these system definitions can be escalated as a priority 1 or 2 issue by RCSI if the impact to RCSI/GECS-A is significant.

**Compliance Definition:**

A Compliance issue is any IR that is determined by \*\*\* Legal and/or Compliance Departments to be a compliance defect and is directly applicable to \*\*\* business served by First Data which may include a potential non-compliance of Regulation Z, or a disconnect within the terms and conditions of agreements, etc. \*\*\*

**Critical SLA Defect Definition:**

Any penalty bearing SLA that exceeds the upper control limit (UCL) or penalty level (CPL) spec limit.

**SLA Counting Methodology:**

Note: RCSI and First Data must jointly determine that the situation meets the criteria for a formal RCA.

An issue reported to FDR prior to 11:00 a.m. CTZ will be considered as "day 1" for SLA counting purposes.

An issue reported to FDR after 11:00 a.m. CTZ will be considered as "day 0" for SLA counting purposes.

Calendar days are defined as Monday through Sunday.

**Defect Definition:**

Any preliminary RCA for a FDR caused severity 1 & 2, compliance or critical SLA defect issue that is not posted to the RCSI/GE QuickPlace site or otherwise received at RCSI/GECS-A. by the \*\*\*calendar day at 5:00 PM CTZ.

**Sample Calculation:**

Assume two issues meet the RCA criteria within the reporting month. One of the RCA documents is delivered to GE within \*\*\* calendar days.

One RCA document is delivered on calendar day \*\*\*. Yield would equal 1/2 or 50%.

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*Service Level Definition*

**Performance Standard - Y9 Root Cause Analysis Timeliness - Final**

<u>Measure Title</u>	<u>Measure</u>	<u>Data Type</u>	<u>Measure Period</u>	<u>Target Performance Level (TPL)</u>		<u>Bonus Target Performance Level (BPL)</u>		<u>Credit Target Performance Level (CPL)</u>	
X2 - Final root cause analysis documentation timeliness and quality for First Data caused severity 1 & 2, compliance and/or critical SLA defect issues (All RCSI clients)	Documentation of final RCA for First Data caused severity 1 & 2, compliance and/or critical SLA defect issues within *** calendar days and as compared to RCSI defined quality CTQ's. (See addendum for definition of severity 1 & 2, compliance and critical SLA defect issues and list of RCSI CTQ definitions).	Discrete	Measure Daily / Report Monthly	***	DPMO	***	DPMO	***	DPMO
				***	Actual Yield	***	Actual Yield	***	Actual Yield
				***	Defects per month	***	Defects per month	***	Defects per month
				***	Sigma	***	Sigma	***	Sigma
<u>Measure Definition</u>	<u>Defect Definition</u>	<u>Data Collection Guidelines</u>	<u>Specific Exclusions</u>	<u>Report Method and Opportunities</u>		<u>Out of Spec Notification</u>			
Measure the number of First Data caused final RCA documents for severity 1 and 2, compliance and/or critical SLA defects not posted to the RCSI/GE QuickPlace site or otherwise received by RCSI within 37 calendar days and/or that do not meet RCSI's quality CTQ specifications.	Each final RCA document that does not meet RCSI's timeliness and/or quality CTQ specifications is a Defect.	All posted preliminary RCA documents for First Data Defect caused severity 1 /2, compliance and/or critical SLA defect issues are included in this measure. Quality CTQ defects for each final RCA will be provided by RCSI SDM to First Data within *** calendar days using a standardized evaluation form.	***	1. DPMO recorded on a Run Time Chart ((Defects / Opportunities) X 1000000) 2. Provide raw data at end of month.		Incidents will be communicated to RCSI on an event basis and posted on the RCSI/GECF-A QuickPlace site as well as summarized in First Data's Weekly Exception Journal.			

Evaluation provided by GE. Data collected by FDR.

Opportunities = total number of completed final RCA documents submitted to RCSI within the reporting month that are attributable to an First Data Defect. Note: If evaluation of RCA is not received at First Data within\*\*\* calendar days, the RCA will be considered as passing the evaluation criteria.

\*\*\* Opportunities

**Performance Range (Low to High)**

**Notes and Comments**

Non-Credit/Bonus Measure

Opportunities are an approximation as they vary by month

First Data Account Executive Approval: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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### **Performance Standard - Y9X2 Final Root Cause Analysis Timeliness and Quality - Final**

#### **Severity 1 & 2 Definitions:**

Severity 1: Any FDR system / application outage (hard down) at one or more GECS sites seriously affecting GE's business or ability to service their clients. There is no workaround in place to reduce impact.

#### **Examples:**

1. Complete FDR system / application system outages such as hardware/software issues creating an outage.
2. FDR application (i.e., Chronicle, AFP OnDemand) down.
3. FDR connectivity issues creating a total outage (fiber cut, router, gateway, or Zlink issues creating a total outage).

Severity 2: Any FDR system/application performance degradation issue that inhibits GE users from performing their jobs in a normal manner.

#### **Examples:**

1. Critical applications are not performing as designed with no acceptable workaround.
2. Slow response time of an application severely impacting GE's ability to work.
3. Critical files are not available as required for GE processing (I.e, collections).
4. High rate of authorization stand-ins

Note: Other issues that fall outside of these system definitions can be escalated as a priority 1 or 2 issue by GE if the impact to GE is significant.

#### **Compliance Definition:**

A Compliance issue is any IR that is determined by \*\*\* or \*\*\* Legal and/or Compliance Departments to be a compliance defect and is directly applicable to \*\*\* or \*\*\* business served by First Data which may include a potential non-compliance of Regulation Z, a disconnect within the terms and conditions of agreements, etc. First Data has the right to appeal the Compliance IR designation(s) to \*\*\* or \*\*\* Legal and Compliance Directors.

#### **Critical SLA Defect Definition:**

Any penalty bearing SLA that exceeds the upper control level (UCL) or penalty level (CPL) spec limit.

#### **RCA CTQ's:**

1. Clear, concise and written in non-technical language.
2. Issue description section clearly explains the issue and RCSI impacts.
3. Resolution/Recovery section clearly outlines steps taken by First Data for the immediate fix and plans for recovery (If applicable).
4. Root Cause Analysis section adequately answers all of the "WHY" questions.
5. If RCA could not be determined, an adequate explanation of what was/is being researched is provided.

#### **Preventative Action CTQ's:**

1. Clear, concise and written in non-technical language.
2. Preventative actions address solutions to all the "why" questions.
3. Preventative actions eliminate the possibility that this issue will occur again.
4. Preventative actions include dates when actions will be installed/implemented.
5. If RCA could not be determined, an "action plan" has been clearly identified to determine RCA upon another occurrence.

#### **Data Collection/Counting Methodology:**

Each final RCA document submitted to RCSI within the reporting month is counted as a single opportunity. Note: If evaluation of RCA is not received at First Data within 7 calendar days, the RCA is considered to pass the quality criteria.

An issue reported to First Data by RCSI where a completed final RCA document has not been provided to RCSI within the reporting month is not considered a valid opportunity.

#### **Defect Definition:**

Any final RCA for a severity 1 or 2, compliance or critical SLA defect that does not meet the \*\*\* calendar day timeliness specification or receives a quality rating of "Did Not Meet Expectations" on any of the RCSI defined quality CTQ's is considered a defect.

Note: Any receipt of a quality evaluation of “3” (Did Not Meet Expectations) contained within the RCA document constitutes an overall “miss” or defect for that RCA document.

**Sample Calculation:**

Two RCA documents are completed and submitted to GE within the reporting month. Both documents meet the \*\*\* calendar day timeliness specifications. However, one document contains a “3”, Did Not Meet Expectations quality evaluation rating. Yield would = 1/2 or 50%.

5/2/2014

Y9X2 Addendum

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**Exhibit B-2**

Service Level Credit/Service Level Bonus Calculation

[Copy Attached]

**EXHIBIT B-2**

**Service Level Credit/Service Level Bonus Calculation**

**1. Critical Service Levels**

The Service Levels identified in Table 1 below are Critical Service Levels. On ninety (90) days written notice to \*\*\* once a calendar quarter, \*\*\* the Critical Service Levels listed in Table 1.

**2. Service Level Commitments**

In accordance with Section 8.2(e) of the Main Body of the Agreement, the Parties shall re-evaluate the Service Levels (including Critical Service Levels) at least on an annual basis. Any modifications to the Service Levels set forth in this Schedule B must be agreed upon in writing by the Parties and shall include consideration of First Data's processing capability and RCSI's processing requirements.

**3. Service Level Credits**

When the Actual Yield for a Critical Service Level is less than the associated Credit Performance Level, RCSI may elect to receive a Service Level Credit equal to \*\*\* of that month's Processing Fees multiplied by the Service Level Credit Weight assigned to that measure in accordance with Section 8.2 of the Main Body of the Agreement. The maximum Service Level Credits for all measures combined in a month shall not exceed \*\*\* of the Processing Fees for that month. The formula for calculating the Service Level Credit for each Critical Service Level that is not met is:

Calculation of a Service Level Credit \$ = (\*\*\*) X (monthly Processing Fees) X (assigned Service Level Credit Weight)

Example of a Service Level Credit for a Critical Service Level: Y2X1, Customer Service Availability: \*\*\* x \$1M x 20% = \*\*\*.

**4. Service Level Bonuses**

When the Actual Yield for a given Critical Service Level exceeds the Bonus Performance Level for six (6) consecutive months, a Service Level Bonus is paid that is equal to \*\*\* of that six (6) month period's Processing Fees multiplied by the Service Level Bonus Weight assigned to that Critical Service Level. Upon payment of the Service Level Bonus, the Target Performance Level, Credit Performance Level and Bonus Performance Level will be adjusted to reflect the performance levels for the six (6) month period that earned the reward. The maximum Service Level Bonus for all measures combined is subject to a \*\*\* cap of that period's Processing Fees. The formula for calculating the Service Level Bonus, for each Critical Service Level that exceeds the Bonus Performance Level for six (6) consecutive months, is:

Service Level Bonus for a Critical Service Level \$ = (\*\*\*) X (the 6 month period's Processing Fees) X (assigned Service Level Bonus Weight)

Example: Y6X5, Statement Content Accuracy: \*\*\*x \$1M x 6 months x 20% = \*\*\*

**5. Weights**

The sum of the weights for the Critical Service Levels equals \*\*\* and will \*\*\* (e.g., after the first year of the Term, the sum of the weights (“Weighting Cap”) for the Critical Service Levels will equal \*\*\*, followed by \*\*\* after the second year of the Term, etc.). On ninety (90) days written notice to First Data, RCSI, in its sole discretion once a calendar year, may change or alter the allocation of the Service Level Credit Weights or Service Level Bonus Weights assigned to any Critical Service Levels listed in Table 1 (as Table 1 may be amended over time), so long as the sum of the revised Service Level Credit Weights continues to equal to the then-current Weighting Cap and the sum of the revised Service Level Bonus Weights continues to equal one hundred percent (100%) in the aggregate.

**Table 1**

<b><u>Critical Service Level</u></b>	<b><u>Service Level Credit Weight</u></b>	<b><u>Service Level Bonus Weight</u></b>
Y1X1 - Authorization System Availability	***	NA
Y1X2 - Authorization Response Time	***	10%
Y2X1 - Customer Service Availability	***	20%
Y2X3 - Host Response Time	***	NA
Y2X5 - Customer Service Planned Maintenance	***	10%
Y3X1 - Collections Availability	***	NA
Y3X3 - Auto Dialer files - on time	***	NA
Y3X4 - Auto Dialer extract and Recovery Files - on time	***	10%
Y5X2 - Produce and Deliver Critical Files - on time	***	NA
Y5X3 - General Ledgers Available for Transmission - on time	***	10%
Y5X4 - Data Warehouse Files - on time	***	10%
Y6X4 - Statement Checker File - on time	***	10%
Y6X5 - Daily Statement Content Accuracy	***	20%
Y7X1 - IR Resolution - on time	***	NA
Y7X2 - Compliance IR Resolution - on time	***	NA

**Note:**

“NA” for rewards are non-reward bearing measures because Target Performance Level is at \*\*\* DPMO.

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**Exhibit B-3**

Example Reports

[Copies Attached]

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**Performance Level Summary (Modified Format)**  
2/02 - 2/03

Schedule B-3.1	Service Level Commitments					Feb		Mar		Apr		May		June		July		Aug		Sept		Oct		Nov		Dec		Jan		
	TPL	TPL	TPL	UCL	PL	RL	DPMO	Sigma																						
	DPMO	Yield	Sigma	DPMO	DPMO	DPMO	DPMO	Sigma																						
<b>Penalty*** Measures</b>																														
<b>Y1 Measures</b>																														
Y1 X 1 Auth System Downtime	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6		
by MWCC	***	***	***	***	***	***	145	5.12	152	5.11	151	5.11	228	5.01	2,791	4.27	52	5.38	47	5.41	123	5.17	37	5.46	353	4.89	72	5.30	81	5.27
> PLCC	***	***	***	***	***	***	146	5.12	151	5.11	151	5.11	227	5.01	2,799	4.27	76	5.29	47	5.41	123	5.17	37	5.46	349	4.89	71	5.30	81	5.27
> RSF	***	***	***	***	***	***	24	5.57	225	5.01	178	5.07	456	4.82	1,240	4.53	1	>6	0	>6	101	5.22	71	5.30	953	4.60	215	5.02	92	5.24
<b>Y2 Measures</b>																														
Y2 X 1 Unplanned Cust Srv System Downtime	***	***	***	***	***	***	3,720	4.18	963	4.60	255	4.98	336	4.90	0	>6	784	4.66	1,030	4.58	972	4.60	1,344	4.50	0	>6	0	>6	0	>6
Y2 X 3 Host Response Time ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	2,594	4.30	0	>6	0	>6	0	>6	0	>6	0	>6
Y2 X 5 Planned Cust Srv Maintenance	***	***	***	***	***	***	22,254	3.51	31,268	3.36	15,634	3.65	21,127	3.53	11,408	3.78	17,887	3.60	17,746	3.60	4,507	4.11	704	4.69	12,254	3.75	8,310	3.90	16,197	3.64
<b>Y3 Measures</b>																														
Y3 X 1 Collections Downtime	***	***	***	***	***	***	0	>6	388	4.86	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6
Y3 X 3 Collection Auto Dialer Files ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	514	4.78	7,147	3.95	48,729	3.16	0	>6	0	>6	0	>6	0	>6
> JCP	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	772	4.67	0	>6	53,429	3.11	0	>6	0	>6	0	>6	0	>6
> RSF	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	39,327	3.26	0	>6	0	>6	0	>6	0	>6
> Walmart/Others	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	772	4.67	21,442	3.52	53,429	3.11	0	>6	0	>6	0	>6	0	>6
Y3 X 4 Collection Extract & Recovery Files ***	***	***	***	***	***	***	7,034	3.96	1,757	4.42	831	4.64	353	4.89	519	4.78	6,344	3.99	9,188	3.86	53,229	3.11	4,938	4.08	3,519	4.20	2,321	4.33	354	4.89
> JCP	***	***	***	***	***	***	21,103	3.53	5,271	4.06	2,493	4.31	1,058	4.57	1,556	4.46	16,735	3.63	26,923	3.43	79,736	2.91	14,815	3.68	10,556	3.81	6,962	3.96	1,063	4.57
> RSF	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	1,406	4.49	641	4.72	40,919	3.24	0	>6	0	>6	0	>6	0	>6
> Walmart/Others	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	892	4.62	0	>6	39,031	3.26	0	>6	0	>6	0	>6	0	>6
<b>Y5 Measures</b>																														
Y5 X 2 Process Files (in Y5X1)***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	37,168	3.28	0	>6	0	>6	0	>6	0	>6
Y5 X 3 Gen. Ldgr Files Avail ***	***	***	***	***	***	***	0	>6	1,909	4.39	0	>6	0	>6	0	>6	6,229	4.00	0	>6	46,678	3.18	0	>6	0	>6	0	>6	0	>6
Y5 X 4 Daily Data Wrhs File Availability	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	32	5.49	0	>6	40,649	3.24	0	>6	0	>6	0	>6	0	>6
> JCP	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	32	5.49	0	>6	40,756	3.24	0	>6	0	>6	0	>6	0	>6
> Walmart/Others	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	32	5.49	0	>6	39,575	3.26	0	>6	0	>6	0	>6	0	>6
> RSF	***	***	***	***	***	***	NA																							
<b>Y6 Measures</b>																														
Y6 X 4 Statement Checker File ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	5,499	4.04	39,963	3.25	0	>6	0	>6	0	>6	0	>6
> JCP	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	5,499	4.04	38,462	3.27	0	>6	0	>6	0	>6	0	>6
> Walmart/Others	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	5,499	4.04	41,464	3.23	0	>6	0	>6	0	>6	0	>6
Y6 X 5 *** Statement Content Accuracy	***	***	***	***	***	***	320	4.91	4	5.94	15,005	3.67	232	5.00	0.2	>6	1,361	4.50	197	5.04	81	5.27	21	5.59	75	5.29	0	>6	0	>6
<b>Y7 Measures</b>																														
Y7X1 IR Resolution	***	***	***	***	***	***	Not Set Up																							
> PLCC	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	
> RSF	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	
> Combined	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	
Y7 X 2 Compliance IR Resolution (Fix Going Forward)	***	***	***	***	***	***	0	NA	7	NA																				
> PLCC	***	***	***	***	***	***	NA																							
> RSF	***	***	***	***	***	***	NA																							
> Combined	***	***	***	***	***	***	NA																							

TABLE Continued

RL Met====>  TPL Met====>  UCL Exceeded====>  PL Exceeded====>

Note: Y6X5: Defects adjusted between Aug - Nov 2002 due to BTS #4851  
 Note: Y1X2: Feb '03 Auth System Stand-Ins by MWCC being researched. Outcomes of research may necessitate modification of defects.

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Schedule B-3.1 Penalty*** Measures	Feb		2003 YTD	
	DPMO	Sigma	DPMO	Sigma
<b>Y1 Measures</b>				
Y1 X 1 Auth System Downtime	0	>6	0	>6
Y1 X 2 Auth System Stand-Ins by MWCC	328	4.91	200	5.04
> PLCC	250	4.98	162	5.09
> RSF	10,316	3.81	4,969	4.08
<b>Y2 Measures</b>				
Y2 X 1 Unplanned Cust Srv System Downtime	1,215	4.53	2,872	4.26
Y2 X 3 Host Response Time ***	0	>6	0	>6
Y2 X 5 Planned Cust Srv Maintenance	23,380	3.49	19,789	3.56
<b>Y3 Measures</b>				
Y3 X 1 Collections Downtime	3,671	4.18	4,802	4.09
Y3 X 3 Collection Auto Dialer Files ***	0	>6	0	>6
> JCP	0	>6	0	>6
> RSF	0	>6	0	>6
> Walmart/Others	0	>6	0	>6
Y3 X 4 Collection Extract & Recovery Files ***	4,038	4.15	2,088	4.36
> JCP	12,076	3.75	6,245	4.00
> RSF	39	5.45	18	5.63
> Walmart/Others	0	>6	0	>6
<b>Y5 Measures</b>				
Y5 X 2 Process Files (in Y5X1)***	0	>6	0	>6
Y5 X 3 Gen. Ldgr Files Avail ***	3,093	4.24	1,456	4.48
Y5 X 4 Daily Data Wrhs File Availability	14,734	3.68	6,934	3.96
> JCP	16,192	3.64	7,620	3.93
> Walmart/Others	0	>6	0	>6
> RSF	NA	NA	NA	NA
<b>Y6 Measures</b>				
Y6 X 4 Statement Checker File ***	0	>6	138	5.14
> JCP	0	>6	275	4.95
> Walmart/Others	0	>6	0	>6
Y6 X 5 *** Statement Content Accuracy	0	>6	0	>6
<b>Y7 Measures</b>				
Y7X1 IR Resolution	Not Set Up	Not Set Up	Not Set Up	Not Set Up
> PLCC				
> RSF				
> Combined				
Y7 X 2 Compliance IR Resolution (Fix Going Forward)	0	NA	0	NA
> PLCC	NA	NA	NA	NA
> RSF	NA	NA	NA	NA
> Combined	NA	NA	NA	NA

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**Performance Level Summary (Modified Format)**  
2/02 - 2/03

Other Measures	Service Level Commitments					Feb		Mar		Apr		May		June		July		Aug		Sept		Oct		Nov						
	TPL	TPL	TPL	UCL	USL	LSL	DPMO	Sigma																						
	DPMO	Yield	Sigma	DPMO	DPMO	DPMO																								
Y1 X 3 Auth File to MWCC Stand-in ***	***	***	***	***	***	***	3,113	4.24	0	>6	880	4.63	0	>6	0	>6	10,297	3.82	4,892	4.08	92,071	2.83	1,369	4.50	0	>6				
> JCP	***	***	***	***	***	***	3,383	4.21	0	>6	953	4.60	0	>6	0	>6	10,953	3.79	5,062	4.07	95,332	2.81	1,488	4.47	0	>6				
> RSF	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6		
> Walmart/Others	***	***	***	***	***	***	0	>6	0	>6	33	5.49	0	>6	0	>6	2,754	4.28	2,926	4.26	54,569	3.10	0	>6	0	>6	0	>6		
Y1X3.1 *** Auth File to MWCC Stand-in ***	***	***	***	***	***	***																								
> JPC	***	***	***	***	***	***																								
> RSF	***	***	***	***	***	***																								
> Walmart/Others	***	***	***	***	***	***																								
Y1 X4 Current FDR Auth File Updated ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	38,462	3.27	0	>6	0	>6	0	>6		
Y2 Measures																														
Y2 X 2 Critical Customer Files Updated	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	12,118	3.75	0	>6	43,758	3.21	0	>6	0	>6	0	>6		
Y3 Measures																														
Y3 X 2 Collections Data Available ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	38,462	3.27	0	>6	0	>6	0	>6		
Y4 Measures																														
Y4 X 1 Gen. Legr Online Rpts Avail ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	585	4.75	0	>6	38,462	3.27	0	>6	0	>6	0	>6		
Y4 X 2 *** On-Line Rpts Availability	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	684	4.70	57,735	3.07	1,029	4.58	0	>6	0	>6		
Y4 X 3 *** On-Line Rpts Availability	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6
Y5 Measures																														
Y5 X 1 Transmission Acknowledgements ***	***	***	***	***	***	***	20,225	3.55	0	>6	2,114	4.36	0	>6	1,786	4.41	0	>6	0	>6	17,794	3.60	0	>6	7,246	3.94	3,94	3.94		
> PLCC	***	***	***	***	***	***	41,667	3.23	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	19,231	3.57	0	>6	19,231	3.57	3,57	3.57		
> RSF	***	***	***	***	***	***	40,816	3.24	0	>6	19,608	3.56	0	>6	0	>6	0	>6	0	>6	20,408	3.55	0	>6	21,277	3.53	3,53	3.53		
Y5 X 5 *** Data Wrhs Files Avail	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	28,438	3.40	0	>6	0	>6		
> JCP	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	111,111	2.72	0	>6	0	>6		
> RSF	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6		
> Walmart/Others	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6		
Y6 Measures																														
Y6 X 1 Batch PCF Changes ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6		
Y6X2 Batch PCF Changes ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6	0	>6
Y6 X 3 Expedite Batch PCF Changes ***	***	***	***	***	***	***	0	>6	0	>6	0	>6	No Vol	No Vol	0	>6	0	>6	0	>6	0	>6	0	>6	No Vol	No Vol	0	>6		
Y7 Measures																														
Y7 X 1.1 IR Resolution (Remedial Action)	***	***	***	***	***	***	Not set up																							
> PLCC	***	***	***	***	***	***	Not set up																							
> RSF	***	***	***	***	***	***	Not set up																							
> Combined	***	***	***	***	***	***	Not set up																							
Y7 X 2.1 Compliance IR Resolution (Remedial Action)	***	***	***	***	***	***	6	N/A	0	N/A	0	N/A	0	N/A	0	N/A	No Vol	0	N/A	0	N/A									
> PLCC	***	***	***	***	***	***	6	N/A	0	N/A	0	N/A	0	N/A	0	N/A	No Vol	0	N/A	0	N/A									
> RSF	***	***	***	***	***	***	6	N/A	0	N/A	0	N/A	0	N/A	0	N/A	No Vol	0	N/A	0	N/A									
> Combined	***	***	***	***	***	***	6	N/A	0	N/A	0	N/A	0	N/A	0	N/A	No Vol	0	N/A	0	N/A									
Y8 Measures																														
Y8X1b - ODS Responses ***	***	***	***	***	***	***	2,584	4.30	0	>6	0	>6	0	>6	0	>6	4,515	4.11	2,299	4.33	17,199	3.62	15,773	3.65	10,076	3.82	3,82	3.82		
Y9 Measures																														
Y9X1 Root Cause Analysis Timeliness	***	***	***	***	***	***	Not Set Up																							
> PLCC	***	***	***	***	***	***	Not Set Up																							
> RSF	***	***	***	***	***	***	Not Set Up																							
> Combined	***	***	***	***	***	***	Not Set Up																							
Y9X2 Root Cause Analysis Quality	***	***	***	***	***	***	Not Set Up																							
> PLCC	***	***	***	***	***	***	Not Set Up																							
> RSF	***	***	***	***	***	***	Not Set Up																							
> Combined	***	***	***	***	***	***	Not Set Up																							

TABLE Continued

LSL Exceeded==>  TPL Met==>  USL Exceeded==>  USL Exceeded==>



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**EXHIBIT B-3.2**  
**Example Service Deviation Report**  
**RCSI WEEKLY JOURNAL (Sample)**  
 (Date Range)

<u>DATE</u>	<u>FDR IR #</u>	<u>GEMS #</u>	<u>MEASURE</u>	<u>DESCRIPTION</u>	<u>CORRECTIVE ACTION</u>	<u>ROOT CAUSE ANALYSIS</u>	<u>PREVENTIVE ACTION</u>
7/3/00	4860102, 4860126, 4578609, EA# 1401496	1053831	Y3X1	From 18:00 through 22:40, RCSI may have experienced slow responses when processing collections transactions, and received error messages while attempting to utilize the memo transaction. First Data identified a monthly billing process that caused high usage on the Unix system. RCSI has determined that the actual outage impact was 25 minutes.	The billing process was cancelled.	All oracle databases at First Data were originally limited to 2 tables. First Data was in the process of systematically (by cycle) splitting these tables from 2 to 40. The F cycle and N cycle had not yet been completed when this outage occurred. On July 8, 2000 the N cycle tables were split.	The addition of 38 tables within the Oracle database will eliminate any delays that the UNIX box may have received while waiting for Oracle database replies.
7/17/00	4881760, EA# 1401497	1053831	Y3X1	From 20:40 through 21:00 CTZ, RCSI received the error message, "Function Temporarily Down", while logged into First Data collections.	The batch workloads were shifted to another mainframe (THRC) to eliminate the error message and the slow responses.	The current version of IBM software (SYNCSORT) did not have enough storage space allocated, (software flaw), which forced the system to paginate which takes additional overhead to perform. This caused slow response time and the inability to access some transactions.	A new version of SYNCSORT (v3.7) will be installed after 'compress' maintenance occurs. An implementation schedule will be provided. Two other actions have taken place that should reduce the probability of client impact in the future. The first is the addition of the third processor in the Chandler facility, and second, the rescheduling of batch workload.
7/1/00	N/A	N/A	Y5X4	Data Warehouse file NCHW3001 was available for transmission at 6:05 CTZ.			
7/8/00	N/A	N/A	Y5X4	Data Warehouse file NCHW3001 was available for transmission at 6:10 CTZ.			

Updated: \_\_\_\_\_

**EXHIBIT B-3.3**  
**Root Cause Analysis Report Template**



**Preliminary RCA - Date Prepared:**

**Final RCA - Date Prepared:**

**Prepared By:**

**Date of Occurrence:**

**First Data Service Center (SC) #:**

**First Data Infoman #:**

**First Data Project Request #:**

**MWCC Tracking #:**

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**DESCRIPTION OF ISSUE:**

**RESOLUTION / RECOVERY:**

**ROOT CAUSE ANALYSIS:**

**PREVENTATIVE ACTION(S):**

**Exhibit B-4: Service Level Template**

**Performance Standard:** \_\_\_\_\_

Measure Title	Measure	Data Type	Measure Period	Target Performance Level		Bonus Performance Level		Credit Performance Level	
					DPMO		DPMO		DPMO
					Actual Yield		Actual Yield		Actual Yield
					Defects per month		Defects per month		Defects per month
					Sigma		Sigma		Sigma
Measure Definition	Defect Definition	Data Collection Guidelines	Specific Exclusions	Report Method and Opportunities		Out of Spec Notification			
					Opportunities				
Performance Range (Low - High)		Resolution Period		Notes and Comments					

First Data Account Executive Approval: \_\_\_\_\_  
Date: \_\_\_\_\_

RCSI Process Owner Approval: \_\_\_\_\_  
Date: \_\_\_\_\_

RCSI Vendor Management Approval: \_\_\_\_\_  
Date: \_\_\_\_\_

First Data Process Owner Approval: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B-5**

Identified New Service Levels

GEN II Metrics

Y2: AFP On Demand	Load Time for Prebill, Prelim and Checker Files	Y2X6.2
Y2: AFP On Demand	Response Time	Y2X6.3
Y2: AFP On Demand	Availability	Y2X6.4
Y2: Customer Service Availability	Availability of Ancillary products ie. CIMS	Y2X10
Y2: Customer Service Availability	Response Time for Ancillary products - CIMS	Y2X11

Chronicle Measure(s)

Securitization Metric - Delivery of Securitization Accts CD - timeliness

Solution Delivery Performance Metrics, including:

Estimation SWAG cycle time – timeliness

Estimation – accuracy

Project Software Development Life Cycle (SDLC) tollgate reviews – timeliness, completeness, accuracy

Project completion – timeliness (plan vs. action completion date)

Project Quality – number of software defects released into production system

**Exhibit B-6**

Potential New Service Levels

GEN II Metrics

Y2: AFP On Demand	Load Time for Statements	Y2X6.1
Y2: AFP On Demand	Statement Record Accuracy	Y2X6.5
Y2: AFP On Demand	Data Accuracy	Y2X6.6
Y2: Customer Service Availability	Data Accuracy	Y2X7
Y2: Customer Service Availability	Availability of Ancillary	Y2X8
Y2: Customer Service Availability	Response Time for Ancillary products	Y2X9
Y2: Customer Service Availability	Availability of Ancillary(FDR Products) products	Y2X12
Y2: Customer Service Availability	Response Time of Ancillary(FDR Products) products	Y2X13
Y2: Customer Service Availability	Availability of Ancillary(FDR Products) products	Y2X14
Y2: Customer Service Availability	Response Time of Ancillary(FDR Products) products	Y2X15

Accuracy measures for authorizations, on line data, critical reports and critical files

Metric for tracking follow through of final solutions for FDR that become FDR internal projects

Security - FDR network breach

Network intrusion detection

NetworkVantage collections response time metric

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[Note: Schedule C has been superseded in its entirety  
(with the exception of the following Exhibit C-8)  
by the attached amendments.]

**Exhibit C – 8**

**Item Number Descriptions**

The purpose of this Exhibit C-8 is to define the counting to be used for billing items and mechanisms for certain Service items set forth in Exhibit C-1, the Ancillary Services items set forth in Exhibit C-2, and the Merchant Service items set forth in Exhibit C-6. Some of the items are included within the Active Account Rate and others have specified unit charges. This Exhibit does not create any independent obligation for RCSI to pay any amounts or charges and does not limit the scope of the Services.

<u>IN</u>	<u>Service/Item</u>	<u>Description</u>
7279	Account Level Actions-Accounts Reviewed	Each Designated Account reviewed in connection with Account Level Actions (“ALA”). ALA allows RCSI the ability to have several non-monetary transactions automatically initiated at the individual Account level based upon decision tables built by RCSI.
7281	Account Level Actions - Non-Monetary Batch Transactions	Each set of non-monetary transactions generated for a Designated Account in connection with an Account Level Action account review.
7260	Account Level Processing (“ALP”)	Each Account using First Data’s Account Level Processing product that remains on RCSI’s masterfile on the last processing day of the calendar month as defined on the CD-121 Ledger Activity Report or equivalent report. ALP Services-Cardholder Pricing allows RCSI the ability to set, change and monitor pricing parameters (including annual percentage rate, penalty fees, minimum payment calculations and annual charges) on an

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TBD	Acquiring Debit Services	Account automatically at the level of the individual Account based upon decision tables built by RCSI. The fees and charges associated with the use of any network switch provided by EDS or any one or all of the entities comprising the network in connection with a RCSI request.
7398	ACS Payment Defender	Each Designated Account on the First Data System for which a Payment Defender score is posted. ACS Payment Defender provides the decision tree flexibility of the Adaptive Control System with specific payment risk actions. The action driver is the highly predictive remittance score that precisely predict the likelihood a payment will be returned. Actions include the ability to “float” the payment, at the Cardholder level, by a specified percentage of the payment and length of time. The payment is actually posted to the account but RCSI will also have the flexibility to release the account’s “open-to-buy” on a graduated basis to control new credit authorizations. Other actions include automated letter generation or account queuing to further investigate high risk payments. RCSI can set the system parameters to limit the number of Active Accounts subjects to Payment Defender.

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8319	Advanced Function Presentation (“AFP”) Statements on Demand	Each Cardholder statement. A stand-alone, PC desktop archival and retrieval system for statements which may be integrate with local RCSI networks for reprints. Fax capabilities are also included. Storage media may be a combination of magnetic disc and optical.
4415	Airborne	This element identifies the Pass-Through Expense for material sent to RCSI, RCSI’s Cardholders, or vendors via Airborne.
136	Approved Application Postings for Decisioned Accounts	The posting to the First Data System of an approved Account via a non-monetary transaction.
7030	Auth Track One Name Edit	Each attempt to match the name presented on track 1 of the magnetic stripe on authorization requests from a certified merchant (POS entry mode 90) to the Designated Account records stored on the First Data System.
7907	Automatic Chargeback	Each automatic initiation of a first time outgoing chargeback by the First Data System based upon predefined parameters for transactions involving an expired account plastic, an account listed in the Combined Warning Bulletin, the non-receipt of requested items, or a Designated Account which exceeds presentment parameters.

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7340	Balance Consolidation Service Check File Creation	Each balance consolidation check request executed on First Data's online system, including the production, processing, and management of balance transfer checks, including authorization and posting of checks, creation of a check data file, transmission of the check data file to a third-party vendor selected by First Data for printing and mailing of checks and related letters/inserts and product management through production of online balance consolidation reports and generation of a CIS Memo entry for each balance consolidation request. The third party vendor selected by First Data for check print and mail services may be an Affiliate of First Data. At RCSI's option, reconciliation services and an Official Check Product may be provided through a separate agreement between RCSI and Integrated Payment Systems ("IPS"). Reconciliation services include payment of cashed items, reconciling issues to paid, researching and processing exception items, processing stop payments, and microfilming, storage and retrieval of paid items. Official Checks are centralized teller checks that receive next-day availability. If such services are obtained through contract with IPS, third-party print and mail services also will be provided through the IPS contract. First Data shall not be responsible for nonperformance, negligent performance, or default by IPS or its third-party vendor under such separate written agreement, or for providing such services in the event the agreement with IPS expires or is terminated.
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8500 Behavior Score/Adaptive Control Accounts Controlled/Behavior Scored Account

The Adaptive Control/Behavior Scoring Service Fee entitles RCSI to both of the following:

- (i) A behavior score, exception score or retained score for each Adaptive Controlled/Behavior Scored Account each month; and
- (ii) Account management through the Product Decision Areas which include, credit line management, reissue management, delinquent collections, overlimit collections and authorizations.

“Adaptive Controlled/Behavior Scored Account”, for purposes of this Exhibit C-8, means a Designated Account so designated by RCSI and which includes any Account which has received either a Behavior Score, an Exception Score or Retained Score or any Account which has been processed through the Product software which includes the Product Decision Areas set forth in (ii) above.

In the months following the termination, First Data will provide a billing credit to RCSI for Accounts which are considered

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		Exception/Statused Accounts including charged-off Accounts (i.e. those which receives a score of 001), bankrupt Accounts (those which receives a score of 002), lost accounts (those which receives a score of 003), stolen Account (those which receives a score of 004) and inactive Accounts of five cycles or greater (those which receives a score of 012, 013 or 014) and any other Exception/Status Account as designated by RCSI as long as such Accounts are not processed through the Product Software.
7914	Card Activation-RCSI Processed	Each entry of an on-line transaction by RCSI, at RCSI or its Affiliates, agents, or subcontractors location's, to change the status of a Cardholder Account associated with certain newly issued or reissued plastics (as determined by RCSI) eligible for transaction authorization purposes.
7204	Cardholder Account on File	Each Designated Account (including charged off Designated Accounts, but excluding Merchant Accounts ) that remains on RCSI's masterfile at First Data on the last processing day of the calendar month as defined on the CD-121 Ledger Activity Report or the equivalent report.
7227	Cardholder Annual Activity Summary	Each itemized, summarized, and categorized statement of Cardholder transactions that are produced at the end of each year. Summaries can be issued to selected Cardholders within the system, principal, or agent level.

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7228	Cardholder Annual Activity Summary- Detail Storage	Each Designated Account with storage of Cardholder transaction details throughout the year that will be used to create an Annual Activity Summary.
3510	Cardholder Authorization Inquiry	Each instance in which the Cardholder records of RCSI are accessed for an authorization, including personal identification number (“PIN”) verification and Cardholder address verification services, or when the authorization request is switched to RCSI’s location to access the off-site Cardholder masterfile of RCSI.
7902	Cardholder Authorization Transfer Referrals	Each connected call resulting from an authorization requiring live telephone intervention by First Data because RCSI has requested recovery of the account plastic or positive identification in order to complete the authorization transaction.
7904	Cardholder Authorization Transfer Referrals-Fraud	Each connected call resulting from an authorization attempt on a Designated Account of RCSI stashed lost/stolen or Code 10 authorization transaction where First Data’s Fraud Management Voice Operations conducts an identification process, instructs the merchant on the authorization’s disposition and attempts recovery of the transaction card if the card is identified as lost/stolen.

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		Additionally, First Data may instruct the merchant to recover the transaction card and, at RCSI's option, based upon predefined criteria, First Data shall dispatch the police to the merchant location.
7243	Cardholder Enhanced Annual Activity Summary	Each Cardholder Annual Activity Summary (as defined herein) which utilizes Enterprise Presentation system statement printing features, RCSI may elect to use either a standard or customized format.
7215	Cardholder Monetary Transaction	Each posting of a monetary transaction to RCSI's accounts, including sales, returns, cash advances, payments, chargebacks, reversals, adjustments, and annual charges.
7216	Cardholder Non-Monetary/On-line Transaction	Each entry of non-monetary information subsequently posted or unposted to a Cardholder masterfile of RCSI, or an inquiry into the computer records of RCSI and its Cardholder (potential and existing) by the use of a terminal, a POS device, through an ATM, by transmission or by tape.
7214	Cardholder Notice	Each brief notification to an Cardholder of RCSI prepared by First Data's computer at the request of RCSI based upon RCSI's Product Control File or a CRT entry request made by an employee of RCSI, including delinquency notices, delinquency statements, over-limit notices, and first activity notices. This service includes any preparation required for delivery.

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8201	Cardholder Select System (including Tape Creation and Reporting System File)	Each magnetic computer information storage unit. The Cardholder Select System allows RCSI to select a group of Cardholders from the First Data Masterfile so that specific actions can be taken on those Cardholders. The Cardholder Select System selects Cardholders that conform to a set of criteria that RCSI specifies. Selected Cardholder information can be reported and/or provided to RCSI on a number of different media. This service includes masterfile tape creation, CIF file creation, and account reporting system file creation.
7258	Cardholder Selected PIN- First Data 800#	Each connected call made to an First Data 800 number by a Cardholder of RCSI requesting a change to the personal identification number ("PIN") by the use of a touch-tone telephone.
7262	Cardholder Selected PIN-Mailer Response	Each transaction generated in connection with a Designated Account of RCSI for which RCSI enters an on-line transaction into the First Data System from a Solicitation Mailer Response ("SMR") screen or Solicitation Mailer call ("SMC") through RCSI's ARU which has been selected by the Cardholder in connection with the Cardholder in connection with the Designated Account.

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7206	Cardholder Statement Inserting	The inserting of each advertising, marketing, or other items of information not contained on a statement into an envelope containing an Cardholder statement. Inserts required by state or federal law, do not apply.
4352/4354	CD-ROM Services (CD-ROM – Reports and CD-ROM-Statements)	Each data page (equivalent to a hard copy printed report page) stored on Compact Disc-Read Only Memory (“CD-ROM”), including statements and RMS reports selected by RCSI which are currently available on microfiche for purposes of record retention, accessing and archival purposes. RCSI, at its option, may elect to utilize both the CD-ROM Services and microfiche services for the same items. RCSI is responsible for determining the acceptance of the CD-ROM Services under state and federal regulations, including obligations to retain information of a specified period of time, signature verification and admissibility of documents into evidence. It is RCSI’s responsibility to keep written or microform records, if such are required under state or federal regulations because of the limited acceptances or admissibility of the CD-ROM Services or the technology to be used under this Agreement to provide the CD-ROM Services.

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4353	CD-ROM Summary Bundles	Each CD-ROM bundle, which for purposes of the statements on CD-ROM Services, consists of three (3) copies, one for GE, one for archive and one for GE's customer service representative. A CD-ROM bundle, for purposes of the reports on CD-ROM Services, consists of two (2) copies, one for GE, and one for archive. A CD-ROM summary bundle summarizes previously produced CD-ROM data pages.
7237	Check Order Service	Each RCSI request for a daily or monthly download of Cardholder data, via transmission or magnetic tape, to a third party vendor selected by RCSI including convenience checks and check reorders. If RCSI selects First Data for the production of such items, this charge will not apply.
7201	Chronicle Memo Records	Each record of data, in a narrative form not to exceed 2,000 bytes, which, during a calendar month, is stored within or added (either manually or via the First Data System) to a Designated Account, for use as a display of account contact or for history tracking. Chronicle memos are customizable through the use of memo types, specific memo retention, display filters, sort criteria, RCSI-defined memo formats and memo text standardization.

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N/A	CIMS	First Data's Customer Inquiry Management System ("CIMS") is an on-line system which provides the means to log, assign and track customer inquiries. Under CIMS, a customer inquiry shall mean a request for information received from a Cardholder of RCSI either by mail, phone, walk-in or some other medium. A workcase is the basic work unit within CIMS; it represents a customer inquiry. workcase option with variable ("WOV") Services shall also be available under CIMS at RCSI's option.
7234	CIMS-Log Only Workcase	Each Cardholder inquiry resulting in a work case that is entered into CIMS by RCSI for internal reporting purposes only.
7232	CIMS-Regular Workcase	Each Cardholder inquiry that, for whatever reason, requires review, task completion and/or follow-up by RCSI personnel in order to resolve a Cardholder inquiry. An Cardholder inquiry shall mean a request for information received from an Cardholder of RCSI either by mail, phone, walk-in, or some other medium. A workcase is the basic work unit within CIMS; it represents an Cardholder inquiry.
7255	CIMS-Regular Workcase Actions	Each (i) task which is performed in the resolution of a regular workcase or (ii) brief communication that contains directive, advisory, or informative matter stored within an action workcase that is entered by RCSI's personnel.

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7233	CIMS-WOV Workcase	Each Cardholder inquiry resulting in an optional workcase that sends variable information to a file for downloading to RCSI. Actions may be used to establish the specific grouping of variables that will be downloaded to RCSI.
N/A	CIS	First Data's Customer Inquiry System ("CIS") is an on-line system for storing and accessing Statement, Detail or Memo information regarding a Designated Account.
7312	CIS-Detail	Each item of information regarding transactions that have posted or will post to an Cardholder statement such as charges, payments, credits, and authorizations not aged off the Cardholder's file, Cardholder payment history, and real-time authorizations.
7311	CIS-Online Statement	Each set, containing a month's statement and detail information regarding Designated Accounts, that is stored on the First Data System and accessible by RCSI via RCSI's terminals. CIS statement information includes the information set forth on an Cardholder statement such as, but not limited to, the name, address, account number, statement date, payment date, cycle days, annual percentage rates, and monthly periodic rates.

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7316	Client Defined Screens	This element identifies online transactions RCSI enters to access client-defined screens for a Designated Account. Client-defined screens allow RCSI to tailor the primary Cardholder display screens to meet the specific needs of RCSI's credit card plan.
7337	Commercial View Data Storage	Each 1000 data elements, such as transaction details or summarized information, housed in the Commercial View database. These services will be provided at *** charge for CommercialLine Accounts for the five (5) CommercialLine services described in Schedule A, Section 1.1.
7336	Commercial View Software License Fee	Each workstation provided with access to the CommercialView software platform. CommercialView provides access to commercial card data via extensive standard reports and ad hoc query capabilities. The product uses point-and-click technology and will enable RCSI to generate standard reports using predefined queries, customize reports via user-defined queries, define queries for scheduled report execution, produce output for internal business needs, and use built-in functions for sophisticated analysis. These services will be provided at *** charge for CommercialLine Accounts for the five (5) CommercialLine services described in Schedule A, Section 1.1.

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7338	CommercialView User IDs	Each user identified as having access to the CommercialView product. This includes all existing user IDs, even if not currently an active user. These services will be provided at *** charge for CommercialLine Accounts for the five (5) CommercialLine services described in Schedule A, Section 1.1.
7230	Company Card Report Creation (generic form is bundled)	Each set of reports prepared by First Data for mailing to a company designated by RCSI in connection with commercial card services. A set of reports shall mean all reports of a single company which are placed in a single envelope for mailing. These services will be provided at *** charge for CommercialLine Accounts for the five (5) CommercialLine services described in Schedule A, Section 1.1.
4309	Computer Based Training (“CBT”) Modules	Each self-directed Computer Based Training course, detailing one or more aspects of the First Data System, product, or functionality, which RCSI elects to receive and system documentation manuals on CD-ROM.
5619	Consulting Fees	Fees associated with First Data providing external consulting services to RCSI measured by the number of hours.
8300	CPU Line Related Charges	The Pass-Through Expenses for modems, data lines, local data line access hookup charges, monthly charges for hook up to a series one interface-CPU link, administrative charges to maintain the system, dial backup charges, communication lines taxes, modem sharing device maintenance costs and tariff adjustments.

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8301	Dataline Charges	This element identifies the Pass-Through Expenses for connection to First Data's data center.
7443	Datalink Processing	Each group of 10 data fields stored in First Data's DataLink file, a file supplementary to the First Data masterfile. DataLink gives RCSI the ability to store and integrate data external to First Data, for scoring, decisioning and other purposes.
7155	DecisionQuest Plastics	The number of Active Accounts passed through the plastic DecisionQuest decision engine. This fee includes the use of the GUI front-end to build offer items and the business rules for those offer items.
7154	DecisionQuest Statements	The number of Active Accounts passed through the statement DecisionQuest decision engine. This fee includes the use of the GUI front-end to build offer items and the business rules for those offer items.
8205	***	This element is measured by each Development Hour of work performed by the *** and/or ***.
7236	Downloaded Delinquent Accounts to Powerdialer	Each selected Designated Account which is transmitted to RCSI, or any other third party acting on RCSI's behalf, for collection purposes in connection with RCSI's Automated Customer Calling Device ("ACCD").

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7532	e-Customer Service Transactions	Each request by the RCSI website for (i) uncached screens displaying e-Customer Service view transaction material or (ii) functions defined from time to time as e-Customer Service update transactions.
7905	Emergency Card or Cash Replacement Services	The capture and processing of information by First Data's fraud management voice operations in the performance of emergency cash authorization services or for coordinating the creation and delivery of a replacement card(s) for RCSI's Cardholder. First Data acts as an authorizing agent on behalf of RCSI to provide temporary replacement or emergency cash disbursement when a Cardholder reports an account lost/stolen. RCSI determines the parameters used and the options offered by establishing PCF settings. Temporary cards are good for 30 days; if such cards are gold, they can be replaced with gold. Cardholders will have no ATM access and such cards will not have CVV/CVC and nor any encrypting mechanisms.
7387	Enhanced Application Support Services (provided by Credit Customer Service, Inc. and this charge is in addition to the price for the underlying service)	An application, including application loading, data verification, identification, and routing to RCSI-defined EAPS workstations, income calculations, special handling, and data comparison, reviewing and routing of fraud applications, downsell and upsell review and processing, expedited ICS, posting of non-monetary transactions, and an automated interface with balance consolidation and authorized users.

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7198/ 7199	Enterprise Presentation Statement Additional Pages-Simplex/Duplex	Each additional page (or side of a page) of a Cardholder statement produced by First Data on behalf of RCSI utilizing the Enterprise Presentation feature.
7197	Enterprise Presentation Statement-Duplex	Each Cardholder statement produced by First Data on behalf of RCSI utilizing the Enterprise Presentation feature with printing of material on both sides of the physical page.
7196	Enterprise Presentation Statement Page1-Simplex – first page	Each Cardholder statement produced by First Data on behalf of RCSI utilizing the Enterprise Presentation feature. Enterprise Presentation is the system which allows RCSI flexibility to electronically arrange through Advanced Function Processing (“AFP”), create and place logos and graphics, select from numerous font types and sizes, and selectively group transactions on the Cardholder statement. RCSI understands and agrees that Enterprise Presentation Cardholder statement data may only be stored for archival use on CD-ROM or tape and may not be so stored for archival use on microfiche.
5715	ETC Ticket-Acquiring Debit	Each electronic on-line debit transaction card transaction of a Merchant that is captured, by means of an electronic process, and forwarded to First Data for processing and reporting in connection with First Data’s Acquiring Debit Services. Each electronically captured debit transaction is a count.

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7498	Evolve Collection-Avg Collection Accts	The sum of the total number of Designated Accounts resident in the Evolve System – Collections Application for each business day of the month divided by the number of business days in such month. The Collections Application consists of a customizable template of core collection service functions typically handled in a credit card collections operation, including, but not limited to (i) a primary composite screen with the ability to designate and systematically note “template available” or “client customized” actions taken on a Designated Account, (ii) secondary display screens that show such items as payment history, Cardholder history, calendar and statement information, and (iii) supervisory functions such as work/collector assignments and collector productivity. The Collections Application also includes a graphical user interface (GUI), workflow engine, rules based decisioning and an ad hoc reporting tool. With certain exceptions, the Collections Application includes “basic dialer interface” functionality with most major dialers.
7455	Evolve Customer Service – Gross Active Fee	The First Data “Evolve Customer Service Application” product and services, executed from First Data’s Data Center (including hardware, software and

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support) in order for RCSI's personnel to perform customer service application processing for its cardholders, will provide RCSI with the ability to access its data that is resident on the First Data System by the use of a workstation(s) at RCSI's location(s), which will be linked via telecommunications data line(s) to certain hardware and software applications provided and maintained by First Data through its distributed systems platform. The Customer Service Application will consist of a template of core customer service functions typically handled in an inbound customer service call center, including a graphical user interface (GUI), workflow engine, rules based decisioning and an ad hoc reporting tool. Set-up of the Customer Service Application includes configuration services of up to 400 workflow architect hours. Use of the Customer Service Application will be billed based upon the number of Active Accounts utilizing the Evolve product for the applicable month, subject to indicated limitations/exclusions.

3517 External Auth Billing

Each Merchant authorization received from RCSI, or a third party acting on RCSI's behalf, and reported by First Data.

7968 Falcon Fraud Detection Strategies

Each Active Account that is processed by the FDR Fraud Detection Strategy product. The Fraud Detection Strategy product does not incorporate the FDR Falcon Fraud Detection scoring model.

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7938	Falcon Fraud Detection System	Each Active Account which is processed through the Falcon Fraud Detection System (the neural network fraud detection system created to provide the ability to detect potentially fraudulent accounts) during the month. Segments of Falcon include Fraud Scoring, Fraud Strategies, and the Fraud Detection Work Center. RCSI can set the system parameters to limit the number of Active Accounts subject to Falcon.
7982	Falcon Processing Manual Account Review	The service provided by First Data personnel in conjunction with the domestic Falcon Fraud Detection Work Center using a manual review for fraud by an analyst prior to calling an RCSI Account. Accounts reviewed are selected based upon RCSI-defined criteria and may not be called depending on the analyst's review.
7980	Falcon Processing Predictive Dialing-Domestic	Each Designated Account with in the Falcon fraud defection work center for which an Operator action was executed in any given month. The service provided by First Data Personnel in conjunction with the domestic Falcon Fraud Detection Work Center using a predictive dialer to place automated outbound calls to Accounts. The service includes production of CIS Chronicle Memos, letter and other Account statusing actions based on RCSI's defined criteria.

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4416	Federal Express	This element identifies the charge for material sent to RCSI, RCSI's Cardholders, or RCSI's vendors via Federal Express.
0601/ 7240/ 7471	First Class Mail Statements/Cardholder Legacy Statement/Statements and Letters	Each monthly summary of RCSI's Cardholder financial calculations and messages printed as determined by RCSI's statement print file.
7223	First Data Entered Transaction – Mon/Non-Mon	Each Cardholder monetary or non-monetary transaction entered by First Data Personnel via the on-line system on behalf of RCSI including stub payment entry, reversals, adjustments, and name/address changes.
7224	First Data Entered Transaction-New Account	Each new Cardholder account entered into the First Data System by First Data Personnel on behalf of RCSI.
4320	First Data Linkup Mailbox Fee	Each mailbox for electronic mail maintained by First Data on behalf of RCSI.
4321	First Data Linkup Start-Up Fee	Each new electronic address established for RCSI for converting or signing up for electronic mail services.
7220	First Data's Application Processing System	An on-line system supporting the data entry, credit investigation, credit analysis, decisioning, documentation, and booking of credit applications on the First Data System. Services include automated credit scoring and credit limit assignment.

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7956	First Track-Per Lost/Stolen Report	The charge for using the FDR First Track product. This charge is based on the number of lost/stolen account reports received during a month. The FDR First Track Fraud Management System is designed to streamline RCSI's methods of fraud research and investigation (R&I). FDR First Track automatically collects account and transaction information from mainframe sources, assembling cases in a centralized work center for review and processing.
7926	Footprint Logged Transactions	Each inquiry (monetary and non-monetary) transaction entered by an employee of RCSI on a Designated Account which is recorded and logged by First Data. Such record may be used by RCSI to track transaction activity by Account or by employee for up to one hundred twenty (120) days prior to the then current date. This function can be set up at the Agent level or above only.
4301/ 4423	Forms/Envelopes/Inserts	Pass-Through Expenses for paper materials (including inserts, forms and agreements) ordered on behalf of RCSI including but not limited to statement stock, envelopes and inserts.
7947	Fraud Return Records in FAR Queue	In conjunction with MasterCard's System to Avoid Fraud Effectively ("SAFE"), each record returned to the First Data on-line

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fraud queue from MasterCard for which RCSI can take an action such as charging back, deleting, updating, or removing the item from the queue, SAFE provides issuers and acquirers the most current information regarding fraud losses and other fraud activity. SAFE allows for an exchange of information between First Data and MasterCard, giving RCSI access to the most accurate fraud reporting information available. With the exchange of information that occurs in the SAFE program, First Data provides MasterCard with a list of the Designated Accounts that have been identified as fraud or not-received-as-issued (“NRI”). MasterCard then sends back to First Data a listing of returned items in which there are field errors associated chargeback rights.

7408	Interface Services-Magnetic Tape Handling	Each receipt of data by First Data from RCSI or each forwarding of data to RCSI from First Data via mail or courier-delivered magnetic media, including diskettes and magnetic tapes.
7411	Interface Services-RJE/NDM	Each transmission or receipt of RCSI Data by First Data via a central processing unit to a central processing unit. These transmissions will be provided using remote job entry (“RJE”) or network data mover (“NDM”) or their equivalents.

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7412	Interface Services - Tape to Tape	Each transmission or receipt of RCSI Data by First Data via a central processing unit to central processing unit transmission using a tape to tape interface. Such tape to tape interface does not include mailing of tapes. This process is an alternative to IN7411.
6202	Internet Account Acquisition Service ("IAAS")	This element identifies the charge for each credit application processed using the First Data Internet Account Acquisition Service ("FDIAAS"). FDIAAS applications are received by First Data Credit and Customer Service ("FDCCS") via RCSI's Web host and are processed by FDCCS using the FDCCS instant credit process along with the Application Processing System ("EAPS").
7231	IRS Home Equity Form 1098	Each Internal Revenue Service ("IRS") Form 1098 prepared by First Data's computer, for the purpose of disclosing and reporting interest paid on a home equity account in excess of \$600. This hard copy form is prepared and sent in accordance with RCSI's Product Control File settings to RCSI's Cardholder. Service includes creation of a tape for RCSI's reporting of Cardholder information to the IRS.
7217	Issuer Chargebacks	Each return of a ticket and receipt of the amount thereof from an issuer to an acquirer as provided for in the then current MasterCard and Visa international rules and regulations or

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		applicable domestic regulations. Issuer chargebacks subsequently reversed by the acquirer will be forwarded by First Data to RCSI for resolution via the On-Line Direct Sell Chargeback system.
5600	KnowledgeSight	A relational data base warehouse product that enables GE to turn masterfile data into customized multi-dimensional analytical strategies to be used in target marketing, credit risk, fraud and collections. KnowledgeSight fees are determined at the data warehouse level discussed below.
TBD	KnowledgeSight Analytical Warehouse-Data Load Fee	Each automatic update of a client-specific analytical data warehouse each time the KnowledgeSight foundation warehouse is updated.
TBD	KnowledgeSight Analytical Warehouse-Data Warehouse Storage Fee	Each group of 100 data fields housed in the KnowledgeSight data warehouse in any given month. Includes maintaining RCSI-specific time series of summarized portfolio data.
5604	KnowledgeSight Extracts Data Fee	Each 1,000 kilobytes of information included in an electronic transfer occurrence. The delivery of RCSI-specified data via a custom file from a variety of masterfile sources such as the Cardholder masterfile, posted monetary file, statement file and promotions masterfile using the KnowledgeSight data extract process.

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5616	KnowledgeSight Foundation Warehouse-Data Load Fee	Includes continually loading the KnowledgeSight data warehouse with core processing and master file information generated through the First Data System.
5615	KnowledgeSight Foundation Warehouse-Data Warehouse Fee	Includes designing, implementing, and maintaining a RCSI-specific data warehouse and provide RCSI with tools for accessing and using the data it contains.
5617	KnowledgeSight Foundation Warehouse-Historical Retention Fee	Each group of 1000 data fields housed in the KnowledgeSight data warehouse in any given month.
7677	Laser PIN Mailer	Each PIN mailer, post mailer or acknowledgment mailer created by laser printing or other similar technology and which is pressure sealed in connection with a Designated Account.
7209	Letter-Additional Page	Each printed output on the reverse side of a letter (duplex printing) or each side of each sheet of 8 1/2 by 11 inch 24 lb. Bond stock accompanying a letter.
7210	Letter – Priority Mailing	Each letter, with or without letter insert, which is handled separately from RCSI's first class mailings to provide next day delivery. Service is in additional to other First Data services required for preparation of RCSI's letters. This does not include postage.

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7212	Letter – Group Samples	Each individual or set of letters prepared by the First Data System, in accordance with RCSI’s Product Control File settings or on-line entry requests made by employees of RCSI, which is printed and mailed to RCSI in a draft format for RCSI’s review and approval.
7208	Letter-Inserting	Each inserting of advertising, marketing, or other item of information not contained on a letter, including a reply envelope, into a windowed envelope containing a letter.
7213	Letter-Setup, Revision or Deletion- Performed by First Data	Each hour spent by First Data Personnel performing additions, deletions, or changes, on behalf of RCSI, of a RCSI’s letter format, or inputs including, but not limited to, digitized signatures and logos of RCSI.
7207	Letters	Each letter prepared by the First Data System, in accordance with RCSI’s Product Control File settings or on-line entry requests made by RCSI. Each such letter shall have on-line composition and editorial features and options including signatures, logos, multiple type faces, and additional page capabilities. Service includes any preparation required for delivery to USPS or RCSI’s designated carrier. This does not include postage or forms.
7211	Letters-Special Mail Handling	The manual pulling of a letter from production, and the preparation of the letter for special mail handling (i.e. certified letter, overnight delivery, etc.)

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7908	Lost/Stolen Account Management and Investigation	Each Designated Account for which a security masterfile record has been established. Investigative services relating to RCSI's Cardholder lost or stolen accounts, including, but not limited to, lost/stolen account research, fraudulent activity investigation, affidavits, Cardholder interviews, manual adjustments, chargebacks and retrievals, fraud and counterfeit reporting, and account reconciliation.
7900	Lost/Stolen Account Processing System	Automatic actions, relating to the processing of a Cardholder's account statused as lost or stolen, required to prompt RCSI fraud/security representatives, record the representatives directive(s) and request that a Designated Account number be listed in the appropriate Combined Warning Bulletin; automatically report the Cardholder's account number to Visa and MasterCard's Authorization Exception system, if applicable; systematically, based upon RCSI's predefined parameters, initiate the setup of a new Designated Account; reconcile transactions posted but not yet statemented at the time of the Cardholder's reporting, including, but limited to, the transfer of valid transactions to the Cardholder's replacement account and identification

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		and recording of nonvalid transactions as fraudulent; automatically request approved reissue of account plastic(s) and suspend reissue of account(s) not approved for review by RCSI; and automatically update the Cardholder's phone number in the Cardholder masterfile from the lost/stolen report.
7909	Lost/Stolen Account Transaction Management	Each transaction posting to a Designated Account stasured as lost or stolen which is automatically identified and reported to an on-line work queue from which RCSI may initiate on-line transactions to produce a transaction adjustment, a chargeback, or a ticket retrieval request; issue an affidavit of fraud or forgery to RCSI's Cardholder; and/or report a fraudulent transaction to Visa or MasterCard.
7901	Lost/Stolen Report – First Data Entered	Each RCSI Cardholder plastic reported to First Data Personnel as lost or stolen. Reports entered on-line immediately change the external status and block authorization requests on the Designated Account. Service includes lost/stolen reports received via collect call, telegram, and telex.
5727	Merchant 12B Letter	A letter sent directly to a Merchant of RCSI requesting a retrieval.
5700	Merchant Account on File	Each Merchant that remains on RCSI's masterfile at First Data on the last processing day of the calendar month as

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		defined on the MM-101, Merchant Profitability report, or an equivalent report which correctly calculates the number of merchants. There is no separate charge for use of the on-line system. This service is for bankcard merchant processing which is defined as Merchants or merchant locations who enter bankcard transactions through Interchange and does not apply to retail-only Merchant Accounts on File.
5707	Merchant Acquirer Chargeback	Each return of a ticket and receipt of the amount thereof from an acquirer or an issuer as provided for in the then current MasterCard and Visa rules and regulations. Acquirer chargebacks will be forwarded by First Data to RCSI for resolution via the On-Line Direct Sell Chargeback System.
5701	Merchant Additional Card Types on File	An additional merchant transaction card (i.e. non-MasterCard or Visa cards) for which a Merchant Account accepts transactions and/or authorizations from Cardholders. Each additional merchant card on file is a count.
2806	Merchant Address Verification-Electronic	Each electronic inquiry request received by First Data from a Merchant requesting a confirmation of the address of an Cardholder.
3519	Merchant Address Verification-Voice	Each voice inquiry request received by First Data from a Merchant requesting a confirmation of the address of an Cardholder.

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3505/ 3506	Merchant ARU Authorization	Each audio response unit (“ARU”) authorization service provided to a Merchant of RCSI by the use of a touch-tone telephone during which First Data has electronic contact with a Merchant and receives the Merchant number, an audio response unit authorization inquiring, merchant assistance request or a security action.
0227	Merchant Assist Voice Call	Each miscellaneous customer assistance request from a Merchant of RCSI that is received by FDMS’ voice authorization center.
3515	Merchant Assistance Calls (Voice)	Each miscellaneous customer assistance request from a Merchant of RCSI that is received by First Data’s voice authorization center.
3508	Merchant Batch Authorization Inquiry	Each inquiry processed for Merchants, including, but not limited to, address verification sent to First Data via magnetic tape, tape to tape transmission or remote job entry (“RJE”) transmission from RCSI or RCSI’s merchant.
5705	Merchant Batch Header-First Data Entered	Each summarization of merchant tickets deposited by the Merchant , or by RCSI and entered by First Data via hard copy received from RCSI.
5706	Merchant Batch Header-Remote/Tape Entered	Each summarization of merchant tickets deposited by the Merchant or by RCSI

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		and entered remotely from RCSI's terminal(s) or transmitted electronically to First Data via magnetic tape or tape transmission from RCSI or a third party acting on RCSI's behalf.
5770	Merchant Compute Letter	Each letter to a Merchant prepared by the First Data System at the request of RCSI based upon RCSI's Product Control File or on-line entry requests made by employees of RCSI. Each such letter shall have on-line composition and editorial features and the option of multiple page letter generation. This service includes any preparation required for delivery.
3507	Merchant CPU to CPU Authorization Inquiry	Each authorization inquiry, including address verification, received in First Data protocol via a computer to computer (CPU-to-CPU) interface between First Data's computer and the computer of RCSI or a Merchant or via terminals or leased line point-of-sale terminals that are on the premises of RCSI or a Merchant.
3518	Merchant Debit Summary File	Each Merchant debit transaction received from RCSI, or a third-party action on RCSI's behalf, and reported by First Data.
5719	Merchant Electronic Draft Storage	The storage of each paper copy of an ETC Ticket received from an ETC Ticket or Tape Ticket Merchant of RCSI by First Data. A count represents each ticket stored electronically.

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5716	Merchant Electronic Reporting	Each Merchant signed up to receive, via electronic transmission, a file containing daily and weekly merchant deposit activity confirmations and reports. It allows Merchants to match their records with those captured by the First Data System more efficiently. The electronic file replaces the hardcopy reports at the Merchant's request.
5717	Merchant ETC Batch Header	Each electronic summarization of ETC Ticket transactions deposited by RCSI, or a Merchant, and delivered to First Data. A count represents each Merchant Batch Header electronically presented to the First Data System.
5721	Merchant ETC Confirmation Letter	Each hard copy daily reports prepared by First Data for use by the Merchant to confirm all ticket transactions received from the Merchant and processed the previous day via Electronic Ticket Capture ("ETC") or tape.
5720	Merchant ETC Deposit Summary	Each weekly hard copy report sent to the Merchant confirming each deposit made during the week by said Merchant.
5718	Merchant ETC Headquarters Report	Each daily hard copy report sent to a headquarters' location of a Merchant which contains ETC or Tape transaction information for its individual Merchant location(s). A count represents each outlet report sent to the outlet's headquarters.

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5714	Merchant ETC Ticket	Each electronic ticket of a Merchant that is captured, by means of an electronic process, and forwarded to First Data for processing and reporting. Each electronically captured transaction is a count.
7903	Merchant Hot Call Referral	Each authorization referral from a Merchant regarding an Cardholder of RCSI (a) for which First Data is requested to recover the plastic or complete the authorization transaction or (b) for which First Data is requested to provide assistance regarding an Cardholder stasured as lost/stolen or code 10.
5772	Merchant Letter Additional Page	Each printed output on the reverse side of a Merchant letter (duplex printing) or each side of each sheet of 8 1/2" by 11" 24 lb. bond stock accompanying a Merchant letter.
5776	Merchant Letter Certified Mail Handling	Each Merchant letter, with our without Merchant letter Insert, which is handled separately from RCSI's first class mailings to provide certified delivery of said item. This does not include postage.
5775	Merchant Letter Group Samples	Each individual or set of Merchant letters prepared by First Data's computer, in accordance with RCSI's product control file settings or on-line entry requests made by employees of RCSI in a draft format for RCSI's review and approval.

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5771	Merchant Letter Insert	Each inserting of advertising or other item of information not contained on a Merchant letter, including but not limited to generic reply envelopes, into a windowed envelope containing a Merchant letter.
5777	Merchant Letter Perforations	Each Merchant letter printed on perforated paper.
5773	Merchant Letter Priority Mailing	Each Merchant letter, with or without Merchant letter Insert, which is handled separately from RCSI's first class mailings.
5713	Merchant New Account-First Data Entered	Each new Merchant account of RCSI entered by First Data on RCSI's behalf.
5712	Merchant Non-Monetary/On-Line Transaction	Each non-monetary transaction entry and subsequent posting or unposting of information to the merchant masterfile or an inquiry into the computer records of RCSI and its Merchants by the use of a terminal or tape. Bundled in 5700.
5726	Merchant Non-Monetary/On-line Transaction-First Data Entered	Each Merchant non-monetary/on-line transaction to a Merchant which is entered by First Data on RCSI's behalf.
7103	Merchant On-line Statement	Each new Merchant Statement. Allows the user to view Merchant statements on-line accessing major sections of the statement. Each statement will be retained on-line for three (3) months.

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7607	Merchant Plates/Plastics	Each plastic card or metal plate for which First Data has mechanically raised personalized characters in accordance with RCSI's product control file settings and merchant masterfile.
3502	Merchant POS Auth Local Line Inquiry	Each dial-up point-of-sale terminal inquiry serviced by First Data for Merchants by the use of a dial-up point-of-sale terminal and local line telecommunications service during which First Data had electronic contact with a Merchant and receives a merchant number.
3504	Merchant POS Authorization 950 Access	Each dial-up point-of-sale terminal inquiry serviced by First Data for merchants of RCSI by the use of a dial-up point-of-sale terminal and 950 telecommunication services during which First Data had electronic contact with a Merchant and receives a merchant number.
3503	Merchant POS Authorization WATS Line Inquiry	Each dial-up point-of-sale terminal inquiry serviced by First Data, including, but not limited to, address verification for Merchants by the use of a dial-up point-of-sale terminal and WATS line telecommunication services during which First Data had electronic contact with a Merchant and receives a merchant number.

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3516	Merchant Premier Authorization Inquiry	Each interactive touch tone authorization inquiry serviced by First Data for Merchants of RCSI, for each instance during which First Data has electronic contact with a Merchant of RCSI and receives the merchant number.
3509	Merchant Referral Recovery	Each referral authorization message handled by First Data on behalf of a Merchant. The Merchant will call the voice center, and the Merchant Service representative will remain on the line as the issue is resolved under direction from the issuer of the card. The Merchant Services representative may be required to call the issuer or the police or may be required to make a transfer to the fraud department.
5708	Merchant Retrieval	Each request of an original copy of a monetary item serviced by First Data in response to a request for a Merchant ticket or copy of the same stored at First Data, on behalf of RCSI, or available through MasterCom services. Retrieval services can include but are not limited to the manual fulfillment of the request by an First Data representative or the use of a MasterCom or Visa workstation, modem, scanner and proprietary system developed by MasterCard or Visa to enable the storage and transfer of documents as electronic images for retrieval purpose. With regard to the latter, First Data will (a) receive, via a MasterCom or Visa workstation located

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at First Data's premises, a copy of a ticket image previously requested from an Acquirer by RCSI or a notification from MasterCard or Visa that the Acquirer has failed to return a ticket image previously requested from an Acquirer by RCSI or a notification from MasterCard or Visa that the Acquirer has failed to return a ticket image within the time period permitted by MasterCard or Visa rules, (b) mail a copy of the ticket image or notification to RCSI and (c) transmit RCSI's acceptance or rejection of each ticket to MasterCard or Visa following receipt of RCSI's written instructions on acceptance or rejection of such ticket. Following receipt by First Data of a request on the MasterCom or Visa system for a facsimile of a ticket previously thereof and forward an image of such ticket to the requesting party utilizing a MasterCom or Visa workstation located at First Data's premises. Following receipt by First Data of a request on the MasterCom or Visa system for a facsimile of a ticket previously acquired by RCSI and stored away from First Data's premises, First Data will (a) mail a request to the custodian of the ticket and (b) utilizing a MasterCom or Visa workstation located at First Data's premises forward an image of such ticket to the requesting party.

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5702	Merchant Statement	Each monthly summarization of activity (whether printed or otherwise) associated with a Merchant. Service includes any preparation required for delivery.
5703	Merchant Ticket First Data Entered	Each ticket from RCSI's merchant that is transacted from any bank identification number ("BIN"), interbank card association ("ICA") or other customer account system identification number and entered by First Data on RCSI's behalf
5704/ 0139	Merchant Ticket Remote/Tape Entered / Outgoing Interchange	Each ticket from RCSI's merchant that is transacted by a Cardholder from any bank identification number ("BIN"), interbank card association ("ICA"), or other transaction card system identification number and entered remotely from RCSI's terminal(s) or via magnetic tape or tape transmission to First Data by RCSI or a third party acting on RCSI's behalf.
3501	Merchant Voice Authorization Inquiry	Each merchant authorization request received by First Data through voice inquiries from Merchants, including collect calls, or via telegrams and telexes from countries outside of the United States.
8302	Modem Charges	This element identifies the charge for a modem data line. RCSI will provide modems as needed for both ends of a line.

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7445	Monthly Active Accounts	The fees for Services provided to an Active Account. “Zero balance” statements with no activity as defined above, shall not be deemed to be Active Accounts and shall not be subject to the Active Account Fee.
5007	Network Control Requests	Each request for programming and access specifications for client terminals.
7911	No Response Referral Queue	Each recording and display in an on-line work queue of a Cardholder authorization referral to which a Merchant has failed to respond.
2816	Non-Mon Transaction Credit Bureau Score	Each FICO credit bureau score posted to a Designated Account. The scores can be pulled from three sources: Experian, Equifax, and Trans Union. RCSI can then determine which one of the three scores to post. This includes the process of obtaining the scores from the credit bureaus. If RCSI elects to obtain the scores from the credit bureaus, then this charge shall not apply.
7402	Non-Standard Recurring Job Runs	Each scheduled daily, weekly, or monthly production of a data set on behalf of RCSI that is in addition to the standard data outputs produced by the First Data System.
7943	NRI Returned Records in Queue	In conjunction with MasterCard’s system to avoid fraud effectively (“SAFE”), each record returned on-line to the First Data System from MasterCard due to an error

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		condition. SAFE provides issuers and acquirers the most current information regarding fraud losses and other fraud activity. SAFE allows for an exchange of information between First Data and MasterCard, giving RCSI access to the most accurate fraud reporting information available. With the exchange of information that occurs in the SAFE program, First Data provides MasterCard with a list of the Designated Accounts that have been identified as fraud or not-received-as-issued (“NRI”). MasterCard then sends back to First Data a listing of returned items in which there are field errors or associated chargeback rights.
7434	OARS 60 Day View	Each page of Information Delivery Platform (“IDP”) reports which is stored by First Data for on-line viewing and printing by RCSI’s personnel. First Data shall make reports available for reviewing for the period of from four (4) days following daily cycle completion to either thirty (30), sixty (60), seventy five (75) or ninety (90) days following daily cycle completion, at RCSI’s option. RCSI, at its option, may elect to utilize either or both of the OARS Services and/or CD-ROM Services for the same IDP reports.
7433	OARS 30 Day View	
7436	OARS 90 Day View	
7413	On-Line Access and Retrieval System (OARS)	Each page of Reports Management System (“RMS”) reports which is stored by First Data for on-line viewing and

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printing by RCSI's personnel. Storage of data by First Data shall be for a period of up to sixty (60) days. RCSI, at its option, may elect to utilize both the OARS services and microfiche services for the same RMS reports. RCSI is responsible for determining the acceptance of the OARS services and the technology to be used under this Agreement to provide the OARS services under state and federal regulations, including, but not limited to, obligations to retain information for a specified period of time, signature verifications, and the admissibility of documents into evidence. It is RCSI's responsibility to keep written or microform records, if such are required under state and federal regulations because of the limited acceptance or admissibility of the OARS services or the technology to be used under this Agreement to provide the OARS services.

7222 On-Line Credit Bureau Report Request

A request through the on-line interface which is accessed via video request display terminals at RCSI's, or in connection with the receipt of Services, its Affiliates', agents', or subcontractors locations to any of the principal credit bureaus presently supported by First Data with which RCSI or in connection with the receipt of Services, its Affiliates, agents, or subcontractors have established a written relationship that is in effect during the Term in order to

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7246	ODS Physical Gateway	determine the credit worthiness of any applicant account or to provide support for collections and re-issue. The hardware required to commute Sybase Open Client to Sybase Open Server for CICS. Each physical gateway can support approximately 400-500 connections. First Data currently supports IBM OS/2 process servers operating on an Intel class platform.
7244/ 7270	ODS Transaction Fee/ODS DB2 Transactions	The transactions generated by a request for Cardholder information or a Cardholder posting to the First Data System, provided through the ODS Access System. A single request may contain a number of transactions depending on RCSI's requirements.
1301	Payment Defender	Each payment which is processed through the FDR Payment Defender/Available Funds decisioning system allowing RCSI to limit the risk on such Account associated with the increased 'open to buy' created by a payment. Such system places a hold (float) on all or a portion of the payment for a specified number of days, restricting the 'open to buy' available to the Cardholder.
7226	PINpoint Inquiry	Each transaction selection (more than one selection may be made during a call) made by a Cardholder of RCSI which accesses the Cardholder's account records for selected information by the use of a touch-tone telephone.

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7619	PlastiCard Agent Strategy Level Inserting Setup	Each set of physical inserting control instructions due to a change in RCSI's plastic card insert at the agent/strategy level.
7621	PlastiCard Braille Embossing	Each plastic card for which First Data has embossed Braille characters on the front of the plastic.
7625	PlastiCard Bulk Package-Basic Sort	Each plastic card separated from the embossing production run for individual systems, principals, agents or grouping of ZIP codes. Processing required to receive all eligible zip sort credits is bundled in 1N7601. Charges for this service only apply if the standard production process is stopped for the manual separation of groups.
7633	PlastiCard Bulk Packaging- 3 Digit	Each plastic card separated from the embossing production run for individual systems, principals, agents by grouping of ZIP codes, including sorting to a 3- digit sort. A 3-digit sort is when the post office sorts the mail to the first 3 digits of a ZIP code, this mail is sent to a general post office. Processing required to receive all eligible zip sort credits is bundled in 1N7601. Charges for this service only apply if the standard production process is stopped for the manual separation of groups.

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7634	PlastiCard Bulk Packaging- 5 Digit	Each plastic card separated from the embossing production run for individual systems, principals, agents by grouping of ZIP codes, including sorting to a 5-digit sort. A 5-digit sort is when the post office sorts the mail to the first 5 digits of a ZIP code, this mail is sent to a general post office. Processing required to receive all eligible zip sort credits is bundled in IN7601. Charges for this service only apply if the standard production process is stopped for the manual separation of groups.
7622	PlastiCard Card Activation Labeling	Each affixation of a sticker to each embossed plastic in a RCSI Cardholder embossing run; a generic sticker is included at no additional charge.
7653	PlastiCard Card Carrier Match/Merge-Off-Line Service	Each RCSI card carrier with electronic scanning of the account number and the account number on the magnetic stripe (OCR line optional) of RCSI's plastics. Upon verification of match, insert from 1-4 matched plastic cards into carrier as per control line specifications and then burst, trim, and fold carrier (refer to IN7601); only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.
7603	PlastiCard Card-Match/Merge	A carrier, including the electronic scanning of the account number on RCSI's card carrier and the account

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		number on the magnetic stripe (OCR line optional) of RCSI's plastics. Upon verification of match, insert from 1-4 matched plastic cards into carrier as per control line specifications and then burst, trim, and fold carrier (refer to IN7601).
7654	PlastiCard Carrier Insert/Meter/Mail-Off-Line Service	Each inserting of a prefolded card carrier containing merged Cardholder plastic, into a No. 10 window envelope; only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production as a First Data production facility.
7624	PlastiCard CVV/CVC Generation Verification	Each plastic card created by the First Data System produced by First Data on behalf of RCSI with the calculation, encoding and printing of the Visa Card verification value ("CVV") or MasterCard validation code ("CVC") to include the data encryption system ("DES") personal identification number ("PIN").
7663	PlastiCard DES/PIN Generation	Each plastic card with a data encryption system ("DES") and/or personal identification number ("PIN") created by the First Data System on behalf of RCSI.
7618	PlastiCard Embossing File Fee-Off-Line Service	Each scheduled daily receipt of a RCSI embossing file, including loading records onto the system and setting up control reports for each print-ready file; only when RCSI sends First Data an off-line

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		embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.
7650	PlastiCard Embossing Set Up-Off-Line Service	Each set of physical inserting control instructions in an embossing process run of the type of plastic stock, card carrier, insert, tipping foil, card activation sticker, envelope, etc; only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.
7600	PlastiCard Embossing Setup	Each change in a set of physical embossing machine controls to emboss a group of common plastics, including in the embossing process of the type of plastic stock, card carrier, insert, tipping foil, card activation sticker, envelope, etc., during an input processing run.
7627/ 7602	PlastiCard Forms Purchased Through First Data	Each item of custom paper material ordered by First Data on behalf of RCSI, including but not limited to card carriers, inserts, envelopes, mailers, and card activation labels.
7686	PlastiCard High Coercivity Encoding	Each plastic transaction card which is encoded using a high coercivity magnetic stripe.
7612	PlastiCard Hot Stamp Plates/Logos Purchased	Each magnesium plate or logo ordered by First Data on RCSI's behalf.

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7613	PlastiCard Hot Stamping	Each RCSI Cardholder's plastic card for which an image is heat-pressed from a plate with camera-ready art furnished by RCSI that is not counted in IN7657.
7657	PlastiCard Hot Stamping-Off-Line Service	Each RCSI Cardholder's plastic card for which an image is heat-pressed from a plate with camera-ready art furnished by RCSI; only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.
7620	PlastiCard Indent Printing	Each plastic card of RCSI's Cardholders that First Data has used impact printing on its back.
7604	PlastiCard Insert/Meter/Mail	Each prefolded card carrier containing merged Cardholder plastic, inserted into a No. 10 window envelope.
7616	PlastiCard Inserting	The inserting of each item, not including the card carrier, ultraform, or regulatory information, into an envelope containing an Cardholder plastic that is not counted in IN7660.
7660	PlastiCard Inserting-Off-Line Service	The inserting of each item, not including the card carrier, ultraform, or regulatory information, into an envelope containing an Cardholder plastic; only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.

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7617	PlastiCard Mail Integration (co-mingle)	Each mailing package produced, including the mixture by First Data of a mail item containing an embossed plastic with several other types of mailing items prior to their delivery to the United States Postal Service for mailing that is not counted in IN7649. RCSI understands and agrees that, with respect to any embossed plastics for which First Data provides PlastiCard Mail Integration Services, the normal turnaround for the mailing of such embossed plastics shall, for purposes of this agreement, be delayed by one (1) business day.
7649	PlastiCard Mail Integration-Off-Line Service	Each mailing package produced, including the mixture by First Data of a mail item containing an embossed plastic with several other types of mailing items prior to their delivery to the United States Postal Service for mailing only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.. RCSI understands and agrees that, with respect to any embossed plastics for which First Data provides PlastiCard Mail Integration Services, the normal turnaround for the mailing of such embossed plastics may be delayed by one (1) business day.

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7609/ 7610	PlastiCard Manual Rush Embossing-Same Day or Second Day	Manual rush servicing of an RCSI request for an embossed Cardholder plastic received from hardcopy, faxed, or mailed reports or requests where First Data mails or delivers the plastic to a courier during the same (or next) day after receipt. Service includes manual embossing, hand inserting, and other services required to prepare the plastic for delivery, and applies to any plastic piece handled separately from RCSI's PlastiCard standard embossing services.
7611	PlastiCard Next Day Rush Embossing	Each rush servicing of a RCSI request for Cardholder embossed plastic and/or PIN/post-mailers through use of the on-line rush program on the First Data System. Cards orders up to 5:00pm CTZ on a given day will be mailed on the following day.
7666/ 7669	PlastiCard Photo-Card Image Handling and Merge	Each plastic card subject to the handling and merging of images with corresponding data to create an output file.
7665/ 7668	PlastiCard Photo-Card Scan/Digitize (1x1) or (2x2)	Each plastic card subject to the process by which First Data (i) scans a photograph or signature (signature scanning for 1"x1" only), (ii) cleans/crops the photograph or signature and (iii) stores such photograph or signature as a digitized image on a data base for up to five (5) years.

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7664/ 7667	PlastiCard Photo-Card Services (1x1) or (2x2)	Each plastic card subject to the affixation of a digitizer photo-graphic image.
7608	PlastiCard PIN/Post-Mailer Processing	Each personal identification number (“PIN”) and associated PIN notice form or mail verification form (post-mailer), related to RCSI’s Cardholder that is not counted in IN7656. Service includes any preparation required for delivery to the USPS or RCSI’s designated carrier, including generic PIN form. This does not include postage.
7656	PlastiCard PIN/Post Mailer Processing-Off-Line Service	Each personal identification number (“PIN”) and associated PIN notice form or mail verification form (post-mailer), related to RCSI’s Cardholder; only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility. Service includes any preparation required for delivery to the USPS or RCSI’s designated carrier, including generic PIN form. This does not include postage.
7615	PlastiCard Pull Orders	Each removal of a card carrier and/or printed PIN/post-mailer from the delivery/mail stream prior to delivery to RCSI’s Cardholder.

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7678	PlastiCard Same Day Rush Embossing	Each embossed Cardholder plastic where First Data mails or delivers the plastic to a courier during the same day of RCSI's request via an on-line screen. The service includes standard embossing, carrier printing, inserting and other services required to prepare the plastic for delivery. Request must be received by 2:00 p.m. CTZ to be shipped that day.
7606	PlastiCard Special Mail Handling	A request for special mail preparation and handling associated with RCSI's mailing of plastics that are other than First Class.
7651	PlastiCard Standard Embossing- Off-Line Service	Each plastic card for which First Data has mechanically raised personalized characters prepared at the request of RCSI based upon the receipt of a magnetic tape or transmission from RCSI of embossing files in a format defined by First Data only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility. Includes up to three lines of alpha-numeric font and one line of OCR font on a ".030" plastic, the recording and verifying of data on the transaction card's magnetic stripe, the tipping of the plastic through the placement of a contrasting color plastic film on the raised embossed characters, the printing of variable card carrier information on a RCSI-specified card carrier form and the insertion of a card

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7601/ 7473	PlastiCard Standard Embossing Services/Embossing Services	carrier containing a merged Cardholder plastic into an envelope, and the electronic matching of plastic to the related card carrier;
		Each plastic card for which First Data has mechanically raised personalized characters prepared at the request of RCSI based upon RCSI's product control file or an on-line entry request made by an employee of RCSI, or in response to a receipt of a magnetic tape or transmission from RCSI of embossing files in a format defined by First Data that is not counted in IN7651. Includes up to three lines of alpha-numeric font and one line of OCR font on a ".030" plastic, the recording and verifying of data on the transaction card's magnetic stripe, the tipping of the plastic through the placement of a contrasting color plastic film on the raised embossed characters, the printing of variable card carrier information on a RCSI-specified card carrier form and the insertion of a card carrier containing a merged Cardholder plastic into an envelope, and the electronic matching of plastic to the related card carrier.
7689	PlastiCard Template Creation	Each hour spent by First Data Personnel creating a template used to print Cardholder information on an ultraforms card carrier and/or a laser PIN mailer.

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7688	PlastiCard Ultraforms	Each simplex or duplex laser printed (or similar technology) card carrier or form (to which a plastic card is affixed by adhesive) sent by First Data on behalf of RCSI to art Cardholder which contains personalized information created by the use of electronic documents or “templates” regarding the Cardholder including but not limited to name, address, account number and credit limits.
7614	PlastiCard Ultragraphics Embossed	Each side of a transaction card on which a logo is placed through the use of a thermal image process that is not counted in IN7658.
7658	PlastiCard Ultragraphics- Off-Line Service	Each side of a transaction card on which a logo is placed through the use of a thermal image process; only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.
7605	PlastiCard Vault Storage	An unembossed plastic card in inventory stored at First Data procured through a source other than First Data that is not counted in IN7655.
7655	PlastiCard Vault Storage- Off-Line Service	Each unembossed plastic card in inventory stored at First Data procured through a source other than First Data; only when RCSI sends First Data an off-line embossing file from a non-First Data System for purposes of embossing production at a First Data production facility.

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7628	Plastics Purchased Through First Data	Each item of plastic stock ordered by First Data on behalf of RCSI.
7910	Potential Chargeback Queue	Each recording and display in an on-line work queue of transactions posting to a Designated Account that exceed a minimum dollar amount and cannot be matched to an authorization record. RCSI can determine which accounts are subject to such queue.
7396	Predictive Model-Bankruptcy Defender	Each Designated Account which is processed through First Data's Bankruptcy Defender scoring model in order to rank the Designated Account based upon its likelihood to become bankrupt based upon recent activities or events. The scores obtained in connection with the use of Bankruptcy Defender may then be used by RCSI, at its option, for certain Designated Account decisioning purposes. The product includes standard reporting to RCSI of score performance with respect to particular portfolio segments and First Data provided strategy analysis to help determine economic value to RCSI.
7326	Pre-Press Statement Acetate	Each acetate sheet used to create a new form.
7327	Pre-Press Statement Additional Proofs	Statement pages created for proofing in addition to the original agreement.

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7325	Pre-Press Statement Form Set-up	Each new statement form layout.
7328	Pre-Press Statement Negative Charge	Photo negatives that are created from form layouts.
4340	Product Services – Cardholder	The Pass-through Expenses for the following products and processes: (i) Statement advertising messages; (ii) Statement inserts; (iii) Report Management System; (iv) Selective plastic inserting; and (v) Product Control File/Account Level Processing.
8527	ProfitSight-Gross Active Accounts	Each Active Account which is processed through the ProfitSight system (an event-driven profitability scoring product developed in conjunction with HNC which enables RCSI to determine future Cardholder profitability by analyzing the past transaction behavior) during the month. ProfitSight consists of a number of inter-related models that forecast individual components of account holder profitability including credit risk, attrition risk and revenue potential.
5008	Program Requests	This element is measured by each Development Hour of work performed by First Data Personnel other than the *** and/or the ***.
5781	Realtime Merchant Fraud Exception	Each monetary item delayed from posting or deleted from monetary

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4365	Rebill-Travel & Expense	settlement. RCSI may monitor a merchant's activity prior to the processing of tickets and suspend batches of tickets from processing and to delay or delete the monetary settlement of known fraudulent activity.
7285	Recovery 1 Monthly Access Fees	Pass-Through Expenses for travel by a First Data employee in conjunction with an activity for RCSI, for example, training. These expenses may include airfare, food, hotel, car, taxi and laundry.
7287	Recovery 1 Notes on File	Each Designated Account, including pre and post charge off, that are resident in the Recovery 1 database whether active, inactive or closed at the close of each calendar month.
7288	Recovery 1 Saves Executed	Each coded note entry associated with a debtor Designated Account.
7286	Recovery 1 Transaction Fees	Each DecisionMaster or Analyze Portfolio segmentation designated by a unique save number. Definitions are found in the Recovery 1 documentation manuals.
7221	Relationship Account Processing	Each financial transaction including, but not limited to, new charge offs, payments, adjustments, disbursements, and purged Designated Accounts affecting the portfolio balance or debtor ledger.
		Each linkage of one Designated Account to another Designated Account on the

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		First Data System. Upon entry of Cardholder information, a search of the deposit file is executed with matches reported to allow identification of an existing consumer relationship. Resulting matches can be queued by the system for verification.
7431	Report Organizer and Writer (“ROW”)	The equivalent of a hard copy printed report page through the First Data System and services which allow RCSI the ability to customize the presentation, on RCSI’s screens, of selected information from RCSI reports management system (“RMS”) reports by the use of a graphical user interface. Entire reports or selected fields within reports may, using the First Data ROW Services, be exported to a database/analysis tool that can sort, graph, manipulate and/or export data to spreadsheets or other documents. In addition, repetitive applications may be scripted an automated for regular use.
7494	Report Organizer and Writer (“ROW”) – IDP	The equivalent of a hard copy printed report page through the First Data System and services which allow RCSI the ability to customize the presentation, on RCSI screens, of selected information from RCSI’s Information Delivery Platform (“IDP”) reports by use of a graphical user interface. Entire reports or selected fields within reports may, using the First Data ROW Services, be exported to a database/analysis tool that

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		can sort, graph, manipulate and/or export data to spreadsheets or other documents. In addition, repetitive applications may be scripted and automated for regular use.
2835	Retail On-Line TLP Transactions	Each on-line entry of information or inquiry by RCSI into RCSI's Cardholders that is specific to transaction level processing promotional balance maintenance.
7906	Returned Account Plastics Immediately Delivered ("RAPID")	For each undeliverable transaction card, First Data will research and attempt to reroute to the Cardholder's new address, First Data will also enter the address change on the Cardholder masterfile. Returned transaction cards of Cardholders for which no new address is available, and those which RCSI elects not to reroute, shall be destroyed.
7405	RMS Reports – On-Line View	Each First Data reports management system ("RMS") report provided to RCSI by First Data on-line via the First Data System. RCSI is also provided printing capabilities via a 3270 terminal for selected RMS reports.
5723	Services Plus Help Call	The processed call of a Merchant of RCSI to the Merchant Service Plus Help Center.
9302	SITF General Ledger	The SITF (Client Server) General Ledger ("GL") File is a customizable GL posting file that includes the clients general

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		ledger account and cost center numbers. This GL file may be used to automate the postings to the client's internal general ledger system. The client can roll up the GL posting file according to the hierarchy structure that they have determined. This provides the clients the flexibility to divide and summarize their general ledger as necessary for their business.
N/A	Start-Up Services	Refer to Schedule A for scope of services.
7205	Statement Summarization Creation	Each periodic summarization of activity (not including printing) associated with a transaction card issued by RCSI or RCSI's transaction card Affiliates.
7358	Suspense Account Management ("SAM")	This element identifies the transactions using the Suspense Account Management ("SAM") system. SAM is a series of online work queues that contain preloaded detailed exception transactions. The online work queues enable RCSI to track and clear the transactions.
2836	Transaction Level Processing ("TLP")	Each promotional purchase balance (i.e., introductory/promotional interest rates, payment plans, grace periods, etc.) associated with a RCSI account (several promotional purchase balances may exist at the same time for the same RCSI account), which remains on the First Data System on the last processing day of the calendar month, as defined on the CD-121 Ledger Activity Report or the equivalent report, e.g., the CD-621 Report).

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7330	Transaction Level Reward (“TLR”)	Each transaction that is decisioned through TLP and qualifies for a reward. If a transaction qualifies for both a pricing promotion and a reward, the TLR pricing is waived.
3513	Visa Base Access Fee	The fee associated with the usage of Visa’s front-end authorization system.

**Schedule D**

**Key First Data Positions**

With respect to any Key First Data Positions identified in this Schedule D as “To Be Named,” First Data, within one hundred and twenty (120) days following the FAAR Effective Date, shall appoint (subject to RCSI’s approval in accordance with Section 5.1 of the Main Body of the Agreement) a First Data employee to such position. Subject to promotions, dismissals, resignations, and medical leave, the individuals filling the Key First Data Positions listed in this Schedule D will remain in these positions for the Term of the Agreement.

First Data Contract Executive

Ron Metschke  
SVP

- Ron has over fourteen (14) years of experience at First Data, all in the Card Division. Prior to working full-time on the RCSI relationship, Ron managed the Fleet CCS relationship for seven (7) years. As the First Data Contract Executive, Ron’s responsibilities include those set forth in Section 5.1(a)(2) of the Main Body of the Agreement.

Business Head

To Be Named  
VP

- This First Data employee’s responsibilities include overseeing and negotiating all Resolution Agreements, the Future First Data System Architecture Plan, the Platform Integration Plan and Approved Platform Integration Plan, as well as coordinating and overseeing the Parties’ development strategy and change control initiatives and First Data’s participation in the Steering Committee.

IT Team Manager

Pam Calderon  
VP

- Pam’s responsibilities include overseeing, prioritizing and coordinating the work and assignments of the \*\*\* and/or \*\*\*.

Delivery Operations Officer

Peg Shirley  
VP

- Peg has twenty-one (21) years of experience in the Card Group at First Data. Peg has managed large account delivery operations relationships in the past, including for Fleet CCS. As Delivery Operations Officer, Peg’s responsibilities include overseeing all service delivery and AD initiatives.

Overall Conversion Head

Ken LaRose  
VP

- Ken has twelve (12) years of conversion experience at First Data and has been involved in the management of numerous large scale conversions at First Data. Ken’s responsibilities include overseeing the GECF-A Conversions and other Portfolio Conversions and leading First Data teams dedicated to each Conversion project.

**SCHEDULE E**

**GLOSSARY**

**1. GENERAL.**

Certain capitalized terms used in the Agreement shall have the meanings set forth in this Schedule E.

**2. DEFINITIONS.**

- 2.1** “7.4(b) Patent” has the meaning given in Section 7.4(b) of the Main Body of the Agreement.
- 2.2** “Active Account” means any Designated Account that, during the period of determination as to whether such Designated Account is an Active Account, had a balance or for which a debit, credit, or payment has taken place during such period.
- 2.3** “Active Account Rate(s)” has the meaning given in Schedule C, Section 6.2(c).
- 2.4** “Actual Yield” for a Service Level means, on a monthly basis, the percentage equal to one hundred (100) multiplied by the result of one (1) minus the result of the Defects occurring that month divided by the applicable Opportunities per Month.
- 2.5** “Account” means a unique database record used to represent the current financial disposition of a customer relationship. Accounts include dual cards, bank cards, debit cards, private label cards and stored value cards.
- 2.6** “Account Level Pricing” has the meaning given in Schedule A, Section 5.2(aa).
- 2.7** “Account Level Processing Services” has the meaning given in Schedule A, Section 5.2(e)(ii).
- 2.8** “ACH” means Automated Clearing House.
- 2.9** “Acquisition Support Services” has the meaning given in Schedule A, Section 10.1 .
- 2.10** “AD” means Application development services.
- 2.11** “Adaptive Control” has the meaning given in Section 5.2(o)(iv).
- 2.12** “Affiliate” means, with respect to any entity, any other entity Controlling, Controlled by, or under common Control with, such entity. At RCSI’s option, (i) an entity which was receiving the Services at the

time it ceased being Controlling, Controlled by, or under common Control with, RCSI and (ii) the purchaser of Accounts or a line of business of RCSI which was receiving the Services at the time of sale (but only with respect to such Accounts or line of business) shall continue to be deemed an Affiliate for such period designated by RCSI (not to exceed \*\*\* months).

- 2.13 “Agreed Capitalized Account Items” has the meaning given in Schedule C, Section 18.1(b).
- 2.14 “Agreement” means this First Amended and Restated Technology Services Agreement, between RCSI and First Data, dated December 10, 1998 and amended and restated as of April 1, 2003, including the Main Body of the Agreement and all schedules, exhibits, amendments and addenda thereto, as the same may be amended from time to time in accordance with the terms hereof.
- 2.15 \*\*\*
- 2.16 “AM” means Application maintenance services.
- 2.17 “Amended and Restated Additional Terms and Conditions Addendum No. 3,” which is attached as Attachment 2 to the Main Body of the Agreement, has the meaning given in the Preliminary Statement in the Main Body of the Agreement.
- 2.18 “Ancillary Services” has the meaning given in Schedule C, Section 8.1.
- 2.19 “Ancillary Service Fees” has the meaning given in Schedule C, Section 11.1.
- 2.20 “Annual Activity Summary” has the meaning given in Schedule A, Section 5.2(v)(ii).
- 2.21 “Application” means any program and programming (including Documentation, media, on-line help facilities and tutorials) that performs specific user-related data processing and telecommunications tasks. Application includes database management software.
- 2.22 “Approved Platform Integration Plan” has the meaning given in Section 3.2(c) of the Main Body of the Agreement.
- 2.23 “Association(s)” means Visa, MasterCard and any other credit card associations with which the Designated Accounts receiving the Services may be linked from time to time.
- 2.24 “Banc One Account(s)” has the meaning given in Section 16.1(a) of the Main Body of the Agreement.

- 2.25 “Banc One Account Services” has the meaning given in Section 16.1(a)(i) of the Main Body of the Agreement.
- 2.26 “Banc One/GE Capital Agreement” means the agreement by and between Banc One Corporation and GE Capital dated November 25, 1998.
- 2.27 “Banc One Private Label Processing Agreement” has the meaning given in Section 16.1(a)(i) of the Main Body of the Agreement.
- 2.28 “Base Evolve Application” has the meaning given in Section 5.2(j)(ii)(A).
- 2.29 “Base Line Usage” has the meaning given in Schedule C, Section 6.2(d).
- 2.30 “Base \*\*\* Commencement Data” has the meaning given in Schedule C, Section 7.3(a).
- 2.31 “Base \*\*\* Year” has the meaning given in Schedule C, Section 7.3(b).
- 2.32 “Base Year Index” has the meaning given in Schedule C, Section 11.
- 2.33 “Benchmark” has the meaning given in Section 12.8(a) of the Main Body of the Agreement.
- 2.34 “Benchmarking” has the meaning given in Section 12.8(a) of the Main Body of the Agreement.
- 2.35 “Benchmarking Committee” has the meaning given in Section 12.8(a) of the Main Body of the Agreement.
- 2.36 “Bonus Performance Level” for a Critical Service Level means the Actual Yield specified in the column titled “Bonus Performance Level” in Exhibit B-1.
- 2.37 “Call Processing Services” has the meaning given in Schedule A, Section 5.2(p)(iii)(D).
- 2.38 “Cardholder” means an individual or entity which has an Account with RCSI or a RCSI Affiliate or with a customer of RCSI or a RCSI Affiliate.
- 2.39 “Cardholder Account” means the Account of a Cardholder.
- 2.40 “Cardholder Select System” has the meaning given in Schedule A, Section 5.2(r).
- 2.41 “Central Clearing Accounts” has the meaning given in Schedule A, Section 17.1.
- 2.42 “Change Control Committee” has the meaning given in Section 9.5(c) of the Main Body of the Agreement.

- 2.43 “Change Control Procedure” has the meaning given in Section 9.5(b) of the Main Body of the Agreement.
- 2.44 “Chargeable Hours Cap” means the cap of maximum hours as may be designated by RCSI.
- 2.45 “Charges” means any charges for the Services as set forth in Section 12.1 of the Main Body of the Agreement.
- 2.46 “Clearing House” has the meaning given in Schedule A, Section 5.2(p)(iv)(D).
- 2.47 “COLA” means Cost of Living Adjustment.
- 2.48 “CommercialLine” means a service provided by First Data in accordance with Section 1.1(b) of Schedule A.
- 2.49 “CommercialLine Account” means an Active Account receiving CommercialLine services in accordance with Section 1.1(b) of Schedule A.
- 2.50 “CommercialLine Account Services Fee” means the fee that may be charged by First Data in connection with performance of the CommercialLine services in accordance with Section 1.1(b) of Schedule A.
- 2.51 “Commercially Reasonable Efforts” means taking such steps and performing in such a manner as a well managed company would undertake where such company was acting in a determined, prudent and reasonable manner to achieve a particular desired result for its own benefit.
- 2.52 “Comparison Processing Fees” has the meaning given in Schedule C, Section 17.1.
- 2.53 “Confidential Information” has the meaning given in Section 14.5(a) of the Main Body of the Agreement.
- 2.54 “Control” and its derivatives means with regard to any entity the legal, beneficial, or equitable ownership, directly or indirectly, of twenty-five percent (25%) or more of the capital stock (or other ownership interest, if not a corporation) of such entity ordinarily having voting rights; provided, however that with respect to Sections 9.9(a) and 21.5 of the Main Body of the Agreement only, the applicable percentage shall be fifty percent (50%).
- 2.55 “Conversion” or any derivation thereof (i.e., “Convert”) means (i) the transfer of data relating to Designated Accounts from the processing system(s) in which that data at the time of transfer resides and is processed to the First Data System, with the First Data System, at the

time of such transfer, being capable of performing the First Data System’s account processing services for such data, (ii) the commencement of the processing of such Designated Accounts by the First Data System for production, and not testing, purposes, and (iii) the performance of the activities necessary to undertake and complete the activities described in clauses (i) and (ii).

- 2.56 “Conversion Completion Date” has the meaning given in Schedule A, Section 11.5(b)(vii).
- 2.57 “Conversion Manager” has the meaning given in Schedule A, Section 11.2(a).
- 2.58 “Conversion Plan” has the meaning given in Schedule A, Section 11.5(a).
- 2.59 “Conversion Portfolios” has the meaning given in Section 3.4(a) of the Main Body of the Agreement.
- 2.60 “CPI” means Consumer Price Index.
- 2.61 “CPI Change Percentage” has the meaning given in Schedule C, Section 11.
- 2.62 “CPI-U” has the meaning given in Schedule C, Section 11.
- 2.63 “CPR” has the meaning given in Section 20.2(a) of the Main Body of the Agreement.
- 2.64 “Credit Card Output Access” has the meaning given in Schedule A, Section 5.2(p)(iii)(A).
- 2.65 “Credit Performance Level” for a Critical Service Level means the Actual Yield specified in the column titled “Credit Performance Level” throughout Exhibit B-1.
- 2.66 “Critical Service Levels” has the meaning giving in Section 8.2(a) of the Main Body of the Agreement and shall mean those Service Levels set forth in Exhibit B-2 for which Service Level Credits may be allocated.
- 2.67 “CTQ” is a Six Sigma term meaning “Critical To Quality.”
- 2.68 “Customer Inquiry Management System” or “CIMS” has the meaning given in Schedule A, Section 5.2(f)(iv).
- 2.69 “Customer Inquiry System” or “CIS” has the meaning given in Schedule A, Section 5.2(f)(iv).
- 2.70 “Daily Amount” has the meaning given in Schedule A, Section 17.2.

- 2.71 “Data Access Tools” has the meaning given in Schedule A, Section 5.2(j).
- 2.72 “Data Center” shall have the meaning given in Schedule A, Section 5.3(a).
- 2.73 “DCI” means Data Conversion, Inc. and its respective successors and assigns.
- 2.74 “Deconversion Assistance” has the meaning given in Schedule A, Section 12.1.
- 2.75 \*\*\*
- 2.76 \*\*\*
- 2.77 “Default Rate” means the rate identified as the Prime Rate in The Wall Street Journal from time to time.
- 2.78 “Defect(s)” for a Service Level has the meaning given in Exhibit B-1 for that Service Level.
- 2.79 “Designated Accounts” means the Accounts designated by RCSI as receiving the Services.
- 2.80 “Development Hour” has the meaning given in Schedule C, Section 10.2.
- 2.81 “Development Hours Plan” has the meaning given in Schedule A, Section 15.1(a).
- 2.82 “Discovery” has the meaning given in Schedule A, Section 11.3.
- 2.83 “Discovery Guidelines” has the meaning given in Schedule A, Section 2.1(b) and are further described in Schedule A as Exhibit A-1.
- 2.84 “Discovery Report” has the meaning given in Schedule A, Section 11.3.
- 2.85 “Dispute Notice” has the meaning given in Section 20.2(a) of the Main Body of the Agreement.
- 2.86 “Disputing Party” has the meaning given in Section 20.2 of the Main Body of the Agreement.
- 2.87 “Divested Account Fees” has the meaning given in Schedule C, Section 17.1(b).
- 2.88 “Documentation” means the user manuals and other written materials (regardless of the medium in which they are stored or displayed) that relate to the software at issue, as such user manuals and other written materials may be updated from time to time.

- 2.89 “DPMO” means Defects per million opportunities.
- 2.90 “Effective Date” has the meaning given in the first paragraph of the Main Body of the Agreement.
- 2.91 “e-Peard” means the payment process identified as such by RCSI or its Affiliates.
- 2.92 “Evolve” is a First Data proprietary suite of Applications as further defined and described in Exhibit A-5.
- 2.93 “Exceedances” mean the number of occurrences of a failure to achieve the Minimum Service Level during a given month.
- 2.94 “Excluded Services” has the meaning given in Schedule C, Section 6.1(a).
- 2.95 “Exclusivity Period” has the meaning given in \*\*\* of the Main Body of the Agreement.
- 2.96 “Existing Active Accounts” mean the RCSI Active Accounts on the First Data System, or otherwise receiving Services, as of the FAAR Effective Date.
- 2.97 “Existing Portfolios” has the meaning given in Schedule C, Section 6.2(c).
- 2.98 “Falcon Credit Card Fraud Detection Model” has the meaning given in Schedule A, Section 5.2(p)(iii)(A).
- 2.99 “Falcon Fraud Strategies” has the meaning given in Schedule A, Section 5.2(p)(iii)(C).
- 2.100 “Falcon Neural Engine” has the meaning given in Schedule A, Section 5.2(p)(iii)(A).
- 2.101 “Falcon Queue Group” has the meaning given in Schedule A, Section 5.2(p)(iii)(D)(2).
- 2.102 “Falcon Start Date” has the meaning given in Schedule A, Section 5.2(p)(iii)(D)(11).
- 2.103 “FDC” means First Data Corporation, First Data’s parent corporation.
- 2.104 “Final Conversion” has meaning given in Schedule A, Section 3.4(b).

- 2.105 “Final Conversion Date” has the meaning given in Section 3.4(b) of the Main Body of the Agreement.
- 2.106 “First Amended and Restated Agreement Effective Date” or “FAAR Effective Date” has the meaning given in the first paragraph of the Main Body of the Agreement.
- 2.107 “First Amendment” has the meaning given in the Preliminary Statement of the Main Body of the Agreement.
- 2.108 “First Base \*\*\* Year” has the meaning given in Schedule C, Section 7.3(b).
- 2.109 “First Data” has the meaning given in the first paragraph of the Main Body of the Agreement.
- 2.110 “First Data Confidential Information” has the meaning given in Section 14.5(c) of the Main Body of the Agreement.
- 2.111 “First Data Contract Executive” has the meaning given in Section 5.1(a)(ii) of the Main Body of the Agreement.
- 2.112 “First Data Data” means information, whether or not Confidential Information, entered in software or equipment by or on behalf of any clients of First Data other than RCSI and its Affiliates; and information derived from such information, including as stored in or processed through the First Data System.
- 2.113 “First Data Information” means all information, in any form, furnished or made available directly or indirectly by First Data to RCSI or otherwise obtained by RCSI from First Data.
- 2.114 “First Data Initiated Enhancement” has the meaning given in Section 12.6(b) of the Main Body of the Agreement.
- 2.115 “First Data Personnel” means employees of First Data, its agents and its approved subcontractors assigned to perform the Services pursuant to this Agreement.
- 2.116 “First Data Software” means (i) the First Data-owned software and the third party software licensed to First Data which is utilized by First Data in performing the Services and (ii) the Documentation in any format necessary for the use of the software referenced in clause (i).
- 2.117 “First Data System” means the software, including the First Data Software, hardware, systems incorporating such software and hardware, documentation in any format and processes used to provide the Services.

- 2.118 “First Post-Conversion Period” has the meaning given in Schedule C, Section 17.3.
- 2.119 “First Post-Conversion Period Year” has the meaning given in Schedule C, Section 17.3.
- 2.120 “Flip(s)” has the meaning given in Schedule A, Section 11.8.
- 2.121 “FMEA” is a Six Sigma term meaning “Failure Modes and Effects Analysis”.
- 2.122 “Follow-up Training” has the meaning given in Schedule A, Section 16.1(e).
- 2.123 “Force Majeure Event” has the meaning given in Section 19.3(a)(i) of the Main Body of the Agreement.
- 2.124 “Former Affiliate” means an Affiliate which would not be an Affiliate but for the application of the last sentence of the definition of Affiliate.
- 2.125 “Fraud Control Consortium” or “Consortium” has the meaning given in Schedule A, Section 5.2(p)(iii)(D)(13).
- 2.126 “Fraud Control Services” has the meaning given in Schedule A, Section 5.2(p)(iv).
- 2.127 “Fraud Detail Management Screens” has the meaning given in Schedule A, Section 5.2(p)(iv).
- 2.128 “Fraud Detection Services” has the meaning given in Schedule A, Section 5.2(p)(iii).
- 2.129 “Fraud Management Operations” has the meaning given in Schedule A, Section 5.2(p)(ii)(D)).
- 2.130 “Fraud Management Services” has the meaning given in Schedule A, Section 5.2(p)(i).
- 2.131 “Fraud Management System” has the meaning given in Schedule A, Section 5.2(p)(ii).
- 2.132 “Fraud Prevention Services” has the meaning given in Schedule A, Section 5.2(p)(ii).
- 2.133 “Fraud Reporting Services” has the meaning given in Schedule A, Section 5.2(p)(iv)(D).
- 2.134 “FSOP Baseline” has the meaning given in Schedule C, Section 6.3(c)(ii).

- 2.135 “FTE” means a “Full Time Equivalent” who works at least forty (40) hours per week.
- 2.136 “Full-Time” means that an individual member of the First Data Personnel who is devoting his or her business time to the RCSI account as set forth in Schedule C, Section 11.3, except as RCSI may approve in advance.
- 2.137 “Full Transfer” means a Transfer of a complete group of Designated Accounts.
- 2.138 “Future First Data System Architecture” has the meaning given in Section 3.3(b) of the Main Body of the Agreement.
- 2.139 “Future First Data System Architecture CTQs” has the meaning given in Section 3.3(b) of the Main Body of the Agreement and is attached to Schedule A as Exhibit A-6.
- 2.140 “Future First Data System Architecture Plan” has the meaning given in Section 3.3(b) of the Main Body of the Agreement.
- 2.141 “GAAP” means Generally Accepted Accounting Principles.
- 2.142 “Gaps” means the differences in the features, functions and capabilities between non-First Data system(s) and the First Data System.
- 2.143 “GE Capital” has the meaning given in the Preliminary Statements of the Main Body of the Agreement.
- 2.144 “GE Customer” has the meaning given in Section 9.9(a) of the Main Body of the Agreement.
- 2.145 “GE Workstation” has the meaning given in Schedule A, Section 5.2(f)(ii)(A).
- 2.146 “GECF-A” means the GE Consumer Finance – Americas division of GE Capital and any successor to such division.
- 2.147 “GECF-A Discovery” has the meaning given in Schedule A, Section 2.1(a).
- 2.148 “GECF-A Discovery Plan” has the meaning given in Schedule A, Section 2.1(a).
- 2.149 “GECF-A Flip” has the meaning given in Schedule A, Section 11.8.
- 2.150 “GECOM” means a processing system internal to RCSI.

- 2.151 “GENASYS Application” means a credit application system currently in use by RCSI that is not part of the First Data System.
- 2.152 “General and Administrative Costs” has the meaning given in Exhibit C-7.
- 2.153 “GLB Act” means the Gramm-Leach-Bliley Act including its implementing regulations promulgated thereunder and any guidelines issued pursuant thereto.
- 2.154 “Global Integrated Platform” has the meaning given in Section 3.2(a) of the Main Body of the Agreement.
- 2.155 “HNC” means HNC, Inc. and its respective successors and assigns.
- 2.156 “HNC License Agreement” has the meaning given in Section 5.2(p)(iii)(B).
- 2.157 “HNC Software” has the meaning given in Schedule A, Section 5.2(p)(iii)
- 2.158 “IBM” means International Business Machine Corporation and its respective successors and assigns.
- 2.159 “Identified Patent” has the meaning given in Section 7.4(b) of the Main Body of the Agreement.
- 2.160 “Including” and its derivatives (for example, “include” and “includes”) means “including without limitation”, whether or not capitalized in this Agreement.
- 2.161 “Initial Conversion(s)” has the meaning given in Schedule A, Section 2.4(a).
- 2.162 “Initial Conversion Period” has the meaning given in Schedule A, Section 2.4(b)(i).
- 2.163 “Initial Conversions/KSCM Plan” has the meaning given in Schedule A, Section 2.4(c).
- 2.164 “Initial Term” has the meaning given in Section 4.1 of the Main Body of the Agreement.
- 2.165 “Intellectual Property” means any and all of the following (a) property (whether tangible or intangible) and (b) rights thereof (including, as appropriate, the right to use, access, copy, perform, display, transfer, distribute, or create derivatives), as may arise or be protected under the laws of any country or any state or province, and includes: (i) software and other with works of authorship, including copyrights, moral rights, databases, and mask-works; (ii) marks; (iii) trade secrets; (iv) patents, designs, algorithms and other industrial property and

rights thereto; (v) other intellectual and industrial property and rights thereto of every kind and nature, however designated, whether arising by operation of law, contract, license or otherwise; and (vi) registrations, initial applications, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force (including any rights in any of the foregoing).

- 2.166 “Integrated New Materials” has the meaning given in Section 7.2(d) of the Main Body of the Agreement.
- 2.167 “Interchange” has the meaning given in Schedule A, Section 17.1.
- 2.168 “Interchange Settlement” has the meaning given in Schedule A, Section 17.1.
- 2.169 “Interfaced New Materials” has the meaning given in Section 7.2(e) of the Main Body of the Agreement.
- 2.170 “Internal Flip” has the meaning given in Schedule A, Section 11.8.
- 2.171 “IST2T Baseline” has the meaning given in Schedule C, Section 6.3(c)(iv).
- 2.172 “IVRS” has the meaning given in Schedule A, Section 5.2(j).
- 2.173 “JCL” means Job Control Loss.
- 2.174 “Key First Data Positions” has the meaning given in Section 5.1(a) of the Main Body of the Agreement and are described in Schedule D.
- 2.175 “Key Milestone” means important achievements, including as indicated, production and delivery of deliverables in connection with a project or other activity, including those set forth in the Initial Conversions/KSCM Plan.
- 2.176 “Key Service” has the meaning given in Section 8.3(a)(iv) of the Main Body of the Agreement.
- 2.177 “Key Service Credits” means has the meaning given in Section 8.3(a) of the Main Body of the Agreement.
- 2.178 “Key Service Failure Costs” has the meaning given in Section 8.3(b).
- 2.179 “Key Service Incentive Payments” has the meaning given in Section 8.3(c) of the Main Body of the Agreement.
- 2.180 “KnowledgeSight Software,” whose third party terms are set forth in Exhibit A-5, has the meaning given in Schedule A, Section 5.2(w).

- 2.181 “Known Software Conversion Modifications” or “KSCM” means the Software Conversion Modifications necessary to close the Gaps between the GECF-A systems and the First Data System, as determined by the process in Schedule A, Article 2.
- 2.182 “Legal Requirements” has the meaning given in Section 15.7(b) of the Main Body of the Agreement.
- 2.183 “Losses” means all losses, liabilities, damages and claims, and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, settlement, judgment, interest and penalties).
- 2.184 “Lost/Stolen Report” has the meaning given in Schedule A, Section 5.2(p)(iii)(D)(7).
- 2.185 “Main Body of the Agreement” means, collectively, the introductory text, preliminary statements, and Articles 1 through 23 of the Agreement.
- 2.186 “Mass Re-Issue” means the reissuance of all Transaction Cards for a group of Designated Accounts.
- 2.187 “MasterCard” means MasterCard International Incorporated or its successors or assigns.
- 2.188 “Merchant” means merchant or other commercial entity where a Transaction Card is accepted as a means of payment for a transaction.
- 2.189 “Merchant Account” means a unique database record used to represent the current financial disposition of a Merchant relationship.
- 2.190 “Merchant Services” has the meaning given in Schedule A, Section 7.1(a).
- 2.191 “MCS” means Monogram Credit Services, LLC.
- 2.192 “Minimum Processing Fees” means the minimum fees that may be owed by RCSI to First Data as calculated in accordance with Schedule C, Section 17.
- 2.193 “Modification Agreement” has the meaning given in the Preliminary Statements of the Main Body of the Agreement and is attached to the Main Body of the Agreement as Attachment 1.
- 2.194 “Monthly Active Account(s)” or “MAA” has the meaning given in Schedule C, Section 6.2(a).
- 2.195 “Monthly Active Account Services Fees” has the meaning given in Schedule C, Section 6.2(b).

- 2.196 “Monthly Performance Report” has the meaning given in Section 9.3(a)(i) of the Main Body of the Agreement.
- 2.197 “MPF Year” or “Minimum Processing Fee Year” means any Pre-Conversion Year, First Post-Conversion Period Year or Second Post -Conversion Period Year.
- 2.198 “MWCC” means Montgomery Ward Credit Corporation.
- 2.199 “Needs Assessment” has the meaning given in Schedule A, Section 16.1(b).
- 2.200 “Net Settlement Amount” has the meaning given in Schedule A, Section 17.3.
- 2.201 “Network Data Mover” has the meaning given in Schedule A, Section 5.2(s)(iii).
- 2.202 “New Materials” has the meaning given in Section 7.3(b) of the Main Body of the Agreement.
- 2.203 “New Services” has the meaning given in Section 12.6 of the Main Body of the Agreement.
- 2.204 “Non-Critical Service Levels” means those Service Levels set forth in Schedule B, for which no Service Level Credits are associated.
- 2.205 “Non-Public Personal Information” means information as defined in the GLB Act, 15 U.S.C. §6809(4), including (i) an individual’s name, address, e-mail address, IP address, telephone number and/or social security number; (ii) the fact that an individual has a relationship with RCSI or any of its Affiliates; and (iii) an individual’s or RCSI or its Affiliates’ customer’s account information.
- 2.206 “Non-Revolving Loan Product” means a loan with a payment plan with a fixed principal balance that requires repayment in a number of installments that may comprise principal, interest and fees over a specified period. It is understood that these accounts may be subject to early settlement, rescheduling and additional purchase capability.
- 2.207 “Non-Shared Cost Interfaced New Materials” has the meaning given in Section 7.2(g) of the Main Body of the Agreement.
- 2.208 “Non-Standard Conversion Services” has the meaning given in Schedule A, Section 11.1(d).
- 2.209 “Notice of Election” has the meaning given in Section 18.5(a) of the Main Body of the Agreement.

- 2.210 “Open Data Stream” or “ODS” is a First Data proprietary product which provides a message-based middleware interface to the First Data System and is further described in Schedule A, Section 5.2(j).
- 2.211 “OFAC” means the Department of Treasury Office of Foreign Assets Control.
- 2.212 “Online Control System” or “OCS” has the meaning given in Schedule A, Section 5.2(x).
- 2.213 “On-Line Fraud Management System” has the meaning given in Schedule A, Section 5.2(p)(iv).
- 2.214 “On-Line Product Control File Management System” has the meaning given in Schedule A, Section 5.2(e)(i).
- 2.215 “Opportunities per Month” for a Service Level means the number of opportunities specified for such Service Level in a month in Exhibit B-1.
- 2.216 “Original Platform(s)” has the meaning given in Section 3.2(a) of the Main Body of the Agreement.
- 2.217 “Out-of-Pocket Expenses” means reasonable, demonstrable, actual and approved out-of-pocket expenses incurred by First Data for materials, supplies or services provided to or for RCSI as identified in the Agreement, but not including First Data’s overhead costs or allocations thereof, administrative expenses or other mark-ups.
- 2.218 “Parties” means RCSI and First Data.
- 2.219 “Party” means either RCSI or First Data, as appropriate.
- 2.220 “Pass-Through Expenses” means the First Data expenses listed in Schedule C which RCSI has agreed to pay directly or reimburse First Data for and which were reasonably incurred under this Agreement but, except as specifically set forth in Exhibit C-3, not including First Data’s overhead costs or allocations, administrative expenses or other mark-ups.
- 2.221 “Patni” has the meaning given in Section 16.3 of the Main Body of the Agreement.
- 2.222 “Patni Agreement” has the meaning given in Section 16.3 of the Main Body of the Agreement.
- 2.223 “Patni Agreement Services” has the meaning given in Section 16.3 of the Main Body of the Agreement.

- 2.224 “PaySys” means PaySys International, Inc. (which is an Affiliate of First Data) and its Affiliates and the successors thereto (including successors to the businesses thereto).
- 2.225 “PaySys Software” means software owned by PaySys or licensed to PaySys by a third party.
- 2.226 “PCS” is a Six Sigma term meaning “Process Control System”.
- 2.227 “Performance Category” means an area of performance measurement that is comprised of one or more Service Levels. Performance Categories are measured as either a Critical Service Level or a Non-Critical Service Level.
- 2.228 “Performance Level Summary Report” means a report, in the format as shown in Schedule B-3.1, that First Data shall complete on a monthly basis and measures business performance on a continuous basis against a defined set of metrics and RCSI objectives.
- 2.229 “Pegasystems” has the meaning given in Exhibit A-5, Section 3.
- 2.230 “PIN” means Personal Identification Number.
- 2.231 “Performance Standards” means, individually and collectively, the quantitative and qualitative performance standards and commitments for the Services contained in this Agreement, including Service Levels.
- 2.232 “Platform Integration Plan” has the meaning given in Section 3.2(a) of the Main Body of the Agreement.
- 2.233 “Platform Integration Plan Delivery Date” has the meaning given in Section 3.2(a) of the Main Body of the Agreement.
- 2.234 “Platform Integration Plan Finalization Date” has the meaning given in Section 3.2(b) of the Main Body of the Agreement.
- 2.235 “Pooled Resources” means First Data Personnel who are not on the Dedicated IT Team or included in the Dedicated IT Full Time Equivalent Pool but who are made available by First Data to perform AD and other Services requested by RCSI.
- 2.236 “Pre-Conversion Period” has the meaning given in Schedule C, Section 17.2.
- 2.237 “Pre-Conversion Year” has the meaning given in Schedule C, Section 17.2.
- 2.238 “Pricing Certificate” has the meaning given in Section 12.7(a) of the Main Body of the Agreement.

- 2.239 “Privacy Directive” has the meaning given in Section 15.7(a) of the Main Body of the Agreement.
- 2.240 “Problem Management” or “Problem Management Services” has the meaning given in Schedule A, Section 13.1.
- 2.241 “Procedures Manual” means the standards and procedures manual described in Section 9.4(a) of the Main Body of the Agreement.
- 2.242 “Proceeding” has the meaning given in Section 12.5(f) of the Main Body of the Agreement.
- 2.243 “Processing Fees” has the meaning given in Schedule C, Section 17.1.
- 2.244 “Processing Year” means each consecutive twelve (12) month period of the Term commencing on August 1.
- 2.245 \*\*\*
- 2.246 “Project Plan” has the meaning given in Schedule A, Section 15.2(b)(iv).
- 2.247 “PSA” means the Production Services Agreement between MWCC and First Data, dated November 16, 1999.
- 2.248 “Quality Leader” has the meaning given in Section 9.7(b)(viii) of the Main Body of the Agreement.
- 2.249 “RCSI” has the meaning given in the first paragraph of the Main Body of the Agreement.
- 2.250 “RCSI Account Management Team” has the meaning given in Section 12.4(a) of the Main Body of the Agreement.
- 2.251 “RCSI Account Team Management Services” means those Services set forth in Exhibit A-4.
- 2.252 “RCSI Confidential Information” has the meaning given in Section 14.5(b) of the Main Body of the Agreement.
- 2.253 “RCSI Contract Executive” has the meaning given in Section 11.1(a) of the Main Body of the Agreement.
- 2.254 “RCSI Conversion Representative” has the meaning given in Schedule A, Section 11.2(b).
- 2.255 “RCSI Cost Savings” has the meaning given in Schedule C, Section 7.1(a).
- 2.256 “RCSI Customer Information” has the meaning given in Section 14.6 of the Main Body of the Agreement.

- 2.257 “RCSI Cycle” has the meaning given in Schedule A, Section 5.3(b)(i).
- 2.258 “RCSI Data” means all information, whether or not Confidential Information, entered in software or equipment including the First Data System by or on behalf of RCSI or its Affiliates and information derived from such information, including as stored in or processed through such equipment or software.
- 2.259 “RCSI Facilities” has the meaning given in Section 6.1(a) of the Main Body of the Agreement.
- 2.260 “RCSI Information” means all information, in any form, furnished or made available directly or indirectly to First Data by RCSI or its Affiliates or otherwise obtained by First Data from RCSI or its Affiliates.
- 2.261 “RCSI-Initiated Enhancements” has the meaning given in Section 12.6(c) of the Main Body of the Agreement.
- 2.262 “RCSI-Initiated New Services” has the meaning given in Section 12.6(d) of the Main Body of the Agreement.
- 2.263 “RCSI Inquiry System” has the meaning given in Schedule A, Section 5.2(p)(iii)(D)(6).
- 2.264 “RCSI Intellectual Property” has the meaning given in Section 7.1(b) of the Main Body of the Agreement.
- 2.265 “RCSI New Materials” has the meaning given in Section 7.3(b)(i) of the Main Body of the Agreement.
- 2.266 “RCSI Rules” means RCSI’s or its Affiliates’ directives, instructions and procedures. To the extent that any RCSI Rule should need to be manifested in software, any such functionality which is not, as of the FAAR Effective Date, included in the First Data System, shall be implemented, and such implementation may be made through Resolution Agreements, or otherwise, if First Data does not have specific, written plans to implement such functionality as part of the development of the First Data System. RCSI Rules in existence at the completion of GECF-A Discovery shall not be New Services. RCSI Rules created after the completion of GECF-A Discovery may, subject to Section 12.6 of the Agreement, be New Services.
- 2.267 “RCSI TSA Intellectual Property” has the meaning given in Section 7.1(a) of the Main Body of the Agreement.
- 2.268 “Received Charges Benefits” has the meaning given in Schedule C, Section 7.1(b).
- 2.269 “Recurring Runs” has the meaning given in Schedule A, Section 6.2(v).

- 2.270 “Remote Job Entry” has the meaning given in Schedule A, Section 5.2(s)(ii).
- 2.271 “Remote Procedure Calls” has the meaning given in Schedule A, Section 5.2(j)(ii).
- 2.272 “Renewal Term” has the meaning given in Section 4.2 of the Main Body of the Agreement.
- 2.273 “Replacing the Key Services” has the meaning given in Schedule A, Section 8.3(b).
- 2.274 “Required Consents” means consents required by a third party for another entity to have access to or make use of such third party’s software.
- 2.275 “Resolution Agreements” has the meaning given in Schedule A, Section 2.2(a).
- 2.276 “Resolution Plan” has the meaning given in Schedule A, Section 15.2(b)(iii).
- 2.277 “Reports” has the meaning given in Schedule B, Section 3.3(d).
- 2.278 “Returned Account Plastics Immediately Delivered” or “RAPID” has the meaning given in Schedule A, Section 5.2(p)(ii)(F).
- 2.279 “Reward” has the meaning given in Exhibit C-4.
- 2.280 “RFS” means Retailer Financial Services, a former division of GE Capital now known as GECF-A.
- 2.281 “RFS Discovery” has the meaning given in Schedule A, Section 2.1(a).
- 2.282 “RFS Discovery Plan” has the meaning given in Schedule A, Section 2.1(a).
- 2.283 “Root Cause Analysis” or “RCA” means the process of determining the underlying reason for an error or problem, so that the process that produced the error/problem can be altered in a way that prevents it from recurring.
- 2.284 “Root Cause Analysis Report” or “RCA Report” means a report, in the format as shown in Exhibit B-3.3, that First Data shall complete each time First Data completes a Root Cause Analysis.
- 2.285 “Royalty Material” has the meaning given in Section 7.3(b)(iii).
- 2.286 “S&P” means First Data’s Systems and Programming division or unit.

- 2.287 “SAS 70” has the meaning given in Section 10.3 of the Main Body of the Agreement.
- 2.288 “Second Post-Conversion Period” has the meaning given in Schedule C, Section 17.4.
- 2.289 “Second Post-Conversion Period Year” has the meaning given in Schedule C, Section 17.4.
- 2.290 “Selective Transfer” means a Transfer of a partial group of Designated Accounts.
- 2.291 “Service Delivery Charges” has the meaning given in Schedule C, Section 8.3.
- 2.292 “Service Deviation Report” means a report, in the format as shown in Schedule B-3.2, that First Data shall complete on a weekly basis.
- 2.293 “Service Levels” has the meaning given in Section 8.1 of the Main Body of the Agreement including as described in Schedule B and Attachment 3 to Exhibit A-7.
- 2.294 “Service Level Bonus Weight” means the percentage weight, for Service Level Bonus purposes, assigned to a Critical Service Level as set forth in Table 1 of Exhibit B-2 (as may be amended over time).
- 2.295 “Service Level Bonuses” has the meaning given in Schedule B, Section 6.
- 2.296 “Service Level Credit Weight” means the percentage weight, for Service Level Credit purposes, assigned to a Critical Service Level as set forth in Table 1 of Schedule B-2 (as may be amended over time).
- 2.297 “Service Level Credits” has the meaning given in Schedule B, Section 5.
- 2.298 “Service Level Default” means a failure of First Data to achieve a Service Level.
- 2.299 “Services” has the meaning given in Section 3.1 of the Main Body of the Agreement.
- 2.300 “Settlement Account” has the meaning given in Schedule A, Section 17.1.
- 2.301 “Settlement Late Payment Fee” has the meaning given in Schedule A, Section 17.5.
- 2.302 “Settlement Rules” has the meaning given in Schedule A, Section 17.5.

- 2.303 “Settlement System” has the meaning given in Schedule A, Section 17.1.
- 2.304 “Shared Cost Interfaced Materials” has the meaning given in Section 7.2(f) of the Main Body of the Agreement.
- 2.305 “SIPOC” is a Six Sigma term meaning “Supplier Inputs Process Outputs Customer”.
- 2.306 “Six Sigma” means, as appropriate, (i) the management philosophy which has as its goal the improvement of processes through a defined methodology of measurement, analysis, modification and control, as that philosophy is interpreted and applied by RCSI and its Affiliates from time to time, or (ii) a measurement, which may be expressed as (A) a yield of 99.99966% or (B) 3.4 defects per 1,000,000 units or an equivalent numerical relationship (e.g., 0.34 defects per 100,000 units).
- 2.307 “Software Conversion Modification(s)” means those modifications to the First Data System made in connection with any Conversion.
- 2.308 “Specifications” means the functionality requirements for the deliverable at issue, including as set out in documentation agreed upon by the Parties, Documentation, and any other written or other descriptive material generated pursuant to the deliverable development methodology used in designing and developing the deliverable (including the methodology used in coding any software deliverable) at issue.
- 2.309 “Staff Level Training” has the meaning given in Schedule A, Section 16.1(d).
- 2.310 “Standard Conversion Services” has the meaning given in Schedule A, Section 11.1(b).
- 2.311 “Standard Start-up Services” has the meaning given in Schedule A, Section 9(b).
- 2.312 “Standard Transfer Service” has the meaning given in Schedule A, Section 11.7(c).
- 2.313 “Start-up Plan” has the meaning given in Schedule A, Section 9(a).
- 2.314 “Start-up Services” has the meaning given in Schedule A, Article 9(a).
- 2.315 “Statement Baseline” has the meaning given in Schedule C, Section 6.3(a)(i).
- 2.316 “Statements” shall have the meaning given in Schedule A, Section 6.1(a).

- 2.317 “Steering Committee” has the meaning given in Section 9.2(a) of the Main Body of the Agreement.
- 2.318 “Subsequent User Manuals” has the meaning given in Schedule A, Section 4.2.
- 2.319 “Successor” has the meaning given in Section 21.7 of the Main Body of the Agreement.
- 2.320 “Super User” has the meaning given in Schedule C, Section 14.2.
- 2.321 “Super User Training Session” has the meaning given in Schedule C, Section 14.2.
- 2.322 “Surveyor” means a credit application system used by RCSI which is not part of the First Data System.
- 2.323 “Target Benefits” has the meaning given in Schedule C, Section 7.1(a).
- 2.324 “Target Performance Level” for a Service Level means the Actual Yield specified in the column titled “Target Performance Level” in Exhibit B-1.
- 2.325 “Telecom Pass-Through Expenses” has the meaning given in Exhibit C-3.
- 2.326 “Term” has the meaning given in Section 4.2 of the Main Body of the Agreement.
- 2.327 “Termination/Expiration Assistance” has the meaning given in Section 21.7 of the Main Body of the Agreement.
- 2.328 “Termination for Convenience Fee” has the meaning given in Schedule C, Section 18.1(a).
- 2.329 “Third Party Terms” has the meaning set forth in Schedule A, Section 5.4(b) and are as described in Exhibit A-5.
- 2.330 “Train the Trainer” has the meaning given in Schedule A, Section 16.1(c)(i).
- 2.331 “Training Plan” has the meaning given in Schedule A, Section 16.1(b)(i).
- 2.332 “Training Services” has the meaning given in Schedule A, Section 16.1(a).
- 2.333 “Transaction Card” means a payment card issued pursuant to a grant of authority from MasterCard, Visa or other entity or Association or pursuant to authority otherwise held by RCSI or its Affiliates.

- 2.334 “Transaction Level Pricing” has the meaning given in Schedule A, Section 5.2(aa).
- 2.335 “Transaction Level Processing Services” has the meaning given in Schedule A, Section 5.2(e)(ii).
- 2.336 “Transaction Level Rewards” has the meaning given in Schedule A, Section 5.2(aa).
- 2.337 “Transaction Level Rewards Services” has the meaning given in Schedule A, Section 5.2(e)(ii).
- 2.338 “Transfer” and any derivation thereof (i.e., “Transferred”) has the meaning given in Schedule A, Section 11.7(a).
- 2.339 “Transferred Accounts” has the meaning given in Schedule A, Section 12.1.
- 2.340 “Transferee” has the meaning given in Schedule A, Section 12.1.
- 2.341 “Unidentified Service Levels” has the meaning given in Exhibit B, Section 1.1.
- 2.342 “United States” or “U.S.” means the United States of America and its dependencies, territories and possessions.
- 2.343 “User Documentation Change Request” or “UDCR” has the meaning given in Schedule A, Section 5.5(a)(iii).
- 2.344 “User Manuals” has the meaning given in Schedule A, Section 5.5(a)(i) and include those manuals listed and described in Exhibit A-2.
- 2.345 “Views” has the meaning given in Schedule A, Section 5.2(j).
- 2.346 “Virus” means: (i) program code, programming instruction or set of instructions intentionally constructed with the ability to disrupt, disable, harm, damage, interfere with or otherwise adversely affect computer programs, data files or operations; or (ii) other code typically designated to be or described as a virus, including Trojan horse, worm or backdoor.
- 2.347 “Visa” means, individually or collectively, as appropriate, Visa U.S.A., Inc. or Visa INTERNATIONAL, and their respective successors and assigns.
- 2.348 “Volume \*\*\*” has the meaning given in Schedule C, Section 7.3(a)(ii).
- 2.349 “Weighting Cap” has the meaning given in Exhibit B-2, Section 5.

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**MODIFICATION AGREEMENT**

This Modification Agreement (this "Modification Agreement") is made with reference to that certain Banc One Private Label Processing Agreement (the "Private Label Agreement") dated as of June 30, 1998, between Banc One National Association ("Banc One") and First Data Resources Inc. ("FDR").

WHEREAS, the Private Label Agreement has been assigned effective as of December 24, 1998 to, and assumed by, Monogram Credit Services, LLC (the "JV"), a Delaware limited liability company, which is a joint venture among Banc One, General Electric Capital Corporation ("GECC") and Monogram Receivables, Inc.;

WHEREAS, FDR currently provides to the JV certain data processing and related services (the "JV Processing Services") and certain print and mail, embossing and other production-related services (the "JV Production Services") for the Private Label Cards (as defined in the Private Label Agreement) and the Flex Visa portfolio designated by the JV (the Private Label Cards and the Flex Visa portfolio shall be collectively referred to herein as, the "JV Cards"; and for the purposes hereof and the TSA, the JV Cards shall be considered "Banc One Accounts", as such term is defined in the TSA) pursuant to the Private Label Agreement (collectively, the JV Processing Services and the JV Production Services constitute the "Services" under the Private Label Agreement and shall be referred to herein as the "JV Services");

WHEREAS, GECC and FDR have entered into a Technology Sourcing Agreement effective as of December 10, 1998, pursuant to which FDR provides certain data processing and related services to GECC and its Affiliates (the "TSA");

WHEREAS, Montgomery Ward Credit Corporation ("MWCC"), an Affiliate of GECC, and FDR have entered into a Production Services Agreement effective as of November 16, 1999, pursuant to which FDR provides certain print and mail, embossing and other production-related services to MWCC and its Affiliates (the "PSA");

WHEREAS, the JV desires that as of October 1, 2000 in lieu of obtaining the JV Services pursuant to the Private Label Agreement, (i) the JV Processing Services for the JV Cards shall instead be performed under and pursuant to the terms and conditions of the TSA; and (ii) the JV Production Services for the JV Cards shall instead be performed under and pursuant to the terms and conditions of the PSA; and

WHEREAS, the JV and FDR agree that as of October 1, 2000, the Private Label Agreement shall be suspended and the TSA and the PSA shall be amended as provided hereinbelow.

THEREFORE, GECC, the JV, MWCC and FDR (as applicable) hereby agree as follows:

1. Transfer of Processing Services to TSA.

(a) Pursuant to Section 3.1(g) of the TSA and subject to Section 1(b) of this Modification Agreement, GECC, the JV and FDR agree that as of October 1, 2000, FDR shall provide to the JV the JV Processing Services for the JV Cards as Services (as such term is defined in the TSA), performed under and pursuant to the terms and conditions of the TSA, it being understood that the JV shall be liable for payments thereunder to FDR; provided, however, that Merchant Statements Online, Billing IN 7103 shall be charged at the rates set forth in the Private Label Agreement, unless and until the parties hereto otherwise mutually agree in writing.

(b) Notwithstanding anything to the contrary in Section 3.1(g)(i)(B) of the TSA, the Services (as defined in the TSA) performed under the TSA with respect to the JV Cards shall be measured by the performance measurements applicable to the JV Processing Services under the Private Label Agreement, as set forth in Exhibit "D" thereto (except those measurements that would apply to services which are JV Production Services), until such time as the Service Levels for the RFS Designated Accounts (as defined in the TSA) are finalized and incorporated into the TSA. On the first day of the month immediately following the date upon which such Service Levels are finalized, such Service Levels shall automatically apply thereto.

(c) GECC, the JV and FDR agree that as of October 1, 2000, Section 3.1(d)(i) of the TSA shall be deleted in its entirety and replaced with the following:

(i) GE Capital and Monogram Credit Services, LLC (the "JV") have the right during the Term to perform, or retain third parties to perform, any of the Services; provided, however, First Data will be the exclusive provider of those Services for which the Annual Core Services Fee and Monthly Data Center Fees are paid (the "Exclusive Services") (A) for those accounts identified by GE Capital as CFS Designated Accounts at the time of completion of the CFS Initial Conversion and (B) until June 30, 2003, for the Banc One Accounts, as defined in Section 3.1(g) below, as such Banc One Accounts may be increased in the ordinary course of business through the growth of accounts of merchant retailers and cardholders forming a part of the Banc One Accounts as of the October 1, 2000. In the event that (in violation of clause (i)(B) above) either (i) the JV, GE Capital or any of their Affiliates perform, or retain third parties to perform, any of the Exclusive Services for the Banc One Accounts or (ii) in any one Processing Year, the JV or GE Capital sells or otherwise transfers one or more Active Banc One Accounts (as defined below) such that either (A) the total number of all of such divested Active Banc One Accounts (the "Divested Accounts") for the previous Processing Year is greater than ten percent (10%) of the Aggregate

Active Banc One Accounts (as defined below) in such previous Processing Year, or (B) the Aggregate Active Banc One Accounts at the end of any Processing Year (the "End of Year Total") is less than One Million Six Hundred Fifty Thousand Four Hundred Eight-Five (1,650,485) and the sum of all Divested Accounts divested since October 1, 2000 plus the End of Year Total is greater than One Million Six Hundred Fifty Thousand Four Hundred Eight-Five (1,650,485) (the "Trigger Event"), the JV shall be liable to First Data for a one time payment in the amount of the Compensatory Payment (as defined below). The foregoing shall not apply (i) in the event the JV sells or otherwise transfers Banc One Accounts to GE Capital or a GE Capital Affiliate and such Banc One Accounts continue to receive the Exclusive Services hereunder, (ii) to dispositions of Banc One Accounts that result from the expiration, termination, or a discontinuance of a Banc One Account that occurs in the ordinary course of business, including, but not limited to, accounts that are charged off pursuant to the policies and procedures of the JV or GE Capital, as applicable that have not been purged ("Charged Off Accounts"), and in connection with the contractual rights or obligations of GE Capital or the JV pursuant to their agreements with clients as a result of a termination of such accounts (excluding any termination by the JV or GE Capital, as applicable, resulting from a contractual right to terminate that is not subject to the occurrence of a condition), (iii) a sale or transfer in connection with the contractual rights or obligations of GE Capital or the JV pursuant to their agreements with clients as a result of a termination of such accounts (excluding any termination by the JV or GE Capital, as applicable, resulting from a contractual right to terminate that is not subject to the occurrence of a condition), or (iv) a sale or transfer of Charged Off Accounts. In the event the JV is required to pay the Compensatory Payment hereunder, the restrictions of the first sentence of this Section 3.1 (d)(i) shall no longer apply to the Banc One Accounts and GE Capital or the JV may perform the Exclusive Services, or retain third parties to perform the Exclusive Services for any Banc One Accounts and may sell or otherwise divest itself of Banc One Accounts. GE Capital and the JV retain the right to sell Accounts, portfolios or lines of business which are receiving the Services, including the Exclusive Services (although, if GE Capital or the JV does so with respect to Banc One Accounts, such sale may constitute a Trigger Event, as provided above, unless otherwise excepted therefrom) and such Accounts, portfolios or lines of business will no longer be subject to the Agreement and shall not constitute a Trigger Event hereunder under any circumstances. GE Capital and the JV also retain the right to acquire Accounts, portfolios or lines of business and manage such Accounts, portfolios or lines of business separately from this Agreement and the Services. Within forty-five (45) days after the end of each Processing Year, the JV or GE Capital, as applicable, shall deliver a notice in writing to First Data indicating the number of Divested Accounts for such Processing Year. Within thirty (30) days of receipt of such notice, First Data shall calculate whether a Compensatory Payment is due by the

JV and shall deliver a notice in writing to the JV setting forth the amount of the Compensatory Payment and the calculation performed by First Data related thereto. For purposes of this Section, "Active Banc One Account" means (i) any Banc One Account that had, during the period of determination as to whether such Banc One Account is an Active Banc One Account, a balance or for which a debit, credit, or payment has taken place during such period, and (ii) Charged Off Accounts, "Aggregate Active Banc One Account" for any Processing Year means the sum of the twelve (12) Banc One Monthly Active Accounts ("Banc One MAA") divided by 12 where "Banc One MAA" equals the number of Active Banc One Accounts on the last day of the previous month as set forth on the CD121 from the last day of the previous month or its equivalent which accurately reflects the number of Active Banc One Accounts plus the number of Active Banc One Accounts on the last day of the current month as set forth on the CD121 from the last day of the current month or its equivalent which accurately reflects the number of Active Banc One Accounts divided by two.

(d) GECC, the JV and FDR agree that as of October 1, 2000, the following shall be inserted as a new Section 3.1(d)(iv) following Section 3.1(d)(iii) in the TSA:

"For purposes of this Section 3.1(d), "Compensatory Payment" shall mean \$780,000 until September 30, 2002, and on October 1, 2002, the Compensatory Payment shall mean \$715,000 (a reduction of \$65,000). On the first day of each calendar month thereafter, the Compensatory Payment shall be further reduced by \$65,000 per month until June, 2003. Thereafter the JV shall not be responsible for the payment of any Compensatory Payment. The Compensatory Payment shall be due and payable by the JV within 30 days after the last day of the month in which the Trigger Event occurs and under no circumstances shall the JV be required to pay the Compensatory Payment more than once."

(e) GECC, the JV and FDR agree that as of October 1, 2000, Section 12.1 of the TSA shall be deleted in its entirety and replaced with the following:

"All Charges for the Services are set forth in this Article 12, Section 3.1(d), Section 11.2(b), Section 20.7(f) and in Exhibit C. Neither GE Capital nor the JV shall be required to pay First Data any amounts for the Services in addition to those payable to First Data under this Article 12, the sections referenced above or Exhibit C."

2. The JV and FDR agree that the Services (as defined in the TSA) for the JV Cards performed under the TSA shall continue to be performed at an FDR facility located in the United States and shall not be moved to any other location outside of the United States without the consent of the JV.
3. Transfer of Production Services to PSA.
  - (a) Pursuant to Section 3.4 of the PSA, MWCC and the JV hereby request that, and FDR hereby agrees to, provide to the JV, as of October 1, 2000, all the JV Production Services for the JV Cards as Production Services (as such term is defined in the PSA) performed under the PSA, it being understood that the JV shall be liable for payments thereunder to FDR; provided, however, that Plasticard Enterprise Presentation (PEP), Billing IN 7717 shall be charged at the rates set forth in the Private Label Agreement, unless and until the parties otherwise mutually agree in writing.
  - (b) The JV and FDR agree that the Production Services (as defined in the PSA) for the JV Cards performed under the PSA shall continue to be performed at either or both of FDR's Omaha, Nebraska, or Chesapeake, Virginia, facilities and shall not be moved to any other location(s) without the consent of the JV.
4. Suspension of the Private Label Agreement.
  - (a) FDR and the JV agree, effective as of October 1, 2000; to suspend and render inoperative for all purposes the Private Label Agreement and all rights and obligations of the parties arising thereunder (except as may be expressly provided otherwise in this Modification Agreement or in the Private Label Agreement) including, but not limited to, FDR's obligation to provide the Services (as defined in the Private Label Agreement), under the Private Label Agreement; provided, however, that any existing liabilities, confidentiality and other obligations or indemnities of the parties thereto arising under the Private Label Agreement prior to the date of such suspension shall survive (including, but not limited to, Article 5 and Article 9 thereof). Notwithstanding anything contained herein to the contrary, as soon as practicable after the date hereof, FDR shall calculate and pay any and all amounts owing to the JV arising in connection with the Private Label Agreement, including (i) \$666,000 owed by FDR to the JV in connection with erroneous billing related to a postal scan line coding error by FDR on the JV's cardholder payment remittance envelopes, (ii) an additional amount (calculated in a manner satisfactory to the JV in good faith) owed by FDR to the JV in connection with erroneous billing related to an FDR coding error which increased the monthly non-monetary transactions, and (iii) the amount owed to the JV by FDR pursuant to the Volume Rebate (pro-rated to September 30, 2000) provided in Section 4.6 of the Private Label Agreement, as calculated in good faith by FDR and satisfactory to the JV. Notwithstanding the suspension of the Private Label Agreement provided herein and unless otherwise agreed by the parties thereto, in the event that the election to reinstate the Private Label Agreement under Section 4(c) of this Agreement occurs, the Private Label Agreement shall expire by its own terms on the date stipulated therein.

(b) FDR agrees that the suspension of the Private Label Agreement as provided herein is not an event which triggers a right of FDR to Liquidated Damages under Section 4.4 of the Private Label Agreement and, as of the date hereof for purposes of this Agreement, FDR agrees to waive any of its rights to Liquidated Damages under Section 4.4 of the Private Label Agreement.

(c) In the event that prior to June 30, 2003 the JV ceases to be an Affiliate of GECC (as defined in the TSA), but remains or otherwise becomes an Affiliate of Banc One (as defined in the Private Label Agreement), the JV may (upon no less than sixty (60) days notice to FDR) elect to reinstate the Private Label Agreement and designate which of the JV Services will thereafter again be performed thereunder.

5. General

(a) The JV, GECC, and FDR will cooperate in good faith with each other to ensure a prompt, smooth and orderly transfer of the JV Services for the JV Cards from the terms and conditions of the Private Label Agreement to the terms and conditions of the TSA and PSA (as applicable) in accordance herewith (and FDR will take whatever further actions are hereafter reasonably requested by GECC to effectuate such transfer).

(b) As hereby amended and supplemented, the TSA and PSA shall remain in full force and effect. Except where expressly stated otherwise herein, nothing contained herein shall constitute an amendment or waiver by any party of any right, obligation or remedy under the TSA or PSA.

*[The remainder of this page intentionally left blank.]*

Entered into effective as of this 29 day of September, 2000.

MONOGRAM CREDIT SERVICES, LLC

By: \_\_\_\_\_

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_

FIRST DATA RESOURCES INC.

By: \_\_\_\_\_

MONTGOMERY WARD CREDIT CORPORATION

By: \_\_\_\_\_

Entered into effective as of this 29 day of September, 2000.

MONOGRAM CREDIT SERVICES, LLC

By: \_\_\_\_\_

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_

FIRST DATA RESOURCES INC.

By: \_\_\_\_\_

MONTGOMERY WARD CREDIT CORPORATION

By: \_\_\_\_\_

**AMENDED AND RESTATED  
ADDITIONAL TERMS AND CONDITIONS ADDENDUM NO. 3**

**TO**

**SOFTWARE LICENSE AGREEMENT**

THIS AMENDED AND RESTATED ADDITIONAL TERMS AND CONDITIONS ADDENDUM NO. 3 (this "Addendum") is made as of the 31<sup>st</sup> day of December, 2002 (the "Addendum Date") between **GENERAL ELECTRIC CAPITAL CORPORATION**, a Delaware corporation ("Customer") and **PAYSYS INTERNATIONAL, INC.**, a Florida corporation ("Company").

WHEREAS, Customer (then a New York corporation) and Company entered into that certain Software License Agreement dated December 31, 1996 (hereinafter referred to as the "Agreement"); and

WHEREAS, Customer and Company entered into (i) that certain Additional Terms and Conditions Addendum No. 1 dated July 31, 2001 and (ii) that certain Additional Terms and Conditions Addendum No. 2 dated as of December 31, 2002, to provide for terms and conditions different from or additional to those stated in the Agreement; and

WHEREAS, Customer and Company now wish to provide for other terms and conditions different from or additional to those stated in the Agreement.

NOW THEREFORE, the parties hereto agree as follows:

1. **Defined Terms.** All capitalized terms not otherwise defined in this Addendum shall have the meanings ascribed to them in the Agreement.
2. **Restrictions on Use.** With respect to processing Accounts which are Non-Revolving Loan Products, Company agrees that the Territory shall be expanded to include the entire world with respect to Customer's and any Affiliate's use of the Licensed Programs in accordance with Section 1.01 of the Agreement. For the purposes of this Addendum, the term "Non Revolving Loan Product" shall mean a loan with a payment plan with a fixed principal balance that requires repayment in a number of installments comprising principal, interest, and fees over a specified period. It is understood that these accounts will be subject to early settlement, rescheduling and additional purchase capability. The restrictions in Section 1.03(b) of the Agreement shall not be applicable to Accounts which are Non-Revolving Loan Products.
3. **Modification Fee.** Customer agrees to pay a one-time License Fee in the amount of USD \$1,000,000 upon execution of this Addendum, in consideration of the foregoing modification to Restrictions on Use. Customer's use of the Licensed Programs in accordance with these provisions shall not be subject to any of the License Fees provided in Section 6.01 of the Agreement. If, and to the extent, Customer has paid this fee with respect to Additional Terms and Conditions Addendum No. 3, no additional fee shall be payable with respect to the Amended and Restated Addendum Number 3.
4. **Change In Operations Sites.** For the avoidance of doubt, Customer may change the designated location of an Operations Site to another location which succeeds such Operations Site without additional charge. Customer shall notify Company in writing as to the address of the replacement Operations Site prior to initiation of production processing of the Licensed Programs at such Operations Site. Customer may process at both the prior Operations Site and the replacement Operations Site for up to six (6) months without additional charge provided that Customer may have an additional six (6) months if reasonably needed by Customer, in which event Company may reasonably audit Customer's transition plans..

5. **General.** The aforesaid terms and conditions of paragraphs 1 through 4 are made part of and subject to all of the terms and conditions of the Agreement as of and after the Addendum Date. Each and all of the terms, provisions and conditions of the Agreement, to the extent they are not directly in conflict with this Addendum, remain in full force and effect and this Addendum is incorporated into the Agreement by this reference thereto. The Amended and Restated version of this Amendment shall replace the original Amendment as of the Addendum Date.

**GENERAL ELECTRIC CAPITAL CORPORATION**

**PAYSYS INTERNATIONAL, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

FIRST DATA RESOURCES INC.  
10825 Farnam Drive  
Omaha, Nebraska 68154

As of April 1, 2003

Retailer Credit Services, Inc.  
4246 South Riverboat Road  
Salt Lake City, Utah 84123

GE Business Productivity Solutions, Inc.  
c/o Retailer Credit Services, Inc.  
4246 South Riverboat Road  
Salt Lake City, Utah 84123

Ladies and Gentlemen:

Reference is made to (i) the Production Services Agreement (the "PSA"), dated as of November 16, 1999, between ourselves ("First Data") and yourselves (then known as Montgomery Ward Credit Corporation, "RCSI"), and (ii) the Conversion and Addendum Agreement (the "CAA") dated as of October 18, 2002, between GE Business Productivity Solutions, Inc. ("GEBPS") and First Data. Simultaneously with the execution and delivery of this letter agreement, the parties (or Affiliates of the parties) are executing various other agreements, including a First Amended and Restated Technology Sourcing Agreement (all of which, taken together, the "Transaction Documents").

(1) In connection with the Transaction Documents, RCSI agrees that for the first forty million (40 million) reissue plastics (credit card stock) required by RCSI after the date hereof (and which, if awarded to First Data would constitute Transaction Card production Services under the PSA), RCSI shall provide First Data the opportunity to competitively bid to provide RCSI such reissue plastics and if (x) First Data meets RCSI's requirements thereof (including specifications, quality, and delivery terms) and (y) First Data's price is at least as low as that of any other bidder, RCSI shall award the bid to First Data. The parties acknowledge that eight million (8 million) of such plastics have already been competitively bid between the date above and the actual execution date hereof, and thus there is thirty two million (32 million) remaining. If First Data fails to perform in accordance with such obligations, RCSI shall have the same rights and remedies for such failure as is provided in the PSA.

(2) In consideration of the commitment by RCSI in (1), above, First Data agrees that GEBPS' shall have the option (to be exercised no later than August 31, 2003) to either (a) terminate the CAA without any liability for payment (including any then outstanding payment obligations thereunder) or (b) continue the CAA in effect. If GEBPS elects option (b) in the preceding sentence First Data's right to recover any capitalized amounts accrued under the CAA as of May 28, 2003 shall be waived, including conversion expenses and the Signing Bonus, which as of the date hereof equals approximately four hundred seventy-five thousand dollars (\$475 thousand).

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FINAL

Retailer Credit Services, Inc.  
GE Business Productivity Solutions, Inc.  
May , 2003  
Page 2

Very truly yours,

FIRST DATA RESOURCES INC.

By: \_\_\_\_\_

Accepted and agreed to:

RETAILER CREDIT SERVICES, INC.

By: \_\_\_\_\_

GE BUSINESS PRODUCTIVITY SOLUTIONS, INC.

By: \_\_\_\_\_

**GUARANTY**

**GUARANTY** (the "**Guaranty**"), dated as of June 5, 2003, of **GENERAL ELECTRIC CAPITAL CORPORATION** ("**GE Capital**"), a Delaware corporation, in favor of **FIRST DATA RESOURCES INC.** ("**First Data**"), a Delaware corporation.

**WHEREAS**, GE Capital and First Data are parties to a Technology Sourcing Agreement (the "**TSA**"), dated December 10, 1998;

**WHEREAS**, in connection with amending and restating the TSA, GE Capital desires that its rights and obligations under the TSA be assigned to, and assumed by, Retailer Credit Services, Inc. ("**RCSI**"), a Utah corporation which is an affiliate of GE Capital;

**WHEREAS**, in connection therewith First Data has requested GE Capital, as the parent of RCSI, to provide a guaranty to First Data on the terms and conditions hereinafter provided; and

**WHEREAS**, GE Capital is willing to enter into this Guaranty to induce First Data to enter into an amended and restated TSA with RCSI substituted for GE Capital as a party thereto;

**NOW, THEREFORE**, GE Capital hereby agrees:

**Section 1. Guaranty by GE Capital.** (a) From and after the date hereof, GE Capital hereby irrevocably and unconditionally guarantees the due and punctual performance by RCSI of all of its obligations under the TSA, in each case after any applicable grace periods or notice requirements, according to the terms of the TSA. GE Capital agrees that its obligations hereunder shall be unconditional, irrespective of any change therein or amendment to the TSA, the absence of any action to enforce the same, the recovery of any judgment against RCSI or any action to enforce the same, or any other circumstances which may otherwise constitute a legal or equitable discharge or defense of a guarantor; provided, however, that GE Capital's obligations under this Guaranty shall be subject to all defenses available to RCSI, other than bankruptcy or insolvency of RCSI or the validity or enforceability of its obligations. GE Capital covenants that this Guaranty will not be discharged except by complete performance of the obligations contained in the TSA and in this Guaranty.

(b) GE Capital shall be subrogated to all rights of First Data in respect of any amounts paid by GE Capital pursuant to the provisions of this Guaranty.

(c) This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of charges under the TSA or any other amount owed to First Data hereunder or thereunder is rescinded or must otherwise be returned by First Data upon the insolvency, bankruptcy or reorganization of GE Capital, RCSI or otherwise, all as though such payment had not been made.

**SECTION 2. Miscellaneous.**

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**Section 2.1. Notices.** All notices to GE Capital under this Guaranty and copies of all notices to RCSI under the TSA shall, until GE Capital furnishes written notice to the contrary, be in writing and mailed, faxed or delivered to GE Capital at 260 Long Ridge Road, Stamford, Connecticut 06927-9400, and directed to the attention of the Senior Vice President-Corporate Treasury and Global Funding Operation of GE Capital (facsimile no. (203) 357-4975).

**Section 2.2. Governing Law.** This Guaranty shall be construed and enforced in accordance with, and governed by, the laws of the State of New York. The parties desire to avail themselves of the benefit of Section 5-1401 of the New York General Obligations Law.

**Section 2.3. Interpretation.** The headings of the sections and other subdivisions of this Guaranty are inserted for convenience only and shall not be deemed to constitute a part hereof.

**Section 2.4. Attorney's Cost.** GE Capital agrees to pay all reasonable attorney's fees and disbursements and all other reasonable and actual costs and expenses which may be incurred by First Data in the enforcement of this Guaranty.

**Section 2.5. No Set-off.** By acceptance of this Guaranty, First Data shall be deemed to have waived any right to set-off, combine, consolidate or otherwise appropriate and apply (i) any assets of GE Capital at any time held by First Data or (ii) any indebtedness or other liabilities at any time owing by First Data to GE Capital, as the case may be, against, or on account of, any obligations or liabilities owed by GE Capital to First Data under this Guaranty.

**Section 2.6. Assignment by GE Capital.** If GE Capital transfers the business operations currently known as GE Capital Consumer Finance – Americas to a separate legal entity, First Data shall not unreasonably withhold its agreement to an assignment and assumption of this Guaranty by such entity provided that it is sufficiently capitalized to adequately assure First Data of performance of the TSA. Other than as provided in this Section 2.6, this Guaranty shall not be assignable by GE Capital without the written consent of First Data.

**Section 2.7. Permitted Successors and Assigns of RCSI.** For the avoidance of doubt, the Guaranty by GE Capital shall also apply to any obligations of any successor or assigns of RCSI permitted under the TSA.

**GENERAL ELECTRIC CAPITAL CORPORATION**

By: \_\_\_\_\_  
Title:

**ACKNOWLEDGMENT AND AGREEMENT**

First Data hereby acknowledges and consents to the provisions of the foregoing Guaranty.

FIRST DATA RESOURCES INC.

By: \_\_\_\_\_  
Title:

**AMENDMENT TO FIRST AMENDED AND  
RESTATED TECHNOLOGY SOURCING AGREEMENT**

This Amendment (this "Amendment") to the First Amended and Restated Technology Sourcing Agreement dated as of December 10, 1998 (first amended and restated as of April 1, 2003), as amended (the "Service Agreement") is made and entered into this 3rd day of September, 2003 by and between Retailer Credit Services, Inc., a Utah corporation with offices at 4246 South Riverboat Road, Salt Lake City, Utah 84123 ("RCSI") and First Data Resources Inc., a Delaware corporation with offices at 10825 Farnam Drive, Omaha, Nebraska 68154 ("First Data"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, RCSI and First Data agree as follows:

1. Effective Date. The terms of this Amendment are effective as of January 26, 2004 (the "Effective Date").
2. General Terms. Exhibit "A-5" of the Service Agreement, Third Party Terms, is hereby amended by the addition of the following:

"2WAY-CONNECT SERVICES. First Data, in conjunction with \*\*\* Inc. or another third party (the 'Alerting Party'), shall provide RCSI with two-way real time alert, message and verification services. First Data will send Cardholder data to the Alerting Party, and the Alerting Party will contact individual Cardholders. Cardholders will have several options in responding to the Alerting Party's contact including, but not limited to, automated response or speaking with a customer service representative ('2Way-Connect Services'). First Data shall provide the 2Way-Connect Services pursuant to the following terms and conditions:

A. Implementation. First Data will provide an implementation profile form to be completed by RCSI and subsequently approved by First Data prior to the commencement of the 2Way-Connect Services ('Implementation Profile'). The Implementation Profile will outline the various options and parameters available within the 2Way-Connect Services including, but not limited to: frequency of Cardholder data transmission, scripting, selection of communication channels to determine RCSI's strategy for contacting Cardholders (the 'Contact Strategy'), selection of criteria for contacting Cardholders (including hours of contact) and other RCSI specific criteria (the 'Contact Criteria'). First Data agrees to provide the 2Way-Connect Services in accordance with the Contact Criteria, and First Data shall not utilize e-mail or text messaging in its performance of the 2Way-Connect Services hereunder without the prior written authorization of RCSI.

B. Description of Services. First Data shall deliver to the Alerting Party, at RCSI's request, Cardholder data of RCSI (XML over HTTP) (i) maintained on the First Data System and/or (ii) contained in a file sent by RCSI to First Data. Such data shall consist of, at a minimum: the Cardholder's contact information and applicable Account information as determined by RCSI. The Alerting Party will then attempt to contact the selected Cardholders via an automated outbound message. When a Cardholder is successfully contacted, the Cardholder will be presented with certain automated responses pre-selected by RCSI and customized to the nature of the alert. In addition,

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Cardholders may be presented with the alternative option of contacting a live customer service representative. Such representative may be a First Data employee, RCSI employee or employee of a third party working on behalf of RCSI. RCSI may view the results of Alerting Party's alerts in real time via a web page hosted by the Alerting Party.

C. Compliance with Law. RCSI shall be solely responsible for compliance with all laws, statutes, rules, regulations, regulatory guidance and judicial and administrative decisions, executive orders and similar mandates of any federal, state, or local governmental authority having jurisdiction over, or application to, the Contact Criteria including, without limitation, collections and other applicable laws. First Data shall be solely responsible for compliance with all laws, statutes, rules, regulations, regulatory guidance and judicial and administrative decisions, executive orders and similar mandates of any federal, state, or local governmental authority having jurisdiction over, or application to, the alerting, messaging and response functionality and application(s) utilized in connection with First Data's provision of the 2Way-Connect Services, as distinct from the Contact Criteria including, without limitation, any applicable telecommunication laws and/or licensing or registration requirements.

D. Termination. Notwithstanding anything in this Amendment to the contrary, if First Data's agreement with \*\*\* or any other Alerting Party expires or terminates or if First Data's right to offer the 2Way-Connect Services is threatened or terminated because the 2Way-Connect Services infringe upon the copyright, patent, or other proprietary rights of any party or for any other reason, First Data shall have the right to terminate the provision of the 2Way-Connect Services upon thirty (30) days notice to RCSI, or such shorter period of notice as coincides with the termination of First Data's right to license and offer, and First Data shall have no further liability to RCSI with respect to the terminated services."

### 3. Test Period.

(a) The term (hereinafter referred to as the "Test Period") of the 2Way-Connect Services, which shall consist of the set-up by First Data and use by RCSI of a single collections-related application of the 2Way-Connect Services (hereinafter referred to as the "2Way-Connect Services - Collections Application") and used in connection with not more than three thousand (3,000) of RCSI's Accounts each month, shall be for a period of three (3) calendar months, commencing on the Effective Date. If, prior to the expiration of the Test Period, either (i) RCSI can reasonably demonstrate that the ultimate cost per collection using the 2Way-Connect Services which would have resulted from First Data's proposed price schedule for the 2Way-Connect Services - Collection Application (as previously provided to RCSI by First Data in writing) would have been greater than the cost of RCSI performing substantially similar services itself, or having another third party perform such services on RCSI's behalf, utilizing RCSI's current business process, or (ii) the 2Way-Connect Services, employing the "Contact Strategy" against the Account volume previously committed by RCSI, does not attempt to contact Cardholders the number of times RCSI has designated, unless otherwise directed, at least ninety five percent (95%) of the time, then RCSI shall not, upon the conclusion of the Test Period be obligated to pay FDR the one-time set-up fee for the 2Way-Connect

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Services - Collections Application which will, notwithstanding any other terms set forth in this Agreement, otherwise be payable by RCSI in connection with the 2Way-Connect Services - Collections Application. Such one-time set-up fee, if payable, shall be the lesser of (i) the \*\*\* (as defined in \*\*\* of the Service Agreement) associated with the set-up of the 2Way-Connect services - Collections Application, or (ii) \$25,000.00.

(b) First Data hereby agrees that during the Test Period, there shall be no charge to RCSI for the 2Way-Connect Services - Collections Application, except as provided for in paragraph (a) above. The foregoing is based upon a maximum of 3,000 RCSI Accounts submitted during each calendar month of the Test Period, and an Application Strategy which does not exceed the limitations set forth in Attachment I hereto.

4. Production Terms. Upon the expiration of the Test Period, the parties will review and discuss the results obtained by RCSI as a result of its use of the 2Way-Connect Services, and if RCSI elects to continue to use such services in a production environment (or any other application of the services) following the expiration of the Test Period, the parties will negotiate in good faith the terms of such usage. Any such terms mutually agreed upon by the parties will be included in a written agreement or amendment hereto executed by the parties.

5. Security Risk Assessment Efforts. In conjunction with the provision by First Data of 2Way-Connect Services on behalf of RCSI, RCSI and First Data have identified certain server security risk issues which RCSI desires to have First Data resolve, including data encryption enablement, system user authentication parameters and host intrusion detection ("Risk Issues"). First Data agrees that it shall use its reasonable efforts to resolve such Risk Issues in accordance with a plan mutually agreeable to the parties.

6. Discounts/Rebates. RCSI and First Data hereby agree that if any fees are or become payable by RCSI to First Data for the 2Way-Connect Services - Collections Application set forth in this Amendment, such fees shall not be included in the qualification for, or the calculation of, any monetary discounts or rebates set forth in the Service Agreement.

7. Continuation of Service Agreement. As hereby amended and supplemented, the Service Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment to First Amended and Restated Technology Sourcing Agreement the day and year first above written.

FIRST DATA RESOURCES INC.

By: /s/ Ron Metschke  
Title: SVP

RETAILER CREDIT SERVICES, INC.

By: /s/ Brent Wallace  
Title: V.P. Treasury

ATTACHMENT I

**2Way-Connect Services – Collections  
Application - Application Strategy Limitations**

- Voice script not more than two (2) minutes long, on average
- Plus Connects not more than four (4) minutes long
- Two (2) numbers for Plus Connects (i.e. - IVR + collections department)
- Presentation of up to four (4) payment options per Account
- Formulaic calling windows (attempt “every x minutes”); call center and host windows can be unique for each day of the week
- Find Me Follow Me with no more than ten (10) attempts per Account submitted
- Outbound call strategy spanning no more than one (1) day
- One (1) Voice Mail message per Account
- Support for suspend/delete of alert before each attempt
- Appropriate allocation of outbound dials at the beginning of each calling window (i.e. - Cardholder’s time-zone), as mutually agreed upon by the parties
- Result codes per standard Collections Application (i.e. - Evolve or equivalent) functions
- Standard reports available via web: Call Delivery Detail, Daily/Monthly Summaries
- One media only (i.e. - all voice calls) throughout, but unlimited numbers/addresses
- Info Call to call center when “Plus Connected” Cardholder hangs up
- Parallel email notifications to call center/collections department not included

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**AMENDMENT TO FIRST AMENDED AND  
RESTATED TECHNOLOGY SOURCING AGREEMENT**

This Amendment (this "Amendment") to the First Amended and Restated Technology Sourcing Agreement dated as of December 10, 1998 (first amended and restated as of April 1, 2003), as amended (the "Service Agreement") is made and entered into this 18th day of May, 2005 by and between Retailer Credit Services, Inc., a Utah corporation with offices at 4246 South Riverboat Road, Salt Lake City, Utah 84123 ("RCSI") and First Data Resources Inc., a Delaware corporation with offices at 10825 Farnam Drive, Omaha, Nebraska 68154 ("First Data"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, RCSI and First Data agree as follows:

1. **Effective Date.** The terms of this Amendment are effective as of Jan 1, 2005 (the "Effective Date").
2. **General Terms.** RCSI and First Data previously entered into an Amendment dated December 3, 2003 to the Service Agreement (the "First Amendment") wherein the parties agreed upon the terms for the provision by First Data of 2WAY-CONNECT SERVICES to RCSI in a limited test environment. Paragraph 2 of the First Amendment, which described the general terms of the 2WAY-CONNECT SERVICES (including but not limited to the term of such test period), is hereby amended as follows:
  - (a) The "Test Period" of the 2WAY-CONNECT SERVICES is hereby deemed to have expired as of the Effective Date.
  - (b) Commencing on the Effective Date, the Collections Application of the 2WAY-CONNECT SERVICES (as defined in paragraph 3 of this Amendment) shall be provided by First Data and utilized by RCSI in a full production environment with respect to RCSI's Accounts at the applicable rates set forth in Exhibit "C-2" of the Service Agreement.
  - (c) Except as otherwise specified in this Amendment, all terms set forth in the First Amendment (including but not limited those set forth in paragraph 2 of the First Amendment) shall remain in effect.
3. **Fees.** Exhibit "C-2" of the Service Agreement, Ancillary Service Charges List, is hereby amended by the addition of the following:

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
3343	2Way-Connect Services - Set-Up Fee (Collections Application)	***  The fee above for the 2Way-Connect Services - Set-Up does not include (and RCSI shall reimburse First Data pursuant to the applicable fees in this Service Agreement for) any custom development services required in connection with RCSI's use of the 2Way-Connect Services. If, at any time following completion of the initial set-up/development services for the application, RCSI requires additional development or customization services in connection with such application, any such additional development or customization services provided by First Data shall be at rates to be quoted to RCSI upon request.

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The fee above for the 2Way-Connect Services - Set-Up does not include (and RCSI shall reimburse First Data pursuant to the applicable fees in this Service Agreement for) any custom development services required in connection with RCSI's use of the 2Way-Connect Services. If, at any time following completion of the initial set-up/development services for the application, RCSI requires additional development or customization services in connection with such application, any such additional development or customization services provided by First Data shall be at rates to be quoted to RCSI upon request.

3703	2Way-Connect Services - Monthly Service Fee (Collections Application)	<p>-For the month of October of 2004</p> <p>-For the month of November of 2004</p> <p>-For the month of December of 2004</p> <p>-For the month of January of 2005</p> <p>-For the month of February of 2005</p> <p>-For the month of March of 2005</p> <p>-For the month of April of 2005</p> <p>-For the month of May of 2005</p> <p>-For the month of June of 2005</p> <p>-Commencing with the month of <del>April</del> July, 2005:</p> <p><u>Monthly Accounts Submitted</u></p> <p>Band Level A - less than 18,000</p> <p>Band Level A - 18,000 - 79,999</p> <p>Band Level B - 80,000 - 149,999</p> <p>Band Level C - 150,000 - 199,999</p> <p>Band Level D - 200,000 - 239,999</p> <p>Band Level E - 240,000 - 279,999</p> <p>Band Level F - 280,000 - 699,999</p> <p>Band Level G - 700,000 and over</p> <p>All prices above are for Zone 1 (-within North America).</p>	<p>*** /account submitted (minimum of \$20,000)</p> <p>*** /account submitted (minimum of \$40,000)</p> <p>*** /account submitted (minimum of \$40,000)</p> <p>*** /account submitted (minimum of \$40,000)</p> <p>*** /account submitted (minimum of \$80,000)</p> <p>*** /account submitted (minimum of \$100,000)</p> <p>*** /month ***</p> <p>*** /account per month</p>
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4. Descriptions. Exhibit "C-8" of the Service Agreement, Item Number Descriptions, is hereby amended by the addition of the following:

<u>IN</u>	<u>Service/Item</u>	<u>Description</u>
3343	2Way-Connect	The charge for the 2Way-Connect Collections Application utilized by RCSI. The 2Way-Connect Services - Set-Up Fee includes (i) a kick-off meeting with RCSI (including travel and expenses), (ii) product design, (iii) design coding, (iv) end-to-end testing, (v) studio time/recording talent, (vi) administration of solution-password set-up and voice file library creation, (vii) pre-production calls and (viii) overall project management.

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3703	2Way-Connect Services - Monthly Services - Set-Up Fee (Collections Application)	The monthly service fee paid for the Cardholder Accounts submitted by Customer each month for alerting. Except as specified in the price schedule Service Fee (Collections Application)  above, the fee is determined by the price grid in such schedule based upon the number of Cardholder Accounts submitted by Customer for the month. The Monthly Service Fee includes (a) a general Collections Application Strategy representative of a majority of First Data's current deployments for the Application (which shall be provided to RCSI upon request), (b) a voice mail message, (c) several alert attempts over a specified time period and (d) standard result code reporting. The Monthly Service Fee is subject to change if RCSI desires to change its Application Strategy beyond the limitations for such general Collections Application Strategy.
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5. Discounts/Rebates. RCSI and First Data hereby agree that if any fees payable by RCSI to First Data for the 2Way-Connect Services - Collections Application set forth in this Amendment shall not be included in the qualification for, or the calculation of, any monetary discounts or rebates set forth in the Service Agreement.

6. Continuation of Service Agreement. As hereby amended and supplemented, the Service Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to First Amended and Restated Technology Sourcing Agreement the day and year first above written.

FIRST DATA RESOURCES INC.

RETAILER CREDIT SERVICES, INC.

By: /s/ Ron Metschke

By: /s/ Robert DiGennaro

Title: SVP

Title: SVP Collections / Recovery

Retailer Credit Services, Inc.  
777 Long Ridge Road  
Stamford, Connecticut 06927

September 28, 2006

First Data Resources Inc.  
10825 Farnam Drive  
Omaha, Nebraska 68154

Ladies & Gentlemen:

Reference is made to the First Amended and Restated Technology Sourcing Agreement (the "FAAR TSA"), originally dated December 10, 1998, and amended and restated as of April 1, 2003, between you ("FDR") and us ("RCSI") and to the Production Services Agreement (the "PSA"), dated November 16, 1999, between us. This letter agreement shall be effective as of August 1, 2006 and shall constitute the Third Amendment to the FAAR TSA and the Sixth Amendment to the PSA. Terms used in this letter agreement with initial capitalization which are not otherwise defined herein shall have the meanings ascribed to them respectively in the FAAR TSA or the PSA.

The parties have had various disputes as to charges and service level credits under the FAAR TSA and the PSA. The parties have resolved these disputes to the extent described in this letter agreement. This letter, when accepted by you shall constitute our agreement as follows:

1. [Text omitted.]

2. Charges under the FAAR TSA. Various FAAR TSA disputes have been resolved as follows:

(a) Storage of AFP letters (including those to applicants who did not become customers and therefore never had Active Accounts) is \*\*\*;

(b) With regard to WRAPS, RCSI \*\*\* amounts for: (i) up to three runs per client per quarter, regardless of changes in criteria, (ii) up to four individual portfolio (Client number) runs per calendar year, or (iii) any runs or reruns caused by FDR error. Effective July 1, 2006 RCSI will be charged for any custom passer at the programming rate defined in the TSA agreement under element no. 5008 or additional WRAPS runs per calendar year at \*\*\* per number of Rules invoked per Securitization under element no. 2430. FDR will provide RCSI with training in accordance with the terms of the TSA and RCSI shall act reasonably with respect to complex WRAPS requests prior to execution of the WRAPS run. RCSI and FOR agree to \*\*\* the cost of creating a special (one time creation) report (known as

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First Data Resources Inc.  
September 28, 2006  
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CW573 Report) that will allow RCSI to obtain data that will reduce the need to run WRAPS. The design is done and the estimated work effort is 278.2 hours with a 9/6/06 implementation date. To the extent that RCSI's utilization of WRAPS during the period of January 1, 2006 through July 31, 2006 is greater than utilization during the remainder of 2006, FDR may exclude such excess utilization from the 2006 baselining process provided in Section 6.2( d) of Schedule C provided that FDR demonstrates the method for making such exclusion to RCSI's reasonable satisfaction; and

(c) Creation and processing of statement and embossing output record files whether for FDR's or a third party's further processing is \*\*\*.

3. [Text omitted.]

4. FAAR TSA Amendment.

(a) Section 12.6 of the FAAR TSA is amended by inserting a new subsection (i) to read as follows:

“(i) \*\*\* Billing of New Services. At the time RCSI requests the FDR Contract Executive (or begins receiving, either as a result of an independent action of RCSI to initiate use of a service offering or as a result of a request by RCSI to another individual at FDR) a Service that FDR believes is a New Service FDR shall notify the RCSI Contract Executive within \*\*\* days of the request (or \*\*\* days if the parenthetical above applies) that FOR believes that it is a New Service. If FDR does not notify the RCSI Contract Executive that FOR considers such request a New Service within the requisite period then \*\*\*. Upon notification, FDR shall request written agreement on the charges and other terms and conditions related to the New Services. FDR shall propose such charges and any other terms and conditions related to the New Services along with its notice or where the nature of the item is such that it cannot be accomplished contemporaneously, as soon as is practically feasible thereafter. If FDR and RCSI are unable to agree on whether such item is a New Service or what charges and other terms and conditions should be applicable thereto, if so instructed by RCSI, \*\*\*. Once the parties have agreed on the charges and other terms and conditions any charges shall be retroactive to the date the New Service began (or, with respect to use of service offerings initiated independently by RCSI and with regard to which RCSI has not notified FDR, the earlier of ninety (90) days after initiation and the date FDR notified RCSI that it considered the same a New Service). Until the matter is resolved FDR shall notionally report to RCSI the amount of such suspended charges on a monthly basis. In accordance with processes to be mutually agreed upon, RCSI shall use Commercially Reasonable Efforts to identify and notify FDR on or before RCSI independently begins to use a service offering that RCSI reasonably believes FDR may consider a New Service (it being understood that RCSI shall not be liable if such processes do not identify changes to RCSI's usage in order for RCSI to provide

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First Data Resources Inc.  
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notification). Any New Service shall not itself be subject to base lining in accordance with Section 6.2( d) of Schedule C (unless at the time the parties agree to a base lining mechanism) but changes resulting from utilization caused by the New Service to resources measured by the baselining mechanisms shall be subject thereto unless otherwise agreed at the time. This Section 12.6(i) shall control over any contrary provisions of this Agreement, including Section 13.1(d). Section 13.1(d) shall continue in effect with respect to items which do not relate to New Services.”

(b) FDR has previously notified RCSI that the following services that FDR is currently providing constitute New Services:

- (i) Balance Consolidation Services Amendment;
- (ii) Two Way Connect (as is contemplated to be possibly utilized by RCSI for fraud); and
- (iii) \*\*\* provided to date.

FDR and RCSI are currently in the process of discussing these possible New Services or negotiating amendments for these New Services. If FDR is currently providing one of these services and RCSI is currently \*\*\* such service, RCSI will continue to pay FDR for such services while the amendments are negotiated.

5. \*\*\* Dispute. As of the date of this letter agreement the parties have not resolved their disagreements regarding FDR’s proposed offsets pursuant to Section 11.7(g) of the PSA (which was inserted by Amendment Number Two, dated as of April 1, 2003) and Section 7 of Schedule C of the FAAR TSA (collectively, the “\*\*\* Dispute”) and nothing in this letter agreement shall be construed as waiving either party’s rights with respect thereto.

6. Release of Claims for New Services and New Production Services.

Except for those services that FDR has previously notified RCSI that FDR believes constitute New Services or New Production Services as described in Section 3 and Section 4 of this letter agreement, FDR agrees that no other portion of the Services being provided under the PSA or the F AAR TSA on or before August 1, 2006 constitute New Services or New Production Services. Except for those services that FDR has previously notified RCSI that FDR believes constitute New Services or New Production Services as described in Section 3 and Section 4 of this letter agreement, FDR waives and releases any claims related to New Services and New Production Services in use on or before Aug. 1, 2006 against RCSI or any of its Affiliates for charges arising out of the F AAR TSA or the PSA. The foregoing is not intended to be a general release of claims, only a release of the specific claims released by the preceding sentence.

If the foregoing is in accordance with your understanding please sign both copies of this letter where indicated and return one fully executed copy to me.

We look forward to continuing the mutually rewarding relationship we have enjoyed.

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First Data Resources Inc.  
September 28, 2006  
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Very truly yours,

RETAILER CREDIT SERVICES, INC.

By: /s/ Brenda S. Burke  
Brenda S. Burke  
Attorney In Fact

Accepted and Agreed to:

FIRST DATA RESOURCES INC.

By: /s/ Richard A. Zehnacker  
Richard A. Zehnacker  
President  
Financial Services, Client Relations  
September 28, 2006

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First Data Resources Inc.  
September 28, 2006  
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Attachment 1

[Text Omitted]

**AMENDMENT AGREEMENT**

This amendment (the "**Amendment**") dated as of December 1, 2006, amends the First Amended and Restated Technology Sourcing Agreement between Retailer Credit Services, Inc. ("**RCSI**") and First Data Resources, LLC (formerly First Data Resources, Inc.) ("**First Data**") dated December 10, 1998 (First Amended and Restated as of April 1, 2003), as amended (the "**Agreement**").

WHEREAS General Electric. Capital Corporation, an Affiliate of RCSI, is in the process of applying to the Minister of Finance (Canada) for permission to create a trust company under the Trust and Loan Companies Act (Canada) which, once incorporated, will be subject to Guideline B-10 ("**B-10**") of the Office of the Superintendent of Financial Institutions ("**OSFI**"),

WHEREAS RCSI wishes to amend the Agreement to meet the requirements of B-10 in order for RCSI and the trust company to receive the Services thereunder following the trust company's incorporation.

AND WHEREAS First Data wishes to amend the Agreement to meet the requirements of Guideline B-10 in order to provide the services thereunder to RCSI and the trust company following the trust company's incorporation.

In consideration of the foregoing, the Parties hereby agree to amend the Agreement as set forth below.

All capitalized terms not defined in this Amendment shall have the meanings ascribed to them under the Agreement.

1. The Parties agree that the terms of this Amendment shall only apply to the extent that Services are provided to an Affiliate of RCSI that is regulated by B-10 (a "Regulated Affiliate") and in such case, references to RCSI in the Agreement shall be interpreted to include the Regulated Affiliate.
2. The Services provided to the Regulated Affiliate are provided by First Data from the locations set forth in Exhibit A to this Amendment.
3. The following is hereby added as Section 6.2(g) of the Agreement:

"(g) Access to RCSI Property. At any time during the Term of this Agreement, at RCSI's request, First Data shall provide RCSI with access to any RCSI equipment, furnishings and fixtures, including routers, within First Data's control, and when such property is no longer required for the performance of the Services, at RCSI's request, First Data shall return such property to RCSI,"

4. The following is hereby added as Section 8.6 of the Agreement:

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**“8.6 Notice of Potential Material Adverse Effect**

First Data shall promptly give RCSI notice of an event affecting First Data or any permitted subcontractor which First Data reasonably believes may have a material adverse effect on First Data’s ability to comply with any of its obligations under this Agreement.”

5. The following is hereby added as Section 9.3(a)(iv) of the Agreement:

“(iv) For the purposes of this Section 9.3(a)(iv), “Material Subcontractor” means a subcontractor \*\*\* in accordance with this Agreement, and that: (A) is not a public company filing publicly available financial statements; (B) is performing a material part of the Services; (C) is performing such Services in respect of a Regulated Affiliate; and (D) is performing Services which, should the Material Subcontractor become unable to perform, First Data would not be able to transfer to another Material Subcontractor \*\*\* in accordance with this Agreement, or provide itself, on a reasonably prompt basis and otherwise without a material adverse effect on the continuing operations of the Regulated Affiliate. First Data shall use commercially reasonable efforts to cause any Material Subcontractor, within 120 days of the last day of each financial year end of that Material Subcontractor that occurs during the term of this Agreement, to provide RCSI with (or with access to) audited consolidated financial statements consisting of a balance sheet, a statement of income and a statement of cash flows, prepared in accordance with U.S. GAAP (the “Financial Statements”). RCSI’s use of the Financial Statements shall be strictly limited to the fulfillment by it of its obligations pertaining to the annual monitoring of the Material Subcontractor’s financial strength as required by OSFI or any similar requirements by any other governmental or regulatory authority.”

6. In the first sentence of Section 10.1(a) of the Agreement, following the word `regulators`, the words “(including OSFI)” are hereby added.

7. The following is hereby added to the end of Section 10.1(b) of the Agreement:

“First Data shall permit such auditors, inspectors, regulators (including OSFI) and representatives to access and make copies of any internal audit reports (and associated working papers and recommendations) prepared by or for First Data in respect of the Services being performed for RCSI, and to access findings in the external audit of First Data (and associated working papers and recommendations) that address the Services being performed for RCSI, all subject to confidentiality documentation being signed that is satisfactory in form and content to First Data, its external auditors, and the receiving party.”

8. The following is hereby added as Section 10.1(c) of the Agreement:

“RCSI may provide OSFI with access to records under this Agreement, including those records referred to in Sections 243 and 244 of the *Trust and Loan Companies Act (Canada)*, from facilities of RCSI or RCSI Affiliates in Canada.”

9. Section 14.7 of the Agreement is hereby re-numbered as Section 14.8 and the following is hereby added as Section 14.7 of the Agreement:

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“14.7 **Canadian Privacy Law**

Where Services are being provided by First Data to which Canada’s Personal Information Protection and Electronic Documents Act or other Canadian federal or provincial legislation deemed to be substantially similar (“**Canadian Privacy Law**”) applies, then this Section 14.7 shall apply in addition to and not in limitation of, First Data’s other obligations of confidentiality and non-disclosure under this Agreement. In the event of a conflict between the other provisions of this Agreement and this Section 14.7, the requirements of this Section 14.7 will prevail. Where Section 14.6 of this Agreement is referred to in this Section 14.7, obligations with respect to the GLB Act shall be interpreted as obligations in respect of Canadian Privacy Law.

- (a) First Data shall collect, use, store, disclose, dispose of and otherwise handle RCSI Customer information in accordance with all RCSI regulations and policies described in Section 5.3(a) of this Agreement and other mutually agreed upon information security practices, including those described in Sections 14.2, 14.5 and 14.6 of this Agreement.
- (b) In addition to the obligations set forth in Section 14.7(a) of this Agreement, if RCSI is dependent on the performance by First Data of an obligation in order for RCSI to comply with any Canadian Privacy Law, then, at RCSI’s reasonable request, First Data shall perform such obligation in a manner that shall enable RCSI to comply with such Canadian Privacy Law.
- (c) Without limiting Section 14.7(a) or Section 14.7(b) of this Agreement, except as required by applicable law, First Data shall not disclose, provide access to, or otherwise make available to any person RCSI Customer Information under the care or control of, or accessible by, First Data, without RCSI’s prior consent, except as permitted by Section 14.6(a) of this Agreement. If First Data is required to disclose RCSI Customer Information in connection with any judicial proceeding or government investigation, then First Data shall, to the extent permitted by applicable law, advise RCSI promptly and prior to making such disclosure in order that RCSI may interpose an objection to such disclosure, take action to assure confidential handling of the RCSI Customer Information, or take such other action as it deems appropriate to protect the RCSI Confidential Information, First Data shall also comply with the provisions of Section 14.5(h) of this Agreement, where applicable. Thereafter, First Data may disclose RCSI Customer Information but only to the extent required by applicable law and subject to any applicable protective order.
- (d) First Data shall collect, use, store, disclose, dispose of and otherwise handle RCSI Customer Information solely for the purpose of performing the Services, in accordance with the first clause (ii) of Section 14.6(a) of this Agreement.
- (e) First Data shall refer to RCSI all requests for access to RCSI Customer Information and shall respond to any such request only by making reference to such referral. If RCSI is required by any Canadian Privacy Law to provide RCSI Customer Information that is in First Data’s possession or control to an

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individual, at RCSI's request, and provided that RCSI has provided First Data with reasonable prior notice, First Data shall provide (or provide a mechanism for RCSI to provide) such RCSI Customer Information and shall meet any reasonable deadlines imposed by RCSI for such provision required to enable RCSI to comply with any deadlines applicable under such Canadian Privacy Law to the provision of such RCSI Customer Information. In addition, at RCSI's request, First Data shall accept and process updates (including corrections or deletions) to RCSI Customer Information in the ordinary course of providing the Services as detailed in this Agreement, including Schedule A (Services) hereto, within ten days from the date upon which the request therefor is made by RCSI.

- (f) First Data shall store and protect RCSI Customer Information from loss, theft, unauthorized access, copying, modification, use or disclosure during utilization, transmission and storage using technology, physical protection measures, processes and standards of practice that are consistent with industry accepted best practices used or observed by comparable suppliers of similar services for the financial services industry in North America, including those measures, processes or standards set forth in Section 14.2(b)(ii) of this Agreement. In the event any loss, theft or unauthorized access, copying, modification, use or disclosure occurs, First Data shall promptly notify RCSI of the nature and details of such loss, theft or unauthorized access, copying, modification, use or disclosure, and shall promptly take action and co-operate as set forth in Section 14.5(f) of this Agreement.
- (g) First Data shall reasonably cooperate and comply with any requests or instructions issued by any privacy or data protection authority, including the Canadian Privacy Commissioner and any other governmental or regulatory authority applicable to RCSI or RCSI Customer Information.
- (h) Upon completion of First Data's required use of RCSI Customer Information, or upon RCSI's written request, as further described in Section 14.1(b) and Section 14.5(d)(ii) of this Agreement, First Data shall return or destroy all RCSI Customer Information in accordance with RCSI's instructions. If RCSI requests the destruction of any RCSI Customer Information, then First Data shall complete the destruction as requested and provide RCSI with written confirmation of the actions taken within a reasonable period of time from receipt of RCSI's written instructions.
- (i) First Data and RCSI shall mutually agree on a designated employee of First Data who shall be responsible for administering and ensuring compliance with all aspects of this Agreement, including compliance by First Data and its subcontractors with Canadian Privacy Law and this Section 14.7."

10. The following is hereby added as Section 21.9 of the Agreement:

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“21.9 if OSFI takes control or possession of the Regulated Affiliate, First Data shall continue to provide the Services under and in accordance with this Agreement so long as RCSI shall continue to meet its obligations to pay under and in accordance with this Agreement.”

11. The following is hereby added to Exhibit A-7 to the end of Section 1.2 thereof: “First Data shall promptly notify RCSI upon making any significant changes to the Plans.”

12. The following is hereby added to Exhibit A-7 as Section 6.5 thereof:

“6.5 Access Rights. At RCSI’s request, First Data, at a reasonable time and in accordance with Exhibit A-7, shall promptly provide to RCSI access to all records in First Data’s possession or control (or in the possession or control of its subcontractors) relating to this Agreement, including all RCSI Data, RCSI Information and RCSI Customer Information and all other data or records of RCSI or First Data reasonably necessary to allow RCSI to: (i) sustain business operations; or (ii) meet its statutory obligations. In addition, at the request of RCSI or OSFI, First Data shall immediately provide all information required by OSFI in accordance with OSFI’s legislative mandate, in the event that First Data is unable to continue to provide any Service in the manner required pursuant to this Agreement.”

13. The definition of Non-Public Personal Information set forth in Section 2.205 of Schedule E “Glossary” is hereby amended to add after “GLB Act, 15 U.S.C. §6809(4)” the words or information deemed to be personal information pursuant to Canadian Privacy Law”.

14. The following definitions are hereby added to Schedule E “Glossary” in alphabetical order, as appropriate:

“Canadian Privacy Law” has the meaning given in Section 14.7 of the Main Body of the Agreement.”

“Material Subcontractor” has the meaning given in Section 9.3(a)(iv) of the Main Body of the Agreement.”

“OSFI” means Canada’s Office of the Superintendent of Financial Institutions.”

“Regulated Affiliate” means an Affiliate of RCSI that is regulated by Guideline B-10 of OSFI.”

15. All other terms and conditions of the Agreement not specifically amended hereby shall remain in full force and effect.

16. This Amendment and performance under it shall be governed by and construed in accordance with the laws of State of New York without regard to any provisions of its choice of law principles which would apply different law (the parties expressly intend to avail themselves of the benefits of Section 5-1401 of the New York General Obligations Law).

17. This Amendment may be executed in several counterparts, all of which taken together shall constitute one single agreement between the Parties.

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IN WITNESS WHEREOF, RCSI and First Data have each caused this Amendment to be signed and delivered by its duly authorized representative, all as of the date first set forth above.

RETAILER CREDIT SERVICES, INC.

By:     /s/ Brenda S. Burke      
Printed:     Brenda S. Burke      
Title:     VP Enterprise Platforms    

FIRST DATA RESOURCES, LLC

By:     /s/ Ron Metschke      
Printed:     Ron Metschke      
Title:     Senior Vice President

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**LOCATION OF SERVICES**

Data Center  
\*\*\*  
Chandler, AZ 85226

Data Center  
\*\*\*  
Omaha, NE 68114

RCP Back up Data Center  
\*\*\*  
Omaha, NE 68122

Relationship Management  
\*\*\*  
Omaha, NE 68106

Statement Production/Data Center  
\*\*\*  
Omaha, NE 68114

Statement Production  
\*\*\*  
Omaha, NE 68110

First Data Facility  
\*\*\*  
Omaha, NE 68127

Call Center  
\*\*\*  
Omaha, NE 68127

Statement/Plastic Production/Service  
\*\*\*  
Omaha, NE 68154

Relationship Management  
\*\*\*  
Omaha, NE 68106

Output Facility  
\*\*\*  
Chesapeake, VA 23320

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Relationship Management

\*\*\*

Mississauga, ON L4W 5A4

Call Center

\*\*\*

Corpus Christi, TX 78405

Call Center/Servicing

\*\*\*

Coral Springs, FL 33065

Call Center

\*\*\*

Daytona, FL 32114

Merchant Services

\*\*\*

Hagerstown, MD 21740

Merchant Services

\*\*\*

Hunt Valley, MD 21030

Merchant Services

\*\*\*

Maitland, FL 32751

Merchant Services

\*\*\*

Melville, NY 11747

Merchant Services

\*\*\*

Maryland Heights, MO 63043

Merchant Services/Call Center

\*\*\*

Summerville, SC 29483

Servicing

\*\*\*

Tulsa, OK 74134-5885

Merchant Services

\*\*\*

Greenwood Village, CO 80111

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**AMENDMENT NUMBER FOUR TO  
THE FIRST AMENDED AND  
RESTATED TECHNOLOGY SOURCING AGREEMENT**

\*\*\*

AMENDMENT NUMBER FOUR (this "Amendment"), made on February 2007 and effective as of January 1, 2006 (the "Amendment Four Effective Date"), by and between RETAILER CREDIT SERVICES, INC. ("RCSI") and FIRST DATA RESOURCES, LLC ("First Data").

PRELIMINARY STATEMENTS

A. RCSI (then known as Montgomery Ward Credit Corporation) and First Data (then known as First Data Resources Inc.) entered into a Technology Sourcing Agreement (the "TSA"), dated December 10, 1998.

B. As of April 1, 2003, the Parties amended and restated the TSA in a First Amended and Restated Technology Sourcing Agreement (the "FAAR TSA").

C. Since April 1, 2003, the parties have entered into various amendments to the FAAR TSA.

D. The Parties wish to further amend certain sections of Schedule C to the FAAR TSA as provided herein.

E. Capitalized terms used without definition in this Amendment have the meanings assigned to them in the FAAR TSA.

NOW, THEREFORE, the Parties agree as follows:

The Parties desire to amend and restate certain sections of Schedule C. For the ease of reference the parties have inserted the changes into a copy of Schedule C, which is attached hereto, but such copy does not necessarily reflect all prior amendments to Schedule C. Accordingly, only the following provisions of Schedule C shall be amended and restated by the attached:

1. The list of Exhibits
2. Paragraph 2 of Section 1
3. Sections (c), (d), and (e) of the third paragraph of Section 1
4. The last sentence of the final provision of Section 6.2(c)
5. Sections 6.2(d), (e), (f), (g), (h), and (i)
6. Section 6.3
7. Section 7A (replacing prior Section 7)
8. Section 7B
9. The cross reference in Section 11.2(b)(v)
10. The last sentence of Section 11.4
11. Section 18.1(g)(ii)

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1. The list of Exhibits
12. Section 19.2
13. In Exhibit C-1 items 8319 and 5788 and the note before "Merchant Services"
14. The introductory paragraph of Exhibit C-2
15. In Exhibit C-2 item 8319
16. The introductory paragraph of Exhibit C-6
17. Exhibits C-12 through C-15

IN WITNESS WHEREOF, the Parties have each caused this Amendment Number Four to be signed and delivered by its duly authorized officer, all as of Amendment Number Four Effective Date.

RETAILER CREDIT SERVICES, INC.

By: /s/ Brenda S. Burke

Name: Brenda S. Burke

Title: VP Enterprise Platforms

FIRST DATA RESOURCES, LLC

By: /s/ Ron Metschke

Name: Ron Metschke

Title: SVP, GM

**SCHEDULE C – CHARGES**  
**FIRST AMENDED AND RESTATED**  
**TECHNOLOGY SOURCING AGREEMENT**  
**between**  
**RETAILER CREDIT SERVICES, INC.**  
**And**  
**FIRST DATA RESOURCES INC.**  
**(now known as First Data Resources, LLC)**  
**Dated**  
**December 10, 1998**  
**First Amended and Restated as of April 1, 2003**  
**Schedule C Amended as of January 1, 2006**

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**List of Exhibits**

Exhibit C-1	Services included in the Active Account Rates
Exhibit C-2	Ancillary Service Charges List
Exhibit C-3	Pass-Through Expenses with Administrative Charges
Exhibit C-4	Pass-Through Expenses with No Administrative Charges
Exhibit C-5	***IT Team Functional and Skill Levels
Exhibit C-6	Merchant Services Fees
Exhibit C-7	***
Exhibit C-8	Item Number Descriptions
Exhibit C-9	Capitalization Rules
Exhibit C-10	[Used by First Amendment]
Exhibit C-11	[Used by First Amendment]
Exhibit C-12	***
Exhibit C-13	List of Baselined Elements
Exhibit C-14	Illustration of Impact of *** on Active Account Rates
Exhibit C-15	***

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## SCHEDULE C

### 1. INTRODUCTION.

This Schedule C describes the fees and methodology for calculating the Charges for the Services being provided to RCSI pursuant to the Agreement. The pricing elements and associated fees (and any adjustments thereto) set forth herein shall fully compensate First Data for providing the Services.

RCSI may use and benefit from all of the functions and features of the First Data System (including all functions and features described in the applicable User Manuals, including those User Manuals listed in Exhibit A-2). The Services will be provided to RCSI pursuant to the Agreement without any fee or other charge which is in addition to the pricing elements and associated fees provided in this Schedule C. Notwithstanding that certain pricing elements may be overlapping in their descriptions of various elements of the Services, First Data may not charge RCSI more than once for any unique service, function or feature (or any element thereof).

As more fully provided herein:

- (a) RCSI shall be charged a \*\*\* Active Account Rate of \*\*\* per Active Account. Except as otherwise provided herein, the Active Account Rate shall fully compensate First Data for \*\*\* and First Data shall not be entitled to \*\*\*. The Active Account Rate shall not be subject to \*\*\* during the Term.
- (b) If RCSI uses Ancillary Services, First Data may \*\*\*. If such Ancillary Services have a rate provided in \*\*\* and such rate \*\*\* RCSI shall instead be charged \*\*\*
- (c) RCSI shall be entitled to \*\*\*
- (d) If the number of Active Accounts exceeds certain thresholds, RCSI shall be entitled to a Volume Discount as provided in Article 7B.
- (e) RCSI shall also be subject to certain annual minimum charges as provided in Article 17.

### 2. DEFINITIONS.

Certain terms used in this Schedule C are defined in Schedule E (Glossary) to the Agreement. Other capitalized terms used in this Schedule C are defined in the context in which they are used and shall have the meaning there indicated. Capitalized terms not defined in this Schedule C or Schedule E shall have the meanings set forth in the text of the other portions of the Agreement. Unless otherwise provided, any reference herein to a "Section," "Article," "Schedule" or "Exhibit" shall be deemed to refer to a Section or Article of, or Schedule or Exhibit to, this Schedule C.

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**3. ACCOUNT CONVERSIONS, ACCOUNT TRANSFERS, FLIPS AND START-UP FEES.**

**3.1 Standard Conversion Services**

(a) There shall be \*\*\* charge for Standard Conversion Services if more than \*\*\* Active Accounts are Converted and there are at \*\*\* years remaining in the Initial Term at the time of such Conversion. If at the time of Conversion of greater than \*\*\* Active Accounts there are less than \*\*\* years remaining in the Initial Term but the Term is extended such that the Term continues for more than \*\*\* years beyond the date of such Conversion, then First Data \*\*\* all amounts charged for the Standard Conversion Services for such Conversion.

(b) If Standard Conversion Services are chargeable pursuant to Section 3.1(a), the charge will be \*\*\* for up to \*\*\* Active Accounts and \*\*\* for more than \*\*\* Active Accounts.

(c) RCSI shall pay the incremental charge for all Development Hours required for Non-Standard Conversion Services.

**3.2 Conversion of Conversion Portfolios**

There shall be \*\*\* charge to RCSI for the Conversion of the Conversion Portfolios, or for the performance of any Services required in connection with such Conversions.

**3.3 Flips**

Except for any charges for Development Hours associated with AD Services under Article 11 that are required to perform the Services for the Designated Accounts in accordance with specific RCSI customer requirements, there shall be \*\*\*charge for any Flips, including Internal Flips and GECF-A Flips. For the avoidance of doubt, First Data's efforts to develop, test, implement and run the mapping and/or conversion programs and perform Services to perform the Flips are \*\*\* as Development Hours.

**3.4 Standard Transfer Services**

(a) There shall be \*\*\* charge for Standard Transfer Services if more than \*\*\* Active Accounts are Transferred and there are at least \*\*\* years remaining in the Teiii1 at the time of such Transfer. If at the time of Transfer of greater than \*\*\* Active Accounts there are less than \*\*\* years remaining in the Initial Term but the Tent' is extended such that the Term continues for more than \*\*\* years beyond the date of such Transfer, then First Data shall \*\*\* all amounts charged for the Standard Transfer Services for such Transfer.

(b) If Standard Transfer Services are chargeable pursuant to Section 3.4(a), the charge will be \*\*\* for a Full Transfer, \*\*\* for a Selective Transfer, and \*\*\* for a Mass Re-Issue.

(c) RCSI shall pay the incremental charge for all Development Hours required for non-Standard Transfer Services.

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**3.5 Start-Ups**

There shall be \*\*\* charge for Standard Start-Up Services; provided that RCSI shall pay the incremental charge for all Development Hours required for non-Standard Start-Up Services.

**4. MERCHANT CONVERSIONS AND MERCHANT TRANSFERS.**

**4.1 Conversions**

(a) There shall be \*\*\* charge for Standard Conversion Services for Merchant Accounts if more than \*\*\* Merchant Accounts on file are Converted and there are at least \*\*\* years remaining in the Initial Term at the time of such Conversion. If at the time the Standard Conversion Services for Merchant Accounts are performed in connection with a number of Merchant Accounts that is greater than \*\*\* there are less than \*\*\* years remaining in the Initial Term but the Term is extended such that the Term continues for more than \*\*\* years beyond the date of such Conversion, then First Data shall \*\*\* all amounts charged for the Standard Conversion Services for such Merchant Accounts.

(b) If Standard Conversion Services for Merchant Accounts are chargeable pursuant to Section 4.1(a), the charge shall be (i) \*\*\* for up to \*\*\* Merchant Accounts on file, (ii) \*\*\* for up to \*\*\* Merchant Accounts on file, and (iii) \*\*\* for more than \*\*\* Merchant Accounts on file.

(c) RCSI shall pay the incremental charge for all Development Hours required for Non-Standard Conversion Services related to a Merchant Account.

**4.2 Merchant Transfers**

(a) There shall be \*\*\* charge for Standard Transfer Services for Merchant Accounts if more than \*\*\* Merchant Accounts on file are Transferred and there are at least \*\*\* years remaining in the Initial Term at the time of such Transfer. If at the time the Standard Transfer Services are performed in connection with a number of Merchant Accounts on file that is greater than \*\*\* there are less than \*\*\* years remaining in the Initial Term but the Term is extended such that the Term continues for more than \*\*\* years beyond the date of such Transfer, then First Data shall \*\*\* all amounts charged for the Standard Transfer Services for such Transfer of Merchant Accounts.

(b) If Standard Transfer Services for Merchant Accounts are chargeable pursuant to Section 4.2(a), the charge shall be (i) \*\*\* for up to \*\*\*Merchant Accounts on file, (ii) \*\*\* for up to \*\*\* Merchant Accounts on file, and (iii) \*\*\* for more than \*\*\* Merchant Accounts on file.

(c) RCSI shall pay the incremental charge for all Development Hours required for non-Standard Transfer Services related to the Merchant Accounts.

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**5. KNOWN SOFTWARE CONVERSION MODIFICATIONS**

There shall be \*\*\* charge to RCSI in connection with the implementation and completion of the Known Software Conversion Modifications.

**6. MONTHLY ACTIVE ACCOUNT SERVICES FEE.**

**6.1 Introduction**

Except as otherwise provided in this Schedule C, the Monthly Active Account Services Fee is the \*\*\* payable to First Data for the Services, including:

(a) all Services other than Excluded Services. “Excluded Services” means those which are designated as (i) Ancillary Services and which have a separate charge under Exhibit C-2, (ii) Services chargeable as Pass-Through Expenses under Exhibits C-3 and C-4, (iii) Merchant Services under Exhibit C-6, or (iv) work performed on KSCMs by the \*\*\*or \*\*\*;

(b) all Services being used by RCSI as of the FAAR Effective Date (including any of those Services used only on a periodic basis) other than Excluded Services;

(c) all Services required to process the Accounts in the Conversion Portfolios according to the RCSI Rules (other than Excluded Services), as such Rules are modified in the Resolution Agreements;

(d) all deliverables agreed to as part of the Platform Integration Plan and Future First Data System Architecture Plan as set forth in Section 3.2 and Section 3.3, respectively, of the Main Body of the Agreement; and

(e) those Services and Service billing elements and item number elements listed in Exhibit C-1.

**6.2 Monthly Account Services Fee**

(a) The Active Accounts for a particular month (“Monthly Active Accounts” or “MAA”) equals the number of Active Accounts on the First Data System on the last day of such month as accurately set forth on the CD121 from the last day of such month (or its equivalent which accurately reflects the number of Active Accounts on the First Data System on the last day of such month).

(b) For each month in a Processing Year RCSI shall pay First Data the Monthly Active Account Services Fees. The “Monthly Active Account Services Fees” for each month shall be calculated as follows: (the sum for all categories of Active Accounts set forth below of the MAA for a category for such month) multiplied by (the applicable Active Account Rate(s) divided by (twelve (12)).

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(c) The “Active Account Rate(s)” to be used in this calculation shall be:

(i) for Active Accounts in the Existing Portfolios (other than CommercialLine Accounts), \*\*\* until the earlier of the Final Conversion Date and January 1, 2006 (unless, and then only to the extent, any delay beyond January 1, 2006 was not the fault of First Data, including any delays resulting from RCSI’s rearrangement of the order of portfolio Conversions or other reordering of the Conversion scheduling) and thereafter \*\*\*;

(ii) for Active Accounts that are CommercialLine Accounts, First Data shall propose a charge to RCSI at least thirty (30) days before the end of the GECF-A Discovery process for RCSI’s approval. Such charge shall be the sum of \*\*\* per record transmitted and the \*\*\* of settlement of the CommercialLine Account, but in no event will the charge exceed \*\*\* per Active Account per month; and

(iii) for all other Active Accounts, as well as all Active Accounts resulting from any Flips (including Flips originating from Existing Portfolios), \*\*\* .

These charges are subject to adjustment as provided in Section 6.3. For purposes hereof, “Existing Portfolios” shall mean those individual aggregations of Designated Accounts on the First Data System, or otherwise receiving Services, as of the FAAR Effective Date with each Portfolio being distinguished by having a separate Sys/Prin/Agent structure. Subject to Section 12.8 (Benchmarking) of the Main Body of the Agreement, Section 6.2(g) and Articles 7A and 7B of this Schedule C, THE ACTIVE ACCOUNT RATES ARE FIRM AND FIXED THROUGHOUT THE TERM AND SHALL NOT BE SUBJECT TO ANY COLA OR OTHER INFLATION ADJUSTMENT.

(d) Prior to the FAAR Effective Date RCSI was charged based upon its usage of various separately priced elements of the Services that are now covered by the Active Account Rate. A list of such separately priced pricing elements (other than the Fencepost Elements provided for in Section 6.3) (the “Baselined Elements”) is attached as Exhibit C-13. During 2006, First Data shall measure and on a monthly basis report to RCSI on the actual usage of the Baselined Elements to determine the average usage of such elements (the “Baseline Usage”). If RCSI disputes First Data’s reporting or determination of the Baseline Usage, RCSI may escalate the issue to the Chief Information Officer of GECF-A (or his or her designee) and the Chairman of FDC (or his or her designee) for attempted resolution, failing which the dispute shall be subject to Section 20.2 of the Main Body of the Agreement.

(e) Between June 1st of each year (beginning 2006) and May 31st of each following year, First Data and RCSI shall commence in good faith one or more mutually agreed upon projects designed to achieve, and resourced by each party in a way reasonably expected to achieve, efficiencies in the manner in which RCSI uses First Data’s Services so as to reduce the cost to First Data of providing the Services to RCSI which are caused by unnecessary inefficiencies in RCSI’s utilization of the Services (regardless of whether such projects actually achieve such savings for First Data). Notwithstanding anything to the contrary elsewhere in this Agreement, the provisions of Sections 6.2(f) and 6.2(g) shall not apply in 2007 and in any calendar year in which the Parties have commenced such projects by May 31st of the immediately preceding year and RCSI has continued to diligently pursue such projects. The CIO of RCSI and the President of First Data shall review the status and progress of all such projects at their quarterly review meetings. Before either Party declares that such projects are not being

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commenced or diligently pursued it shall bring such issue to the attention of the other Party through such meetings and allow such Party sufficient time and opportunity to cure. The Parties may mutually agree to terminate any such project.

(f) After 2006, First Data will track and report to RCSI on RCSI's actual usage of the Baseline Elements. If (i) at anytime after 2006 the condition provided in Section 6.2(e) is not satisfied, (ii) RCSI's actual usage of the Baseline Elements differs materially from the Baseline Usage, (iii) in the aggregate (i.e., considering both increases and decreases in the Baseline Elements and after taking into account and normalizing for increased or decreased volumes of Active Accounts and seasonal variations) as a result of RCSI's decision to change its usage (excluding increased usage resulting from changes to the First Data System or compliance requirements), and (iv) such utilization causes First Data to incur \*\*\* of providing Services which are disproportionately higher (or which provides First Data the opportunity to disproportionately reduce its \*\*\* of providing the Services) (in either case after taking into account, and normalizing for, increased or decreased volumes of Active Accounts and seasonal variations), then either Party may notify the other Party of its desire to exercise its rights under this Section; any such notice required to be given before June 30th of the year prior to the year in which the increase would take effect in accordance with Section 6.2(h). First Data shall provide RCSI with details regarding the impact on First Data and the amount First Data proposes to thereafter increase the charges hereunder to compensate First Data for such increased \*\*\*, or the amount First Data proposes to decrease the charges to \*\*\*

(g) If a Party has given a notice under Section 6.2(f) the Parties shall attempt in good faith to reach agreement over whether any increase or decrease proposed by First Data under Section 6.2(f) is appropriate and, if so, what amount of increase or decrease is justified. If the Parties do not agree within ninety (90) days of such notice, either Party may submit the matter to dispute resolution in accordance with Section 20.2 of the Main Body of the Agreement, which shall be binding on the Parties. As part of such dispute resolution procedure, each Party shall propose to the arbitrator the amount of the increase or decrease that is appropriate as \*\*\*for the portion of the Services at issue. The arbitrator shall be instructed that he or she may choose only the charges proposed by a Party that he or she determines is the closest to the appropriate (in light of the terms and conditions of the Agreement, including Section 6.2(f)) expenses incurred by First Data in connection with performing such Services. The mechanism provided in Section 6.2(f) may result in an increase, decrease, or no change at all in the Charges to RCSI under this Schedule C. Reductions in RCSI's charges under this Section 6.2(g) resulting from RCSI's reductions in the volume of usage of Baseline Elements of the Services by RCSI shall not count toward \*\*\* reductions.

(h) In order that RCSI may properly plan its budgeted expenditures (the process for each calendar year of which begins in June of the prior year), any adjustments to the Charges resulting from this clause shall be implemented on a prospective basis beginning on the January 1st following the month of June in which either Party notifies the other Party of its desire to invoke the foregoing, accompanied by its good faith estimate of the amount of the adjustment to the Charges. In such event the Parties shall in good faith attempt to agree on the actual amount of the adjustment by October of such year. Where there is an increase or decrease, in the first year of each such adjustment the adjustment shall be \*\*\* of the amount which would otherwise be necessary to reflect the increased or decreased utilization, following which it shall revert to \*\*\* of the amount.

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(i) This Section 6.2 is subject to the provisions of Section 12.6(i) of the Main Body of the Agreement and Section 2.b of the Third Amendment (regarding WRAPS).

**6.3 Credits/Charges for Variation from Fencepost Elements Baselines.**

(a) During 2006, First Data shall measure and on a monthly basis report to RCSI on the actual usage of the (i) CIS Online Statements (IN7311), (ii) Falcon Strategy Only Processing (IN7968), and (iii) Interface Services Tape To Tape (IN7412) (such three elements, the “Fencepost Elements”) to determine the average usage of such Fencepost Elements (the “Fencepost Elements Baseline”). If RCSI disputes First Data’s reporting or determination of the Fencepost Elements Baseline, RCSI may escalate the issue to the Chief Information Officer of GECF-A (or his or her designee) and the Chairman of FDC (or his or her designee) for attempted resolution, failing which the dispute shall be subject to Section 20.2 of the Main Body of the Agreement.

(b) If for any month, RCSI’s actual usage of the Fencepost Elements are more than the applicable Fencepost Elements Baseline, RCSI shall pay First Data the amount set forth below for each item in excess of the baseline:

(i) CIS-Online Statements (IN7311) – RCSI’s usage of this element in excess of (the MAA multiplied by the Statement Baseline) multiplied by \*\*\*. The “Statement Baseline” means (1) beginning on the FAAR Effective Date, \*\*\*, and (2) following completion of the baseline process set forth in Section 6.3(a), the number determined for this element during such process.

(ii) Falcon Strategy Only Processing (IN7968) – RCSI’s usage of this element in excess of (the MAA multiplied by the FSOP Baseline) multiplied by \*\*\*. The “FSOP Baseline” means (1) beginning on the FAAR Effective Date, \*\*\*, and (2) following completion of the baseline process set forth in Section 6.3(a), the number determined for this element during such process.

(iii) Interface Services Tape to Tape (IN7412) – RCSI’s usage of this element in excess of (the MAA multiplied by the IST2T Baseline) multiplied by \*\*\*. The “IST2T Baseline” means (1) beginning on the FAAR Effective Date, \*\*\*, and (2) following completion of the baseline process set forth in Section 6.3(a), the number determined for this element during such process.

(c) If for any month, RCSI’s actual usage of the Fencepost Elements are less than the applicable Fencepost Elements Baseline, First Data shall credit RCSI for the amount set forth below for each item below the baseline:

(i) CIS-Online Statements (IN7311) – RCSI’s usage of this element below (the MAA multiplied by the Statement Baseline) multiplied by \*\*\*.

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(ii) Falcon Strategy Only Processing (IN7968) – RCSI’s usage of this element below (the MAA multiplied by the FSOP Baseline) multiplied by \*\*\*. If RCSI elects to use Falcon Fraud Detection System (IN7938) for Designated Accounts, there will be no charge for Falcon Strategy Only Processing (IN7968) for such Designated Accounts and the credit provided under the preceding sentence shall apply.

(iii) Interface Services Tape to Tape (IN7412) –RCSI’s usage of this element below (the MAA multiplied by the IST2T Baseline) multiplied by \*\*\*.

**7A.\*\*\***

[The following six pages were omitted pursuant to the confidential treatment request.]

**7B. VOLUME DISCOUNTS.**

**7B.1 Calculation of Volume Discounts**

For each month beginning January 1, 2006, if the MAA is greater than \*\*\* First Data shall provide RCSI with a volume discount (the “Volume Discount”) equal to the sum of the following amounts:

(a) The sum of the charges for Ancillary Services and AD Services for the month multiplied by \*\*\* for each additional \*\*\* MAA over \*\*\* MAA.

(b) The sum of the charges for Services included in the Active Account Rate and Merchant Services for the month multiplied by \*\*\* for each additional \*\*\* MAA over \*\*\* MAA.

(c) The foregoing amounts shall be prorated as appropriate. By way of example, if in any month the MAA is \*\*\* the Volume Discount for Services included in the Active Account Rate and Merchant Services in such month shall be \*\*\*

(d) The monthly Volume Discount shall be credited on the invoice one (1) month in arrears.

(e) When a portfolio is converted during a month, the MAA for the month of conversion will be pro-rated for the number of days the converted accounts were actually on the FDR system during the month. This may be more or less than the MAA on the CD-121 report at month-end.

**7B.2 Coordination With Other Provisions.**

(a) The Volume Discount shall not be subject to any \*\*\*.

(b) The Volume Discount shall be calculated by reference to the amount of the Charges before application of the \*\*\*. By way of example, if the Charges before application of any adjustment from Sections 7A and 7B is \*\*\*, and the applicable \*\*\* are \*\*\*, any Volume Discount will be applied against \*\*\*, not against \*\*\*.

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(c) The Volume Discount shall apply to all Charges described above in this Section 7.B.2, including such Charges that are determined based upon First Data's costs.

**8. ANCILLARY SERVICE FEES.**

**8.1 Ancillary Services Defined.**

For purposes of this Schedule C, all Services are "Ancillary Services" other than those described in Section 6.1, AD Services, Merchant Services and Services covered by Pass-Through Expenses under Exhibits C-3 and C-4. Ancillary Services are "Services" under the Agreement. For the avoidance of doubt, Ancillary Services include New Services, Ancillary Services existing as of the FAAR Effective Date, and charges associated therewith, are identified in Exhibit C-2.

**8.2 Charges for Ancillary Services.**

(a) If RCSI requests an Ancillary Service that is not listed in Exhibit C-2, the Charges for such Ancillary Service shall be the Service Delivery Charges associated with such Ancillary Service.

(b) If RCSI requests an Ancillary Service that is listed in Exhibit C-2, the Charges for such Ancillary Services shall be the \*\*\*:

(i) the \*\*\*associated with such Ancillary service; and

(ii) the \*\*\*with such Ancillary Service \*\*\*.

(c) First Data will invoice RCSI for Ancillary Services in the month following the month in which such Ancillary Services are performed by First Data.

**8.3 Service Delivery Charges.** "Service Delivery Charges" means \*\*\*:

(a) the \*\*\* to RCSI, and to those RCSI Affiliates and third party entities identified by RCSI, the referenced Services, as determined pursuant to \*\*\* at the time of RCSI's request for the referenced Services; and

(b) the amount First Data \*\*\* after the FAAR Effective Date.

**9. MERCHANT SERVICES**

(a) Merchant Services utilized in the course of providing Services to RCSI's issuing business are included in the Active Account Rate. For the avoidance of doubt, the acquirer processing services being performed for the oil and gas portfolios are part of the Services provided to RCSI's issuing business and such services may be required for other industry portfolios in the future.

(b) If RCSI requests a Merchant Service that is listed in Exhibit C-6 (Merchant Services) other than Services provided by First Data to RCSI pursuant to Section 9(a), the charges for such Merchant Service shall be the charges associated with such Merchant Services in Exhibit C-6.

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(c) First Data will invoice RCSI for Merchant Services provided by First Data to RCSI pursuant to Section 9(b) in the month following the month in which such Merchant Services are performed by First Data.

**10. ASSOCIATION DUES, FEES, AND ASSESSMENTS.**

RCSI shall be responsible and invoiced directly for Association dues, fees and assessments. In the event RCSI incurs a due, fee, or assessment due to an error or omission in the Services provided by First Data under this Agreement, First Data shall reimburse RCSI therefor.

**11. FEES FOR DEVELOPMENT SERVICES.**

**11.1 Fees for Development Services**

(a) Except as provided in Article 5, all AD Services performed by First Data shall be charged at the rates set forth in Section 11.3(c).

(b) RCSI shall not be charged for Development Hours otherwise identified as the responsibility of First Data under the Agreement.

**11.2 Fees to be Charged on a Development Hours Basis.**

All AD Services chargeable to RCSI under the Agreement will be charged on a Development Hours basis. A "Development Hour" means one sixty (60) minute period of AD Services performed by suitably qualified First Data Personnel which conforms to the following restrictions and requirements:

(a) Only hours properly incurred by First Data in the performance of project planning, high level design, detailed technical design, code development, data conversion, testing and acceptance and implementation activities as described in Section 15.2(b)(iv-xi) of Schedule A by the individuals who write/create deliverables and their immediate supervisors will qualify as Development Hours and shall be separately chargeable to RCSI.

(b) The following time incurred by First Data will not qualify as Development Hours and are Services which are not separately chargeable; time expended for:

(i) management, administration, training, vacation, sick leave, travel and the like;

(ii) activities performed by managers of managers;

(iii) any of the activities identified in Section 3.2 of the Main Body of the Agreement, including the development and implementation of the Platform Integration Plan or the Approved Platform Integration Plan (provided that the foregoing language shall not limit the repricing of Services in connection with Section 3.2 of the Main Body of the Agreement);

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- (iv) any of the activities identified in Section 3.3 of the Main Body of the Agreement, including the development and implementation of the Future First Data System Architecture Plan;
  - (v) any of the activities identified in Article 7A, including the development and implementation of any \*\*\* referred to therein;
  - (vi) any of the activities associated with Conversion, including any of:
    - 1) the GECF-A Discovery,
    - 2) the Known Software Conversion Modifications,
    - 3) creation of the Resolution Agreements, and
    - 4) performance of the work identified in the Resolution Agreements;
  - (vii) First Data Initiated Enhancements or First Data Initiated New Services;
  - (viii) any modifications or enhancements performed or required to be performed by First Data to comply with the Agreement, including Article 8 of the Main Body of the Agreement and Section 15.7 of the Main Body of the Agreement, but excluding RCSI-Initiated development projects under Sections 8 or 15 of Schedule A;
  - (ix) activities associated with the standard First Data testing environments other than testing of deliverables resulting from RCSI-Initiated development projects under Sections 8 or 15 of Schedule A;
  - (x) all AM, problem resolution (including incident response activities), performance enhancement and tuning in connection with the Services, the First Data System, First Data Intellectual Property, and RCSI New Materials used in connection with First Data's performance of the Services;
  - (xi) time in excess of any applicable Chargeable Cap or otherwise agreed by the Parties; and
  - (xii) First Data initiated re-runs or recovery activities.
- (c) First Data shall report RCSI's usage of Development Hours in billing items \*\*\* (IN8205) and Program Requests (IN5008).

**11.3 Delivery/Performance/Charges For AD Services**

- (a) First Data will provide RCSI each month a detailed, written plan setting forth its proposed expenditure of Development Hours in the following month. RCSI's approval will be necessary in order for First Data to implement that plan.
- (b) No single individual will be permitted to charge more than \*\*\* Development Hours per week to RCSI without RCSI's prior written approval which shall not be unreasonably

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withheld. First Data shall make \*\*\* Development Hours available to RCSI per month for each member of the team of First Data Personnel \*\*\* to performing Development Services in connection with the First Data RCSI account and the Services according to the functional and skill level set forth in Exhibit C-5. Work performed on KSCMs by the \*\*\* shall not be counted against the number of available hours provided to RCSI on a monthly basis.

(c) AD Services for which RCSI may be charged under the Agreement at the following rates:

(i) AD Services performed at any time on or after the FAAR Effective Date but before January 1, 2004 shall be charged at the rate of \*\*\* per Development Hour; and

(ii) AD Services performed at any time on or after January 1, 2004 shall be charged at the rate of \*\*\* per Development Hour.

These charges shall apply to all AD Services regardless of whether the Services are performed by a member of the \*\*\* or other First Data Personnel and regardless of the level of skill of the individual performing the AD Services. These charges shall not relieve First Data of its responsibility under the Agreement to use, at all times, adequate numbers of qualified individuals with suitable training, education, experience, and skill to perform the AD Services. THESE CHARGES ARE NOT SUBJECT TO COLA OR ANY OTHER INFLATIONARY ADJUSTMENT.

(d) The foregoing notwithstanding, and subject to any other agreement of the Parties concerning the pricing of a particular AD Services project, RCSI will not be required to pay more for any AD Services project than \*\*\*:

(i) the Development Hours estimated by First Data for performance of the AD Services project as agreed by RCSI (subject to adjustment for any changes to scope agreed by the Parties); and

(ii) the aggregate Development Hours actually incurred in performing such AD Services project.

(e) Activities associated with re-runs and recoveries shall be performed by First Data at no cost to RCSI. In those cases where the need for re-runs and/or recoveries is due solely to RCSI's failure to perform and the level of resources required would deplete First Data's ability to maintain the agreed upon Service Levels then First Data shall submit to RCSI a written request to approve the performance of necessary AD Services to be charged to RCSI.

(f) AD Services for which RCSI may be charged under the Agreement shall be invoiced to RCSI in the month following the month in which such AD Services are satisfactorily performed by First Data Personnel.

**11.4 Development Hours Credit.**

As of the FAAR Effective Date, First Data shall provide RCSI \*\*\* Development Hours at no cost to RCSI. Beginning January 1, 2004, First Data shall provide RCSI an additional \*\*\*

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Development Hours at no cost to RCSI. The Development Hours provided under this Section 11.4 must be used by RCSI prior to December 31, 2009. Until all Development Hours under this Section 11.4 are exhausted (or expire), credits for the Development Hours (based on actual spend) under this Section 11.4 will be shown on First Data's monthly invoice, following the total invoice amount, as a line-item entitled "TSA Service Credit".

**12. COLA**

THE ONLY PORTION OF THE CHARGES THAT ARE SUBJECT TO COLA ADJUSTMENTS ARE THOSE SPECIFICALLY DESCRIBED AS SUCH HEREIN. ALL OTHER CHARGES ARE NOT SUBJECT TO ADJUSTMENT FOR COLA OR OTHER INFLATIONARY FACTORS.

**12.1 Price Increases Associated with CPI Increases.**

First Data may increase the charges listed in Exhibit C-2 for the Ancillary Services there listed (the "Ancillary Services Fees") as follows:

(a) With respect to the line items designated with an asterisk (\*), for each Processing Year after Processing Year 1, First Data may increase the related Ancillary Services Fees which were in effect for the immediately preceding Processing Year after reduction for the \*\*\* by an amount not to exceed the CPI Change Percentage. The "CPI Change Percentage" for purposes of this Section 12.1(a) shall be equal to fifty percent (50%) of the amount, if any, by which the consumer price index ("CPI") has increased by more than \*\*\*. The CPI shall be measured as provided in Section 12.1(c). For example: if at the conclusion of Processing Year 1, it is determined (by applying the formula stated above) the CPI Change Percentage equals four percent (4%), First Data may increase the applicable Ancillary Services Fees for Processing Year 2 by \*\*\* (4% minus \*\*\* x 50% = \*\*\*).

(b) With respect to the line items designated with two asterisks (\*\*), for each Processing Year after Processing Year 1, First Data may increase the related Ancillary Services Fees which were in effect for the immediately preceding Processing Year after reduction for the \*\*\* by an amount not to exceed the CPI Change Percentage. The "CPI Change Percentage" for purposes of this Section 12.1(b) shall be the amount, if any, by which the CPI has increased more than \*\*\*. First Data shall not be allowed to increase any of the designated Ancillary Services Fees for any Processing Year in which the percentage change in the CPI during the applicable period is equal to or less than \*\*\* and such increase to be paid by RCSI will be one hundred percent (100%) of the CPI increase above \*\*\*.

(c) For purposes of Sections 12.1 and 12.2, the CPI used to determine actual inflation shall be the Consumer Price Index as finally published in the Summary Data from the Consumer Price Index News Release by the Bureau of Labor Statistics, U.S. Department of Labor, For All Urban Consumers ("CPI-U") having a base of 100 in 1982-84 (the "Base Year Index"). In the event that the Bureau of Labor Statistics stops publishing the CPI-U or substantially changes its content and format, the parties hereto will substitute another comparable index published at least annually by a mutually agreeable source. If the Bureau of Labor Statistics merely redefines the base period for the CPI-U from 1982-84 to another period, the Parties will continue to use the

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CPI-U, but will convert the Base Year Index to the new base period by using an appropriate conversion formula. The CPI Change Percentage shall be calculated, and notification of the amount of any applicable increase in the Ancillary Services Fees to take effect on the first day of the immediately following Processing Year shall be given to RCSI, at least ninety (90) days in advance of the end date of the then current Processing Year, by comparing the CPI using a twelve (12) month period ending ninety (90) days prior to end of the applicable Processing Year and expressing the increase in said CPI through the twelve (12) month period as a percentage.

**12.2 Price Decreases Associated with CPI Decreases.** First Data shall decrease Ancillary Services Fees as follows:

(a) With respect to the line items designated with an asterisk (\*), for each Processing Year after Processing Year 1, First Data shall decrease the related Ancillary Services Fees which were in effect for the immediately preceding Processing Year after reduction for the \*\*\* by an amount not to exceed the CPI Change Percentage. The “CPI Change Percentage” for purposes of this Section 12.2(a) shall be equal to fifty percent (50%) of the amount, if any, by which the CPI has decreased by more than \*\*\*. The CPI shall be measured as provided in Section 12.1(c). For example: if at the conclusion of Processing Year 1, it is determined (by applying the formula stated above) the CPI Change Percentage equals negative four percent (-4%), First Data may decrease the applicable Ancillary Services Fees for Processing Year 2 by \*\*\* (-4% plus \*\*\* x 50% = \*\*\*).

(b) With respect to the line items designated with two asterisks (\*\*), for each Processing Year after Processing Year 1, First Data shall decrease the related Ancillary Services Fees which were in effect for the immediately preceding Processing Year after reduction for the \*\*\* by an amount not to exceed the CPI Change Percentage. The “CPI Change Percentage” for purposes of this Section 12.2(b) shall be the amount, if any, by which the CPI has decreased more than \*\*\*. In no event shall First Data be obligated to decrease any of the designated Ancillary Services Fees for any Processing Year in which the percentage decrease in the CPI during the applicable period is between zero (0) and \*\*\* and such decrease to be provided by First Data will be 100% of the CPI decrease above \*\*\*.

**13. SEPARATE CYCLES FEES.**

**13.1 Cycle Maintenance Fees.**

(a) If RCSI requests a RCSI Cycle, First Data will invoice RCSI at an amount equal to \*\*\* per month beginning in the month following the Conversion of RCSI Active Accounts into such RCSI Cycle: provided that if a RCSI Cycle is required due to First Data System constraints, there will be no additional charge for such RCSI Cycle.

(b) If RCSI requires additional RCSI Cycles, First Data will provide such cycles and First Data will invoice RCSI commencing upon the completion of the cycle for the additional charge set forth below:

- (i) second RCSI Cycle - \*\*\*/month;
- (ii) third RCSI Cycle - \*\*\*/month; and

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(iii) fourth RCSI Cycle - \*\*\*/month,

provided, however, that there will be no additional charge for any additional RCSI Cycle that is required due to (A) First Data System constraints, or (B) the provision of Services to any portfolio of Accounts already on the First Data System that then become Designated Accounts due to being purchased by, assigned to, or otherwise transferred to or placed under the control of RCSI during the Term. If (i) First Data proposes to include an acquired portfolio in an existing RCSI cycle, (ii) such inclusion would be reasonable in the First Data System, and (iii) RCSI requests to have the acquired portfolio put on a different and additional cycle, the additional cycle charges under this Section 13.1 will apply to such additional cycle.

(c) The RCSI Cycle maintenance fees will support RCSI at no additional charge.

**13.2 Cycle Build Fees**

In addition to the maintenance fees for each new processing cycle provided in Section 13.1, First Data may charge RCSI on or after the completion of a cycle build fees in the amount set forth below; provided that there will be no build fees for the first RCSI Cycle:

(a) Build for second RCSI Cycle - \*\*\* one time expense;

(b) Build for third RCSI Cycle - \*\*\* one time expense; and

(c) Build for fourth RCSI Cycle - \*\*\* one time expense.

**14. TRAINING FEES.**

**14.1** RCSI shall use Commercially Reasonable Efforts to limit First Data's training expenses by consolidating teams for the purpose of training and leveraging a "train the trainer" approach. Each year of the Term First Data will provide \*\*\* hours of training annually at no additional charge to RCSI. For additional training Services, First Data will charge and RCSI shall pay an amount equal to \*\*\*/day/trainer plus travel and living expenses.

**14.2** In addition to the training to be provided pursuant to Section 14.1, RCSI shall receive, at no additional cost, two (2) Super User Training Sessions in connection with each Conversion. A "Super User Training Session" is a training session, or series of training sessions, that provide an individual designated by RCSI (the "Super User") with sufficient training and experience in connection with the relevant Conversion and the manner in which the Services are being provided in connection with the Converted Accounts to enable such individual to competently supervise and, when necessary assist and correct, those RCSI individuals who have received training pursuant to Section 14.1. RCSI may enroll its Super Users in such sessions at the times of its choice and First Data shall provide such training at such times.

**15. PASS-THROUGH EXPENSES.**

RCSI shall reimburse First Data on a Pass-Through Expense basis for those expenses set forth in Exhibits C-3 and C-4, crediting RCSI for any applicable rebates, refunds, and discounts. The charges incurred by the use of these services will be invoiced the month following receipt of

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the service to RCSI. Exhibits C-3 and C-4 set forth the exclusive list of all Pass-Through Expenses and no new Pass-Through Expenses may be added without RCSI's written approval; provided that if a New Service is requested by RCSI, then First Data may propose new Pass-Through Expenses related to such New Service. Exhibit C-3 sets forth those Pass-Through Expenses which are subject to an administrative fee. Exhibit C-4 sets forth the Pass-Through Expenses which are not subject to an administrative fee.

**16. DECONVERSION FEES.**

As part of Article 12 of Schedule A (Deconversion Assistance), First Data shall perform, and RCSI shall pay First Data, at the Development Hour rate as set forth at Section 11.3, for the incremental systems and programming related activities not otherwise covered by the Monthly Active Account Services Fees required to perform Deconversion Assistance and for all expenses, including postage and shipping expenses, associated with transferring RCSI's clients' Accounts from the First Data System to the successor data processing system.

**17. MINIMUM PROCESSING FEES**

**17.1 Payment of Minimum Processing Fees.**

(a) If during any Minimum Processing Fee Year ("MPF Year") the Comparison Processing Fees incurred by RCSI are less than the Minimum Processing Fees for such MPF Year, First Data shall so inform RCSI in writing and shall charge RCSI for the difference between such Minimum Processing' Fees and the amount of actual Comparison Processing Fees incurred. Such charges shall be invoiced within sixty (60) days after the end of the relevant MPF Year. RCSI shall pay such invoice in accordance with the provisions of Article 13 of the Main Body of the Agreement. The term "Processing Fees" shall mean, for a given time period, the Monthly Active Account Services Fees. The Term "Comparison Processing Fees" shall mean, for a given time period, the sum of the Processing Fees and the Divested Account Fees determined pursuant to Section 17.1(b) for that period.

(b) For any portfolio of RCSI Accounts that during the Term are sold, assigned, or otherwise transferred to a third party and that \*\*\*, the Comparison Processing Fees shall include, the lower of (i) all charges, fees and expenses received by First Data and First Data Affiliates with respect thereto, or (ii) the charges, fees and expenses that would otherwise have been payable by RCSI in respect of such Accounts under this Agreement if the Accounts had not been sold, assigned or otherwise transferred (collectively, the "Divested Account Fees"). The foregoing credit shall apply for a portfolio during the period beginning on the date of transfer of the portfolio and continuing until the earlier of (i) the third anniversary of the date of transfer of the portfolio from RCSI, and (ii) the date when such portfolio ceased to receive Services on the First Data System or ceased to be otherwise processed by First Data or a First Data Affiliate.

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**17.2 Minimum Processing Fees Calculation from the FAAR Effective Date until the Final Conversion Date.**

(a) For each twelve (12) calendar month period (each a “Pre-Conversion Year”) from the FAAR Effective Date to the Final Conversion Date (such period, the “Pre-Conversion Period”), the Minimum Processing Fees shall be:

- (i) the Processing Fees incurred during the immediately previous twelve (12) month period, multiplied 12m
- (ii) sixty five hundredths (.65);

provided, however, the Minimum Processing Fees for any Pre-Conversion Year shall be at least Two Million Five Hundred Thousand Dollars (\$2.5 million).

(b) The Minimum Processing Fee applicable in connection with any partial Pre-Conversion Year shall be calculated as above and applied on a prorated basis.

**17.3 Minimum Processing Fees Calculation from the Final Conversion Date through the 36th Month Thereafter.**

(a) For each twelve (12) calendar month period (each, a “First Post-Conversion Period Year”) from the Final Conversion Date through the thirty-sixth (36th) month thereafter (such period, the “First Post-Conversion Period”), the Minimum Processing Fees shall be the greater of:

- (i) the Processing Fees incurred during the immediately previous twelve (12) calendar month period, multiplied 1)14
- (ii) eighty five hundredths (.85);

provided, however, that the Minimum Processing Fees for any First Post-Conversion Year shall be at least Five Million Dollars (\$5 million).

**17.4 The Final Minimum Processing Fees Calculation.**

(a) For each twelve (12) calendar month period (each, a “Second Post-Conversion Period Year”) following the First Post-Conversion Period through the end of 2016 (such period, the “Second Post-Conversion Period”), the Minimum Processing Fees shall be the greater of:

- (i) the Processing Fees incurred during the immediately previous twelve (12) month period, multiplied by
- (ii)\*\*\*;

provided, however, that the Minimum Processing Fees for any Second Post-Conversion Year shall be at least \*\*\*.

**17.5 \*\*\* Minimum Processing Fees During Renewal Term.** There shall be \*\*\* Minimum Processing Fees for any Renewal Term.

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**18. TERMINATION FEES.**

**18.1 Termination for Convenience Fees.**

(a) The fee payable by RCSI pursuant to Section 21.3(a) of the Main Body of the Agreement (the "Termination for Convenience Fee") shall be an amount equal to the \*\*\*.

(b) For the purposes of this Section 18.1, the "Agreed Capitalized Account Items" shall be those items on the First Data balance sheet as of the effective date of the termination for convenience that are capitalized expenses of First Data incurred in performing this Agreement which meet each of the following conditions:

(i) they only relate to any expenses incurred by First Data or any First Data Affiliate after the FAAR Effective Date;

(ii) they were properly capitalizable under GAAP and First Data's financial accounting practices at the time incurred (in accordance with Exhibit C-9, except to the extent that Exhibit C-9 conflicts with the remainder of this Agreement); and

(iii) if not covered by subsection (ii) above, they fall within the category of items that have been agreed by RCSI prior to being incurred as being appropriate for inclusion hereunder.

The payment identified in Section 3.4(e) of the Main Body of the Agreement shall be deemed an Agreed Capitalized Account Item. However, if any Agreed Capitalized Account Item has been initially properly capitalized and has been written off by First Data as an impaired asset due primarily to declines in the volumes of Services required by RCSI hereunder, then notwithstanding that they no longer are on First Data's balance sheet for the purposes hereof, it shall be treated for purposes hereof as if still on First Data's balance sheet.

(c) During the Term First Data shall submit to RCSI in writing for RCSI's approval all categories of items First Data proposes to be Agreed Capitalized Account Items under this Section 18.1. Only those categories of items that are approved by RCSI in writing shall be Agreed Capitalized Account Items.

(d) Costs incurred by First Data in connection with Conversions for RCSI and not otherwise reimbursed by RCSI shall be Agreed Capitalized Account Items.

(e) RCSI specific equipment purchases approved by RCSI on a case by case basis shall be Agreed Capitalized Account Items.

(f) The payment identified in Section 22 of the Main Body of the Agreement shall not be an Agreed Capitalized Account Item.

(g) The Agreed Capitalized Accounts Items:

(i) That are programming required to complete KSCMs in excess of \*\*\* shall be subject to RCSI approval;

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(ii) That are other than programming hours required to complete KSCMs shall not exceed \*\*\*.

(h) First Data shall provide RCSI an annual accounting of the Agreed Capitalized Account Items and the depreciation/amortization applicable thereto.

(i) All Agreed Capitalized Account Items shall be amortized on a straight line basis by First Data beginning on the FAAR Effective Date or such later date as the Agreed Capitalized Account Items are incurred and ending on the earliest of the following dates:

(i) the then-current expiration date of the Term;

(ii) the date corresponding to the maximum amount of time permitted by then-current GAAP; and

(iii) the end date of the actual amortization period used by First Data in its financial accounting.

**18.2 Termination Fees Under Section 21.4 of the Main Body of the Agreement.**

The fee payable by RCSI pursuant to Section 21.4 of the Main Body of the Agreement shall be \*\*\* of the sum of:

(a) the Termination for Convenience Fee calculated under Section 18.1, plus

(b) \*\*\* amortized on a straight line basis using the period provided in Section 18.1(i).

**19. FIXED MONTHLY FEE.**

**19.1** For each month in the Term through December 2009 that the PSA is in effect and that the provided for under the Production Services Agreement Amendment Number Two Section 11.7(g) entered into by the parties dated June 5, 2003 apply, RCSI shall pay First Data the fixed monthly fee set forth in the table below for the applicable calendar year.

<u>Calendar Year</u>	<u>Fixed Monthly Fee</u>
2004	\$ 58,334.00
2005	\$ 92,917.00
2006	\$ 92,917.00
2007	\$ 92,917.00
2008	\$ 92,917.00
2009	\$ 28,333.00

**19.2** The fixed monthly fees payable under this Article 19 shall not be taken into account for purposes of any benchmarking exercise under Section 12.8 of the Main Body of the Agreement, nor shall any of the provisions of Article 7A \*\*\* or Article 7B (Volume Discounts) apply to the fixed monthly fees payable under this Article 19.

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**19.3** The fixed monthly payments owed by RCSI for calendar year 2004 under this Article 19 shall be invoiced separately as “Miscellaneous TSA Services” and shall appear on the First Data invoice following the total invoiced amount and TSA Service Credit line item showing any credits for free Development Hours under Section 11.4. The fixed monthly payments owed by RCSI for calendar years 2005 through 2009 under this Article 19 shall be invoiced separately as “Miscellaneous PSA Services” and shall appear on the First Data invoice following the total invoiced amount and TSA Service Credit line item showing any credits for free Development Hours under Section 11.4.

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**Exhibit C - 1: Services included in the Active Account Rates**

The Services included in the Active Account Rates include the following items. "IN" means the Item Number for purposes of First Data's billing system. Items listed below and included within the scope of the PSA shall be included in the Active Account Rate.

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
136	Approved Application Postings For Decisioned Accounts	Included in Active Account Rate
2816	Non-Mon Transaction Credit Bureau Score	Included in Active Account Rate
2835	Retail Online TLP Transactions	Included in Active Account Rate
2836	Transaction Level Processing (TLP)	Included in Active Account Rate
3507	Merchant CPU To CPU Authorization Inquiry	Included in Active Account Rate
3508	Merchant Batch Authorization Inquiry	Included in Active Account Rate
3510	Cardholder Authorization Inquiry	Included in Active Account Rate
4309	Computer Based Training (CBT) Modules	Included in Active Account Rate
4352	CD ROM - Reports <sup>1</sup>	Included in Active Account Rate
4353	CD ROM - Summary Bundles (see footnote No.1)	Included in Active Account Rate
4354	CD ROM - Statements (see footnote No. 1)	Included in Active Account Rate

<sup>1</sup> Included in the Active Account Rate, First Data will provide CD-ROM reports, summary bundles and statements under IN4352, IN4353, and IN4354 as reasonably required by RCSI for compliance with all laws, regulations, ordinances and codes (including identifying and procuring required permits, certificates, approvals and inspections) applicable to RCSI or its Affiliates. Prior to using CD-ROM reports, summary bundles and statements under IN4352, IN4353, and IN4354 to comply with a change to an existing law, regulations, ordinance or code or a new law, regulations, ordinance or code, both Parties will use Commercially Reasonable Efforts to explore a product/ service solution that is more cost effective than CD-ROM reports, summary bundles or statements.

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7030	Auth Track One Name Edit	Included in Active Account Rate
7154	DecisionQuest Statements	Included in Active Account Rate
7155	DecisionQuest Plastics	Included in Active Account Rate
7201	Chronicle Memo Records	Included in Active Account Rate
7204	Cardholder Account On File	Included in Active Account Rate
7205	Statement Summarization Creation	Included in Active Account Rate
7215	Cardholder Monetary Transaction	Included in Active Account Rate
7216	Cardholder Non-Monetary/Online Transaction	Included in Active Account Rate
7217	Issuer Chargebacks	Included in Active Account Rate
7221	Relationship Account Processing	Included in Active Account Rate
7222	On-Line Credit Bureau Report Request	Included in Active Account Rate
7223	First Data Entered Transaction - Mon/Non-Mon	Included in Active Account Rate
7232	CIMS - Regular Workcase	Included in Active Account Rate
7233	CIMS - WOV Workcase	Included in Active Account Rate
7234	CIMS - Log Only Workcase	Included in Active Account Rate
7236	Downloaded Delinquent Accounts To Powerdialer	Included in Active Account Rate
7244	ODS Transaction Fee <sup>2</sup>	Included in Active Account Rate
7246	ODS Physical Gateway <sup>3</sup>	Included in Active Account Rate

<sup>2</sup> RCSI agrees to provide First Data reasonable assistance to optimize end user views and bundle and rebundle ODS calls to moderate ODS usage for billing items ODS Transaction Fee (IN7244) and ODS DB2 Transactions (IN7270).

<sup>3</sup> SQL Net(Oracle), Omni Service Seat License and Infomaker (included under 1N7358) and ODS Physical Gateway (IN7246) are included in the Active Account Rate only for use in connection with other Services covered by this Exhibit C-1 or RCSI's settlement department.

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7255	CIMS - Regular Workcase Actions	Included in Active Account Rate
7260	Account Level Processing ("ALP")	Included in Active Account Rate
7262	Cardholder Selected PIN-Mailer Response	Included in Active Account Rate
7270	ODS DB2 Transactions (see footnote 2)	Included in Active Account Rate
7279	Account Level Actions - Accounts Reviewed	Included in Active Account Rate
7281	Account Level Actions-Non-Monetary Batch Transactions	Included in Active Account Rate
7311	CIS-Online Statement	Included in Active Account Rate subject to Section 6.3
7312	CIS - Detail	Included in Active Account Rate
7316	Client Defined Screens	Included in Active Account Rate
7330	Transaction Level Reward ("TLR")	Included in Active Account Rate
7358	Infomaker (see footnote No. 3)	Included in Active Account Rate
7358	Omni Service Seat License (see footnote included No. 3)	Included in Active Account Rate
7358	SQL Net (Oracle) (see footnote No. 3)	Included in Active Account Rate
7358	Suspense Account Management ("SAM")	Included in Active Account Rate
7402	Non-Standard Recurring Job Runs	Included in Active Account Rate
7404	RMS Reports-Transmitted	Included in Active Account Rate
7405	RMS Reports-On-Line View	Included in Active Account Rate
7408	Interface Services - Magnetic Tape Handling	Included in Active Account Rate
7411	Interface Services - RJE/ NDM	Included in Active Account Rate

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7412	Interface Services - Tape To Tape	Included in Active Account Rate subject to Section 6.3
7443	Data Link <sup>4</sup>	Included in Active Account Rate
7445	Monthly Active Accounts	Billed per Article 6
7900	Lost/Stolen Account Processing System	Included in Active Account Rate
7905	Emergency Card or Cash Replacement Services	Included in Active Account Rate
7907	Automatic Chargeback	Included in Active Account Rate
7909	Lost/Stolen Account Transaction Management	Included in Active Account Rate
7910	Potential Chargeback Queue	Included in Active Account Rate
7914	Card Activation - RCSI Processed	Included in Active Account Rate
7926	Footprint Logged Transactions	Included in Active Account Rate
7943	NRI Returned Records In Queue	Included in Active Account Rate
7947	Fraud Return Records In FAR Queue	Included in Active Account Rate
7956	First Track - Per Lost/Stolen Report	Included in Active Account Rate
7968	Falcon - Strategy Only Processing	Included in Active Account Rate subject to Section 6.3
8201	Cardholder Select System (including Tape Creation and Reporting System File)	Included in Active Account Rate
8319	Advanced Function Presentation (“AFP”) Statements and Letters on Demand (subject to the terms of the Settlement Letter)	Included in Active Account rate for Designated Accounts on the First Data System
5788	AFP/AFPDS Print File - Creation and processing of statement and embossing output record files, whether to First Data or a third party’s further processing	Included in Active Account Rate; duplicate requests will be billable under C-2

<sup>4</sup> In satisfying RCSI’s requirements, First Data will determine whether to use a master file field or a Data Link field. RCSI will not use excessive Data Link fields as a means to implement a de facto data warehouse.

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
8500	Behavior Score/Adaptive Control Accounts	Included in Active Account Rate
9302	SITF General Ledger	Included in Active Account Rate
TBD	CommercialLine Accounts	Included in Active Account rate subject to Section 6.2(c)(ii)

Note that WRAPS reports are subject to Section 2.b of the Third Amendment.

**Merchant Services**

RCSI may obtain from First Data any and all Merchant Services provided by First Data to any entity. Merchant Services utilized in the course of providing Services to RCSI's issuing business are included in the Active Account Rate. For the avoidance of doubt, the acquirer processing services being performed for the oil and gas portfolios are part of such Services provided to RCSI's issuing business and may be required for other industry portfolios in the 6.2(c)(ii)

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
0139/ 5704	Outgoing Interchange /Merchant Ticket Remote/Tape Entered	Included in Active Account Rate
0227	Merchant Assist Voice Calls	Included in Active Account Rate
2806	Address Verification-Electronic	Included in Active Account Rate
3501	Merchant Voice Authorization Inquiry	Included in Active Account Rate
3502/3503/3504	Merchant POS Auth Local Line Inquiry/Merchant POS Authorization WATS Line Inquiry/Merchant POS Authorization 950 Access	Included in Active Account Rate
3505/3506	Merchant ARU Authorization	Included in Active Account Rate
3515	Merchant Assistance Calls (Voice)	Included in Active Account Rate
3516	Merchant Premier Authorization Inquiry	Included in Active Account Rate
3517	External Auth Billing	Included in Active Account Rate
3518	Merchant Debit Summary File	Included in Active Account Rate
3519	Merchant Address Verification - Voice	Included in Active Account Rate
5700	Merchant Account on File	Included in Active Account Rate

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
5701	Merchant Additional Card Types on File	Included in Active Account Rate
5702	Merchant Statement	Included in Active Account Rate
5703	Merchant Ticket - First Data Entered	Included in Active Account Rate
5705	Merchant Batch Header-First Data Entered	Included in Active Account Rate
5706/5717	Merchant Batch Header-Remote/Tape Entered Merchant ETC Batch Header - ETC	Included in Active Account Rate
5707	Merchant Acquirer Chargeback	Included in Active Account Rate
5708	Merchant Retrieval	Included in Active Account Rate
5712	Merchant Non-Monetary/On-Line Transaction	Included in Active Account Rate
5713	Merchant New Accounts - First Data Entered	Included in Active Account Rate
5714/5715	Merchant ETC Ticket/ ETC Ticket-Acquiring Debit	Included in Active Account Rate
5716	Merchant Electronic Merchant Reporting	Included in Active Account Rate
5718	Merchant ETC Headquarters Report	Included in Active Account Rate
5719	Merchant Electronic Draft Storage	Included in Active Account Rate
5720	Merchant ETC Deposit Summary	Included in Active Account Rate
5721	Merchant ETC Confirmation Letters	Included in Active Account Rate
5723	Merchant Services Plus Help Call	Included in Active Account Rate
5726	Merchant Non-Monetary/On-line Transaction - First Data Entered	Included in Active Account Rate
5727	Merchant 12B Letter	Included in Active Account Rate
5770	Merchant Computer Letter	Included in Active Account Rate
5771	Merchant Letter Insert	Included in Active Account Rate
5772	Merchant Letters-Additional Page	Included in Active Account Rate
5773	Merchant Letters Priority Mailing	Included in Active Account Rate

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
5775	Merchant Letter Group Samples	Included in Active Account Rate
5776	Merchant Letter - Registered/Certified IM4includedandling	in Active Account Rate
5777	Merchant Letter Perforations	Included in Active Account Rate
5781	Realtime Merchant Fraud Exception	Included in Active Account Rate
7103	Merchant Statement Online	Included in Active Account Rate
7607	Merchant Plates/Plastics	Included in Active Account Rate
7903	Merchant Hot Call Referrals	Included in Active Account Rate
8201	Cardholder Select System (including Tape Creation and Reporting System File)	Included in Active Account Rate

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**Exhibit C - 2: Ancillary Service Charges List**

This Exhibit C - 2 sets forth a list of Ancillary Services and associated charges as of the FAAR Effective Date. The single asterisk “\*” and the double asterisk “\*\*” indicates that these items are subject to adjustment due to the COLA (as provided for in Article 12). All of these items shall be subject to the \*\*\* and Volume Discounts (as provided for in Articles 7A and 7B). Items listed below and included within the scope of the PSA shall be charged at the lower of the rate set forth below or the applicable rate under the PSA and not based on \*\*\*. If the PSA expires or is terminated, the last price in effect for an item under the PSA shall be used for purposes of the foregoing comparison.

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
0601/ 7240/ 7471**	First Class Mail Statements/ Cardholder Legacy Statement/ Statements and Letters (does not include forms and envelopes)	***/statement
1301	Payment Defender	***/payment/month
4320*	First Data Linkup Mailbox Fee	***/mailbox/month
4321*	First Data Linkup Start - Up Fee	***/startup
4352	D ROM - Reports <sup>5</sup>	***/data page
4353	D ROM - Summary Bundles (see footnote No. 5)	***/data page
4354	D ROM - Statements (see footnote No. 5)	***/envelopes5.00/duplicate copy
5600	KnowledgeSight:	***, billed through IN5615, 5616 and 5617
5604	KnowledgeSight Extracts Data Fee	***/megabyte of data/transmission
5615	KnowledgeSight Foundation Warehouse - Data Warehouse Fee	***/100 data elements
5616	KnowledgeSight Foundation Warehouse - Data Load Fee	***/100 data elements loaded/occurrence
5617	KnowledgeSight Foundation Warehouse - Historical Retention Fee	***/1,000 data elements
TBD	KnowledgeSight Analytical Warehouse - Data Load Fee	***/100 data elements/occurrence
TBD	KnowledgeSight Analytical Warehouse - Data Warehouse Storage Fee	***/100 data elements
6202	Internet Account Acquisition Service “IAAS”)	***/application
7196**	Enterprise Presentation Statement - Page 1 - Simplex - first page (does not include forms and envelopes)	***/ statement

<sup>5</sup> First Data will provide CD - ROM Reports, CD - ROM Summary Bundles and CD - ROM Statements under IN4352, IN4353, and IN4354 included in the Active Account Rate as set forth in Exhibit C - 1, and all other CD - ROM reports, summary bundles and statements will be provided as an Ancillary Service pursuant to this Exhibit C - 2.

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7197**	Enterprise Presentation Statement- Duplex (does not include forms and envelopes)	*** /statement
7198**	Enterprise Presentation Statement- Additional Pages-Simplex (in addition to underlying service price, does not include forms and envelopes)	*** /page
7199**	Enterprise Presentation Statement- Additional Pages- Duplex (in addition to underlying service price, does not include forms and envelopes)	*** /page
7206**	Cardholder Statement Inserting	*** /item inserted (1N7240 or IN7196 or 7197)
7207**	Letters (single page) (does not include forms and envelopes)	*** /letter
7208**	Letter Inserting	*** /item (IN7207)
7209**	Letter-Additional Page (in addition to underlying service price, does not include forms and envelopes)	*** /page
7210	Letter-Priority Mailing (in addition to underlying service price)	*** /letter
7211	Letter-Special Mail Handling (in addition to underlying service price)	*** /letter
7212	Letter-Group Samples	*** /letter
7213	Letter-Setup, Revision or Deletion-Performed by First Data	*** /hour
7214	Cardholder Notice (Forms cost is bundled)	*** /notice
7220*	First Data's Application Processing System	*** /application
7224	First Data Entered Transaction-New Account	*** /transaction
7226*	PINpoint Inquiry	*** / inquiry
7227**	Cardholder Annual Activity Summary (excluding Forms cost)	*** /summary stmt
7228	Cardholder Annual Activity Summary- Detail Storage	*** /accountstored//month
7230	Company Card Report Creation (generic form is bundled)	*** /report
7231	IRS Home Equity Faun 1098	*** /report generated
7237*	Check Order Service	*** /acct request
7243**	Cardholder Enhanced Annual Activity Summary (excluding Forms cost)	*** /summary stmt
7258*	Cardholder Selected PIN-First Data 800#	*** /call

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7285	Recovery 1 Monthly Access Fees	
	First 5,000 accounts	***/account/month
	Next 20,000 accounts (5001-25,000)	***/account/month
	Next 25,000 accounts (25,001-50,000)	***/account/month
	Next 50,000 accounts (50,001-100,000)	***/account/month
	Next 100,000 accounts (100,001-200K)	***/account/month
	Over 200,000 accounts (over 200,000)	***/account/month
7286	Recovery 1 Financial Transaction Fees	***/transaction
7287	Recovery 1 Notes on File	***/note/month
7288	Recovery 1 Saves Executed	***/run
7325	Pre-Press Statement Form Set-up <sup>6</sup>	***
7326	Pre-Press Statement Acetate <sup>7</sup>	***
7327	Pre-Press Statement Additional Proofs <sup>8</sup>	***
7328	Pre-Press Statement Negative Charge <sup>9</sup>	***
7336	Commercial View Software License Fee	***/workstation
7337	Commercial View Data Storage	***/1000 Data Elements/month
7338	Commercial View User Ids	***/User ID/Month
7340*	Balance Consolidation Service-Check File Creation (does not include the check)	***/transaction
7387*	Enhanced Application Support Services (provided by Credit Customer Service, Inc., and this charge is in addition to the price for the underlying service)	***/application
7396	Predictive Model-Bankruptcy Defender	***/scored acct
7398*	ACS Payment Defender	*** / account scored / month
7431/ 7494	Report Organizer and Writer (“ <u>ROW</u> ”)/ Report Organizer and Writer (“ <u>ROW</u> ”)-IDP	***/data page
7455	Evolve Customer Service - Gross Active Fee	*** Price Per Active Account, Per Month (Start Up *** one - time start up fee is WAIVED)
7498	Evolve Collection - AVG Collection ACCTS	*** per Designated Account resident in the Evolve Collections System, permonth.
7532	e-Customer Service	***/ Active Account
7600**	PlastiCard Embossing SetUp	***/ setup (IN7601)

<sup>6</sup> One Form Set-Up is included in a Standard Conversion and a Standard Transfer  
<sup>7</sup> One Acetate is included in a Standard Conversion and a Standard Transfer  
<sup>8</sup> One Additional Proof is included in a Standard Conversion and a Standard Transfer.  
<sup>9</sup> One Negative Charge is included in a Standard Conversion and a Standard Transfer.

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7601/ 7473**	PlastiCard Standard Embossing Services/Embossing Services (Excluding forms Cost)	*** /plastic
7603**	PlastiCard Card-Match/Merge	*** /carrier (IN7601)
7604**	PlastiCard Insert/Meter/Mail	*** /carrier (IN7601)
7605**	PlastiCard Vault Storage	*** /plastic stored (IN7601)
7605**	PlastiCard Vault Storage (not purchased rough First Data)	*** /plastic
7606	PlastiCard Special Mail Handling	*** /request
7608**	PlastiCard PIN/Post Mailer Processing Excluding Forms Cost)	*** per mailer
7609	PlastiCard Manual Rush Embossing-Same Day (in addition to underlying services price)	*** /plastic
7610	PlastiCard Manual Rush Embossing-Second Day (in addition to underlying services price)	*** /plastic
7611**	PlastiCard Next Day Rush Embossing in addition to underlying service price)	*** /card
7612**	PlastiCard Hot Stamp Plates/Logos Purchased	*** /plate/logo
7613	PlastiCard Hot Stamping (in addition to underlying service price)	*** /plastic
7614**	PlastiCard Ultragraphics Embossed (in addition to underlying service price)	*** /card/side
7615*	PlastiCard Pull Orders	*** /plastic (IN7601)
7616**	PlastiCard Inserting	*** /item inserted
7617**	PlastiCard Mail Integration (co-mingle)	*** /envelope (IN7601)
7618**	PlastiCard Embossing File Fee - Off-Line Service	*** /filereceived
7619**	PlastiCard Agent Strategy Level Inserting Setup	*** /set-up (IN7601)
7620**	PlastiCard Indent Printing	*** /plastic (IN7601)
7621**	PlastiCard Braille Embossing (in addition to underlying service price)	*** /card
7622**	PlastiCard Card Activation Labeling generic labels are bundled)	*** /card labeled
7624**	PlastiCard CVV/CVC Generation Verification	*** /plastic (IN7601)
7625**	PlastiCard Bulk Package-Basic Sort (in addition to the under-lying service)	*** /plastic
7633**	PlastiCard Bulk Packaging-3 Digit (in addition to the under-lying service)	*** /plastic
7634**	PlastiCard Bulk Packaging- 5 Digit (in addition to the under-lying service)	*** /plastic
7649**	PlastiCard Mail Integration-Off-Line Service	*** /plastic (IN7651)
7650**	PlastiCard Embossing Set Up-Off-Line service	*** /set-up (IN7651)

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7651**	PlastiCard Standard Embossing-Off-Line Service (excluding forms)	*** /plastic
7653**	PlastiCard Card-Carrier Match/Merge-Off-Line Service	*** /carrier (IN7651)
7654**	PlastiCard Carrier Insert/Meter/Mail- Off-Line Service	*** /carrier (IN7651)
7655**	PlastiCard Vault Storage-Off-Line Service	*** /plastic
7656**	PlastiCard PIN/Post Mailer Processing-Off Line Service	*** /mailer (IN7651)
7657**	PlastiCard Hot Stamping-Off-Line Service (in addition to the under-lying service)	*** /plastic
7658**	PlastiCard Ultragraphics-Off-Line Service (in addition to the under-lying service)	*** /card/side
7660**	PlastiCard Inserting-Off-Line Service	*** /item inserted
7663**	PlastiCard DES/PIN Generation	*** /plastic (IN7601)
7664**	PlastiCard Photo Card Services (1x1) (in addition to underlying service price)	*** /card
7665**	PlastiCard Photo Card Scan/Digitize (1x1) (in addition to underlying service price)	*** /card
7666**	PlastiCard Photo Card Image Handling and Merge (in addition to underlying service price)	*** /card
7667**	PlastiCard Photo Card (2x2) (in addition to underlying service price)	*** /card
7668**	PlastiCard Photo Card Scan/Digitize (2x2) (in addition to underlying service price)	*** /card
7669**	PlastiCard Photo Card Image Handling and Merge (in addition to underlying service price)	*** /card
7677**	Laser PIN Mailer (Excluding Forms Cost)	*** per mailer
7678**	PlastiCard Same Day Rush Embossing (in addition to underlying service price)	*** /card
7686**	PlastiCard High Coercivity Encoding	*** /plastic (IN7601)
7688	PlastiCard Ultraforms (excluding Forms cost)	*** /form
7689	PlastiCard Template Creation	*** /hour
7902	Cardholder Authorization Transfer Referrals	*** /call
7904	Cardholder Authorization Transfer Referral-Fraud	*** /call
7906	Returned Account Plastics Immediately Delivered (“RAPID”)	*** /card carrier

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7908	Lost/Stolen Account Management and Investigation	***/acct reported lost/stolen
7938	Falcon Fraud Detection System <sup>10</sup>	***/Active Account/month
7980	Falcon Processing Predictive Dialing - Domestic	***/actioned acct/month
7982	Falcon Processing Manual Account Review	***/ actioned acct/month
8319	Advanced Function Presentation (“AFP”) Statements and Letters On Demand (for Designated Accounts not on the First Data System)	<u>Rates*:</u> Year 1 (2003) = *** per statement or letter per month Year 2 (2004) = *** per statement or letter per month Year 3 (2005) = *** per statement or letter per month Year 4 (2006) = *** per statement or letter per month Year 5 (2007) = *** per statement or letter per month  <i>*Rates based upon a non-redundant AFP On Demand system.</i>
8527	ProfitSight - Gross Active Accounts	***/Active Account/month

<sup>10</sup> If RCSI requests Falcon fraud services under this billing item, then (i) First Data will provide AD Services and start-up and conversion services as reasonably required to implement and provide such Falcon fraud services (including development of RCSI’s initially desired consortium models as the time of such conversion) to RCSI at no charge to RCSI, and (ii) such Falcon fraud services shall be New Services with charges determined pursuant to Article 8 of Schedule C.

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**Exhibit C - 3: Pass-Through Expenses with Administrative Charges**

The following items are the exclusive list of Pass-Through Expenses for which First Data may charge an administrative fee:

(a) Communications data circuits, including the reoccurring service charge, service termination fees and required modem(s) (data sets) at RCSI's location(s) and First Data, terminal(s) and any other directly associated expenses. One time costs related to the installation of the circuit, as specified by such tariffs, will also be paid by RCSI ("Telecom Pass-Through Expenses"). The actual circuit speed and ensuing cost will be determined by RCSI's communications requirements. Data circuit costs as described above shall be no greater than the actual rate paid by First Data to First Data's primary carrier.

For Telecom Pass-Through Expenses, First Data may charge the following scaled administrative fee:

(i) For 0-\$1,000,000 of Telecom Pass-Through Expenses in a Processing Year: \*\*\* administrative fee;

(ii) For \$1,000,000-\$3,000,000 Telecom Pass-Through Expenses in that Processing Year: \*\*\* administrative fee;

(iii) Over \$3,000,000 Telecom Pass-Through Expenses in that Processing Year: the Parties will mutually agree on an appropriate administrative fee (but not to exceed \*\*\*).

First Data shall charge RCSI the appropriate administrative fee on a monthly basis; provided that First Data shall calculate RCSI's cumulative monthly Telecom Pass-Through Expenses over a twelve (12) month period in order to determine the appropriate incremental administrative fee as set forth above, beginning with the first full twelve months after the Effective Date and each subsequent twelve (12) month period thereafter.

(b) Statement stock, envelopes, card carriers and special requests such as marketing materials and advertisements. For billing purposes, statement stock, envelopes and inserts will be invoiced as IN4301 and IN4423, and plastic forms purchased through First Data, including card carriers, will be invoiced as IN7627 or IN7602. The administrative fee for such material shall be which shall be \*\*\* of such expenses.

(c) Plastics which have been purchased on behalf of RCSI. For billing purposes, such items will be invoiced as IN7628. The administrative fee for such material shall be \*\*\* of such expenses.

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**Exhibit C - 4: Pass-Through Expenses with No Administrative Charges**

The following items are the exclusive list of Pass-Through Expenses that First Data may not charge an administrative fee:

(d) Courier expenses associated with the transportation of production related documents from RCSI to First Data and First Data to RCSI.

(e) Postage required to mail Account holder and Merchant statements, notices, letters, plastics and other materials mailed by First Data on behalf of RCSI and RCSI's clients. While this Agreement is in effect, RCSI shall pay First Data, upon daily invoice thereof, the current USPS First Class Single Piece Postage rate less the Base Zip Sort Discount for the production items within twenty-four (24) hours of receipt of such invoice. The Base Zip Sort Discount will be the prior twelve (12) month period's total average discount adjusted for USPS First Class Single Piece Postage price increases received by First Data for all mailings mailed by First Data on behalf of First Data clients. The Parties will adjust the Base Zip Sort Discount annually. Within ten (10) days after the end of the month, First Data shall (a) calculate the Actual Zip Sort Discount times the number of first class mailings mailed by First Data for RCSI during such month and (b) include a credit or debit on RCSI's monthly invoice for the amount RCSI or First Data is entitled to receive under this Section C-4(b). Such credit or debit shall be calculated by applying such percentage for each USPS discount category against RCSI's total mailings in such category to determine the appropriate USPS discount RCSI is entitled to receive.

(f) Each Reward processed by First Data on behalf of a Merchant, plus any additional fees or charges to which First Data is entitled under applicable MasterCard and Visa rules and regulations in connection with the processing of such Reward. A "Reward" shall mean each monetary payment made to a Merchant for the recovery of a statused Transaction Card of RCSI, which payment is processed by First Data in accordance with the reward schedule established by MasterCard and Visa for card pick-up.

(g) RCSI shall reimburse First Data for Visa's base Access Fees (IN3513) incurred by First Data on behalf of RCSI.

(h) RCSI shall reimburse First Data for any fees and charges which are incurred by First Data in connection with providing Acquiring Debit Services (INTBD), including any Network Switch Fees charged by EDS or anyone or all of the entities comprising the Network in connection with such Acquiring Debit Services.

(i) RCSI shall reimburse First Data for the costs associated with ACH transmissions.

(j) RCSI shall reimburse First Data for any RCSI requested third party installation/ set-up fees, training fees, or licensing fees.

(k) RCSI shall reimburse First Data for each Active Account placed on the Visa or MasterCard Warning Bulletin (IN7950) as described in the Visa or MasterCard rules and regulations manual.

(l) RCSI shall reimburse First Data for costs associated with RCSI requests for HNC consulting services at HNC's then current billable rate.

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(m) RCSI shall reimburse First Data for its costs for fulfilling RCSI requests for services related to the following billing items to the extent that the provision of such Services has been approved by the RCSI Contract Executive:

3509	Merchant Referral Recovery (Call Me)
3513	Visa Base Access Fee
4340	Product Services - Cardholder
4365	Rebill - Travel & Expense
4415	Airborne
4416	Federal Express
5007	Network Control Requests
5619	Consulting Fees
7413	On-Line Access and Retrieval System ("OARS")
7433	OARS 30 Day View
7434	OARS 60 Day View
7436	OARS 90 Day View
7901	Lost/ Stolen Report - First Data Entered
7911	No Response Referral Queue
8300	CPU-line related charges
8301	Dataline
8302	Modem Charges

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**Exhibit C - 5: \*\*\* IT Team Functional and Skill Levels**

A. IT Functional Areas

Plastics  
Statements Letters  
Authorizations  
Online  
Distributed  
Client-Specific  
SSUPDATE  
Rules  
ACS  
PCF  
Recovery  
Merchant  
Industry-Services  
Collections  
Security

B. IT Skill Levels

Exhibit "N" Job Titles

Senior Manager

Systems and Programming Managers

Project Managers

Systems/Business Analysts

Programmers

System Integrators

Testing Engineers

Actual Job Titles

PM, Director

SDM, AM

Proj Mgr, Sr Proj Mgr,  
Proj Mgr Consultant

SE, SSE, STDC, BSA

PA, SDA, SSDA, SE, SSE

SE, SSE, STDC

PI, PII, PA, SDA,  
SSDA

New Job Titles

Director

Manager

Project Leader, Project  
Analyst, Project Manager

Application Architect, Sr.,  
Application Architect, BSA

Application Developer, Sr.,  
Application Developer,  
Application Architect

Application Architect, Sr.,  
Application Architect

Application

Developer, Sr., Application  
Developer

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**Exhibit C - 6: Merchant Services Fees**

This Exhibit C-6 sets forth the exclusive list of Merchant Service fees that First Data may charge RCSI during the Term for Merchant Services that are not included in the Active Account Rate pursuant to Exhibit C-1. The single asterisk “\*” and the double asterisk “\*\*” indicate that these items fees are subject to adjustment due to the COLA set forth in Article 12 and for the \*\*\* set forth in Article 7A.

**Merchant Services**

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
0139/ 5704/ 5714/ 5715*	Outgoing Interchange/ Merchant Ticket Remote-Tape Entered / Merchant ETC Ticket / ETC Ticket-Acquiring Debit	*** /ticket
0227	Merchant Assist Voice Calls	*** /call
2806*	Merchant Address Verification- Electronic	*** /per verification
3501*	Merchant Voice Authorization Inquiry	*** /auth inquiry
3502/ 3503/ 3504*	Merchant POS Auth Local Line Inquiry/ Merchant POS Authorization WATS Line Inquiry/ Merchant POS Authorization 950 Access	*** /auth inquiry
3505/ 3506*	Merchant ARU Authorization	*** /auth inquiry
3515***	Merchant Assistance Calls (Voice)	*** /call
3516***	Merchant Premier Authorization Inquiry	*** /auth inquiry
3517*	External Auth Billing	*** /authorization
3518*	Merchant Debit Summary File	*** /ticket
3519***	Merchant Address Verification - Voice	*** /verification
5700*	Merchant Account on File	*** /account on file/month
5701*	Merchant Additional Card Types on File	*** /card type (IN5700)
5702**	Merchant Statement	*** / statement
5703***	Merchant Ticket First Data Entered	*** /ticket *** /batch header
5705***	Merchant Batch Header-First Data Entered	
5706/ 5717*	Merchant Batch Header-Remote/Tape Entered / Merchant ETC Batch Header	*** batchheader
5707***	Merchant Acquirer Chargeback	*** /chargeback
5708***	Merchant Retrieval	*** /retrieval
5712*	Merchant Non-Monetary/On-Line transaction	Bundled (IN5700)
5713***	Merchant New Account-First Data entered	*** /account/month
5716**	Merchant Electronic Reporting	*** /merchant/month
5718**	Merchant ETC Headquarters Report	*** /per report
5719*	Merchant Electronic Draft Storage	*** /per draft
5720**	Merchant ETC Deposit Summary	*** /per report
5721**	Merchant ETC Confirmation Letters	*** /per report
5723***	Merchant Services Plus Help Call	*** /per call
5726**	Merchant Non-Monetary/On-line Transaction - First Data Entered	*** /transaction

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
5727**	Merchant 12B Letter	*** /letter
5770**	Merchant Computer Letter	*** /letter
5771**	Merchant Letter Insert	*** /insert (IN5770)
5772**	Merchant Letter-Additional Page	*** /page (IN5770)
5773**	Merchant Letter-Priority Mailing	*** /letter (IN5770)
5775**	Merchant Letter-Group Samples	*** /letter (IN5770)
5776**	Merchant Letter Certified Mail Handling	*** /letter (IN5770)
5777**	Merchant Letter Perforations	*** /letter (IN5770)
5781*	Realtime Merchant Fraud Exception	*** /transaction suspended
7103	Merchant Statement Online	*** / statement
7607**	Merchant Plates/Plastics	*** /plate or plastic
7903***	Merchant Hot Call Referral	*** /referral (IN5700)
8201***	Cardholder Select System (including Tape Creation and Reporting System File)	*** /tape - only for Merchant Masterfile Tape Creation.

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**Exhibit C - 7**

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[The following five pages were omitted pursuant to the confidential treatment request.]

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**Exhibit C - 9 Capitalization Rules**

	<p><b>Policy Number:</b> 011 <b>Effective Date:</b> 07/01/95 <b>Policy Owner:</b> Corporate Controller</p>
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**1. PURPOSE**

The purpose of this policy is to ensure proper and consistent accounting treatment by FDC and all affiliated Business Units for costs incurred related to a new client, contract, contract extension or conversion to an existing FDC system or service.

**2. RESPONSIBILITIES**

The Senior Financial Individual within each FDC Business Unit (typically the Segment CFO, or his/her designee) is responsible for implementing this policy. This policy is intended to help ensure consistency across all FDC Business Units as to the nature of contract costs and the circumstances under which such costs may be capitalized. As with any policy, not all possible circumstances or situations can be addressed; thus, Business Unit financial and accounting management is responsible for exercising its professional judgment in the application of this policy. The FDC Policies and Standards Group is responsible for policy interpretation.

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**3. GENERAL POLICY**

Costs incurred due to signing a customer contract (new or renewal) and the resulting conversion, if any, to an existing FDC system that meet the specific requirements, as outlined in this policy, qualify for capitalization. In all other circumstances related costs, including costs incurred prior to the signing of a customer contract, must be expensed as incurred.

**4. DEFINITIONS**

**4.1 Sign-up bonuses**

Any consideration given to a customer in exchange for signing a contract. Such consideration can include, but is not limited to, cash, equity, and future service credits. Payments that relate to prior services rendered or outstanding disputes do not qualify as sign-up bonuses and should be expensed as incurred.

**4.2 Conversion costs**

Conversion costs can arise through the direct acquisition of a new multi-year customer contract. Conversion costs are defined as the direct expenses associated with converting a new customer base to an existing FDC system. Conversion costs may include certain development expenses associated with adding new features to an existing FDC system if the features are required by the contract.

**5. CAPITALIZATION CRITERIA**

**5.1** Sign-up bonuses and conversion costs must meet all of the following criteria in order to qualify for capitalization.

(a) The bonus or conversion amount is at least \$100,000.

(b) This threshold is based on individual contracts. Any grouping of contracts to achieve the threshold (for common ownership, etc.) must be approved by the FDC Policies and Standards Group, on a case-by-case basis.

(c) Phased client conversions are considered one conversion for applying the dollar threshold.

(d) The contract term is fixed and exceeds one (1) year.

(e) The proposed contract is approved in accordance with FDC Policy No. 021, Global Expenditure Approval Capital and Other Financial Commitment Appropriations Request Guidelines ("CAR")

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(f) The contract is projected to be sufficiently profitable such that the capitalized amounts (including sign-up bonuses, conversion costs, and any other costs capitalized in conjunction with the contract) are fully recoverable.

(g) In testing the net realizable value (“**NRV**”) of the capitalized amounts, contract provisions such as guaranteed minimum revenues, exclusivity provisions, pro-rata refunds of sign-up bonuses, etc., should be considered. Reasonable assumptions concerning growth in contract revenues should be included in the NRV test. However, only revenues related to the existing contract should be considered in the projections (i.e., it is inappropriate to consider future revenues from additional services or cross-selling of products) over the contract term (i.e., do not assume any contract renewals).

(h) The contract provisions (i.e. liquidated damages or a combination of items considered in item D. above) are such that there is no balance sheet exposure if the contract is terminated under the provisions of the contract.

(i) The costs are additional, identifiable and direct. Certain indirect costs may be included as contract costs if they are additional and identifiable with one or more conversions and can be allocated to a given contract conversion using a systematic and rational methodology. Local management is responsible for maintaining documentation that such indirect costs are clearly related to conversion activities.

5.2 Any exceptions to these criteria require approval by the FDC Policies and Standards Group.

## **6. CONVERSION COSTS TO CAPITALIZE**

6.1 Conversion costs should be recorded as incurred during the conversion period. Upon completion of the conversion, all costs should be fully accrued and capitalization should cease. Some examples of costs that may be capitalized if they meet the criteria in section 5. above are:

(a) **S & P Programmers**: Wages, fringe benefits, bonus, travel and entertainment, supplies, postage and other direct costs of programmers for time spent planning and implementing the conversion and training the client on the system - a standard rate for programming may be developed based on an average cost. Costs included in the systems and programming hourly rate computation (in addition to the costs as discussed above) are:

- (i) Facilities allocation and direct rent and utilities
- (ii) Telecommunications
- (iii) Depreciation
- (iv) Contract programming
- (v) Repairs and maintenance

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The hourly rate should not include costs for administrative personnel, recruiting, relocation, finance, human resources, or any other costs related to corporate administrative support and functions.

The systems and programming hourly rate should be reviewed annually; however, if any assumptions change between such reviews, the rate should be modified if there is a material impact to the current rate in use. Retroactive adjustments affecting quarters prior to the quarter in which the new rate is adopted are not permitted.

(b) Employees: 100% of wages and fringe benefits of employees (other than S&P Programmers) that spend more than 75% of their time over a 3 month period on the conversion. The 75% time requirement may be met if one person is dedicated to several small conversions for at least a 3-month period. If the Business Unit has the ability to track employee time (other than S&P Programmers), it may be appropriate to capitalize the time of an employee that spends less than 3 months on the conversion. However, the Business Unit must obtain approval from the FDC Policies and Standards Group **prior to** the capitalization of any such costs.

(c) Outside Consultants: Fees and out of pocket expenses for consultants hired to assist with the conversion.

(d) System Costs: System costs incurred converting the new customer base, including test periods, before going “live” with the conversion, including system usage charges and DASD storage. (A standard rate may be developed based on an average cost.)

(e) Travel and Entertainment: Travel and entertainment of all employees, regardless of level, related to the conversion process.

(f) Time and materials for initial training of the client/merchant may be capitalized, but only if the employees performing the training are subject to the same time tracking and accounting system as other employees involved in the conversion process.

**6.2** The following costs may not be included in the total capitalized conversion costs.

(a) General and administrative costs (except for the hourly rate for S86P that may include certain cost allocations). The intent of this criteria is to prevent capitalization of recurring internal overhead costs, even if such costs represent departments or functions which are temporarily involved directly in a conversion activity. Such costs would include senior management (defined as Vice President or above), corporate, or administrative salaries, costs to relocate existing FDC employees for conversion purposes.

(b) Selling or marketing costs.

(c) Costs that relate to feasibility studies, consulting services or legal fees incurred to evaluate the transaction.

(d) Interest (intercompany or otherwise).

**RCSI \*\*\*Definition**

\*\*\*

[The following four pages were omitted pursuant to the confidential treatment request.]

**List of Baselined Elements**

Cardholder Services:

0228 CH ASSIST VOICE CALLS  
2816 NON-MON TRANSACTION CREDIT BUREAU SCORE  
2836 TRANSACTION LEVEL PROCESSING  
4309 TRAINING  
4352 DIGITAL ROM HERITAGE CARDHOLDER STMTS  
4353 CD-OTHER SERVICES  
4354 CD ROM - REPORTS  
7030 AUTH TRACK ONE NAME EDIT  
7154 DECISIONQUEST STATEMENTS  
7155 DECISIONQUEST PLASTICS  
7221 APPLICATION PROCESSING - ACCT REL STORAGE  
7222 ON-LINE CREDIT BUREAU REPORT REQUEST  
7223 FDR ENTERED TRANS - MONETARY/NON-MONETARY  
7232 CIMS - REGULAR WORKCASE  
7233 CIMS - WOV WORKCASE  
7234 CIMS - LOG ONLY WORKCASE  
7244 ODS SELECT TRANSACTIONS  
7246 ODS ACCESS - MISCELLANEOUS FEES  
7255 CIMS - REGULAR WORKCASE ACTIONS  
7262 SOLICITATION MAILER RESPONSE  
7270 ODS DB2 TRANSACTIONS  
7279 ACCOUNT LEVEL ACTION-ACCOUNTS REVIEWED  
7281 ACCOUNT LEVEL ACTION-ACTION SET SELECTED  
7316 CLIENT DEFINED SCREENS - TRANSACTION FEE  
7330 TRANSACTION LEVEL REWARDS  
7358 SUSPENSE ACCOUNT MANAGEMENT (SAM)  
7402 NON-STANDARD JOB RUN  
7405 REPORTS - ON-LINE VIEW  
7408 INTERFACE SVCS-MAGNETIC TAPE HANDLING  
7411 INTERFACE SERVICES-FILE TRANSMISSION FEE  
7443 DATALINK PROCESSING  
7909 LOST/STOLEN ACCT TRANSACTION MGMT SYSTEM  
7910 POTENTIAL CHARGEBACK QUEUE SYSTEM  
7914 CARD ACTIVATION CLIENT PROCESSED  
7926 NUMBER OF IRAN RECORDS LOGGED  
7956 FIRST TRACK-PER LOST STOLEN REPORT  
8201 PRODUCT SERVICE - SELECT  
8319 AFP/ON DEMAND IMAGING - STORAGE  
9302 SITE GENERAL LEDGER  
N/A SCOREX SPECIAL ACTIVE ACCOUNTS  
3309 E-BILL PRESENTMENT  
6575 HISTORICAL ADDRESSES ON FILE  
7400 ONLINE REPORT PRINTING  
7470 ENHANCED CREDIT INSURANCE SYSTEM  
7570 GREATER THAN SIX REWARDS  
7571 DAILY REWARD CALCULATION  
8321 MLP ACCOUNT ON FILE  
8324 MLP METHOD OVERRIDE  
SKU REWARDS

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Merchant Services:

- 0139 OUTGOING INTERCHANGE
- 0227 MR ASSIST VOICE CALLS
- 2806 ACQUIRING AVS-ETC
- 3501 VOICE AUTH INQUIRY
- 3502 POS AUTH-LOCAL LINE INQUIRY
- 3503 POS AUTH-WATS LINE INQUIRY
- 3504 POS AUTH-950 ACCESS
- 3505 ARU AUTH-LOCAL LINE INQUIRY
- 3506 ARU AUTH-WATS LINE INQUIRY
- 3514 EXTERNAL AUTHORIZATION PROCESS
- 3516 PREMIER AUTHORIZATION INQUIRY
- 3518 DEBIT SUMMARY FILE
- 3519 AVS VOICE
- 5700 MERCHANT ACCOUNT ON FILE
- 5701 ADDITIONAL MERCHANT CARD TYPES
- 5702 MERCHANT STATEMENT
- 5703 MERCHANT TICKET-FDR ENTERED
- 5704 MERCHANT TICKET-REMOTE/TAPE ENTERED
- 5705 BATCH HEADER-FDR ENTERED
- 5706 BATCH HEADER-REMOTE/TAPE ENTERED
- 5707 ACQUIRER CHARGEBACK
- 5708 RETRIEVAL DOCUMENTATION PROCESSING
- 5712 MERCHANT NON-MONETARY/ONLINE TRANS
- 5713 FDR ENTERED NEW ACCOUNTS-MERCH
- 5714 ETC TICKET
- 5715 ETC TICKET-ONLINE DEBIT
- 5716 ELECTRONIC MERCHANT REPORTING
- 5717 ETC BATCH HEADER
- 5718 ETC HEADQUARTERS REPORT
- 5719 ELECTRONIC DRAFT STORAGE
- 5720 ETC DEPOSIT SUMMARY
- 5721 CONFIRMATION LETTER
- 5723 SERVICE PLUS HELP CALL
- 5726 MR NONMON/ONLINE TRAN-FDR ENTERED
- 5727 12B LETTERS
- 5770 MERCHANT LETTER
- 5771 MERCHANT LETTER INSERT
- 5772 MERCHANT LETTER ADD'L PAGE
- 5773 MERCHANT LETTER - PRIORITY MAIL
- 5777 MERCHANT LETTER PERFORATIONS
- 5781 REAL TIME MRCH FRAUD EXCEPTION
- 7103 MERCHANT STATEMENT ONLINE - 3 MONTHS
- 7607 MERCHANT PLATES/PLASTICS
- 7903 AUTH TRANSFER REFERRALS - MERCHANT

Exhibit C-14

Illustration of Impact of \*\*\*on Active Account Rates

<u>Calendar Year</u>	<u>Active Account Rate</u>
2006	***
2007	***
2008	***
2009	***
2010	***
2011	***
2012	***
2013	***
2014	***
2015	***
2016 and thereafter	***





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**AMENDMENT NUMBER FIVE TO THE FIRST AMENDED AND  
RESTATED TECHNOLOGY SOURCING AGREEMENT**

This Amendment (this "Amendment") to the First Amended and Restated Technology Sourcing Agreement dated as of December 10, 1998 (first amended and restated as of April 1, 2003), as amended (the "Service Agreement") is made and entered into this 24th day of August, 2007 by and between Retailer Credit Services, Inc., a Utah corporation with aces at 4246 South Riverboat Road, Salt Lake City, Utah 84123 ("RCSI") and First Data Resources, LLC, a Delaware limited liability company with offices at 6855 Pacific Street, Omaha, Nebraska 68106 ("First Data"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, RCSI and First Data agree as follows;

Recitals

RCSI and First Data previously entered into (a) an Amendment dated December 3, 2003 to the Service Agreement (the "Amendment of December 3, 2003") and (b) an Amendment dated May 18, 2005 to the Service Agreement (the "Amendment of May 18, 2005") and collectively with the Amendment of December 3, 2003, the "Previous 2Way-Connect Amendments") wherein the parties agreed upon certain terms for the provision by First Data of 2Way-Connect Services Collections Application to RCSI.

The parties now desire to set forth the terms for the provision by First Data of certain 2Way-Connect Services which are in addition to those set forth in the Previous 2Way-Connect Amendments, as follows:

1. Effective Date. The terms of this Amendment are effective as of April 1, 2007.
2. Fees. The following fees are hereby added to Exhibit "C-7" of the Service Agreement (the Ancillary Service Charges List):

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
3343	2Way-Connect Services — Set-Up Fee (All Applications Using the FDVS Platform)	Quote/Application
3707	2Way-Connect Services — Per Minute Fee (All Applications Using the FDVS Platform)	Total Number of FDVS Platform Minutes Generated by RCSI During a Calendar Month
		0 - 47,999
		48,000 - 479,999
		480,000 - 1,679,999
		1,680,000 - over
		Fee for the Calendar Month
		***
		***/Platform Minute
		***/Platform Minute
		***/Platform Minute

The fee includes (a) a general Application strategy representative of a majority of First Data's current deployments for the specific Application (which shall be provided to RCSI upon request), (b) a voice mail message, (c) several alert attempts over a specified time period and (d) standard result code reporting.

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IN	Item	Per Item Charge
		The above pricing grid is a monthly volume-sensitive pricing grid, and not a tiered pricing grid. By way of example, if, for a month, the total volume of FDVS Platform Minutes Generated by RCSI is equal to 1,000,000, then the 2Way-Connect Services — Per Minute Fees payable by RCSI for the month shall be $*** (1,000,000 \times ***)$ and not $*** + (432,000 \times ***) + (520,001 \times ***)$ .

The pricing above is for Zone 1 (within North America)

3. **Descriptions.** The following descriptions are hereby added to Exhibit “C-8” of the Service Agreement (the Item Number Descriptions):

IN	Service/item	Description
3343	2Way-Connect Services — Set-Up Fee (All Applications Using the FDVS Platform)	The charge per 2Way-Connect application (such as, but not limited to, the Fraud Application, the Collections Application or the Marketing Application, each being an “ <u>Application</u> ”) utilized by RCSI and serviced from the FDVS Platform. The 2Way-Connect Services — Set-Up Fee includes (i) a kick-off meeting with RCSI, (ii) product design, (iii) design coding, (iv) end-to-end testing, (v) studio time/recording talent, (vi) administration of solution-password set-up and voice file library creation, (vii) pm-production calls and (viii) overall project management. Such fee does not include (and RCSI shall reimburse First Data pursuant to the applicable fees in this Service Agreement for) any custom development services required in connection with RCSI’s use of the 2Way-Connect Services. If, at any time following completion of the initial set-up/development services for a 2Way-Connect application, RCSI requires additional development or customization services in connection with such application, any such additional development or customization services provided by First Data shall be at rates to be quoted to RCSI upon request.
3707	2Way-Connect Services — Per Minute Fee (All Applications Using the FDVS Platform)	Each “ <u>Platform Minute</u> ” or portion thereof associated with the 2Way-Connect Services performed on behalf of RCSI from the FDVS Platform in connection with a 2Way-Connect application (such as, but not limited to, the Fraud Application, Collections Application or the Marketing Application, each being an “ <u>Application</u> ”). For purposes of the service, “ <u>Platform Minutes</u> ” mean all minutes required to complete each alert (including but not limited to outbound calls, inbound calls, “ <u>plusconnects</u> ” and any associated live operator talk time) under the Application in connection with a Cardholder Account submitted by RCSI during the month for alerting.  The 2Way-Connect Services are two-way, real time alert, message and verification services. First Data will contact individual Cardholders, providing the Cardholders with several options in responding including, but not limited to, automated response or speaking with a customer service representative

4. **Service Platform.** RCSI and First Data hereby agree that the 2Way-Connect Services to be performed for RCSI pursuant to this Amendment shall be subcontracted to First Data’s Affiliate, First Data Voice Services (“FDVS”) and performed by FDVS from the FDVS 2Way-Connect servicing platform (the “FDVS Platform”). The pricing set forth in this Amendment is applicable only to those Cardholder Accounts of RCSI for which 2Way-Connect Services are being provided from the FDVS Platform.

5. **Capitalized Terms.** Unless otherwise specified in this Amendment, any capitalized terms used in this Amendment shall have the meanings assigned to them in the Service Agreement.

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6. Continuation of Service Agreement. As hereby amended and supplemented, the Service Agreement shall remain in full force and effect. The parties understand and agree that FDVS's provision of the services as outlined under this Amendment shall be considered in the same manner as though First Data was providing the services for purposes of determining the parties' respective rights and obligations under the Service Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to First Amended and Restated Technology Sourcing Agreement the day and year first above written.

FIRST DATA RESOURCES, LLC

RETAILER CREDIT SERVICES, INC.

By:     /s/ W. Gay Rich    

By:     /s/ Brenda S. Burke    

Title:     SVP & GM    

Title:     VP Enterprise Platforms

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AMENDMENT NUMBER SIX, effective as of January 1, 2007 (the "Amendment Six Effective Date") to First Amended And Restated Technology Sourcing Agreement (the "Agreement") is entered into by and between RETAILER CREDIT SERVICES, INC. ("RCSI"), a Utah corporation with offices at 4246 South Riverboat Road, Salt Lake City, Utah 84123, and FIRST DATA RESOURCES, LLC ("First Data"), a Delaware corporation with offices at 6855 Pacific Street, Omaha, Nebraska 68106.

The Parties agree to amend the Agreement by revising Section 3.2(d) in its entirety, changing the designation of Section 3.2(e) to be Section 3.20), revising the newly designated Section 3.2(j), and inserting new Sections 3.2(e), (1), (g), (h), and (i), all to read as follows:

“(d) Global Application Development Projects.

\*\*\* RCSI may not propose as a Global AD Project a project that has passed the requirements stage before July 1, 2006 and is actually implemented by June 30, 2008.

(e) Process with respect to Global Application Development Projects.

(i) Any Global AD Project proposed by RCSI or its Affiliates pursuant to Section 3.2(d) for development for either the First Data System or the PaySys Software will be reviewed by the Parties to determine if

(a) the proposed functionality is applicable to processing for both (1) the United States and/or Canada and (2) another country (such functionality, "Multijurisdictional Functionality");

(b) the proposed functionality does not already exist in either the First Data System or the PaySys Software and is not in the process of being developed by First Data or its Affiliates for either the First Data System or the PaySys Software (For the avoidance of doubt, "in the process of being developed" means that there is funding for the proposed functionality and there is a target completion date for the development of such functionality within eighteen (18) months of the date that such functionality was proposed); and

(c) the proposed functionality relates to credit card functionality and/or revolving credit accounts.

If a proposed Global AD Project satisfies the requirements of each of (a) through (c) above the Parties will prepare requirements documents (including next level of technical detail and sizing of the required work effort) as they would for other projects of similar development scope. Upon completion of such requirements documents the Parties will reconfirm that the proposed Global AD Project satisfies the requirements of each of (a) through (c) above, at which point it shall be an approved Global AD Project.

(ii) If there is a dispute about whether a proposed Global AD Project satisfies the requirements of Section 3.2(e)(i) or RCSI disputes a rejection, either Party may escalate the issue through the bi-weekly executive meeting between the Parties and then through dispute resolution under Section 3.2(j).

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(iii) If a proposed Global AD Project is rejected for PaySys Software strategy as provided in Section 2.07(h) of the License Agreement, dated December 31, 1996, as amended the “License Agreement”) and RCSI elects to have a third party develop functionality identical to the functionality in such proposed Global AD Project, then \*\*\*. For the avoidance of doubt, “RCSI elects to have a third party develop functionality” means RCSI or an Affiliate engages a third party, the third party completes development of such functionality, and RCSI or an Affiliate implements such functionality.

(iv) \*\*\*. Except to the extent that Section 2.07 of the License Agreement provides otherwise, RCSI shall be responsible for the cost, of developing the Global AD Project on the \*\*\*.

(v) The components of any Global AD Project that are developed on the PaySys Software shall be governed by Section 2.07 of the License Agreement.

(vi) If RCSI elects to \*\*\* the Global AD Project on the First Data System, First Data shall develop the Global AD Project on the First Data System as AD Services at RCSI’s expense pursuant to the terms of this Agreement.

(vii) With respect to each Global AD Project, that is \*\*\*, First Data shall develop \*\*\*.

(f) Required Prerequisite Functionality for Global AD Projects. If in order to create the Global AD Project functionality on the \*\*\* (independent of the Global AD Project), regardless of \*\*\* of the Global AD Project itself, RCSI shall be responsible for the cost of creating such prerequisite functionality \*\*\* to the extent such cost is greater than \*\*\* of \*\*\* which is estimated to be \*\*\* in developing the Global AD Project functionality itself on the \*\*\*. Before \*\*\* First Data shall inform RCSI that in First Data’s opinion such cost will be greater than \*\*\* of the cost which is estimated to be \*\*\* in developing the Global AD Project functionality itself \*\*\*, provide RCSI the relevant cost estimate, and First Data shall obtain RCSI’s approval prior to implementing. If RCSI withholds its approval or fails to develop the required functionality itself First Data shall be excused from the obligation to develop the Global AD Project \*\*\*, in which case RCSI shall promptly notify First Data.

### (g) Intellectual Property Rights.

(i) The Intellectual Property rights resulting from Global AD Projects shall be allocated in accordance with the provisions of this Agreement for development that is on the First Data System and the provisions of the License Agreement for development that is on the PaySys Software, regardless of which system is designated as the \*\*\*.

(ii) Subject to the next sentence, if pursuant to the Intellectual Property provisions contained in the License Agreement RCSI or its Affiliate retains ownership of the developments on the PaySys Software for a Global AD Project, RCSI grants First Data (and at First Data’s request shall cause the appropriate Affiliate to grant First Data) a fully-paid-up, irrevocable, nonexclusive, perpetual, worldwide license, to the extent necessary for First Data to utilize the Global AD Project on the First Data System for the benefit of RCSI and First Data’s other customers, to use, make, sell, copy, distribute, prepare derivative works, perform and

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publicly display each such Global AD Project developed on the PaySys Software, including RCSI's (and its Affiliates') associated (A) non-patent Intellectual Property rights and (B) patents which originate from the joint development efforts of the Parties for the Global AD Project (other than any claims in any such patents which do not so originate). No license is or shall be granted (by implication or otherwise) to any other patents of RCSI or its Affiliates.

(iii) RCSI makes no representations or warranties in connection with First Data's utilization of such development for any party other than RCSI and its Affiliates, including any implied representations or warranties regarding whether such development infringes upon the Intellectual Property rights of a third party, all of which are disclaimed. First Data shall indemnify and hold RCSI and its Affiliates harmless from any third party claims (including any claims of infringement or misappropriation of intellectual Property rights) arising from any utilization by First Data or any of its Affiliates of the license described in Section 3.2(g)(ii) above (other than utilization for the benefit of RCSI or its Affiliates); provided that First Data shall not be required to indemnify RCSI and its Affiliates against any third party claims that are based upon a claim that RCSI's and its Affiliates license granted to First Data herein is a violation of an agreement between such third party and RCSI or its Affiliates. Such indemnity shall not be subject to the limitation of liability provided in Section 19.2 of this Agreement.

(h) Resource Allocation for Global AD Project. First Data will resource and schedule projects for Global AD Projects in accordance with then current resourcing processes and development methodology, and as is consistent with then current practice, First Data will review resource conflicts with GE to get direction on project priority.

(i) Cancellation of Global AD Project.

(i) If RCSI or an Affiliate \*\*\* the development of a Global AD Project \*\*\* and RCSI or an Affiliate elects to cancel such Global AD Project on \*\*\*, the projects will be canceled and RCSI shall \*\*\* by First Data or PaySys for the canceled Global AD Project on \*\*\* after such time as requirements definitions have been completed for the canceled project (i.e., RCSI shall not be required to \*\*\* prior to completion of the requirements definition). In the event of such cancellation, First Data shall: (1) return any Confidential Information delivered by RCSI or its Affiliates as part of such Global AD Project, (ii) destroy all work product in progress from such Global AD Project, and (iii) not utilize any such Confidential Information for development material derived therefrom) for any other development project (provided that First Data shall not be restricted (other than with regard to RCSI's and its Affiliates' patent rights) with regard to the unaided mental impressions retained by the First Data employees who worked on the canceled project).

(ii) If RCSI or an Affiliate \*\*\* the development of a Global AD Project \*\*\*, and RCSI or an Affiliate elects to cancel such Global AD Project on \*\*\* and RCSI or such Affiliate elects to \*\*\*, RCSI shall \*\*\* for the Global AD Project on the system that was not canceled, or the amount of the development costs and expenses which were incurred on the canceled project after such time as the requirements have been completed (i.e., RCSI shall not be required to \*\*\* prior to completion of the requirements definition), whichever is greater; provided, however, if First Data elects to continue development of such canceled Global AD Project on the First Data System, First Data shall be responsible for \*\*\* for completion of development of the canceled Global AD Project \*\*\* after the date on which RCSI or its Affiliate canceled the project.

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(j) Disputes. Any dispute between the Parties under Section 3.2 shall be escalated to the President of GECF-A (or his or her designee) and the Chairman of FDC (or her or his designee) for attempted resolution. However if they fail to agree, either Party may invoke the dispute resolution procedures pursuant of Article 20.”

IN WITNESS WHEREOF, RCSI and First Data have each caused this Amendment Number Six to be signed and delivered by its duly authorized officer, all as of the date first set forth above.

RETAILER CREDIT SERVICES, INC.

By:  /s/ Brenda S. Burke  
Printed:  Brenda S. Burke  
Title:  VP Enterprise Platforms

FIRST DATA RESOURCES, LLC

By:  /s/ W. Gay Rich  
Printed:  W. Gay Rich  
Title:  SVP & General Mgr.

**AMENDMENT NUMBER SEVEN TO THE  
FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

AMENDMENT NUMBER SEVEN (this "Amendment"), made on February 26, 2010 and effective as of February 26, 2010 (the "Amendment 7 Effective Date"), by and between RETAILER CREDIT SERVICES, INC. ("RCSI") and FIRST DATA RESOURCES, LLC ("First Data").

PRELIMINARY STATEMENTS

A. RCSI (then known as Montgomery Ward Credit Corporation) and First Data (through its predecessor First Data Resources Inc.) entered into a Technology Sourcing Agreement (the "TSA"), dated December 10, 1998.

B. As of April 1, 2003, the Parties amended and restated the TSA in a First Amended and Restated Technology Sourcing Agreement (the "FAAR TSA").

C. Since April 1, 2003, the Parties have entered into various amendments to the FAAR TSA.

D. The Parties wish to further amend the FAAR TSA as provided herein.

E. Capitalized terms used without definition in this Amendment have the meanings assigned to them in the FAAR TSA.

NOW, THEREFORE, the Parties agree as follows:

**1. Services.**

(a) First Data will, pursuant to the terms set forth in this Amendment, provide to RCSI the Fraud Predictor Plus functionality set forth in this Amendment (the "Fraud Predictor Plus Services") in connection with First Data's performance of the Falcon Fraud Detection System services set forth in the FAAR TSA. First Data will provide the Fraud Predictor Plus Services commencing on the date on which such services are implemented and first made available for use by RCSI (the "FPP Initial Implementation Date"). Subject to the terms set forth in Subparagraph 1(b) of this Amendment, First Data will provide the Fraud Predictor Plus Services with respect to any MasterCard or VISA branded Accounts of RCSI and its Affiliates under the FAAR TSA at the applicable rates set forth in Exhibit C-2.

(b) Notwithstanding anything in Subparagraph 1(a) of this Amendment to the contrary, solely with respect to RCSI's \*\*\* VISA branded portfolio of Accounts under \*\*\* on the First Data System (the "\*\*\*"), First Data will provide RCSI with the Fraud Predictor Plus Services pursuant to the following terms. Commencing on a date to be mutually agreed upon by the parties (for the avoidance of doubt, such date will occur after the FPP Initial Implementation Date), First Data will provide the Fraud Predictor Plus Services with respect to the \*\*\* in a trial use mode at no charge, and will continue to provide such services for the \*\*\* at no charge for a period of thirty (30) days thereafter (the "FPP Trial Period"). If, on or before the expiration of

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the FPP Trial Period, RCSI makes parameter setting changes resulting in the discontinuation of RCSI's use the Fraud Predictor Plus Services with respect to the \*\*\* for periods following the expiration of the FPP Trial Period, then upon the expiration of the FPP Trial Period, First Data will discontinue providing Fraud Predictor Plus Services with respect to the \*\*\*. If RCSI fails to make such changes pursuant to the immediately preceding sentence, then First Data will continue to provide and RCSI will continue to use the Fraud Predictor Plus Services with respect to the \*\*\* following the expiration of the FPP Trial Period at the applicable rates set forth in Exhibit C-2.

2. **Charges.** Exhibit C-2 (*Ancillary Services*) of the FAAR TSA is hereby amended by the addition of the following:

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
7971	Fraud Management/ Fraud Detection (Falcon) Services – Fraud Predictor Plus	***/Active Account per month

3. **Item Number Descriptions.** Exhibit C-8 (Item Number Descriptions) of the FAAR TSA is hereby amended by the addition of the following:

<u>IN</u>	<u>Service/Item</u>	<u>Description</u>
7971	Fraud Management/ Fraud Detection (Falcon) Services - Fraud Predictor Plus	Monthly fee (in addition to the fee for Item Number 7919 - Falcon Fraud Detection System) for each active Cardholder Account processed through the Falcon system employing the output of the Falcon Neural Engine computational model which utilizes merchant profiles.

4. As hereby amended and supplemented, the FAAR TSA shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the FAAR TSA, the terms and conditions of this Amendment shall prevail.

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IN WITNESS WHEREOF, the Parties have each caused this Amendment Number Five to be signed and delivered by its duly authorized officer, all as of the Amendment 7 Effective Date.

RETAILER CREDIT SERVICES, INC.

By: /s/ Julie Stansbury

Name: Julie Stansbury

Title: CIO GE Capital Retail Finance

FIRST DATA RESOURCES, LLC

By: /s/ Patty Gaston

Name: Patty Gaston

Title: Vice President

**AMENDMENT NUMBER EIGHT TO THE  
FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

AMENDMENT NUMBER EIGHT (this "Amendment"), made on April 19, 2010 and effective as of April 19, 2010 (the "Amendment Eight Effective Date"), by and between RETAILER CREDIT SERVICES, INC. ("RCSI") and FIRST DATA RESOURCES, LLC ("First Data").

PRELIMINARY STATEMENTS

A. RCSI (then known as Montgomery Ward Credit Corporation) and First Data (through its predecessor First Data Resources Inc.) entered into a Technology Sourcing Agreement (the "TSA"), dated December 10, 1998.

B. As of April 1, 2003, the Parties amended and restated the TSA in a First Amended and Restated Technology Sourcing Agreement (the "FAAR TSA").

C. Since April 1, 2003, the Parties have entered into various amendments to the FAAR TSA.

D. The Parties wish to further amend the FAAR TSA in order to set forth the terms pursuant to which First Data will provide and RCSI will receive and pay for certain electronic funds settlement and payment processing services solely in connection with the private label card programs of RCSI's client, \*\*\* ("\*\*\*\*") for \*\*\* branded cards.

E. Capitalized terms used without definition in this Amendment have the meanings assigned to them in the FAAR TSA.

NOW, THEREFORE, the Parties agree as follows:

**1. Services**

(a) Pursuant to an agreement (the "\*\*\*\* ECA Agreement") between First Data's Affiliate, TeleCheck Services, Inc. ("TeleCheck") and RCSI's client, \*\*\* ("\*\*\*\*"), TeleCheck currently performs certain TeleCheck Electronic Check Acceptance® Services (the "ECA® Services") for \*\*\* (including \*\*\* locations). The ECA® Services include (among other services) check authorization, processing and electronic funds transfer settlement services using the ACH Network.

(b) Also pursuant to the \*\*\* ECA Agreement, TeleCheck has additionally agreed to perform processing and electronic funds settlement services for \*\*\* specifically with regard to any paper checks written by RCSI's \*\*\* retail credit card account cardholders at \*\*\* locations which are used as payment toward the \*\*\* retail credit card account balances of such cardholders (hereinafter referred to as the "RCSI\*\*\* Account Check Payments").

(c) First Data will provide ACH Network settlement funding for ECA Transactions approved for settlement by TeleCheck that are generated in connection with the RCSI\*\*\* Account Check

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Payments. The Parties agree that such funding will be made to \*\*\* on behalf of RCSI. Provided that settlement instructions are received by First Data from \*\*\* by 11:00 p.m. Central Time on any day, settlement typically occurs within two (2) Banking Days following receipt of the instructions. RCSI will look solely to \*\*\* for obtaining the funds settled to \*\*\* from the ECA Transactions.

(d) First Data or TeleCheck, as applicable, will perform for RCSI the following services (the “TeleCheck Record Matching Services”) in connection with the processing of the RCSI\*\*\* Account Check Payments:

- (i) First Data will identify and store identified authorizations from the CD-031 daily authorizations log during batch cycle. These transactions will be stored in a revolving file for 120 days for matching purposes; then archived for an additional 280 days until automatically deleted;
- (ii) TeleCheck will provide a daily CSV funding report typically by 9:00 am Central Time with RCSI\*\*\* Account Check Payments and Returns processed during the applicable batch cycle [definitive time requirements to be included in service level agreement discussed below]. TeleCheck does not store the 16 digit credit account number. TeleCheck will also provide a daily summary email typically by 9:30 am Central Time of the count and amount of Returns from the CSV funding report that TeleCheck is debiting RCSI’s account (definitive time requirements to be included in service level agreement discussed below);
- (iii) First Data will attempt to match transactions from the TeleCheck file to the authorizations stored at First Data. Transactions will be matched on a unique trace ID generated by TeleCheck that is received in the authorization process;
- (iv) First Data will generate a daily report showing (A) check payment and Return transactions that matched and (B) check payment and Return transactions that did not match (agreed time requirements to be included in service level agreement discussed below); and
- (v) First Data will generate a daily file to be sent to RCSI with matching and non-matching Returns (agreed time requirements to be included in service level agreement discussed below). RCSI will submit adjustments for the transactions based on this file.

First Data and RCSI agree to review and develop, through the process established in the TSA and in a reasonable period not to exceed the time frames outlined in Schedule B to the TSA, applicable service level agreements in support of the services to be provided by First Data under this Amendment.

(e) All obligations of First Data under this Amendment will be performed either by First Data or by TeleCheck on First Data’s behalf.

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(f) With respect to the RCSI\*\*\* Account Check Payments, RCSI will have the following responsibilities:

(i) RCSI will be responsible for payment to First Data (who will receive such payments on behalf of TeleCheck) of the service fees associated with any approved ECA Transactions at the per approved ECA Transaction rates set forth in Paragraph 2 of this Amendment, which fees would otherwise be payable by \*\*\* to TeleCheck in connection with the ECA® Services provided by TeleCheck to \*\*\* under the \*\*\* ECA Agreement. Such fees will be invoiced to RCSI by First Data and paid by RCSI to First Data in accordance with the terms of Article 13 of the FAAR TSA.

(ii) RCSI will be fully responsible and liable to First Data for all Returns and First Data is authorized to initiate EFT debits to RCSI's Account for the Returns. RCSI agrees to maintain at all times sufficient funds in the RCSI Account to satisfy payment for the Returns. The EFT debit will occur each Banking Day and include Returns which were successfully processed by TeleCheck on or before the previous Banking Day.

(iii) Payments processed by First Data will be reflected on funding files made available to RCSI by First Data. RCSI agrees to notify First Data promptly of any discrepancy between RCSI's records and the information provided by First Data in such files, or of any funding failures or errors by TeleCheck to \*\*\*. If RCSI fails to notify First Data within 60 days from the date of the applicable ECA Transaction of any such discrepancy, funding failure or errors, RCSI will be precluded from asserting any losses, claims or liabilities against First Data that arise from such discrepancies, funding failures or errors. For avoidance of doubt, the parties acknowledge that the purpose of this (f)(iii) is solely for RCSI to reconcile amounts funded hereunder with the funding information provided by TeleCheck, and is not intended to cover consumer disputes that are not included in discrepancies or errors of funding to be reconciled hereunder.

(iv) RCSI and First Data each agree to comply with and be bound by all NACHA Rules that are applicable to its respective use or provision of the services set forth in this Amendment.

2. **Charges.** Exhibit C-2 (*Ancillary Services*) of the FAAR TSA is hereby amended by the addition of the following:

IN	Item	Per Item Charge
9975	Electronic Check Conversion With Electronic Redeposits	*** / approved ECA Transaction*
5854	TeleCheck Record Matching Services	[TBD] <b>This fee is currently under the *** process and estimated between *** and ***</b>

\* See note in Paragraph 3 below.

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3. **Item Number Descriptions.** Exhibit C-8 (Item Number Descriptions) of the FAAR TSA is hereby amended by the addition of the following:

IN	Service/Item	Description
9975	Electronic Check Conversion With Electronic Redeposits	Service includes: (a) ACH settlement; (b) creation and submission for settlement of remotely created checks ("RCC's") for eligible 9 inch corporate or other checks; (c) systemic administrative ACH Returns resolution and (d) up to one (1) electronic redeposit for eligible ACH and RCC Returns.
5854	TeleCheck Record Matching Services	Each RCSI*** Account Check Payment or Return record received by First Data from TeleCheck for which First Data provides storage, matching against authorization records at First Data related to RCSI accounts, and reporting of matched and unmatched records and other RCSI account data. The fee for this service does not include the fees associated with the actual file transmission.

\* The price for Electronic Check Conversion With Electronic Redeposits, as set forth in Paragraph 2 of this Amendment, assumes that not more than ten percent (10%) of applicable payments processed will be comprised of 9 inch corporate or other checks to be processed by remotely created checks by TeleCheck. In the event that such limit is exceeded, First Data will notify RCSI of such occurrence and RCSI and First Data will attempt to mutually agree upon a new per transaction price for Electronic Check Conversion With Electronic Redeposit. If the Parties are unable to mutually agree upon such new price within 30 days from such notification, then First Data may terminate the RCC related services set forth in this Amendment without further obligation upon delivery of written notice to RCSI. Fees for Electronic Check Conversion With Electronic Redeposits will be separately invoiced to RCSI.

4. **Term.** The term of the services set forth in this Amendment will be effective commencing on April 20, 2010 and will continue in effect until the earlier of (a) the termination or expiration of the \*\*\* ECA Agreement, (b) the termination of the services performed by TeleCheck for \*\*\* in connection with the \*\*\* Account Check Payments under the \*\*\* ECA Agreement or (c) the termination or expiration of the FAAR TSA.

5. **Changes in Law or NACHA Rules.** Notwithstanding anything to the contrary in this Amendment, if the continued performance of all or any portion of the obligations of First Data or TeleCheck under this Amendment becomes impossible or illegal due to changes in applicable

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federal, state or local laws or regulations, or by NACHA Rules, as determined by First Data in its reasonable discretion. First Data may, upon thirty (30) days written notice to RCSI, request to modify or discontinue its performance of its obligations to the extent necessary to avoid a violation of law or NACHA Rules or, if First Data chooses in its sole discretion to incur additional expenses to comply, request to increase its fees set forth in Paragraph 2 of this Amendment to cover the additional cost of compliance. Additionally, if any fees or charges to First Data or TeleCheck increase for processing transactions through the ACH Network. First Data may request to increase its fees set forth in Paragraph 2 of this Amendment to cover such increases. If First Data makes such request and the parties are unable to agree upon corresponding changes to the terms and conditions of this Amendment within thirty (30) days of such request. First Data may terminate this Amendment upon thirty (30) days written notice.

6. **Definitions.** The definitions set forth in this Paragraph 6 apply within this Amendment. Except as otherwise specified in this Amendment, any capitalized terms used in this Amendment shall bear the meanings assigned to them in the FAAR TSA. The following terms are defined as follows: “**ACH Network**” means the Automated Clearing House Network, a processing and delivery system that provides for the distribution and settlement of electronic credits and debits. “**Banking Day**” means any day on which the applicable depository financial institution is open to the public during any part of such day for carrying on substantially all of its banking functions. “**ECA Transaction**” means a payment processed by TeleCheck as an EFT or an RCC that is funded to \*\*\* for a RSCI \*\*\* Account Check Payment. “**EFT**” means an electronic funds transfer. “**NACHA Rules**” means the National Automated Clearing House Association Operating Rules and Guidelines, as amended from time to time, which govern the ACH Network. “**RCSI’s Account**” means RCSI’s financial institution bank account, as provided by RCSI to First Data. “**Returns**” means any ECA Transactions that are dishonored, returned, reversed, charged back or otherwise unpaid by a Cardholder’s financial institution, regardless of the reason or timing.

7. As hereby amended and supplemented, the FAAR TSA shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the FAAR TSA, the terms and conditions of this Amendment shall prevail.

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IN WITNESS WHEREOF, the Parties have each caused this Amendment Number Five to be signed and delivered by its duly authorized officer, all as of the Amendment Eight Effective Date.

RETAILER CREDIT SERVICES, INC.

By: /s/ Julie Stansbury

Name: Julie Stansbury

Title: CIO GE Capital Retail Finance

FIRST DATA RESOURCES, LLC

By: /s/ Sandra S. Dasenbrock

Name: Sandra S. Dasenbrock

Title: Senior Vice President

**AMENDMENT NUMBER 9 TO THE FIRST AMENDED  
AND RESTATED TECHNOLOGY SOURCING AGREEMENT**

This Amendment Number 9 (the "Amendment") is made and entered as of August 1, 2010 by and between Retailer Credit Services, Inc. ("RCSI") and First Data Resources, LLC ("First Data").

WHEREAS, RCSI (formerly Montgomery Ward Credit Corporation) and First Data (formerly First Data Resources, Inc.) entered into a First Amended and Restated Technology Sourcing Agreement dated December 10, 1998 (first amended and restated as of April 1, 2003), as amended (the "TSA") pursuant to which First Data provides certain data processing and related services to RCSI and its Affiliates;

WHEREAS, since April 1, 2003 the Parties have entered into various amendments to the TSA;

WHEREAS, the Parties wish to amend the TSA as set forth herein to provide for the provision of debt cancellation processing and related services to RCSI; and

WHEREAS, capitalized terms used without definition in this Amendment have the meaning assigned to them in the TSA.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and for the good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, RCSI and First Data agree as follows:

1. Effective Date. This Amendment shall be effective as of August 1, 2010.

2. DCP Services. Schedule A, Section 5.2 (Description of Transaction and Account Processing Services — General Services) of the TSA is hereby amended by the addition of a subsection (ee) as follows:

“(ee) **Debt Cancellation Processing and Related Services (“DCP Services”)**. First Data will process debt cancellation enrollment forms completed by Cardholders that contain scan lines and meet other requirements (“Enrollment Forms”) as set forth in the mutually agreed upon documentation related to the DCP Services (“Requirements Documents”). The Enrollment Forms will be mailed by such consumers to RCSI in business reply envelopes that adhere to USPS standards and meet other requirements as set forth in the Requirements Documents (“BREs”).

RCSI will work with the United States Postal Service (“USPS”) to set up a postage due account for the use of the BREs. It will be RCSI’s sole responsibility to set up such postage due account and fund the account for the postage of the inbound mail with the USPS directly. First Data will facilitate RCSI’s conversation with the USPS and will work on RCSI’s behalf to obtain artwork of the post net barcode from the USPS. RCSI will be required to open a USPS Post Office Box with Caller Service.

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Subject to the terms of the Requirements Documents, First Data will pick up the BREs from the U.S. postal facility designated in the Requirements Documents Monday through Friday, excluding federal holidays (each a "Business Day"). First Data will deliver the BREs to one First Data site and will open each BRE, review each Enrollment Form for signature and attempt to match each form to records provided to First Data by RCSI in a mutually agreed upon file format ("Finder's File"). Using data from the Finder's File and Enrollment Form, First Data will prepare a file containing certain information as set forth in the Requirements Documents.

First Data will also electronically image each Enrollment Form and will provide RCSI with access to such image for seven (7) years from the date the image was created. RCSI and First Data acknowledge and agree that, except with respect to images that First Data provides to RCSI, the images are not works for hire and are the property of First Data and not of RCSI. Following the aforementioned seven (7) year period, upon RCSI's written request pursuant to the following sentence, First Data will provide copies of such images to RCSI and in such event the applicable image(s) will be considered works made for hire and all ownership rights in and to such image will thereafter belong to RCSI. In the event RCSI desires to have First Data transfer certain images of Enrollment Forms to RCSI, RCSI will need to provide prior written notification to First Data 120 Days before the applicable image expires for such to be exported and sent to RCSI. Such images will be extracted in a standard First Data format and will be provided to RCSI on a commercially available medium determined by First Data. First Data will provide RCSI with a user name and password to view the images. RCSI shall be responsible for its own internal security relating to its use of such image services, including procedures for the distribution of passwords permitting the employees, agents and representatives of RCSI access to the images. RCSI agrees to promptly notify First Data of the loss or unauthorized use of any user name or password.

First Data will provide RCSI with a daily summary report in electronic format that identifies all Enrollment Forms Confidential processed that day. First Data will retain copies of the electronic daily summary reports for seven (7) years stored on the First Data Image Archive system."

3. Fees. Exhibit C-2 of the TSA is hereby amended by the addition of the DCP Service fees as follows ("DCP Fees").

**Debt Cancellation Processing and Related Services:**

<u>Billing Element</u>	<u>Billing Category</u>	<u>Unit Price</u>	<u>Measurement</u>	<u>Short Description/Notes</u>
4002	USPS Post Office Box	Pass Through	Per Box Annually	Fee will be charged at the current USPS annually and charged to RCSI. Fee will be for a caller box at a First Data processing facility.
	BRE Account / Postage Due Account	RCSI to work directly with the Post Of on maintaining this account.		RCSI will be solely responsible for all funding and setup of postage due account to be used with the Business Reply Envelope.

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<u>Billing Element</u>	<u>Billing Category</u>	<u>Unit Price</u>	<u>Measurement</u>	<u>Short Description/Notes</u>
4000	Monthly Maintenance	***	Per Month / Box	Fixed monthly cost associated with the maintenance of a RCSI's lockbox account. If a RCSI requests multiple applications within one box number (e.g., exception processing on a different platform), each application will be charged a separate "Monthly Maintenance" fee. RCSI will follow First Data's existing mail pickup schedule at processing site.
4099	Item Extract, Image, and Data Lifting of OCR Information	***	Per Item	Includes mail opening; image scanning and capture of enrollment form; data lifting of OCR information. OCR Information will be in a First Data approved font with appropriate check digits as required by First Data. RCSI document must meet First Data requirements.
4204	Key Strokes used as needed for scan line correction	***	Per Keystroke	Charge for data entering as needed for scanline reject repair and notation of items without signature.
4107	General Mail (White Mail)	***	Per Envelope	Non standard envelopes received at the mail processing facility. BRE

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<u>Billing Element</u>	<u>Billing Category</u>	<u>Unit Price</u>	<u>Measurement</u>	<u>Short Description/Notes</u>
4118	Sensitive Document Destruction	***	Per Item Destroyed	must conform to USPS guidelines, First Data requirements and must be approved for use by First Data. Any changes to document or envelope must be approved by First Data. RCSI will provide sample testing documents in quantities specified by First Data for testing and coding purposes.
4109	File Transmission	***	Per Transmission	For shredding enrollment forms.
4112 or 4116	Unprocessable Rejected Items	***	Per Item	Applies for all outbound or inbound transmissions.
	<b>Optional Services</b>			Applies for items that are rejected as unprocessable systemically or per RCSI's instructions. For any correspondence returned, the account number is transcribed (if needed and available). Includes outsourcing and returning items in daily package.
4502	Image Archive Maintenance	***	Per Month	Fixed monthly cost associated with the maintenance of RCSI's Image Archive.
4505	Image Archive	***	Per Image (7 Year Archive)	Fee for providing seven year storage and access to images of enrollment forms.

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<u>Billing Element</u>	<u>Billing Category</u>	<u>Unit Price</u>	<u>Measurement</u>	<u>Short Description/Notes</u>
4501	Correspondence Imaged	***	Per Page Imaged (7 Year Archive)	Charge for capturing and exporting correspondence to the archive.
4522	Exception Queues Per Item	***	Per Exception Queue Item	Per image charge for certain types of transactions that can be posted and viewed within the Exception Queue so a search for these items can be bypassed.
4523	Reports Archive	***	Per Report (7 Year Archive)	Fee for providing seven year storage and access to reports.

4. Construction. For clarification, the DCP Services shall not be considered a Key Service pursuant to Section 8.3 of the TSA.

5. Continuation of TSA. As hereby amended and supplemented, the TSA shall remain in full force and effect.

6. Counterparts. This Amendment may be executed in several counterparts, all of which taken together shall constitute one single agreement between the Parties.

**IN WITNESS WHEREOF**, First Data and RCSI have executed this Amendment.

**First Data Resources, LLC**

By: /s/ Sandra S. Dasenbrock  
Name: Sandra S. Dasenbrock  
Title: Senior Vice President

**Retailer Credit Services, Inc.**

By: /s/ Julie Stansbury  
Name: Julie Stansbury  
Title: CIO GE Capital Retail Finance

**AMENDMENT NUMBER TEN TO THE  
FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

AMENDMENT NUMBER TEN (this "Amendment"), made on October 18, 2010 and effective as of October 18, 2010 (the "Amendment Ten Effective Date"), by and between RETAILER CREDIT SERVICES, INC. ("RCSI") and FIRST DATA RESOURCES, LLC ("First Data").

PRELIMINARY STATEMENTS

A. RCSI (then known as Montgomery Ward Credit Corporation) and First Data (through its predecessor First Data Resources Inc.) entered into a Technology Sourcing Agreement (the "TSA"), dated December 10, 1998.

B. As of April 1, 2003, the Parties amended and restated the TSA, in a First Amended and Restated Technology Sourcing Agreement (the "FAAR TSA").

C. Since April 1, 2003, the Parties have entered into various amendments to the FAAR TSA.

D. The Parties wish to further amend the FAAR TSA in order to set forth the terms pursuant to which First Data will provide and RCSI will receive and pay for certain wireless mobile messaging (SMS) services in connection with RCSI's accounts.

E. Capitalized terms used without definition in this Amendment have the meanings assigned to them in the FAAR TSA.

NOW, THEREFORE, the Parties agree as follows:

1. **Services.** Schedule A, Section 5.2 (Description of Transaction and Account Processing Services – General Services) to the FAAR TSA is hereby amended by the addition of the following subsection (ff):

“(ff) SMS Messaging Services. First Data will provide RCSI with wireless mobile messaging services (the SMS Messaging Services’) pursuant to all of the terms set forth in the FAAR TSA and the additional terms set forth in the section below (this ‘Section’). In the event of any conflict between the terms set forth in the FAAR TSA and the terms set forth in this Section solely with regard to provision of the SMS Messaging Services, the terms set forth in this Section will prevail.

(a) *Definitions.* The terms set forth in this Section will apply with respect to RCSI's use of the SMS Messaging Services:

‘Change’ shall mean a Change in Law or a change in the services, prices, conditions or terms for services provided to First Data by a Network Operator or other service provider upon which the provision of the SMS Messaging Services hereunder are dependent.

‘Change in Law’ shall mean the enactment or amendment of any law or regulation by any Governmental Body after the commencement of the SMS Messaging Services hereunder.

‘End User’ means any user of a Network Operator’s mobile network.

‘End User Content’ means any information, data, or messages provided by or on behalf of an End User using the SMS Messaging Services for transmission to a Network Operator.

‘Governmental Body’ means any foreign, federal, state, municipal, political subdivision or other governmental department, commission, regulatory authority or board, bureau, agency or instrumentality.

‘MO’ means mobile originated inbound SMS message ‘MT’ means mobile terminated outbound SMS message

‘Network Operator’ means a mobile network carrier which is directly or indirectly engaged in the performance of any of the SMS Messaging Services.

‘RCSI SMS Content’ means any information, data, or messages provided by or on behalf of RCSI for transmission to a Network Operator in connection with the SMS Messaging Services. RCSI and First Data will mutually agree on the message content to be included in the templates used for outbound SMS messages and the transactional content to be added to such templates in connection with such outbound SMS messages, and First Data will use only such mutually agreed upon templates and content for purposes of sending the outbound SMS messages.

‘SMS’ means telephony messaging systems that allow for the sending of messages between mobile devices that consist of short messages, usually up to 160 characters in length.

- (b) *Services.* The SMS Messaging Services consist of the short messaging service provided hereunder that allows Cardholders to receive SMS text messages on, or send SMS text messages from, a designated mobile phone.
- (c) *Usage Terms.*
  - (i) RCSI will ensure that the RCSI SMS Content and RCSI’s use of the SMS Messaging Services, as well as its collection, access, use and disclosure of End User information, shall comply with all applicable foreign, federal, state, and local laws, rules and regulations as the same may be amended from time to time. For purposes of its obligations under this Subsection (c)(i), the acts or omissions

of RCSI's employees, agents, subcontractors, representatives or Affiliates (and such Affiliates' employees, agents or representatives) shall also be deemed the acts or omissions of RCSI. RCSI shall obtain the appropriate authorization from each End User of the SMS Messaging Services to receive content from RCSI via SMS. RCSI shall also provide each End User the right to opt-in and opt-out of the SMS Messaging Services.

(ii) RCSI will be solely responsible for any liability arising out of or relating to the RCSI SMS Content in connection with RCSI's use of the SMS Messaging Services to the extent that such RCSI SMS Content fails to comply with the requirements of this Subsection (c); provided, however, that to the extent any such liability arises from an alteration of the RCSI SMS Content by First Data which alteration has not been mutually agreed upon by RCSI and First Data, First Data will be solely responsible for such liability. In addition, RCSI will be solely responsible for any liability arising out of or relating to any End User's use of the SMS Messaging Services to the extent that (A) any End User's use of the SMS Messaging Services or any End User Content fails to comply with any applicable foreign, federal, state, and local laws, rules and regulations as the same may be amended from time to time, and (B) any End User uses the SMS Messaging Services to transmit or disseminate any of the materials described in Subsection (c)(iii) below. If First Data is notified or otherwise becomes aware that RCSI SMS Content or the End User Content violates the requirements of this Subsection (c), First Data shall immediately notify RCSI of such notification or awareness, and First Data may (but shall not be required to) investigate the allegation and determine whether to remove or to request that RCSI remove any offending RCSI SMS Content or End User Content from the SMS Messaging Services. In the event that advance notice to RCSI of such request for removal is reasonably practical, and if RCSI refuses such request, First Data may (but shall not be required to), upon written notice to RCSI, block the offending RCSI SMS Content or End User Content and/or either suspend or terminate the SMS Messaging Services. First Data shall not be liable for any damages incurred by RCSI because of any such removal, suspension or termination.

(iii) RCSI will provide its End Users with terms and conditions reasonably designed to comply with the requirements of this Subsection (c). Without limiting the immediately preceding sentence or Subsection (c)(ii) above, RCSI agrees that it will not use the SMS Messaging Services to transmit or disseminate any:

(A) junk mail, spam, or unsolicited material to persons or entities that have not agreed to receive such material or to whom RCSI or its End Users do not otherwise have a legal right to send such material;

(B) material that infringes or violates any third party's intellectual property rights, rights of publicity, privacy, or confidentiality, or the rights or legal obligations of any wireless service provider or any of its customers or subscribers;

- (C) material or data that is illegal, harassing, coercive, defamatory, libelous, abusive, threatening, obscene, or otherwise objectionable, materials that are harmful to minors or excessive in quantity, or materials the transmission of which could diminish or harm the reputation of any third-party service provider involved in the provision of the SMS Messaging Services;
  - (D) material or data (other than material or data which is required information in connection with a legal charge card purchase) that is alcoholic beverage-related (e.g., beer, wine, or liquor), tobacco-related (e.g., cigarettes, cigars, pipes, chewing tobacco), guns or weapons-related (e.g., firearms, bullets), illegal drugs-related (e.g., marijuana, cocaine), pornographic-related (e.g., adult themes, sexual content), crime-related (e.g., organized crime, notorious characters), violence-related (e.g., violent games), death-related (e.g., funeral homes, mortuaries), hate-related (e.g. racist organizations), gambling-related (e.g., casinos, lotteries), specifically mentions any wireless carrier or copies or parodies the products or services of any wireless carrier;
  - (E) viruses, Trojan horses, worms, time bombs, cancelbots, or other computer programming routines that are intended to damage, detrimentally interfere with, surreptitiously intercept or expropriate any system, data, or personal information;
  - (F) material or information that RCSI knows to be false, misleading, or inaccurate;
  - (G) any signal or impulse that could cause electrical, magnetic, optical, or other technical harm to equipment or facilities; and/or
  - (H) any additional or supplementary content (i.e. — other than those described in (A) through (G) above) which is identified by a Network Operator or related service provider from time to time as being prohibited content.
- (iv) First Data may, upon notice to RCSI given substantially as far in advance as First Data is given such notice, temporarily suspend provision of any or all of the SMS Messaging Services at any time in the event that:
- (A) First Data is obliged or advised to comply with an order, instruction, directive or request of a Governmental Body or Network Operator which requires it to do so, in the reasonable judgment of First Data; or
  - (B) First Data has good faith reason to believe that RCSI is in breach of any of its obligations under this Subsection (c); or

(C) One or more of the Network Operators or other service provider upon which the provision of the SMS Messaging Services hereunder is dependent suspends its provision of those services to First Data; provided, that First Data will use commercially reasonable efforts to secure comparable services from an alternative Network Operator or other service provider (at similar terms to those existing at the time of such suspension) in order to allow First Data to continue to provide RCSI with the SMS Messaging Services.

(v) First Data shall have the right to terminate the SMS Messaging Services upon ninety (90) days written notice (or such shorter period as may be imposed on First Data by a Governmental Body or service provider) in the event that any of the following makes the provision of the SMS Messaging Services illegal, contrary to a law, regulation, or the Mobile Marketing Association Code of Conduct, or prohibitively difficult or expensive for First Data: (1) any modification to the existing Network Operator contracts of First Data or First Data's provider of the SMS Messaging Services or to the Mobile Marketing Association Code of Conduct, or (2) any Change in Law. However, nothing shall prohibit First Data from suspending the SMS Messaging Services pursuant to the terms set forth in Subsection (c)(iv) above.

(vi) RCSI shall have the right to terminate the SMS Messaging Services for its convenience at any time upon written notice to First Data.

(vii) First Data shall have the right to unilaterally amend or modify any service description or pricing terms set forth in the FAAR TSA related to the SMS Messaging Services that are in whole or in part due to a Change in Law or other Change which is material in nature and impacts First Data's ability to provide the SMS Messaging Services as previously agreed, and such Change shall be deemed to bind RCSI; provided, that (1) First Data provides written or e-mail notification of any such Change to RCSI at least thirty (30) days prior to it taking effect and (2) RCSI shall have the right to terminate its use of the SMS Messaging Services in the event of a Change provided that notice of such termination is provided to First Data no later than thirty (30) days from the date of First Data's notice of the Change to RCSI.

(viii) RCSI understands and agrees that SMS messages and content shall be transmitted over various third party networks and systems (including but not limited to those of First Data's third party SMS message aggregator and the Network Operators). Notwithstanding anything in the FAAR TSA to the contrary, RCSI hereby agrees that:

(A) First Data shall not be responsible for the confidentiality, privacy or data security of any information or data of RCSI (including but not limited to any personal information) or any Payment Card Industry (PCI) compliance or other confidentiality, privacy or data security laws, rules, regulations, guidelines or obligations related to such information or data of

RCSI (1) with respect to outbound messages, from and after the point at which such information or data is received by the Network Operator from First Data's third party SMS message aggregator for outbound transmission, and (2) with respect to incoming messages, prior to the point at which such information or data is received by First Data's third party SMS message aggregator from the Network Operator; and

(B) First Data's cumulative liability to RCSI for any claims whatsoever in connection with First Data's provision of the SMS Messaging Services will not exceed \*\*\*; provided that immediately following the initial implementation of the SMS Services, First Data shall undertake reasonable best efforts to secure any and all \*\*\* of the FAAR TSA and any such \*\*\* shall be documented in a written amendment to the FAAR TSA, signed by the parties,

(ix) The SMS Messaging Services are specific to US carriers only, and does not currently include international service.”

2. **Charges.** Exhibit C-2 (Ancillary Services) of the FAAR TSA is hereby amended by the addition of the following:

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
4739	BATCH SMS TRANSACTION FEE - OUTGOING	
	-Pass-Through Component*	\$ ***/transaction
	-Non-Pass-Through Component	\$ ***/transaction
	-Total Per Transaction Charge	\$ ***/transaction
4740	BATCH SMS TRANSACTION FEE - INCOMING	
	-Pass-Through Component*	\$ ***/transaction
	-Non-Pass-Through Component	\$ ***/transaction
	-Total Per Transaction Charge	\$ ***/transaction

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<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
2520	SMS TRANSACTION FEE - OUTGOING	
	-Pass-Through Component*	\$ ***/transaction
	-Non-Pass-Through Component	\$***/transaction
	-Total Per Transaction Charge	\$***/transaction
2521	SMS TRANSACTION FEE - INCOMING	
	-Pass-Through Component*	\$***/transaction
	-Non-Pass-Through Component	\$***/transaction
	-Total Per Transaction Charge	\$***/transaction
2523	SMS COMMUNICATION MONTHLY FEE - VANITY	\$***/month per short code
2522	SMS COMMUNICATION MONTHLY FEE - RANDOM	\$***/month per short code
2524	SMS IMPLEMENTATION ONE TIME FEE - SHORT CODE	\$***/short code
2525	SMS IMPLEMENTATION FEE	To Be Determined Based Upon Contractual Programming Rates

Notwithstanding anything in the FAAR TSA or this Amendment to the contrary, to the extent that any of the prices for elements 2522, 2524, 2525 or the "Pass-Through Component" (as indicated by an asterisk) of any of the prices for elements 4739, 4740, 2520 or 2521 in the price schedule above which is charged to First Data by the applicable Network Operator or other third party provider to First Data of services in support of the SMS Messaging Services should, at any time, be increased or decreased, then the applicable price or "Pass-Through Component" in the price schedule above shall, upon written notice to RCSI, be increased or decreased by a like amount.

3. **Item Number Descriptions.** Exhibit C-8 (*Item Number Descriptions*) of the FAAR TSA is hereby amended by the addition of the following:

<u>IN</u>	<u>Service/Item</u>	<u>Description</u>
4739	BATCH SMS TRANSACTION FEE - OUTGOING	The charge for each outgoing or mobile terminated (MT) SMS message generated from a batch triggered SMS message system, which delivers messages to a device identified by RCSI as receipt capable.
4740	BATCH SMS TRANSACTION FEE - INCOMING	The charge for each incoming or mobile originated (MO) SMS message received by a batch triggered SMS message system.
2520	SMS TRANSACTION FEE - OUTGOING	The charge for each outgoing or mobile terminated (MT) SMS message generated and sent to a device identified by RCSI as receipt capable.
2521	SMS TRANSACTION FEE - INCOMING	The charge for each incoming or mobile originated (MO) SMS message received.
2523	SMS COMMUNICATION MONTHLY FEE - VANITY	The monthly charge for each vanity short code selected and used by RCSI.
2522	SMS COMMUNICATION MONTHLY FEE - RANDOM	The monthly charge for each random short code used by RCSI.
2524	SMS IMPLEMENTATION ONE TIME FEE - SHORT CODE	The one-time charge for each short code acquired for RCSI's use in connection with SMS messages.
6676	SMS IMPLEMENTATION FEE	This element identifies the charge for SMS set-up.

4. As hereby amended and supplemented, the FAAR TSA shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the FAAR TSA, the terms and conditions of this Amendment shall prevail.

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IN WITNESS WHEREOF, the Parties have each caused this Amendment Number Ten to be signed and delivered by its duly authorized officer, all as of the Amendment Ten Effective Date.

RETAILER CREDIT SERVICES, INC.

By: /s/ Julie Stansbury

Name: Julie Stansbury

Title: CIO GE Capital Retail Finance

FIRST DATA RESOURCES, LLC

By: /s/ Sandra S. Dasenbrock

Name: Sandra S. Dasenbrock

Title: SVP First Data

**AMENDMENT NUMBER ELEVEN TO THE  
FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

AMENDMENT NUMBER ELEVEN (this "Amendment"), made on November 1, 2010 and effective as of November 1, 2010 (the "Amendment Eleven Effective Date"), by and between RETAILER CREDIT SERVICES, INC. ("RCSI") and FIRST DATA RESOURCES, LLC ("First Data").

PRELIMINARY STATEMENTS

A. RCSI (then known as Montgomery Ward Credit Corporation) and First Data (through its predecessor First Data Resources Inc.) entered into a Technology Sourcing Agreement (the "TSA"), dated December 10, 1998.

B. As of April 1, 2003, the Parties amended and restated the TSA in a First Amended and Restated Technology Sourcing Agreement (the "FAAR TSA").

C. Since April 1, 2003, the Parties have entered into various amendments to the FAAR TSA, including a Tenth Amendment dated October 18, 2010 which set forth the terms pursuant to which First Data would provide and RCSI would receive and pay for certain wireless mobile messaging (SMS) services in connection with RCSI's accounts (the "Tenth Amendment").

D. The Parties desire to amend the terms of the Tenth Amendment so as to delete a certain provision of the Tenth Amendment In accordance with the terms set forth in the Tenth Amendment.

E. Capitalized terms used without definition in this Amendment have the meanings assigned to them in the FAAR TSA.

NOW, THEREFORE, the Parties agree as follows:

1. **Revision of Terms.** In Subsection (ff) (SMS Messaging Services), which was added to Schedule A, Section 5.2 (*Description of Transaction and Account Processing Services—General Services*) of the FAAR TSA pursuant to the terms of the Tenth Amendment, paragraph \*\*\* of subsection (ff) is hereby deleted in its entirety.
2. As hereby amended and supplemented, the FAAR TSA shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the FAAR TSA, the terms and conditions of this Amendment shall prevail.

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IN WITNESS WHEREOF, the Parties have each caused this Amendment Number Eleven to be signed and delivered by its duly authorized officer, all as of the Amendment Eleven Effective Date.

RETAILER CREDIT SERVICES, INC.

By: /s/ Julie Stansbury

Name: Julie Stansbury

Title: CIO GE Capital Retail Finance

FIRST DATA RESOURCES, LLC

By: /s/ Sandra S. Dasenbrock

Name: Sandra S. Dasenbrock

Title: Senior Vice President

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**12th AMENDMENT TO  
FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

This 12th Amendment the “Amendment”) dated and effective this 11 day of May, 2012 (the “Effective Date”), shall act to amend, modify, supplement and augment the First Amended and Restated Technology Sourcing Agreement, dated April 1, 2003, as amended (the “Agreement”), by and between First Data Resources, LLC (“FDR”) and Retailer Credit Services, Inc. (“RCSI”). Except as supplemented or amended by this Amendment, the provisions of the Agreement shall continue in full force and effect, and if there shall be any conflict between the provisions of this Amendment and the Agreement, the terms of this Amendment shall control. Each capitalized term used but not defined herein shall have the meaning assigned in the Second Amendment,

WHEREAS, FDR provides Processing Services to RCSI pursuant to the Second Amendment dated November 1, 2004 (the “Second Amendment”) to the Agreement;

WHEREAS, \*\*\*, the current Bank under the Second Amendment, is no longer sponsoring new Programs;

WHEREAS, upon FDR’s completion of an arrangement with \*\*\* (“\*\*\*”), including satisfaction of all the conditions necessary to transfer the routing and transit numbers used to process the Checks and ACH Transfers, sponsorship of such routing and transit numbers will transition to \*\*\* on or before May 14, 2012 (“Transition Date”); and

WHEREAS, upon FDR’s completion of a check processing arrangement with \*\*\*, including satisfaction of all the conditions necessary to complete such transaction, FDR will no longer provide Processing Services.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties, FDR and RCSI hereby agree as follows:

1. Notwithstanding anything to the contrary in the Agreement, the parties acknowledge and agree that:

(a) as of the Transition Date, the Second Amendment is hereby terminated;

(b) no later than the Transition Date RCSI may establish an ODFI relationship for ACH Transfers with a financial institution of RCSI’s choice and such ODFI relationship will no longer be facilitated by FDR;

(c) as of the Transition Date FDR will cease providing Processing Services for ACH Transfers and in lieu thereof will provide auto-pay ACH processing services by generating a daily ACH file each evening containing auto-pay and ACH deposit transactions occurring that day, with such file being submitted to a destination provided by RCSI (the “ACH Auto-Pay Services”);

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(d) as of the Transition Date FDR will cease providing the remaining Processing Services (those other than the ACH Auto-Pay Services) and all Checks presented after May 11, 2012 will be returned to the bank of first deposit;

(c) Processing Services for all Programs created after the Effective Date will be supported pursuant to a direct arrangement among RCSI and a third party provider selected by RCSI; and

(f) FDR will provide all required support as described in work order PRJ92527 (GEMLOC ACH Processing Change) attached hereto relating to the aforementioned transition to the AC I-1 Auto-Pay Services at no cost to RCSI.

2. This Amendment may be executed in counterparts, which together shall constitute one and the same agreement.

IN WITNESS HEREOF, the parties' duly authorized representatives have executed this Amendment on the Effective Date,

**Retailer Credit Services, Inc.**

By: /s/ Carol D. Juel

Name: Carol D. Juel

Title: \_\_\_\_\_

**First Data Resources, LLC**

By: /s/ W. Gay Rich

Name: W. Gay Rich

Title: \_\_\_\_\_

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Use this form to document your business requirements for your IT project request. This attached document can be used to assist you in defining your business requirements as they relate to IT  
\*\*\*

**GEMLOC ACH Processing Change**

Project Number (92527)  
Business Information (Please specify Names and Numbers)  
Business Sponsor: \*\*\*  
Business Project Manager: \*\*\*  
Compliance Project?  
Approved Compliance-Qualified Project: No  
Compliance SPO Approved by:

Project Classification (Select ALL that apply)

- Compliance-Security-DR
- Contractual
- Client Initiative
- Fraud
- Controllership
- New Business
- XOM
- Canada
- Other

Project Information (to be completed by IT)

IT Project Manager \*\*\*  
IT Standard LOE?  YES  NO Standard LOE:

Project Description / Current Process

For GEMLOC customers who initiate an autopay or EFT transaction, the transaction information is sent to FDR > IPS > \*\*\*.

Chase has given notice to FDR to let them know they will no longer be supporting the FDR \*\*\* Account that is used to transmit GEMLOC ACH transactions.

Goal/Future Process

Change the ACH process for GEMLOC to mirror our other clients ACH processes that go directly to \*\*\* without using IPS. Those clients are: \*\*\*. Today, those clients use Autopay and use an Origin ID of \*\*\*. A new origin ID would need to be established for GEMLOC.

We also need to review the NSF and returns process that we use today for GFMIDC autopay and EFT transactions using IPS and moving it to a similar structure of the other clients, as listed above.

**Note: Since this is an FDR request, we should not be billed from FDR for the work.**

Out of Scope

All other clients and all other transactions for GEMLOC outside of ACH transactions.

Project Detailed Scope / Business Requirements for IT (Deliverables required from IT)

<u>CTQ</u>	<u>Requirement</u>	<u>Who Develops</u>
	• ACH transactions no longer go through IPS, but instead process and settle directly through ***	FDR
	• Process and Settle through *** instead of IPS > ***	Settlement
	• Send the ACH transaction file to FDR to pass to ***	Middleware
	• Create a new origin ID and accept it for all GEMLOC transactions	***

Clients Affected

<b>Client ID No(s) [SYS No FDR]</b>	***
<b>Group No(s) [PRIN No FDR]</b>	All
<b>PGM No(s) [AGENT No (FDR)]</b>	All
<b>Branch No(s)</b>	
<b>Dealer No(s)</b>	
<b>Bill Cycle (s)</b>	



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**AMENDMENT NUMBER \_\_\_\_\_ TO THE  
FIRST AMENDED AND RESTATED  
TECHNOLOGY SOURCING AGREEMENT**

AMENDMENT NUMBER 14 (this "Amendment"), made on July 17, 2013 and effective as of \_\_\_\_\_, 2013 (the "Amendment Effective Date"), by and between RETAILER CREDIT SERVICES, INC. ("RCSI"), FIRST DATA RESOURCES, LLC ("First Data").

PRELIMINARY STATEMENTS

A. RCSI (then known as Montgomery Ward Credit Corporation) and First Data (through its predecessor First Data Resources Inc.) entered into a Technology Sourcing Agreement (the "TSA"), dated December 10, 1998.

B. As of April 1, 2003, the Parties amended and restated the TSA in a First Amended and Restated Technology Sourcing Agreement (the "FAAR TSA").

C. Since April 1, 2003, the Parties have entered into various amendments to the FAAR TSA.

D. The Parties wish to further amend the FAAR TSA in order to set forth the terms pursuant to which First Data will provide and RCSI will receive and pay for certain web-based registration, authentication and hosting services in support of VISA's Verified by VISA and MasterCard's SecureCode payment authentication programs.

E. Capitalized terms used without definition in this Amendment have the meanings assigned to them in the FAAR TSA.

NOW, THEREFORE, the Parties agree as follows:

1. **Definitions.** The following terms used in this Amendment will have the following meanings:

Capitalized terms used but not otherwise defined in this Amendment will have the meanings set forth in the FAAR TSA.

2. **Services.** Schedule A, Section 5.2 (*Description of Transaction and Account Processing Services—General Services*) to the FAAR TSA is hereby amended by the addition of the following subsection \_\_:

"\_\_ AUTHENTICATION E-COM SERVICES.

(1) First Data will provide to RCSI web-based registration, authentication and hosting services, which shall include services that comply with VISA's Payment Authentication Service called Verified by VISA ('VBV') and MasterCard's SecureCode™ Payment Authentication Service ('SecureCode'), and such other services and products as RCSI and First Data may agree upon from time to time (hereinafter referred to as 'Authentication E-com Services'). The Authentication E-com Services are more particularly described in Exhibit C-8.

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(2) First Data may, upon reasonable notice to RCSI given substantially as far in advance as First Data is given such notice, terminate the Authentication E-com Services in the event that First Data’s right to offer the Authentication E-com Services is terminated by its third party vendor for such services, \*\*\* and First Data has used all commercially reasonable efforts to secure comparable services from an alternative service provider to allow First Data to continue providing RCSI with Authentication E-com Services upon terms materially similar to those set forth herein.”

**3. Charges.**

(a) Exhibit C-2 (*Ancillary Services*) of Schedule C to the FAAR TSA is hereby amended by the addition of the following:

<u>IN</u>	<u>Item</u>	<u>Per Item Charge</u>
3530	Authentication E-com Service—TransFort Account Enrollment & Storage Fee	***/enrolled account stored per month
3529	Authentication E-com Service—RiskFort One-Time Set-Up Fee	Waived by First Data
	Authentication E-com Service—RiskFort Solution:	
3560	-Pass-Through Component	***/enrolled account stored per month
3561	-Non-Pass-Through Component	***/enrolled account stored per month
	Total Charge	***/enrolled account stored per month

(b) The Parties acknowledge and agree that the fee for Item Number 3530 (Authentication E-com Service—TransFort Account Enrollment & Storage Fee) in the price table above was previously \*\*\* effective as of March 30, 2005, and is currently being billed to RCSI by First Data pursuant thereto. It is added to this Amendment for convenience purposes only.

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4. **Item Number Descriptions.** Exhibit C-8 (*Item Number Descriptions*) of the FAAR TSA is hereby amended by the addition of the following:

IN	Service/Item	Description
3529	Authentication E-com Service—RiskFort One-Time Set-Up Fee	The one-time fee for the services required in connection with the set up of the Authentication E-com Services RiskFort functionality, including the branding of the web pages, the segmenting of the servers, passing of required set-up information to VISA and/or MasterCard and testing of the new environment.
3530	Authentication E-com Service – TransFort Account Enrollment & Storage Fee	The storage, customer service access, password changes and technical support provided in connection with the Authentication E-com Services. The fee is assessed monthly based upon the number of accounts (“Presentation Instruments” if RCSI is utilizing First Data’s Customer/Account/ Presentation Instrument (“CAP”) system) which have been enrolled and are currently being stored in the program upon the conclusion of the applicable month. Authentication E-com is the First Data service provided in support of VISA’S Verified by VISA (“VBV”) and/or MasterCard’s SecureCode (“SecureCode”) authentication programs, which allows RCSI to validate its internet consumers real-time as purchases are made on-line.
	Authentication E-com Service – RiskFort Solution:	The fee per enrolled account for the use of the Authentication E-com Service RiskFort Solution. The RiskFort Solution is functionality allowing RCSI to force certain internet transactions from its Cardholders into a secondary authentication based upon certain risk values as determined by the RiskFort rules and the configurations set by RCSI for such transactions. The service will be applied for each BIN/ICA of RCSI which is enabled for the RiskFort

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IN	Service/Item	Description
		Service at RCSI's request. The risk of the transaction will be evaluated based on: (a) the Merchant site at which the purchase is being conducted (the list of global risky Merchants, as compiled by VISA or MasterCard, as applicable, will be obtained by RCSI from VISA and/or MasterCard and made available to First Data's third party vendor in conjunction with the service), (b) the IP address from which the transaction is originating (the list of risky IP addresses will be provided by RCSI to First Data's third party vendor in conjunction with the service); and (c) the amount of the purchase (as determined by RCSI). RiskFort Service transactions considered risky based on the applicable rules and configurations will not be able to opt out of the enrollment process without discontinuing the transaction.
3560	RiskFort Storage Fee Vendor Pass-Through	-3560 is the pass-through component of the fee for the service
3561	RiskFort Storage Fee First Data Internal Process	-3561 is the non-pass-through (First Data) component of the fee for the service The RiskFort Solution may only be used by RCSI in conjunction with RCSI's use of the Authentication E-com Service—TransFort Account Enrollment & Storage Fee (element 3530), and may not be used independently of such services.

The prices in the table above for the Authentication e-Com Service—TransFort Account Enrollment & Storage Fee and the Authentication e-Com Service—RiskFort Solution include the basic service offering associated with First Data's Authentication E-com Services (the "Core Services"), as described in Attachments I and II to this Amendment. Any customizations to the Core Services offering (such as but not limited to those described in Attachment III to this Amendment), will be at the one-time customization rates to be quoted to RCSI by First Data (under IN-3532) at the time of RCSI's request for such customization.

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5. The fees for the Authentication E-com Services set forth in this Amendment will not be applied toward or included in the calculation of any credits, discounts or rebates set forth in the FAAR TSA.

6. This Amendment, together with the FAAR TSA and all schedules and exhibits attached thereto, constitutes the entire agreement between the parties regarding the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings. In the event of a conflict between this Amendment and the FAAR TSA as it relates to the subject matter hereof, the terms of this Amendment will control. Otherwise, all terms and conditions of the FAAR TSA will remain in full force and effect and likewise apply to this Amendment.

IN WITNESS WHEREOF, the Parties have each caused this Amendment to be signed and delivered by its duly authorized officer, all as of the Amendment \_\_\_\_\_ Effective Date.

RETAILER CREDIT SERVICES, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FIRST DATA RESOURCES, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTACHMENT I

**Authentication E-com TransFort Core Service Offering**

**I. Summary**

First Data will make available an e-commerce authentication service that will allow RCSI to enroll and authenticate its Cardholders under the Verified by Visa and MasterCard® SecureCode™ programs. The service provides all the necessary components to offer a fully functional, fully compliant service for RCSI's portfolio. This service offering includes the following:

- Cardholder Enrollment
  - Through hosted web site displaying RCSI's brand
  - At time of purchase using "Auto Enrollment" feature (optional)
  - Cardholder identity verification using RCSI data on master file at First Data
- Cardholder Authentication
  - Cardholder uses own personal password to authenticate ecommerce transactions at participating online Merchants
- Authentication Support in Authorization Process
  - Handling and support of appropriate e-commerce authentication fields
  - CAVV (Visa) and AVV (MasterCard) validation at time of authorization
  - Authorization decisioning based upon authentication and validation results
- Service Administrative Access and Reporting
  - RCSI login to oversee and support program
  - Web based access to set of standard reports (ability to download)
  - Report access for risk analysis and dispute resolution
  - Ability to create additional users and configure user privileges
- Customer Service Support
  - Customer service access to trouble shoot and resolve service related Cardholder inquiries (e.g. forgotten password, cancel service, assisted registration, etc.)
- "Attempts" Processing
  - As specified under Verified by Visa (1.0.2 protocol) mandate for April 1, 2003
  - Return "Attempt" CAVV value and message to Merchant in case of non-enrolled Cardholder (used as proof-of-attempt by Merchant)
  - Stand-in "attempt" CAVV creation and processing (in case where RCSI has chosen not to offer or enroll Cardholders in service)

The Authentication E-com Core Service Offering is fully compliant and certified by the card associations for both front and back end authentication and authorization under 3-D Secure 1.0.2 protocol for Verified by Visa and MasterCard SecureCode.

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### II. Cardholder Enrollment

First Data will provide a hosted enrollment site for Cardholder “self” enrollment which contains a set of default pages (welcome, registration, contact us, terms and conditions, help, etc.) that will display RCSI’s designated brand. The following enrollment site customization is available as part of First Data’s core offering:

- Self Enrollment Site Customization
  - Branding: Display of RCSI logo on site pages
  - Contact Us: RCSI to provide URL for contact information (phone, email, etc.)
  - Terms and Conditions: RCSI to provide URL for terms of service

Further, RCSI, at its option, can enable “Auto Enrollment” for Cardholder registration during the checkout process at participating Merchants. This function can be enabled at BIN or sub-BIN (card range) level. As part of First Data’s core offering, RCSI can select from either of two default auto enrollment configurations and can enable their selection for a designated set of BIN(s) or card range(s). Enabling auto enrollment will be done once per month per schedule. RCSI may activate or deactivate auto enrollment up to 3 times as part of First Data’s core service.

- Auto Enrollment Choice of Two Default Configurations:
  - Opt-in: Cardholder is given choice to “Activate Now” or “Do Not Activate”
  - Required Enrollment: Cardholder must enroll and authenticate in order for transaction to complete

For both “self” and “auto” enrollment, RCSI will designate a set of Cardholder verification data to be used to verify the Cardholder’s identity before a password can be established for a particular account. Where reliable data is available, RCSI can utilize any of the below fields on the master file at First Data as means of Cardholder verification. RCSI will further specify the enrollment “rules” that designate verification (e.g. all data must match, 3 out of 4 match)

- Fields Available for Cardholder Verification at Enrollment (assuming RCSI has populated with reliable data)
  - CVV2 or CVC2
  - Expiration Date
  - Billing Zip Code
  - Primary Social Security Number (full or last 4 digit of SSN)
  - Mother’s Maiden Name
  - Primary Date of Birth

Under both “self” enrollment and “auto” enrollment RCSI can optionally collect an email address from the Cardholder. This address is available to RCSI for follow-up Cardholder communication via service’s reporting capability.

### III. Cardholder Authentication

Core service supports password-based authentication on Visa and MasterCard transactions at participating Merchants. The service will interface with Merchant to communicate the appropriate authentication results. RCSI is able to configure Cardholder password policies (e.g. length, alpha / numeric content, etc.) as well as decision to lock or not lock a Cardholder on failed authentication. The service provides for password-reset mechanism at time of purchase, and also sends a copy of the authentication record to Visa Authentication History Server. Other methods of Cardholder authentication are available for an additional fee, including EMV chip card support.

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### IV. Service Administration

Service provides access to web-based administrative tool for reporting and creation of login credentials and privileges for other bank administrative and customer care users. RCSI will be provided with two RCSI-wide admire login credentials (username and password) along with documentation on reporting and administrative functions. RCSI's administrator can create unlimited number of additional users and login credentials with specified privileges. These users have web-based access and export capability for set of default reports on authentication and enrollment history including a set of summary statistics. The user can access monthly and daily reports at any desired frequency.

### V. Customer Service

The service offers web-based access to a customer service console where RCSI can troubleshoot and resolve Cardholder inquiries for their card base. From service's customer service "home" page, RCSI can assist the Cardholder with the following:

- Reset password
- Enable / disable service for Cardholder
- Ability to add Cardholders to service (assisted registration)

ATTACHMENT II

**Authentication E-com—RiskFort Core Service Offering**

The RiskFort Solution is functionality allowing RCSI to force certain internet transactions from its Cardholders into a secondary authentication based upon certain risk values as determined by the RiskFort rules and the configurations set by RCSI for such transactions.

RiskFort is a web fraud detection and risk-based authentication solution for Issuers software that prevents fraud in real-time for consumer online services without inconveniencing legitimate users. RiskFort examines a range of data automatically and produces a risk score by combining rules-based and model-based analytics. Based on the Risk Score users can continue with the purchase, be required to provide additional authentication credentials, or fail authentication. RiskFort is complementary to TransFort, and may not be used independently.

RiskFort has a configurable Rules engine with standard rule sets and customizable model availability to produce a score. The score and business rules generate a recommendation:

- Allow access/ transaction
- Step up Authentication
- Deny access/ transaction

**Primary Data Elements**

RiskFort collects transaction, machine and user specific data elements to be utilized in the score process.

- Transaction data
  - Cardholder IP address
  - Merchant id and name
  - Merchant country and currency
  - Transaction date, time & amount
- Machine Fingerprint
  - OS
  - Browser version number, user agent string
- User specific data
  - Previous transactions
  - Risk level
  - Other available data

Secondary derived data includes Velocity, Merchant category code, geographical location based on IP and External systems

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**Rules—The Standard Rules available:**

- Device Signature match
- Device ID match
- Machine Fingerprint
- Negative IP
- Negative Country
- User Unknown
- Exception User
- Velocity Check
- Zone Hopping
- Positive IP test
- Trusted Aggregator list
- Scoring

ATTACHMENT III

**Authentication E-com Available Options**  
*(Not Included in Core Service Offering)*

The following options and customization are not included in the Authentication E-com Core Service offering. Each of these are available to RCSI for additional one-time customization fees to be quoted upon request. For the avoidance of doubt, the parties agree the aforementioned customization fees are separate and distinct from the RiskFort One-Time Set-Up Fee First Data has agreed to waive.

- Enrollment Customization
  - Additional logo / branding support (e.g. affinity, partner, cobrands)
  - Auto Enrollment customization (e.g. pop-under, success pages, etc.)
  - Use of third party data or RCSI-housed data for Cardholder verification
  - Web site / page customization (e.g. different images, coloring, templates)
- Post-launch Changes to Service
  - Adding Issuers (first time service)
  - Conversion and De-conversion of Issuers
  - Add, Edit or Delete BINs or Card Ranges
  - Changes to enrollment web site (new images, text, etc.)
  - Updating Issuer Terms and Conditions for service
  - Changes to enrollment rules or verification data used
  - Other configuration changes to service
- Authentication
  - Other Methods of Authentication: EMV Chip Card, \*\*\*
  - Support for wireless end user devices: wireless phones or PDAs
- Foreign Language Support
  - Other languages available: Japanese, Chinese, Spanish, Portuguese, Italian, French, Korean, Turkish, and German.

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**ADAPTIVE CONTROL ADDENDUM**

This Adaptive Control and Behavior Scoring Addendum (“Adaptive Control Addendum”) is made and entered into as of December 10, 1998, by and among First Data Resources Inc., a Delaware corporation with its principal place of business located at 10825 Farnam Drive, Omaha, Nebraska 68154 (hereinafter referred to as “First Data”), Fair, Isaac and Company, Inc., a Delaware corporation with its principal place of business located at 120 North Redwood Drive, San Rafael, California 94903 (hereinafter referred to as “FICO”), and General Electric Capital Corporation (hereinafter referred to as “GE Capital”) a New York corporation with its principal place of business located at 260 Long Ridge Road, Stamford, Connecticut, 06927-9500 (“GE Capital”)(collectively, the “Parties”).

RECITALS:

1. This Adaptive Control Addendum is attached to and is between General Electric Capital Corporation (“GE Capital”) and First Data Resources Inc. (“First Data”) is for all purposes a part of the Technology Sourcing Agreement (the “Agreement”) dated December 10, 1998, by and between General Electric Capital Corporation (“GE Capital”) and First Data Resources Inc. (“First Data”). The purpose of this Adaptive Control Addendum is to provide the terms and conditions by which First Data and FICO will provide to GE Capital and GE Capital will use the Product (defined below). Solely as related to the use by GE Capital of the Product, should a conflict exist between the provisions of this Adaptive Control Addendum and the Agreement, the provisions of this Adaptive Control Addendum shall control.
2. FICO is in the business of developing and implementing software and analytical processes pursuant to an agreement between First Data and FICO dated September 21, 1987 (the “First Data/FICO Agreement”), to allow customers to manage their credit Accounts. First Data and FICO have established and are willing to provide to GE Capital as provided for in this Adaptive Control Addendum an Account control system which will aid GE Capital in the management of its credit Accounts. Components of the Account control system include (a) Scorecards that rank Accounts according to risk, (b) software that implements various Account management strategies by using the behavior scores of Accounts to determine various actions to be taken on such Accounts, (c) software that reports the results of alternative strategies to provide input to measure the relative effectiveness of such alternative strategies; and (d) human statistical analysis of reports resulting in feedback on the performance of alternative strategies and the development of new alternative strategies; such Account control system hereinafter is referred to as the “Product”; provided that the Product does not include GE Capital Confidential Information as defined in Section 8. The Product software is integrated into the First Data Software which shall be used to service GE Capital pursuant to the Agreement.

SECTION 1. DEFINITIONS.

“Account” shall mean a “Designated Account” as defined in Exhibit A.

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“Behavior Scoring” means the act of rank ordering Accounts according to their likelihood of becoming ninety days delinquent or worse during the following six month period, with the exception of the three and four cycle delinquency Scorecards which reflect the percentage of outstanding balance to be paid or recovered during the following six months.

“Custom Scorecard” means a table developed by FICO pursuant to a separate agreement between GE Capital and FICO (the “GE Capital/FICO Agreement”) which is developed using GE Capital data (not a pool of issuers) and which assigns numeric weights to the attributes of a set of Account characteristics for the purposes of computing an aggregate numeric value. Custom Scorecards are designed to rank order Accounts according to their likelihood of achieving a specific level of future performance which may later be observed from the Account records.

“Decision Area” means an area where one or more actions may be taken on a particular aspect of the management and control of a set of Accounts. Examples of such actions include but are not limited to (a) selection of a statement message or letter to be sent to a billed Account, (b) selection of a computer dun message or letter to be sent to a delinquent Account, (c) when to initiate personalized collection action on a delinquent Account, (d) selection of a new credit limit which will result in a change from the current Account credit limit, (e) whether or not and for how long to reissue an Account which is about to expire, and (f) selection of which action (approve, decline or refer) to take in connection with a point-of-sale transaction request.

“First Data Software” means (i) that version of the First Data-owned software and the third party software licensed by First Data which is utilized by First Data in performing the Services (as defined in the Agreement) and (ii) the documentation in any format necessary for the use of the such software.

“Pooled Scorecard” means a table developed from the data provided by multiple issuers pursuant to the First Data/FICO Agreement which assigns numeric weights to the attributes of a set of account characteristics for the purposes of computing an aggregate numeric value. The attributes are based on account data derived from the records of the accounts. A Pooled Scorecard is designed to rank order accounts according to their likelihood of achieving a specific level of future credit performance which may later be observed from the account records.

“Representative Subsets of Accounts” means those subsets of Accounts which are similar with respect to all important credit measures (including but not limited to purchases, balances, levels of delinquency, and amount of write-offs) to all other subsets of Accounts.

“Scorecard” means either a Custom Scorecard or a Pooled Scorecard.

“Strategy” means a set of rules that determines for each decision area which action from a defined set of alternative actions is to be taken on each account eligible for such action.

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**SECTION 2. FIRST DATA SERVICES.** During the term of this Adaptive Control Addendum, First Data shall provide the data processing of the Product software which shall perform the following functions on the Accounts: (a) Use one or more Scorecards in addition to other computational logic to compute a Behavior Score at the end of each monthly billing cycle for each Account eligible for Behavior Scoring based upon data available at the end of each monthly billing cycle. Accounts which are not eligible for Behavior Scoring at the end of a given cycle, for example because of inactivity or advanced delinquency, will be assigned an “exception score” indicating the reason why the Account was not eligible for behavior scoring at that time, and, if available, the last applicable behavior score will be assigned as a “retained score”; (b) Assign Representative Subsets of Accounts to competing Strategies selected by GE Capital; (c) Apply the assigned Strategies to each Account eligible for an action in each Decision Area; (d) Record Account data and actions taken on Accounts to provide input for reporting purposes; (e) Report the ongoing performance of alternative Strategies on Representative Subsets of Accounts in order to provide input to measure the relative effectiveness of each alternative Strategy; and (f) Report the ongoing performance of the Scorecards to provide input to measure their relative effectiveness and to provide input so that they can be updated or replaced.

## **SECTION 3. FICO SERVICES.**

3.1 Analysis of Reports. During the term of this Adaptive Control Addendum, FICO periodically (as determined by FICO and First Data) shall analyze the reports produced by the Product software that measure the effectiveness of (a) the existing alternative strategies used on the Accounts for each Decision Area in the Product software and (b) the Scorecards used on the Accounts. Upon GE Capital’s request, but not more frequently than once during each 12-month period, FICO shall prepare and furnish to GE Capital a written analysis of the then current Product reports, which written analysis shall: (i) interpret the performance of alternative Strategies on up to four representative subsets of Accounts; (ii) recommend reassignment of Account subsets among existing Strategies as needed; (iii) recommend refinement of existing Strategies and installation of new Strategies to be considered by GE Capital; (iv) interpret the effectiveness of the Scorecards used on the Accounts; and (v) recommend changes or updates to or replacement of the Scorecards used on the Accounts.

3.2 Adjustments to Scorecards. Based on its periodic examinations of the Product reports, FICO agrees to promptly make adjustments to the Pooled Scorecards, or recommend adjustments to the Custom Scorecards, used on the Accounts as are reasonably necessary to attempt to maintain a consistent correlation between behavior score and Account performance. Based on its periodic examinations of the Product reports, FICO shall from time to time replace the Pooled Scorecards, or replacements of the Custom Scorecards, used on the Accounts when, in the expert opinion of FICO, such Scorecards do not maintain a consistent correlation between the behavior score and Account performance; provided, however, that if GE Capital does not want the Scorecards adjusted or replaced, FICO may withdraw its warranty as provided in Section 10. If GE Capital fails to make adjustments to or replace Custom Scorecards, as recommended by FICO, FICO’s warranties, representations, liabilities and obligations to the Custom Scorecards shall be withdrawn to the extent affected by such failure.

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3.3 Additional Consulting or Technical Support. Upon GE Capital’s request, FICO shall provide additional consulting and technical support services in excess of the levels referenced in this Addendum at the rates listed below, which are not exhaustive and are subject to change annually.

Consulting and Technical Support rates for 1998-1999

Senior Corporate Officer	\$***hour
Corporate Officer	\$***hour
Senior Project Manager	\$***hour
Project Manager	\$***hour
Senior Analyst/Engineer	\$***hour
Project Analyst	\$***hour
Programmer/Sr. Technician	\$***hour
Technician	\$***hour

SECTION 4. TRAINING.

4.1 Product Documentation. First Data and FICO shall furnish to GE Capital documentation describing the suggested manner in which the Product may be used and which will assist GE Capital in developing various Account management Strategies to be implemented in the Product software. First Data and FICO shall update such documentation from time to time as necessary to timely provide instructions for modifications and enhancements to the Product.

4.2 Product Training. During the term of this Adaptive Control Addendum, First Data and FICO shall periodically conduct group review-and-update training sessions and GE Capital shall be entitled to attend any such group training sessions. The group review-and-update training sessions shall include (a) a session to serve as a review for existing Product customers and an initial training session for new Product customers, (b) a review and analysis of various alternative Strategies for each Decision Area in the Product software, (c) a question-and-answer period to address Product customers’ specific questions regarding the Product, and (d) an instructional period during which Product customers are given information on modifications and enhancements to the Product. GE Capital will be responsible for the expenses incurred in having its representatives attend such group training sessions including but not limited to, the cost of travel, lodging, and meals.

SECTION 5. TERM

5.1 Initial Term and Renewal Periods. The initial term of this Adaptive Control Addendum shall be for ten (10) years and shall commence on December 10, 1998. Thereafter, this Adaptive Control Addendum shall automatically renew for four (4) successive terms of one (1) year each unless and until either party (considering First Data and FICO as one party) shall give the other party sixty (60) days advance written notice of termination at the conclusion of the then-current term. Notwithstanding anything in this Adaptive Control Addendum to the contrary, this Adaptive Control Addendum shall terminate immediately upon the expiration or termination of either (a) the Agreement or (b) First Data/FICO Agreement.

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5.2 Use of Scorecards after Termination. In the event that either FICO or First Data seeks to terminate the First Data/FICO Agreement, the terminating party shall notify GE Capital in writing at the same time notification is sent to the non-terminating party. In the event of the expiration or termination of the First Data/FICO Agreement (which results in the termination of this Adaptive Control Addendum), FICO agrees to permit First Data and GE Capital to use Scorecards created by FICO in one of the following ways:

(a) First Data and GE Capital may, at their option, contract with FICO for the development of replacement Pooled Scorecards upon the most favorable rates and terms then being offered by FICO to users of similar Pooled Scorecards; provided, however, that FICO is then offering a similar product and that there are not data, software or hardware barriers which would prohibit the offering of such product. FICO shall allow First Data and GE Capital to continue using the Pooled Scorecards they were using prior to the termination of this Adaptive Control Addendum, free of charge, until such time as the replacement Pooled Scorecards are delivered, installed, and available for use on the Accounts. First Data and GE Capital shall be precluded from using such Pooled Scorecards on other than Accounts owned or controlled by GE Capital.

(b) First Data and GE Capital may, at their option, elect to continue to use, through the expiration date of the Agreement or for a period of one year from the termination of this Adaptive Control Addendum, whichever is longer, the same Scorecards that First Data and GE Capital were using on the Accounts prior to the termination of this Adaptive Control Addendum.

(c) With respect to the Pooled Scorecards to be furnished by FICO pursuant to Section 5.2(a), FICO agrees to support, maintain, warrant, and service such Pooled Scorecards in a manner and under such terms as are no less favorable than those then being offered by FICO to prospective customers of similar products. With respect to the Scorecards used pursuant to Section 5.2(c), FICO shall not be responsible for rendering any further services under this Adaptive Control Addendum and FICO makes no warranties, express or implied, as to the effectiveness or legal compliance of such Scorecards for any period after the termination of this Adaptive Control Addendum. The obligations of FICO and First Data set forth in this Section 5.2 herein shall survive termination or expiration of this Adaptive Control Addendum.

## SECTION 6. FEES.

6.1 Fees for Services. The fees for the Accounts processed by the Product software during the term of this Adaptive Control Addendum shall be as set forth in the Schedule 1 attached hereto, and shall be paid to First Data in accordance with the procedures set forth in the Agreement.

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6.2 Price Adjustments due to CPI.

a. For each year during the initial term or any renewal term after the first year of this Adaptive Control Addendum, and in the event that CPI, as defined herein, is positive First Data may increase the fees set forth in Schedule 1 of this Adaptive Control Addendum which were in effect for the immediately preceding year (the "Old Year") by an amount not to exceed the CPI Change Percentage. The "CPI Change Percentage" shall be equal to the difference, if positive, between the percentage change in the Consumer Price Index ("CPI") during a period described below and \*\*\*. In no event shall First Data be allowed to increase any of the fees for any year in which the percentage change in the CPI during the applicable period is equal to or less than \*\*\* and such increase to be paid by GE Capital will only be \*\*\* of the CPI increase above \*\*\*. For purposes of this section, the CPI shall be the Consumer Price Index as finally published in the [Summary Data from the Consumer Price Index News Release](#) compiled by the United States Department of Labor's Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U) having a base of 100 in 1982-84. In the event that the Bureau of Labor Statistics stops publishing the CPI-U or substantially changes its content and format, the Parties hereto will substitute another comparable index published at least annually by a mutually agreeable source. If the Bureau of Labor Statistics merely redefines the base period for the CPI-U from 1982-84 to another period, the Parties will continue to use the CPI-U, but will convert the Base Year Index to the new base period by using an appropriate conversion formula. The CPI Change Percentage shall be calculated, and notification of the amount of any applicable increase in the fees to take effect on the first day of the immediately following year shall be given to GE Capital, at least ninety (90) days in advance of the end date of the current year, by comparing the CPI using a twelve (12) month period ending three (3) months prior to notification to GE Capital and expressing the increase in said CPI through the twelve (12) month period as a percentage.

b. For each year during the initial term or any renewal term after the first year of this Adaptive Control Addendum, and in the event that CPI, as defined herein, is negative First Data shall decrease the fees set forth in Schedule 1 of this Adaptive Control Addendum which were in effect for the immediately preceding year (the "Old Year") by an amount not to exceed the CPI Change Percentage. The "CPI Change Percentage" shall be equal to the decrease in the percentage change of the Consumer Price Index ("CPI") during the period described in Section 6.3(a) above in excess of negative \*\*\*. In no event shall First Data be obligated to decrease any of the designated Processing Fees for any Processing Year in which the percentage change in the CPI during the applicable period is between zero (0) and negative \*\*\* and such decrease will only be \*\*\* of the CPI decrease above negative \*\*\*.

**SECTION 7. OWNERSHIP OF SYSTEMS AND MATERIALS.** All Pooled Scorecard, systems, programs, operating instructions, and other documentation prepared by First Data or FICO pursuant to the Adaptive Control Addendum shall be and remain the property of First Data and FICO ("First Data/FICO Exclusive Property"). All data of GE Capital which is furnished by GE Capital to either First Data or FICO in accordance with this Adaptive Control Addendum shall belong exclusively to GE Capital ("GE Capital Exclusive Property"). Upon termination or expiration of this Adaptive Control Addendum all data, materials and property belonging to GE

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Capital shall be returned to GE Capital by First Data and FICO depending upon which party, First Data or FICO, has retained such data, materials or property. Ownership of Custom Scorecards shall be set forth in the applicable GE Capital/FICO Agreement.

**SECTION 8. CONFIDENTIAL TREATMENT OF INFORMATION.**

8.1 GE Capital agrees that FICO may receive and analyze, and GE Capital authorizes First Data to furnish to FICO, any data pertaining to GE Capital's Accounts which is in the possession or control of First Data. First Data and FICO shall maintain in confidence and shall not disclose to any third party, except as otherwise provided herein, all data and materials furnished by GE Capital for processing hereunder, and First Data and FICO agree that such information will be used by First Data and FICO only to perform services in accordance with this Adaptive Control Addendum and for internal research and development with the intent of improving the Product or other services to be offered pursuant to this Adaptive Control Addendum. First Data's and FICO's obligations under this Section 8.1 are limited to diligent compliance with the same methods and procedures that First Data and FICO use to protect their own confidential information from disclosure.

8.2 Notwithstanding the provisions of Section 8.1, First Data and FICO may disclose GE Capital Confidential Information as defined in Section 14.5(a-b) and 14.5(d-e) of the Agreement if compelled to do so pursuant to legal process. If First Data or FICO is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar legal process) to disclose any GE Capital Confidential Information, First Data or FICO, as the case may be, will promptly notify GE Capital of such request or requirement so that GE Capital may at its expense seek an appropriate protective order or interpose an objection to such disclosure, take action to ensure confidential handling of GE Capital Confidential Information or take such other action as it deems appropriate to protect the GE Capital Confidential Information; however, First Data and FICO shall have no obligation to obtain such protective order or otherwise contest such legal process.

**SECTION 9. AUDITS AND GOVERNMENTAL EXAMINATION.** First Data and FICO each agree to permit auditors retained by GE Capital to audit the procedures for handling and processing of data hereunder upon reasonable notice and compliance with First Data's and FICO's security procedures. The Parties also acknowledge that certain federal and state agencies may require access to facilities of First Data to audit the performance of the services by First Data for GE Capital under this Adaptive Control Addendum, and First Data will cooperate with respect to all governmental audits.

**SECTION 10. REPRESENTATIONS AND WARRANTIES.**

**10.1 Representations and Warranties by FICO.**

(a) FICO hereby represents and warrants to GE Capital that each Pooled Scorecard authorized for use on the Accounts shall be statistically sound and empirically derived. FICO hereby represents and warrants that, subject to GE Capital's compliance with 12 CFR 2.02(p)(2), the Pooled Scorecards in the Product satisfy the requirements of "empirically derived, demonstrably and statistically sound credit scoring system" as defined in the regulations

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promulgated under the authority of the Equal Credit Opportunity Act, 15 U.S.C. 1691 *et. seq.* FICO shall give GE Capital support in the form of expert testimony or assistance in the event of any suit or regulatory proceeding alleging that the Product is unlawfully discriminatory. Upon ten (10) days advance written notice to GE Capital in the manner provided for in this Adaptive Control Addendum, FICO may withdraw its warranty (i) for any Pooled Scorecard which, in FICO's opinion, has failed to pass a test of validation (in which case FICO promptly agrees to make any adjustments to or rebuild such Pooled Scorecards as required in this Adaptive Control Addendum in order to reinstate such warranty), (ii) for any Scorecard which has been altered in any material respect by GE Capital without the express approval of FICO, (iii) for any Scorecard which has been altered in any material respect by First Data without the express approval of FICO, or (iv) for any Scorecard for which FICO cannot reasonably defend the legal validity due to material alterations to the Product software by First Data without the express written approval of FICO. In the event of the withdrawal of the warranty by FICO pursuant to this Section 10.1(a), FICO's warranty obligations shall remain in effect with respect to use of the Product prior to the effective date of warranty withdrawal. In the event of the withdrawal of the warranty by FICO pursuant to this Section 10.1(a)(ii), neither FICO nor First Data shall be liable for any use of the Product after alteration of the Scorecard by GE Capital. In the event of the withdrawal of the warranty by FICO of this Section 10.1(a)(iii-iv), FICO's warranty obligations shall remain in effect with respect to use of the Product prior to the alteration of the Scorecard or software by First Data. First Data shall give sixty (60) days advance written notice to GE Capital of any material alteration by First Data to any Scorecard used by GE Capital or the Product software; and, in such event, First Data shall warrant to GE Capital that such Scorecards are statistically sound and empirically derived and indemnify and hold GE Capital harmless from any liability, loss or damage GE Capital may suffer as a result of claims, demands, costs or judgments against GE Capital due to breach of such warranty.

(b) If GE Capital and FICO enter into a separate agreement for the development of Custom Scorecards, all representations and warranties with respect to such Custom Scorecards shall be set forth in the GE Capital/FICO Agreement.

10.2 Proprietorship. First Data and FICO warrant that, with the exception of Custom Scorecards, they are the sole owners of the Product and that use of the Product on the Accounts pursuant to this Adaptive Control Addendum will not infringe upon the rights of any other person or entity.

SECTION 11. FICO Proprietary Rights.

11.1 No aspects of the Product including without limitation, programs specifications, documentation and methods of processing, shall be sold, revealed, disclosed or otherwise communicated, directly or indirectly by GE Capital to any person, company or institution whatsoever except GE Capital and those entities set forth in Section 3.1(e) of the Agreement, subject to Article 14 of the Agreement, and to the extent required, regulatory authorities.

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SECTION 12. LIABILITY.

12.1 Liability of First Data. First Data will use due diligence in processing the materials received from GE Capital and the performance of First Data of all its services provided in this Adaptive Control Addendum shall be consistent with the Agreement and Schedule B thereto. First Data shall be liable to GE Capital or any GE Capital-related financial institution (including but not limited to financial institutions participating in GE Capital's credit account program or operation) for any claims, damages, losses or expenses arising out of First Data's performance of the services to be performed by First Data pursuant to this Adaptive Control Addendum or breach of the warranty set forth in Section 10.2 herein except that if such claims, damages, losses or expenses are due to causes that are beyond the control of First Data.

12.2 Liability of FICO. The performance by FICO of all its services provided in this Adaptive Control Addendum shall be consistent with industry standards. FICO shall indemnify and hold harmless GE Capital and its employees from and against any and all liability, loss or damage GE Capital may suffer as a result of claims, demands, costs or judgments against GE Capital arising out of FICO's negligent performance of any of the services to be performed by FICO pursuant to this Adaptive Control Addendum or breach of its warranty set forth in Section 10.2 herein; provided, that FICO's obligation to indemnify GE Capital shall be limited to the actual losses by GE Capital resulting from FICO's negligent performance or breach of its warranty set forth in Section 10.2 and shall exclude any indirect, special, consequential, or punitive damages. The liability of FICO for any claims, losses or damages arising from the negligent performance of its duties under this Adaptive Control Addendum shall be limited as provided in Section 12 of this Adaptive Control Addendum. FICO shall not be liable to GE Capital or any GE Capital-related financial institution (including but not limited to financial institutions participating in GE Capital's credit account program or operation) for any claims, damages, losses or expenses arising out of the performance of the services to be performed by FICO pursuant to this Adaptive Control Addendum if such claims, damages, losses or expenses are due to causes that are beyond the control of FICO.

12.3 Limitation of Liability. Notwithstanding any contrary provision contained in this Adaptive Control Addendum, in no event shall the total aggregate liability of First Data and FICO for any claims, losses or damages arising from their breach of their respective duties under this Adaptive Control Addendum or from breach of their warranties in this Adaptive Control Addendum exceed an amount which represents the annual amount of fees paid by GE Capital under the Agreement during the preceding 12-month period which are allocable solely to use of the Product and use of the services set forth in this Adaptive Control Addendum. In the event that a court of competent jurisdiction determines that the claims, losses or damages incurred by GE Capital are as a result of the negligent performance of both First Data and FICO or that First Data and FICO, but for this sentence, are jointly liable for any claims, losses or damages incurred by GE Capital, First Data and FICO shall not be jointly and severally liable and GE Capital may collect only one-half of the total amount of such claims, losses or damages from each of First Data and FICO. The indemnity and hold harmless obligations of FICO and First Data set forth herein shall survive termination or expiration of this Adaptive Control Addendum.

SECTION 13. FAILURE OF PERFORMANCE. First Data and FICO shall not be liable for any failure to perform its obligations under this Adaptive Control Addendum if prevented from doing so by a cause or causes beyond their control. Without limiting the generality of the foregoing,

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such causes include acts of God or the public enemy, fires, floods, storms, tornadoes, earthquakes, riots, strikes, blackouts, wars or war operations, restraints of government, the failure of each other (First Data or FICO, as the case may be) to perform in accordance with this Adaptive Control Addendum or other cause or causes which could not with reasonable diligence be controlled or prevented by either First Data or FICO.

SECTION 14. NOTICES. Any notices provided for in this Adaptive Control Addendum shall be given in writing and transmitted by personal delivery or prepaid first class registered or certified mail, return receipt requested, addressed as provided in the Agreement and, if to FICO: Fair, Isaac and Company, Inc., 120 North Redwood Drive, San Rafael, California 94903, ATTN: Senior Vice President – Marketing.

In the case of GE Capital:

5300 Kings Island Drive

Mason, OH 45034-0924

Attn: Beverly Belcamino, Esq.

Counsel

and

GE Capital Retailer Financial Services Corporation

1600 Summer Street, 4<sup>th</sup> Floor

Stamford, CT 06927

Attn: Mr. Chris Perretta

Senior Vice President and Chief Information Officer

With a copy to:

Shaw Pittman Potts & Trowbridge \_\_\_\_\_

2300 N St., NW \_\_\_\_\_

Washington, DC \_\_\_\_\_

Attn: James Alberg, Esq.

---

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In the case of First Data:

First Data Resources Inc.  
10825 Farnam Drive  
Omaha, NE 68154

Attn: President

With a copy to:

First Data Resources Inc.  
10825 Farnam Drive  
Omaha, NE 68154

Attn: General Counsel

A Party may from time to time change its address or designee for notification purposes by giving the other prior written notice of the new address or designee and the date upon which it will become effective.

SECTION 15. MISCELLANEOUS.

15.1 Entire Agreement. The Agreement and this Adaptive Control Addendum are the complete and exclusive statement of the agreement between the Parties, which supersede and merge all prior proposals, undertakings, and all other agreements, oral and written, between the Parties relating to the subject matters thereof. This Adaptive Control Addendum may not be modified or altered except by written instrument duly executed by all Parties hereto. First Data and FICO agree that in the event of any conflicts or inconsistencies between the terms of this Adaptive Control Addendum and the First Data/FICO Agreement, as between First Data and FICO the terms of the First Data/FICO Agreement shall govern. GE Capital and FICO agree that as between GE Capital and FICO, that in the event of any conflicts or inconsistencies between the terms of this Adaptive Control Addendum and the terms of the GE Capital/FICO Agreement, the terms of the GE Capital/FICO Agreement shall govern. Except as specifically provided herein, no party hereto shall be bound by the Agreement, the First Data/FICO Agreement, or the GE Capital/FICO Agreement, unless it is a party to such agreement.

15.2 No Assignment. This Adaptive Control Addendum may not be assigned by GE Capital without the express written consent of First Data and FICO which shall not be unreasonably withheld. This Adaptive Control Addendum may not be assigned by First Data or FICO without the express written consent of GE Capital which shall not be unreasonably withheld. GE Capital hereby consents to the assignment by First Data to (a) a purchaser of all or substantially all of the assets of the Transaction Services Division of First Data or (b) any subsidiary or affiliate of First Data. GE Capital hereby consents to the assignment by FICO to (i) a purchaser of all or substantially all of the assets of FICO or (ii) any subsidiary or affiliate of FICO. First Data and FICO hereby consent to the assignment by GE Capital to any subsidiary or affiliate of GE Capital.

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15.3 Governing Law. This Adaptive Control Addendum and performance under it shall be governed by and construed in accordance with the laws of the State of New York without regards to its choice law principles.

15.4 Jurisdiction. The Parties consent to venue in the City of New York and to the non-exclusive jurisdiction of competent State of New York court or federal courts in the Southern District of New York for all litigation which may be brought, with respect to the terms of, and the transactions and relationships contemplated by, this Adaptive Control Addendum. The Parties further consent to the jurisdiction of any state court located within a district which encompasses assets of a Party against which a judgment has been rendered, either through arbitration or through litigation, for the enforcement of such judgment or award against the assets of such Party.

15.5 Severability. In the event that any provision of this Agreement conflicts with the law under which this Adaptive Control Addendum is to be construed or if any such provision is held invalid by an arbitrator or a court of jurisdiction over the Parties, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law. The remainder of this Adaptive Control Addendum shall remain in full force and effect.

15.6 Survival. Any provision of this Adaptive Control Addendum which expressly survives any termination or expiration of this Adaptive Control Addendum shall survive any termination or expiration of this Adaptive Control Addendum and continue in full force and effect.

15.7 Section Headings. The headings of the sections and subsections in this Adaptive Control Addendum are for the purpose of reference only and shall not limit or otherwise affect the meaning of any the provisions of this Addendum.

15.8 Incorporation of Exhibits. Each of the Exhibits referred to herein and attached hereto are incorporated herein and shall be deemed to be a part of this Adaptive Control Addendum.

15.9 Counterparts. This Adaptive Control Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Adaptive Control Addendum.

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IN WITNESS WHEREOF, the Parties hereto have executed this Adaptive Control Addendum as of the day and year first above written.

GENERAL ELECTRIC CAPITAL CORPORATION,  
a New York corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST DATA RESOURCES INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

FAIR, ISAAC AND COMPANY, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 1**

**MONTHLY ADAPTIVE CONTROL AND BEHAVIOR SCORING  
FEES**

I. Monthly Behavior Scoring / Adaptive Control Service Fee-

\$\$\$ / Adaptive  
Controlled/Behavior  
Scored Account

- The Adaptive Control/Behavior Scoring Service Fee entitles GE Capital to both of the following:
  - (i) A behavior score, exception score or retained score for each Adaptive Controlled/Behavior Scored Account each month; and
  - (ii) Account management through the Product Decision Areas which include, credit line management, reissue management, delinquent collections, overlimit collections and authorizations.
- “Adaptive Controlled/Behavior Scored Account”, for purposes of this Adaptive Control Addendum, means an Account so designated by GE Capital and which includes any Account which has received either a Behavior Score, an Exception Score or Retained Score or any Account which has been processed through the Product software which includes the Product Decision Areas set forth in (ii) above.
- In the months following the termination, First Data will provide a billing credit to GE Capital for Accounts which are considered Exception/Statused Accounts including charged-off Accounts (i.e. those which receives a score of 001), bankrupt Accounts (those which receives a score of 002), lost accounts (those which receives a score of 003), stolen Account (those which receives a score of 004) and inactive Accounts of five cycles or greater (those which receives a score of 012, 013 or 014) and any other Exception/Status Account as designated by GE Capital as long as such Accounts are not processed through the Product Software.
- The start-up fee for Adaptive Control/Behavior Scoring is Ten Thousand Dollars (\$10,000), however, that fee will be waived if this Adaptive Control Addendum is executed ninety (90) days prior to the CFS Initial Conversion and RFS Initial Conversion each as defined in the Agreement.
- First Data and GE Capital agree that any \*\*\* set forth in Exhibit C, of the Agreement will not be applied to the fees for Behavior Scoring Services set forth in this Adaptive Control Addendum.

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II. Adaptive Control Warning Bulletin Decisioning-

\$\$\$/Stated Account/month

- Adaptive Control Warning Bulletin Decisioning is each Account which is processed through the First Data Adaptive Control decisioning system in order to allow GE Capital to add, delete and modify the information concerning GE Capital's Accounts with respect to the MasterCard warning bulletin and exception file and the VISA warning bulletin.
- "Stated Account", for purposes of this Adaptive Control Addendum and Adaptive Control Warning Bulletin Decisioning, includes Accounts as designated by GE Capital.

III. Custom Scorecard

Upon mutual agreement and a signed project initiation contract, FICO will develop and deliver for use by GE Capital on the FDR Behavior Score and Adaptive Control platform behavior models under the below listed prices:

Initial Development Fee	\$\$\$
Annual Usage Fee per Custom Scorecard (Minimum of 2)	\$\$\$
Processing Additional Masterfile File Formats	\$\$\$
Segmentation Analysis (Per Segment)	\$\$\$

In addition to the development costs as shown above, additional charges will be levied by FICO per the below table for costs associated with the installation and auditing of such models.

Custom Scorecard with Familiar Characteristics	\$\$\$
Custom Scorecard with New Characteristics	\$\$\$

All of the FICO services listed under this heading (Custom Scorecard) will be offered at the above prices to GE Capital for up to three years from the date of execution of this contract, or December 31, 2001, whichever occurs first, as long as GE Capital contracts with FICO for development and delivery of such models before that date. Beyond that date, prices will be charged in accordance with FICO's then current model development and installation rates.

Additional charges for programming and installation may be charged by First Data as well, under the following fees as identified in Exhibit C.

**CONFIDENTIAL TREATMENT REQUESTED**

**INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND NOTED WITH "\*\*\*\*".  
AN UNREDACTED VERSION OF THIS DOCUMENT HAS ALSO BEEN PROVIDED TO THE SECURITIES AND EXCHANGE COMMISSION.**

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Final Execution Version

**FIRST AMENDED AND RESTATED  
PRODUCTION SERVICES AGREEMENT**

**by and between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES, LLC**

**Dated As Of**

**December 1, 2009**

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**FIRST AMENDED AND RESTATED  
PRODUCTION SERVICES AGREEMENT**

First Amended and Restated Production Services Agreement (the "Agreement"), executed as of August 19, 2009 (the "Execution Date") and entered into and effective as of December 1, 2009 (the "Effective Date"), by and between RETAILER CREDIT SERVICES, INC., a Utah corporation, with offices at 170 Election Road, Draper, Utah 84020-6425 and FIRST DATA RESOURCES, LLC ("First Data"), a Delaware corporation with offices at 6855 Pine Street, Omaha, Nebraska 68106. As used in this Agreement, "Party" means either RCSI or First Data, as appropriate, and "Parties" means RCSI and First Data. The Parties agree that the following terms and conditions shall apply to the services to be provided by First Data under this Agreement in consideration of certain payments to be made by RCSI.

**1. BACKGROUND AND OBJECTIVES**

**1.1 Background.**

This Agreement is being made and entered into with reference to the following:

(a) On November 16, 1999 RCSI (then known as Montgomery Ward Credit Corporation) and First Data's predecessor in interest, First Data Resources Inc., entered into a Production Services Agreement (hereinafter defined as the "Original Agreement"). The Original Agreement has been amended by the Parties numerous times. As more fully provided in Section 19.18, this First Amended and Restated Production Services Agreement replaces and supersedes the Original Agreement, as amended, in its entirety.

(b) RCSI and First Data are also parties to a Technology Sourcing Agreement, dated as of December 10, 1998, as amended (the "TSA") pursuant to which First Data provides to RCSI and its Affiliates various Transaction Card data processing and related services, which services relate to, but do not include, the services described in this Agreement.

(c) RCSI desires that certain production and related services, including printing and mailing of Statements and Letters and Transaction Card embossing be performed and managed by an experienced and capable vendor skilled in the performance of these functions.

(d) First Data wishes to perform the requested services for RCSI and has the skills, qualifications and experience necessary to perform and manage such services in an efficient, cost-effective and controlled manner with a high degree of quality and responsiveness.

**1.2 Objectives.**

The following are specific goals and objectives for this Agreement:

(a) enable RCSI and RCSI Affiliates to focus on their core competencies and on those activities which provide a competitive advantage;

- (b) deliver to RCSI and RCSI Affiliates Six Sigma level quality, including through the provision of relevant production skills, methods, practices and standards;
- (c) establish a flexible framework within which to quickly respond to evolving processes, technologies, competitive conditions, and changing RCSI and RCSI Affiliate business needs;
- (d) identify means to improve services and reduce costs to RCSI and RCSI Affiliates and enable RCSI and RCSI Affiliates to improve and expand their respective related business operations; and
- (e) provide the uninterrupted transitioning of responsibility for performing the services back to RCSI or its Successor in connection with the termination or expiration of this Agreement.

### **1.3 Construction.**

The provisions of this Section 1 are intended to be a general introduction to this Agreement and are not intended to expand the scope of the Parties' obligations under this Agreement or to alter the plain meaning of the terms and conditions of this Agreement. However, to the extent the terms and conditions of this Agreement do not address a particular circumstance or are otherwise unclear or ambiguous, such terms and conditions are to be interpreted and construed so far as to give effect to the provisions in this Section 1.

## **2. DEFINITIONS**

### **2.1 Certain Definitions.**

As used in this Agreement:

- (a) "Affiliate" means, with respect to any entity, any other entity Controlling, Controlled by or under common Control with such entity (and, in the case of RCSI, includes GECC).
- (b) "Ancillary Services" shall mean those services listed on Exhibit C-4 to Schedule C of this Agreement.
- (c) "Asset Purchase Agreement" shall mean the Asset Purchase Agreement, dated as of November 16, 1999, between the Parties.
- (d) "Background Checks" shall have the meaning given in Section 5.2(b).
- (e) "Change Control Procedure" means the processes and procedures to be followed by the Parties for considering, analyzing, approving (or rejecting) and carrying out Changes requested or proposed by either Party.
- (f) "Change Order" means the form of an order documenting the terms of the Parties' agreement regarding a Change to the Production Services then being provided.
- (g) "Confidential Information" has the meaning given in Section 12.5(a).
- (h) "Control" and its derivatives means with regard to any entity the legal, beneficial or equitable ownership, directly or indirectly, of twenty-five percent (25%)

or more of the capital stock (or other equity ownership interest, if not a corporation) of such entity ordinarily having voting rights; provided, however, that with respect to the definition of "Major Competitor" and Section 18.2 only, the applicable percentage shall be fifty percent (50%).

(i) "Coupons" means documents that entitle a consumer to discounts, rewards, rebates, points, gift(s) or other special offer which provide incentives to the Cardholder on current or future purchases or transaction activity. A coupon is most commonly separated from the main Statement information and often accompanied by a coupon code and/or bar code used to entitle the consumer to the incentive.

(j) "Customer" has the meaning given in Section 7.9.

(k) "Default Rate" means the rate identified as the prime rate as published in The Wall Street Journal from time to time.

(l) "Effective Date" has the meaning given in the first paragraph of this Agreement. Various provisions in this Agreement are effective prior to the Effective Date as so stipulated in such provision.

(m) "First Data Confidential Information" has the meaning given in Section 12.5(c).

(n) "First Data Contract Administrator" has the meaning given in Section 5.1(a)(ii).

(o) "First Data Data" shall mean information, whether or not Confidential Information, transmitted to or entered in software or equipment by or on behalf of any clients of First Data, other than RCSI and its Affiliates and RCSI Customers, and information derived from such information, including as stored in or processed through the First Data System.

(p) "First Data Equipment" means the equipment which is owned or leased (as lessee) by First Data or is otherwise within First Data's control.

(q) "First Data Information" means all information, in any form, furnished or made available directly or indirectly by First Data to RCSI or otherwise obtained by RCSI from First Data.

(r) "First Data Personnel" means employees of First Data and its approved Subcontractors assigned to perform the Production Services pursuant to this Agreement.

(s) "First Data Software" means (i) the First Data-owned software and the third party software licensed to First Data which is utilized by First Data in performing the Production Services and (ii) the documentation (in any format) necessary for the use of the software referenced in clause (i).

(t) "First Data System" means the First Data Equipment, First Data Software, the hardware, the systems incorporating such software and hardware and the documentation (in any format) and the processes used to provide the Production Services (specifically excluding the data processing software and system used to provide TSA Services).

- (u) "GECC" means General Electric Capital Corporation, a Delaware corporation.
- (v) "GE Consumer Finance" means the divisions of GECC conducting consumer finance operations as of the Effective Date.
- (w) "GECOM/Prox/CARMS Portfolio" or "GECOM/Prox" means RCSI's GE Commercial Line Account portfolio.
- (x) "GLB Act" has the meaning given in Section 12.7(a).
- (y) "Including" and its derivatives (such as "include" and "includes") means including without limitation. This term is as defined, whether or not capitalized in this Agreement.
- (z) "Initial Term" has the meaning given in Section 4.1.
- (aa) "Key First Data Positions" has the meaning given in Section 5.1(a).
- (bb) "Losses" means all losses, liabilities, damages and claims, and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, settlement, judgment, interest and penalties).
- (cc) "License Agreement" shall mean the License Agreement, dated as of November 19, 1999, between the Parties.
- (dd) "Major Competitor" means, with respect to RCSI, the following entities: \*\*\* and the respective Affiliates and successors thereof.
- (ee) "Majority Owned Affiliate" shall mean an Affiliate where control is measured at greater than fifty percent (50%).
- (ff) "New Production Service(s)" has the meaning given in Section 3.7(a).
- (gg) "Non-Public Personal Information" has the meaning given in Section 12.7(c).
- (hh) "Original Agreement" means the Production Services Agreement, dated November 16, 1999, as amended, between the Parties and their predecessors.
- (ii) "Original Effective Date" means November 16, 1999.
- (jj) "Party" and "Parties" have the meanings given in the first paragraph of this Agreement.
- (kk) "Pass-Through Expenses" means the reasonable and actual out-of-pocket expenses reasonably incurred by First Data for equipment, materials, supplies, or other services provided to RCSI under this Agreement (which expenses do not include First Data's overhead costs (or allocations thereof), administrative expenses or other mark-ups) which RCSI has agreed in writing to pay directly or for which it will reimburse First Data. Pass-Through Expenses agreed upon as of the Effective Date are listed in Schedule C, Exhibit C-3 hereto.
- (ll) "Procedures Manual" means the standards and procedures manual described in Section 7.4(a).
- (mm) "Production Services" has the meaning given in Section 3.1.

- (nn) "Production Year" has the meaning given in Section 4.1.
- (oo) "RCSI Confidential Information" has the meaning given in Section 12.5(b).
- (pp) "RCSI Customer Information" has the meaning given in Section 12.7.
- (qq) "RCSI Customers" means customers of RCSI or of any RCSI Affiliate who receive, or contract to receive, from RCSI or any RCSI Affiliate production and related services of the type described in this Agreement.
- (rr) "RCSI Customer Contracts" means any contract or agreement entered into at any time, either before or after the Effective Date, between RCSI or an RCSI Affiliate and another entity for the provision of production and related services of the type described in this Agreement.
- (ss) "RCSI Data" means all information, whether or not Confidential Information, transmitted to or entered in software or equipment by or on behalf of RCSI or any RCSI Affiliate and information derived from such information, including as stored in or processed through such equipment or software.
- (tt) "RCSI Information" means all information, in any form, furnished or made available directly or indirectly to First Data by RCSI or any RCSI Affiliate or otherwise obtained by First Data from RCSI or any RCSI Affiliate (excluding any information or intellectual property licensed to or acquired by First Data in connection with the Asset Purchase Agreement or License Agreement or otherwise used by First Data with the consent or agreement of RCSI or any RCSI Affiliate).
- (uu) "RCSI Initiated System Enhancements" has the meaning given in Section 3.8.
- (vv) "Renewal Term" has the meaning given in Section 4.2.
- (ww) "Service Recipient" has the meaning given in Section 3.3.
- (xx) "Six Sigma" means, as appropriate, (i) the management philosophy which has as its goal the improvement of processes through a defined methodology of measurement, analysis, modification and control, as that philosophy is interpreted and applied by GECC, RCSI and other RCSI Affiliates from time to time, or (ii) a measurement, which may be expressed as (A) a yield of 99.99966% or (B) 3.4 defects per 1,000,000 units or an equivalent numerical relationship (e.g., 0.34 defects per 100,000 units).
- (yy) "Steering Committee" has the meaning given in Section 7.2.
- (zz) "System Enhancement" means a material enhancement or modification to, any system, hardware, application or functionality of the First Data System, but does not include changes required to be made by First Data in order to comply with First Data's obligation to provide the Production Services pursuant to this Agreement including Sections 3.1, 3.2, 13.2, and 13.4. A System Enhancement is not a New Production Service.
- (aaa) "Term" has the meaning given in Section 4.1.
- (bbb) "TSA" has the meaning given in Section 1.1(b).

(ccc) "TSA Services" means the services provided by First Data under the TSA.

(ddd) "Virus" means: (i) program code, programming instruction or set of instructions intentionally constructed with the ability to damage, interfere with or otherwise adversely affect computer programs, data files or operations; or (ii) other code of the type typically designated to be a computer virus.

## **2.2 Other Terms.**

Other terms used in this Agreement are defined in the context in which they are used and shall have the meanings there indicated. In addition, certain terms used in this Agreement are defined in the TSA (as indicated) and shall have the meanings given therein. Terms used as defined terms in both this Agreement and the TSA, but defined differently, shall, as to this Agreement, have the meanings given in this Agreement.

## **3. PROVISION OF PRODUCTION SERVICES**

### **3.1 Scope.**

The Production Services consist of First Data's obligations expressly provided for in this Agreement, including those described in Schedule A, as they may evolve and be supplemented, modified, changed pursuant to the Change Control Procedure, or replaced during the Term. First Data shall provide the following services, functions and responsibilities, as they may evolve during the Term and as they may be supplemented, enhanced, modified or replaced (the "Production Services"):

- (a) the services, functions and responsibilities described in this Agreement, including its Schedules and Exhibits;
- (b) except as otherwise expressly provided in this Agreement, providing the facilities, personnel and other resources as necessary to provide the Production Services; and
- (c) any New Production Services and/or Changes RCSI contracts with First Data to perform pursuant to a Change Order or amendment in accordance with Section 19.2.

### **3.2 Implied Services.**

If any services, functions or responsibilities not specifically described in this Agreement are necessarily required for the proper performance and provision of the Production Services (and are not required to be provided by First Data under the TSA), they shall be deemed to be implied by and included within the scope of the Production Services to the same extent and in the same manner as if specifically described in this Agreement.

### **3.3 Other Entities.**

First Data shall provide the Production Services (a) to RCSI and, as may be requested by RCSI, the RCSI Customers, (b) to those entities to whom services similar to the Production Services were being provided immediately prior to the Original Effective Date, (c) as requested by RCSI, to other RCSI components and

Affiliates and clients and customers thereof, and (d) to those other entities as may be identified by RCSI from time to time (each, a “Service Recipient”). To the extent that Production Services are characterized herein as provided to RCSI, those references will be deemed to include those Production Services provided to the Service Recipients. For purposes of this Agreement, Production Services provided to Service Recipients other than RCSI shall be deemed to be Production Services provided to RCSI.

### **3.4 Production Services Performed by RCSI or Third Parties.**

(a) First Data is a non-exclusive provider of Production Services. Except as provided otherwise in Section 5 of Exhibit C (Minimum Volume Commitment) RCSI may perform itself, discontinue, or retain third parties to perform any of the Production Services. Without limitation of the foregoing, RCSI may sell Accounts, portfolios or lines of business which are receiving the Production Services, and if so elected by RCSI any such sold Accounts, portfolios or lines of business will no longer be subject to this Agreement. RCSI also may acquire Accounts, portfolios or lines of business and to provide, or have third parties provide, Production Services in connection with such Accounts, portfolios or lines of business separately from this Agreement and the Production Services provided hereunder. Except as provided otherwise in Section 5 of Exhibit C (Minimum Volume Commitment), RCSI makes no commitment for any minimum amount of Production Services to be purchased under this Agreement. For the avoidance of doubt, First Data’s approval is not required for any reduction of Production Services that RCSI is entitled to make pursuant to the provisions of this Agreement, and any requirement that such changes be documented through the Change Control Procedure shall not be deemed to require First Data’s approval.

(b) If a component of the Basic Production Services or any other bundled Production Service is reduced pursuant to this Section 3.4, the charges for the Basic Production Services shall be equitably adjusted in good faith to reflect \*\*\* to First Data resulting from First Data’s ceasing to provide the component of the Basic Production Services or any other bundled Production Service no longer required. The Parties acknowledge that, due to the nature of the pricing in Schedule C hereto, in many instances no changes will be required to the charges described in Schedule C and in other instances (including unbundled Production Services) charges will be eliminated if a component is reduced pursuant hereto.

### **3.5 Cooperation with Third Parties**

(a) If RCSI performs or discontinues any of the Production Services itself or retains a third party to do so, First Data shall cooperate with RCSI and any such third party, as reasonably necessary to enable each of RCSI and such third party to perform its respective work, which cooperation shall include: (i) to the extent that First Data exercises any control over any RCSI facilities or any facility of an RCSI Affiliate being used to provide the Production Services, providing reasonable access to such facilities; (ii) providing reasonable access to the First Data System (to the extent permitted under any underlying agreements with third parties) and to the other relevant First Data-operated production facilities; and (iii) providing such information regarding the operating environment, system constraints and other parameters as a person with reasonable commercial skills and expertise would find

reasonably necessary for RCSI or a third party to perform its work. Third parties retained by RCSI shall comply with First Data's reasonable security and confidentiality requirements, and shall, to the extent performing work interfacing with the First Data System or First Data Equipment, comply with First Data's reasonable work standards, methodologies and procedures.

(b) First Data shall promptly notify RCSI if an act or omission of such a third party may cause a problem or delay in providing the Production Services and shall work with RCSI to prevent or circumvent such problem or delay.

### **3.6 Evolution of the Production Services**

RCSI operates in a business environment characterized by constant change. Accordingly, First Data will use commercially reasonable efforts throughout the Term to evolve and improve the quality, efficiency and effectiveness of the Production Services (including technology) consistent with similar services provided by leading well managed credit card industry operations performing services similar to the Production Services. Changes in the Production Services pursuant to this Section 3.6 will not be considered New Production Services unless they otherwise qualify as such in accordance with the provisions of Section 3.7, but will be subject to the Change Control Procedure, as applicable.

### **3.7 New Production Services**

(a) "New Production Services" means functions RCSI requests First Data to perform under this Agreement that are (i) materially different from, and in addition to, the Production Services then being provided under this Agreement and (ii) not Services or New Services (as defined in the TSA) under the TSA. Subject to Section 3.7(b), RCSI will notify First Data if RCSI desires to acquire additional services which would constitute New Production Services. Within \*\*\* Business Days following the date of such notification, First Data will provide RCSI with a quote for one-time development and ongoing service fees (or revised Schedule C charges) for such functions which take into account (A) the existing volume of business between First Data and RCSI, and (B) the elimination or modification of Production Services and related tasks which would be replaced or changed by the proposed New Production Services. Such proposed charges shall \*\*\* (a) \*\*\* such New Production Services as provided in \*\*\* and (b) \*\*\* for such New Production Services \*\*\*. Upon receipt of such quote, RCSI may elect to have First Data implement and perform such services, at which point such services will be deemed Production Services and shall be subject to the provisions of this Agreement. If RCSI elects to have First Data implement and perform such New Production Services and at any time thereafter \*\*\* for such New Production Service First Data shall, \*\*\*.

(b) At the time RCSI requests the First Data Contract Administrator (or begins receiving, either as a result of an independent action of RCSI to initiate use of an available service offering or as a result of a request by RCSI to another individual at First Data) a Production Service that First Data believes is a New Production Service First Data shall notify the RCSI Relationship Executive within \*\*\* days of the request (or \*\*\* days if the parenthetical above applies) that First Data believes that it is a New Production Service. If First Data does not notify the

RCSI Relationship Executive that First Data considers such a New Production Service within the requisite period then \*\*\*. For any proposed or contemplated service that is within the general scope of the Production Services, if First Data and RCSI are unable to agree on whether such item is a New Production Service or what charges and other terms and conditions should be applicable thereto, \*\*\*, subject to the resolution of any such dispute in accordance with the provisions of this Agreement. Once the Parties have agreed on the charges and other terms and conditions any charges shall be \*\*\*. Until the matter is resolved \*\*\*. In accordance with processes to be mutually agreed upon, RCSI shall use commercially reasonable efforts to identify and notify First Data on or before RCSI independently begins to use an available service offering that RCSI reasonably believes First Data may consider a New Production Service (it being understood that RCSI shall not be responsible if such processes do not identify changes to RCSI's usage in order for RCSI to provide notification).

(c) Unless otherwise agreed to by the Parties, all application development services, application maintenance services, and implementation services therefor undertaken or provided in connection with providing or implementing a New Production Service or RCSI-Initiated System Enhancement shall be governed by the terms of the TSA, including the applicable pricing terms, representations and warranties, and terms of Schedule A thereto; provided, however, that any disputes between the Parties concerning such services and any breach of the terms of this Agreement or the applicable terms of the TSA in connection with such services, including any related liability and limitations thereon, and indemnification obligations of the Parties in connection therewith, shall be governed by the terms of this Agreement.

(d) During the Term, if First Data initiates a program with one or more customer(s) to review, modify, test or enhance any New Production Services which First Data intends to offer generally to its customers, then First Data shall allow RCSI the opportunity to participate in such program (the "Pilot Program"). If RCSI desires to use the New Production Service, RCSI shall be charged for such New Production Service in accordance with Section 3.7(a). During the Term, if First Data offers generally to its customers any New Production Service without the establishment of a Pilot Program, then no later than the time that First Data first notifies its other customers of such New Production Service First Data shall notify RCSI.

(e) Except as provided above, First Data will not perform any additional functions that would constitute New Production Services without first informing RCSI and receiving RCSI's written authorization to proceed. If First Data performs the additional functions without RCSI's prior written authorization, such functions will be \*\*\*.

### **3.8 System Enhancements.**

(a) First Data shall not \*\*\* of the Production Services to RCSI as a result of First Data's unilateral implementation of any System Enhancements.

(b) First Data may charge RCSI or revise Exhibit C pricing only pursuant to a written agreement with RCSI (and not on a unilateral basis) for any System Enhancements requested by RCSI ("RCSI-Initiated System Enhancements") \*\*\*.

#### 4. TERM

##### 4.1 Initial Term.

The term of this Agreement (the “Term”) shall begin on the Effective Date and shall extend for five (5) Production Years (the “Initial Term”) unless terminated earlier or extended in accordance with this Agreement. “Production Year 1” of the Term shall commence on the Effective Date and shall continue through the last day of the twelfth (12<sup>th</sup>) consecutive month thereafter. A “Production Year” means each of Production Year 1 and each twelve (12) month period thereafter (beginning on the first anniversary of the first day of Production Year 1).

##### 4.2 Extension.

Upon at least (6) months’ written notice prior the expiration of the Initial Term or any Renewal Term, RCSI may extend the Term for additional renewal terms of up to two (2) years on the terms in force at the time of such extension (a “Renewal Term”). RCSI has the option for three (3) such Renewal Terms, for a maximum extension beyond the Initial Term of six (6) years.

#### 5. FIRST DATA PERSONNEL

##### 5.1 Key First Data Positions.

(a) “Key First Data Positions” are listed in Schedule D hereto. First Data shall cause each of the personnel filling the Key First Data Positions (other than the First Data Contract Administrator) to devote his or her full time and effort to the provision of the Production Services (or jointly with the Services under the TSA)(unless indicated in Schedule D that the position is not full time on RCSI’s account).

(i) RCSI may from time to time change the positions designated as Key First Data Positions under this Agreement, provided that without First Data’s consent, the number of Key First Data Positions shall not exceed the number specified in Schedule D as of the Effective Date.

(ii) In accordance with Section 5.1(b) below, First Data shall designate an individual to serve as “First Data Contract Administrator”. The First Data Contract Administrator shall (A) serve as the single point of accountability for First Data for the Production Services, (B) have day-to-day authority for undertaking to ensure customer satisfaction, and (C) have a corporate title of Vice President or higher. The First Data Contract Administrator’s compensation shall include significant financial incentives based on RCSI’s satisfaction with (1) the performance of Production Services, (2) First Data’s contribution to RCSI’s achievement of its objectives, as relevant, and (3) retention of applicable First Data Personnel. Such basis for financial incentives shall be in conjunction and consistent with those objectives in equivalent RCSI/RCSI Affiliate and First Data management positions.

(b) Before assigning an individual to a Key First Data Position, whether as an initial assignment or a subsequent assignment, First Data shall notify RCSI of the proposed assignment, shall introduce the individual to appropriate RCSI representatives (and, upon request, provide such representatives with the opportunity to meet with the individual) and shall provide RCSI with a resume and other information about the individual reasonably requested by RCSI. If RCSI in good faith objects to the proposed assignment, the Parties shall attempt to resolve RCSI's concerns on a mutually agreeable basis, including through discussions of the pertinent issues by senior management of the Parties. If the Parties have not been able to resolve RCSI's concerns within ten (10) days of the date RCSI communicated to First Data its objections to the proposed assignment, First Data shall not assign the individual to that position and shall propose to RCSI the assignment of another individual of suitable ability and qualifications. Personnel filling Key First Data Positions may not be transferred or re-assigned until a suitable replacement has been approved by RCSI and the replacement has been successfully transitioned into the Key First Data Position. Further, the timing for any transfer or reassignment of persons filling Key First Data Positions will be closely coordinated with the requirements of ongoing projects and other elements of the Production Services, and no transfer or reassignment will occur at a time that would adversely impact the Production Services in a non-trivial manner.

(c) The personnel approved as of the Effective Date to fill the Key First Data Positions are listed in Schedule D. Subject to promotions, dismissals, resignations and medical leave, such persons will remain in these positions for the period specified in Schedule D.

#### **5.2 Qualifications, Retention and Replacement of First Data Personnel.**

(a) First Data shall assign an adequate number of personnel to perform the Production Services. The personnel First Data assigns to perform the Production Services shall be properly educated, trained and fully qualified for the Production Services they are to perform.

(b) First Data shall, at no additional expense to RCSI, and prior to placing any First Data Personnel on the RCSI account, complete background checks for all such personnel ("Background Checks"), which Background Checks may be (or have been) performed at the initiation of the individual's employment with First Data (or its predecessors). Background Checks shall include verification of work history, verification of the lawful right to work in the United States drug testing (for employees whose employment began after January 1, 2005), and such other background checks as First Data performs with regard to similar employees generally. Background Checks shall also identify felony convictions which bear a reasonable relationship to the position and verify the social security number of such personnel, if applicable to such personnel. The personnel will be asked for educational background data and, with respect to United States resident personnel, at least the last seven (7) years of residence. Subject to applicable Law, First Data Personnel may be tested for drugs and/or alcohol whenever First Data or RCSI has reasonable suspicion that the personnel is under the influence of drugs and/or alcohol in the workplace or has violated the substance abuse policy. Results of

Background Checks and drug testing will remain First Data's confidential information and will not be provided to RCSI, but any negative or questionable background check or drug test of personnel will require First Data to remove or not assign such personnel to providing the Production Services. First Data shall hire all First Data Personnel and other personnel involved in the RCSI account strictly in accordance with all Laws applicable to the hiring and employment of individuals including all equal employment opportunity Laws. First Data agrees not to use any child labor or prison inmates nor shall it contract with any prison system to perform any Production Services under this Agreement.

(c) RCSI and First Data both agree that it is in their best interests to keep the turnover rate of the First Data Personnel performing the Production Services to a reasonably low level. Accordingly, if RCSI believes that First Data's turnover rate may be excessive and so notifies First Data, First Data shall provide data concerning its turnover rate, meet with RCSI to discuss the reasons for, and impact of, the turnover rate and otherwise use its best efforts to keep such turnover rate to a reasonably low level. If appropriate, First Data shall submit to RCSI its proposals for reducing the turnover rate, and the Parties will mutually agree on a program to bring the turnover rate down to an acceptable level. In any event, notwithstanding transfer or turnover of personnel, First Data remains obligated to perform the Production Services without degradation and in accordance with this Agreement.

(d) If RCSI determines in good faith that the continued assignment to the RCSI account of any particular First Data Personnel is not in the best interests of RCSI, then RCSI will give First Data written notice to that effect. After receipt of such notice, First Data shall have a reasonable period of time (not greater than ten (10) days) in which to investigate the matters stated in such notice, discuss its findings with RCSI and resolve any problems with such person. As requested by First Data, senior management of the Parties shall address and discuss the pertinent issues during the referenced time period. If, following this period, RCSI requests replacement of such person, First Data shall promptly replace that person with another person of suitable ability and qualifications.

## **6. PERFORMANCE**

### **6.1 Manner of Performance.**

First Data shall perform the Production Services at least at the same level and with at least the same degree of accuracy, quality, completeness, timeliness, responsiveness and efficiency of the greater of (a) as provided by RCSI and the RCSI Affiliates prior to the Original Effective Date, and (b) as is consistent with the \*\*\* standards which First Data is required to meet for the other customers for whom it provides services substantially similar to the Production Services using similar equipment. Quantitative performance standards and Service Levels for certain of the Production Services are set forth in Schedule B. At all times, First Data's level of performance of the Production Services shall be at least equal to the Service Levels and otherwise not less than commercially reasonable standards satisfied by leading well managed credit card industry operations performing services similar to the Production Services.

**6.2 Place of Performance**

First Data may perform the Production Services at, and deliver the Production Services from, any First Data-operated facility in the United States. Production Services or New Production Services provided from or to locations outside the continental United States or (with respect to Canadian Production Services) Canada may require new service definitions and/or charges to be created by mutual agreement of the Parties in their sole discretion (and corresponding amendment to this Agreement). Schedule E provides a list of the primary First Data facilities from which First Data provides the Production Services as of the Execution Date.

**6.3 Time of Performance**

(a) First Data will perform and complete the Production Services diligently, in a timely manner, and in accordance with any applicable time schedules provided in this Agreement (including in any Change Orders).

(b) First Data will notify RCSI within a commercially reasonable time following First Data becoming aware of any circumstances that may materially impact the timely and successful completion (or delivery) of any Production Service. Without prejudice to any remedies available to RCSI, First Data will use commercially reasonable efforts to avoid or minimize any delays in performance. In such event, First Data will inform RCSI of the steps First Data is taking or will take to do so and the projected actual completion (or delivery) time. If a time period for notice or cure is provided in Schedule A or the Procedures Manual such time period shall control.

**6.4 Performance Improvement**

First Data will perform in a proactive manner, actively identifying ways to improve RCSI's customer experience, efficiency, and cost profile.

**6.5 Compliance with Laws**

(a) First Data is solely responsible for compliance with laws, regulations, ordinances and codes (including identifying and procuring required permits, certificates, approvals and inspections) applicable to First Data as a third party provider of production-related services. If a charge of non-compliance which may have an adverse impact on RCSI occurs, First Data promptly shall notify RCSI of such charge in writing. First Data shall maintain the First Data System so that the First Data System contains functionality enabling RCSI to comply with the Legal Requirements to the extent the Legal Requirements pertain to RCSI and any RCSI activities for which RCSI uses the Production Services.

(b) RCSI is solely responsible for monitoring and interpreting the federal, state and local laws, regulations, ordinances and codes pertaining to equal credit opportunity, truth in lending, fair credit billing, fair credit reporting, fair debt collection practices and general consumer protection (the "Legal Requirements"). RCSI is responsible for selecting the available parameter settings and programming

features and options within the First Data System that apply to RCSI's use of the Production Services in compliance with the Legal Requirements and for determining that such selections are consistent with the Legal Requirements. In making such determinations, RCSI may rely on the descriptions of such settings, features and options provided by First Data. First Data shall review with and explain to RCSI such settings, features and options and shall provide clarification on the operation of such features as requested by RCSI.

(c) Subject to Section 12, each Party shall cooperate in providing information and/or records to the other Party in connection with the examinations, requests or proceedings of its regulatory agencies.

(d) Whenever relevant information is available to First Data, and subject to Section 12, First Data shall share with RCSI information concerning the various compliance practices and interpretive positions taken by its customer base, as well as the understandings which First Data personnel may have with respect to such practices and positions.

(e) Compliance with First Data's obligations set forth above, as they exist as of the Effective Date, is entirely First Data's responsibility and no additional charges may be imposed with respect thereto. The additional cost of compliance with changes may be charged to RCSI except where:

- (i) Such changes are a result of laws directly applicable to First Data because of the business it is in as opposed to because it serves RCSI in particular;
- (ii) Such changes are necessary for RCSI to have the capability described in the last sentence of Section 6.5(a); or
- (iii) First Data makes such additional capabilities available to its other customers without additional charge.

#### **6.6 Compliance with RCSI's Security Requirements.**

First Data represents, warrants and covenants that it is, and at all times during the term of this Agreement will continue to be, in full compliance with the then current PCI Data Security Standards issued by the PCI Security Standards Council and in verification thereof, on an annual basis (and at such other times as RCSI may reasonably request), will furnish RCSI with ongoing certifications, questionnaires or other documentation confirming such compliance. If at any time during the Term hereof, First Data fails to be in full compliance with the then current PCI Data Security Standards RCSI shall have the right to terminate this Agreement subject to the cure period provided in Section 18.1(a). RCSI may require First Data to comply from time to time with RCSI's own data security standards but if such standards are more stringent than (a) then current PCI Data Security Standards, (b) First Data's standards in effect as of the Execution Date and (c) First Data's standards at the time, then First Data may charge RCSI for the incremental cost of complying with such standards provided that before implementing such higher standard First Data notifies RCSI that it will be chargeable to RCSI and offers RCSI the opportunity to withdraw its request.

### **6.7 Compliance with RCSI Statement of Principles on Human Rights**

First Data agrees, with respect to any of the Production Services that are provided outside of the United States or Canada, to comply with and adhere to GE's Statement of Principles on Human Rights (the "RCSI Requirements for Human Rights") provided in Schedule H (Human Rights) hereto. Updates and changes to the RCSI Requirements for Human Rights may be made by RCSI from time to time, and First Data will adhere to the RCSI Requirements for Human Rights as so updated or changed. First Data covenants that, as applicable, it shall be in full compliance with the then current RCSI Requirements for Human Rights (except to the extent they are inconsistent with the terms of this Agreement), and upon request, First Data will confirm such compliance in writing. If at any time during the Term First Data is providing Production Services outside of the United States and Canada and First Data fails to be in full compliance with the then current RCSI Requirements for Human Rights, if the breach is sufficiently egregious RCSI may terminate this Agreement upon written notice to First Data (without opportunity to cure), without penalty or further obligation of any kind.

### **6.8 Compliance with RCSI Integrity Policies**

First Data acknowledges and agrees that it, its agents and subcontractors shall, when performing the Production Services, comply with RCSI's applicable integrity policies governing service providers as generally applicable to the Production Services and personnel of First Data, its Affiliates and subcontractors (including, employees, agents, representatives, internal or external consultants or contractors) performing the Production Services or otherwise receiving or accessing RCSI Confidential Information or systems of RCSI, its Affiliates or their respective contractors. If there is any conflict between the provisions of any such integrity policy and the provisions of this Agreement, the provisions of this Agreement will control and resolve the conflict with respect to the subject matter thereof. First Data will provide a copy of RCSI's integrity policies to all personnel in the Key First Data Positions, have them sign the acknowledgement provided on its back cover, and retain the original signed acknowledgments on file until three (3) years after the expiration or termination of this Agreement. RCSI shall have the right to audit that such acknowledgements are on file with First Data upon notice to First Data. A copy of RCSI's and its Affiliates' current integrity policies as of the Execution Date is attached as Schedule I.

### **6.9 Canadian Requirements**

To the extent the Production Services involve RCSI's Canadian customers, the provisions of Exhibit X-6 shall apply.

## **7. PROJECT AND CONTRACT MANAGEMENT**

### **7.1 First Data - RCSI Contacts.**

In terms of providing daily operational support during the Term, unless otherwise requested by RCSI, the First Data Contract Manager shall directly contact

the RCSI Relationship Executive and his or her designees and representatives. Only RCSI or a designee of RCSI (as identified by RCSI to First Data in writing) will be authorized to make commitments on the part of RCSI with First Data that amend this Agreement or waive compliance.

### **7.2 Steering Committee.**

(a) The Parties shall form a steering committee ("Steering Committee") to provide high-end support and coordination in the relationship between First Data and RCSI. This support may include high-level discussions regarding policies, procedures, guiding principles of the relationship, issues associated with First Data's execution of the Production Services, allocation of resources, support and understanding of RCSI's strategic direction and review of RCSI priorities. The Steering Committee shall also serve in an advisory role. The Steering Committee and the actions it takes shall in no way diminish the rights and authority provided to RCSI in this Agreement. The RCSI Relationship Executive shall retain the right to review and reverse the decisions of the Steering Committee.

(b) The Steering Committee shall be comprised of at least four (4) individuals: two (2) appointed by RCSI and two (2) appointed by First Data. The Parties may, upon their mutual consent, add additional persons to the Steering Committee.

### **7.3 Reports and Meetings.**

(a) Reports. At a minimum, First Data shall issue the same combination of performance, utilization and status reports regarding the Production Services at the same frequency as prior to the Effective Date.

(i) First Data will provide:

(A) the reports included in Schedule G at the frequency indicated therein;

(B) up to \*\*\* hours of report development to provide reports in addition to those listed in Schedule G during the Initial Term with an \*\*\* per year of each Renewal Term (such hours to be increased by \*\*\* hours for each new portfolio brought into scope, up to an aggregate addition of \*\*\* hours). Upon completion of contractual allotted hours the Parties will mutually agree upon on any changes of type and frequency of reports going forward; and

(C) one (1) full time employee ("FTE") to perform ad hoc reporting functions in addition to the functions listed in this Section 7.3(a) above.

(ii) The type and frequency of such reports may be changed going forward as the Parties may mutually agree. Additionally, First Data shall issue the performance, financial, utilization and status reports identified in this Agreement, as well as reports reasonably requested by RCSI. Such reports shall be pursuant to the reporting structure jointly developed by the Parties and shall be issued at the frequency reasonably requested by RCSI. First Data shall provide RCSI with suggested formats for such reports, for RCSI's review and approval. The performance, financial, utilization and status reports shall include the following:

(A) First Data shall provide to RCSI a daily performance report which describes First Data's performance of the Production Services, including all relevant Service Level and performance measurements, on the previous day. First Data shall also provide to RCSI on Monday of each week a performance report which describes First Data's performance of the Production Services, including all relevant Service Level and performance measurements, during the week which ended on the Sunday immediately prior to such Monday.

(B) First Data shall provide to RCSI a monthly performance report, which shall be delivered to RCSI by the tenth (10<sup>th</sup>) Working Day after the end of each month, describing First Data's performance of the Production Services in the preceding month (the "Monthly Performance Report"). Such report shall (i) separately address First Data's performance in each area of the Production Services including, as requested by RCSI, by RCSI Customer, lines of business, marketing segment and portfolio; (ii) for each area of the Production Services, assess the degree to which First Data has attained or failed to attain the pertinent objectives in that area, including measurements with respect to the Service Levels; (iii) describe the status of each key project, problem resolution effort, and any other initiative; (iv) explain deviations from the Service Levels and include for each deviation a plan for corrective action; (v) set forth a record of the equipment, software, personnel changes and other changes to the Production Services environment including the First Data System during the reporting period that affect, or could affect, the Production Services and describe the planned changes during the upcoming month that may affect the Production Services; and (vi) include the documentation and other information which RCSI may request to verify compliance with this Agreement. Regarding Internal and External Defects, the Monthly Performance Report shall also contain appropriate details on all (1) Defects and Defectives identified during First Data internal sampling and (2) all External Defects and Defectives that were reported during the previous month. For each External Defect or Defective reported, First Data will fully investigate each incident and will provide the actual number of Defectives that resulted from the incident. Where First Data is not able to provide such specific data to RCSI's reasonable satisfaction, it shall be presumed that the entire batch, run or job involved was defective, and each Transaction Card, Statement and/or Letter counts as a Defective.

(C) First Data shall provide a quarterly and an annual planned activities report, which shall be delivered to RCSI within five (5) Business Days after the end of each RCSI fiscal quarter and fiscal year, respectively, describing the activities to be undertaken by First Data in connection with the Production Services during the then-current fiscal quarter and the three (3) subsequent fiscal quarters (the "Quarterly Plan"), or the then-current fiscal year and the subsequent fiscal year, respectively (the "Annual Plan"). The Quarterly Plan and Annual Plan shall (i) separately describe each material activity to be undertaken by First Data in connection with the Production Services, including on-going and planned projects, the introduction of new systems and software and the

maintenance releases, enhancements, upgrades, patches, new versions and other releases implemented in connection with the First Data Software which could affect the Production Services or First Data's delivery thereof; (ii) explain for each such activity the time budgeted for its completion; and (iii) be accompanied by related documentation which may be reasonably requested in advance by RCSI.

(b) Meetings. At the RCSI Relationship Executive's discretion, the Parties shall hold those meetings which are identified in this Agreement, including Schedule B, and those which are requested by RCSI or First Data. At the request of the RCSI Relationship Executive, First Data shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting and shall incorporate into such agenda items that RCSI desires to discuss. At the request of the RCSI Relationship Executive, First Data shall prepare and circulate minutes promptly after a meeting. The meetings may include the following:

(i) a quarterly management meeting of the Steering Committee to review the Monthly Performance Reports for the quarter, review First Data's overall performance under this Agreement, review the performance of the First Data System, review progress on the resolution of issues, provide a strategic outlook for RCSI in connection with the Production Services, and discuss such other matters as appropriate.

(ii) an annual senior management meeting by senior officers of the Parties to review relevant contract and performance issues, including (a) overall Service Levels performance, (b) quality improvement, (c) RCSI Customer satisfaction and (d) disaster recovery.

(iii) as requested by RCSI, meetings between RCSI key customers and First Data.

(iv) a bi-annual review between First Data's parent company's Chief Executive Officer (currently Michael Capellas) RCSI's parent company's Chief Executive Officer (currently Mark Begor).

(v) quarterly reviews of First Data's parent company's financial status with First Data Resource's Chief Financial Officer (currently Heath Sampson) and GE Consumer Finance's Chief Financial Officer (currently Brian Wenzel), along with, if requested by RCSI, financial officers of one or more RCSI program clients.

(vi) monthly meetings between the appropriate representatives from RCSI and First Data after receipt of the Monthly Performance Report to review the Defects and Defectives and agree upon appropriate Service Level Credits for the month.

(vii) on request by the RCSI Relationship Executive, First Data shall participate in a "Strategic Account Meeting" with the RCSI Service Interface Team (and any Affiliate that elects to attend) to discuss each Party's plans and objectives for the next six (6) months, including (i) business direction and technology, (ii) resource management, (iii) capacity planning, (iv) quality improvement and (v) RCSI Customer satisfaction. First Data shall provide agreed upon data, which shall include Dashboards and other detailed reports to facilitate these meetings; and

(viii) on request by the RCSI Relationship Executive, First Data shall participate in a "Service Review Call" with the RCSI Service Interface Team to discuss matters related to the performance of the Production Services by First Data, including (A) compliance with the Service Levels, (B) reporting, (C) scheduling and (D) new client implementations.

**7.4 Procedures Manual.**

(a) A procedures manual (the "Procedures Manual") is to be established for the Production Services. First Data shall prepare and deliver a draft of the Procedures Manual to RCSI by the Effective Date. RCSI shall return the draft Procedures Manual to First Data within ninety (90) days of receipt following which the Parties shall collaborate and mutually agree upon which RCSI suggested changes should be incorporated into the initial Procedures Manual.

(b) The Procedures Manual shall describe how First Data will perform and deliver the Production Services under this Agreement, the equipment and software being used, and the documentation (e.g., operations manuals, user guides, specifications) which provide further details of such activities. The Procedures Manual shall describe the activities First Data proposes to undertake in order to provide the Production Services, including those direction, supervision, monitoring, staffing, reporting, planning and oversight activities normally undertaken at facilities that provide services of the type First Data shall provide under this Agreement. The Procedures Manual shall also document certain roles and responsibilities of RCSI and shall include descriptions of quality assurance procedures, First Data's problem management and escalation procedures, and the other standards and procedures of First Data pertinent to RCSI's interaction with First Data in obtaining the Production Services. The Procedures Manual shall also contain the process map for Statement production. The Procedures Manual shall be suitable for use by RCSI to understand the Production Services.

(c) First Data shall periodically update the Procedures Manual to reflect material changes in the operations or procedures described therein. Significant updates of the Procedures Manual shall be provided to RCSI for review and comment. If there is a conflict between the Procedures Manual and this Agreement this Agreement shall control.

**7.5 Change Control Procedure.**

(a) First Data shall comply with the following general requirements:

(i) Prior to using any new software or new equipment to provide the Production Services, First Data shall have verified that the item has been properly installed, is operating in accordance with its specifications, interfaces with RCSI properly, and is performing its intended functions in a reliable manner.

(ii) First Data shall not take an action or make a decision which may have a material effect on RCSI or the RCSI Affiliates or which adversely affects the function or performance of, or decreases the resource efficiency of, the Production Services, including implementing Changes in technology or equipment

and software configuration, without first \*\*\*; provided however, that Changes in the production cycle shall be governed by Section 7.5(a)(iv) below. First Data may make temporary Changes required by an emergency if after making reasonable efforts it has been unable to contact an appropriate RCSI manager to \*\*\*. First Data shall document and promptly report such emergency Changes to the RCSI Relationship Executive. First Data shall, as requested by RCSI, provide support for Changes to the RCSI and RCSI Affiliate systems and procedures, if any, necessitated by Changes in the First Data Software or First Data System.

(iii) First Data shall, as requested by RCSI, support RCSI's testing of Changes to the First Data System and RCSI's testing of its information and processing systems and those of the RCSI Affiliates in connection with Changes which may affect such systems.

(iv) With respect to the addition of material new RCSI Volumes requested by RCSI for (A) existing RCSI Customers resulting from the acquisition of material new business volumes from third parties by such customers (rather than volume growth related to their existing business operations) or (B) persons who become RCSI Customers after the Effective Date into then-existing production cycles (the "Cycle Schedules"; and such Cycle Schedules as modified, adjusted or reloaded to accommodate such new RCSI Volumes shall be referred to as "New Cycle Schedules"), RCSI and First Data shall use commercially reasonable efforts to mutually agree on such New Cycle Schedules, including adding shifts, extending shift hours, the movement of the new RCSI Volumes to other First Data-operated production facilities so long as neither RCSI nor any RCSI Affiliate is prevented, either contractually (under agreements with RCSI Customers or otherwise) or under legal requirements, rules or regulations from approving the performance of the Production Services at, or having the Production Services performed at, other First Data-operated facilities.

(b) The Parties shall adhere to the following requirements regarding the Change Control Procedure:

(i) "Change" means any addition to, modification or removal of any aspect of the Production Services which is reasonably expected by First Data to have a more than insubstantial impact to RCSI or requires changes in one or more interfaces.

(ii) "Change Control Procedure" means the written procedure prepared by First Data under the Original Agreement and approved by RCSI (and updated from time to time) for considering, analyzing, approving and carrying out Changes designed to ensure that only desirable Changes are made and that Changes made by or on behalf of First Data are carried out in a controlled manner with minimal disruption to the Production Services and Service Recipients' business operations.

(c) Exhibit A-4 to this Agreement describes the types of Changes that typically occur between the Parties as well as the types of documentation that typically accompany each Change type.

**7.6 Use of Subcontractors.**

“Subcontracting” means the delegation by First Data of any function(s) constituting a part of the Production Services, and “Subcontractor” means any third party (other than any First Data Majority Owned Affiliates who remain Majority Owned Affiliates) to whom First Data has subcontracted any function(s) constituting a part of the Production Services (including any Affiliate of a Subcontractor or other entity to whom a Subcontractor further subcontracts or otherwise sub-delegates any of its subcontracted duties or obligations). First Data may subcontract the performance of Production Services only in accordance with the following:

(a) First Data may, in the ordinary course of business, utilize third party services or products that are not dedicated to performance of Production Services for RCSI and that are not material to any particular function constituting a part of the Production Services. First Data may also engage individual independent contractors (either directly or through “staffing” companies) to supplement its employee workforce. Such arrangements shall not be deemed Subcontracting for the purposes of this Section. First Data will nevertheless be responsible for such parties.

(b) First Data may not use Subcontractors (including Affiliates of First Data) to perform any material portion of the Production Services without \*\*\*. First Data will be responsible to RCSI for all subcontractor services as if they were performed directly by First Data. RCSI may require First Data to replace any previously approved Subcontractor whose performance, in the reasonable judgment of RCSI, has been unacceptable.

(c) First Data shall have formal written contracts with all Subcontractors (including First Data’s Affiliates) and shall ensure that all confidentiality, regulatory, and similar obligations of First Data are contractually undertaken by each Subcontractor. First Data shall include in its subcontracts as flow-down provisions, provisions substantially similar to Section 5 (First Data Personnel), Section 8 (Audit), Section 12 (Safeguarding of Data; Confidentiality), Section 13.1 (Work Standards), Section 19.7 (Relationship of the Parties) of this Agreement, and any other provisions as necessary for First Data to fulfill its obligations under this Agreement. Even if there is no breach of the underlying obligation, a failure to obtain such obligation shall be a material breach of this Agreement, subject to the cure periods provided herein.

(d) All subcontracts shall be between First Data and the Subcontractor and will provide that the Subcontractor will look solely to First Data and not to RCSI, will waive all rights to make any claim against RCSI. As between RCSI and First Data, First Data shall remain responsible for obligations, services and functions performed by Subcontractors to the same extent as if such obligations, services and functions were performed by First Data employees, and for purposes of this Agreement such work shall be deemed work performed by First Data. First Data shall be RCSI’s sole point of contact regarding the Production Services, including with respect to payment. First Data shall not disclose RCSI Confidential Information to a Subcontractor unless and until such Subcontractor has agreed in writing to protect the confidentiality of such Confidential Information in a manner substantially equivalent to that required of First Data under this Agreement.

(e) First Data’s Subcontractors that have been \*\*\* as of the Effective Date are listed in Schedule F of this Agreement.

**7.7 Quality Assurance and Improvement Programs.**

(a) First Data, as part of its total quality management process, shall provide continuous quality assurance and quality improvement through: (i) the identification and application of proven techniques and tools from other installations within its operations (i.e., "Best Practices") that would benefit RCSI or the RCSI Affiliates either operationally or financially; and (ii) the implementation of concrete programs, practices and measures. Such procedures shall include checkpoint reviews, testing, acceptance and other procedures for RCSI and the RCSI Affiliates to assure the quality of First Data's performance, and shall be included in the Procedures Manual.

(b) First Data will implement the following Six Sigma requirements:

(i) As of the Effective Date, as required by RCSI First Data shall have delivered Level 1, 2, 3, 4 and 5 process flows for all of its processes which affect the Basic Production Services for Statements and Letters, and Level 1, 2 and 3 process flows for all of its processes which affect the Basic Production Services for Embossing.

(ii) As of the Effective Date, First Data shall have implemented SIPOC, FEMA and PCS for each of the foregoing processes.

(iii) First Data shall show continuous improvement in all of its operations relating to or affecting the Production Services and will provide RCSI information sufficient to demonstrate such improvement.

(iv) The Production Services shall contribute toward the financial requirement set forth in Section 9.7(b)(v) of the TSA, which requirement shall be considered to be cumulative between this Agreement and the TSA. If the TSA is terminated or its term expires and this Agreement is still in effect, the amount due under Section 9.7(b)(v) of the TSA shall be deemed to be a separate and continuing obligation of First Data under this Agreement.

(v) As of the Effective Date, all First Data Personnel providing management services on First Data's RCSI account shall have successfully completed RCSI's Six Sigma Green Belt instruction at First Data's expense and a number of First Data management personnel (as mutually agreed to by the Parties) shall complete RCSI's Six Sigma Black Belt instruction.

(vi) A First Data employee has been identified and has been certified as a Master Black Belt.

**7.8 Productivity and Management Tools.**

First Data shall utilize project management tools, including productivity aids and project management systems, as reasonably necessary to perform the Production Services. First Data shall use project management tools in all major projects and employ a regular reporting mechanism to identify project tasks, present current status reports, and identify potential bottlenecks and problems.

**7.9 Restrictive Covenant.**

- (a) First Data agrees that during the Term, it will not \*\*\*
- (b) Nothing in this Section 7.9 shall be construed to prohibit First Data or any First Data Affiliate, and they shall not be restricted from, \*\*\*
- (c) In connection with Sections 7.9(a) and 7.9(b), First Data agrees that it shall \*\*\*

**8. AUDITS****8.1 Audit Rights.**

(a) First Data shall maintain a complete audit trail of financial and non-financial transactions resulting from this Agreement. First Data shall provide to RCSI, its Affiliates, auditors (including internal audit staff and external auditors), inspectors, regulators and other representatives (which representatives may include RCSI Customers) as RCSI may from time to time designate in writing, access at reasonable times to any facility or part of a facility from which either First Data or any of its Subcontractors is providing the Production Services and to data and records relating to the Production Services for the purpose of performing audits and inspections of either First Data or any of its Subcontractors to:

(i) verify the accuracy of charges and invoices, and the inventory of RCSI supplies and other RCSI assets, if any;

(ii) verify the integrity of RCSI Data and examine the systems that receive, process store, support and transmit that data and First Data's compliance with the data privacy, data protection, and confidentiality provisions of this Agreement; and

(iii) examine First Data's performance of the Production Services including, to the extent applicable to the Production Services performed by First Data and to the charges therefor, performing audits: (A) of practices and procedures, (B) of systems, (C) of general controls and security practices and procedures, (D) of disaster recovery and back-up procedures, (E) of the efficiency of First Data in performing the Production Services (but only to the extent affecting charges for, or timing of, Production Services hereunder), (F) as necessary to enable RCSI to meet applicable regulatory requirements, and (G) to verify First Data's compliance with any other provisions of this Agreement.

(b) First Data shall provide to such auditors, inspectors, regulators, and representatives such assistance as they require, including, subject to First Data's reasonable requirements designed to maintain the security of First Data Data, installing and operating audit software. First Data shall cooperate fully with RCSI or its designees in connection with audit functions and with regard to examinations by regulatory authorities. RCSI's auditors and other representatives shall comply with First Data's reasonable security requirements. With respect to RCSI-initiated general audits that are conducted on-site at First Data, RCSI shall give First Data reasonable prior notice of RCSI's intent to audit and the notice shall include a description of the scope of the audit. If there are more than two (2) such RCSI-initiated general audits during any calendar year First Data may charge RCSI for its incremental cost thereof, and the period during which such audits will each be conducted on-site at First Data will not exceed ten (10) days. In the case of an RCSI audit respecting particular identified problems, RCSI will provide such notice, if any, as is appropriate under the circumstances.

**8.2 Audit Follow-up.**

(a) Within fifteen (15) days following RCSI's receipt of a report on the results of an audit or examination, to the extent possible, RCSI or its auditor shall provide First Data with a report of the audit or examination report's findings that pertain to First Data. Following an audit or examination, RCSI may conduct (in the case of an internal audit), or request its external auditors or examiners or regulatory agencies to conduct, an exit conference with First Data to obtain factual concurrence with issues identified in the review. First Data promptly shall notify RCSI if any review or audit conducted by First Data, its Affiliates, or their contractors, agents or representatives (including internal and external auditors or a regulatory agency), reveals that a material failure to perform in accordance with this Agreement has occurred or may occur and shall provide RCSI with a copy of the applicable portions of the audit and shall advise RCSI of the status of remedial efforts being undertaken with respect to such failure or potential failure to perform.

(b) First Data and RCSI shall meet to review each audit report promptly after the issuance thereof and to mutually agree upon the appropriate manner, if any, in which to respond to the changes suggested by the audit report. RCSI and First Data shall develop operating procedures for the sharing of audit and regulatory findings and reports related to First Data's operating practices and procedures produced by auditors or regulators of either Party; provided, however, that the sharing of audit information (i) must relate to an audit relevant and specific to the Production Services provided to RCSI, and (ii) will be subject to First Data's confidentiality obligation to its other customers; and further provided, however, that First Data shall extend every reasonable effort to gain release of its confidentiality obligation to support these audit efforts.

(c) If an audit report indicates that a problem exists, then within ten (10) days following RCSI's receipt of the report, the Parties will meet to review that problem and to agree mutually upon the appropriate manner, if any, in which to address the problem; provided, however, that the foregoing notwithstanding, if any audit or examination identifies a failure by First Data or any First Data Subcontractor to comply with any relevant law, rule, ordinance, code or other obligation in performing the Production Services or to comply with this Agreement, which noncompliance creates the risk that RCSI or any RCSI Affiliate is violating or will be deemed to violate any requirement of law or any contractual obligation, First Data shall, (i) immediately upon the earlier of discovering or being notified of such failure cease and cure such failure, (ii) not more than ten (10) days following the earlier of discovering or being notified of such failure develop a plan for ensuring that such failure does not reoccur, which plan is acceptable to RCSI, and (iii) implement such plan not more than thirty (30) days after the earlier of discovering or being notified of such failure.

(d) If an audit shows that First Data has overcharged RCSI, First Data will be obligated, at RCSI's option, to credit to RCSI's account an amount equal to the amount of the overcharge plus interest at the Default Rate calculated from the date the overcharge was paid by RCSI to First Data, or to pay the amount to RCSI

directly. If an audit shows that First Data overcharged RCSI on any invoice by more than \*\*\* Dollars \*\*\* of the correct amount of the invoice, then First Data will also pay RCSI for the cost of the audit.

### **8.3 Annual Audit.**

First Data will conduct its own audits pertaining to the Production Services consistent with the audit practices of well-managed companies that perform services similar to the Production Services. Each year of the Term, upon RCSI's written request First Data will provide no more often than annually: (i) a Statement of Auditing Standards No. 70, Type II review ("SAS 70")(or the relevant successor statement adopted by the American Institute of Certified Public Accountants) of the facilities from where the Production Services are performed, (ii) written evidence of the Payment Card Industry (PCI) Data Security Standard (DSS) certification, and (iii) the BITS FISAP SIG as a means of demonstrating compliance with the financial institution-service provider industry standard questionnaire. Additionally, or as part of the SAS 70 Type II audit, if necessary for RCSI's compliance with Section 404 of the Sarbanes-Oxley Act of 2002 First Data shall provide the necessary certification to verify that the Production Services are performed in compliance with the provisions of the Sarbanes-Oxley Act of 2002. First Data will provide RCSI with a summary of the results of all First Data audits relating to the Production Services. If a First Data audit indicates an adverse impact to RCSI Data, or to RCSI or other Service Recipients, or any violation of this Agreement, First Data will immediately notify RCSI, providing pertinent details so that RCSI can take steps to avoid or minimize the adverse impacts. First Data will also correct the errors or problems as soon as reasonably possible.

### **8.4 Record Keeping and Record Retention.**

(a) First Data will maintain complete and accurate records of, and supporting documentation for, the amounts billable to and payments made by RCSI under this Agreement. First Data agrees to provide RCSI with documentation and other information with respect to each invoice as may be reasonably requested by RCSI to verify accuracy and compliance with the provisions of this Agreement.

(b) In support of RCSI's Audit rights, First Data will keep and maintain records pertaining to First Data's compliance with the Service Levels, including root cause analyses, and such other operational records pertaining to performance of the Production Services, in each instance as First Data keeps in the ordinary course of its business.

(c) Until (i) no longer required to meet RCSI's records retention policy (as that policy may be adjusted from time to time); or (ii) all pending matters relating to this Agreement (including disputes) are closed; but (iii) no later than the date three (3) years after the date of expiration or termination of this Agreement unless otherwise required by law, First Data will maintain and provide access upon request to the records, documents and other information required to meet RCSI's requirements and audit rights under this Agreement.

**8.5 Scope of Audits.**

Notwithstanding anything to the contrary herein, the various audit rights described in this Agreement shall be limited to items and events occurring up to three (3) years prior to the date of the subject audit, provided, however, that audits requested by or in response to legal proceedings or requests, or to inquiries or directives by governmental or regulatory agencies shall not be subject to such three (3) year limitation period.

**8.6 Confidentiality of Audits**

All Audit results and disclosed records will be treated as First Data Confidential Information (except to the extent they contain RCSI Confidential Information or fall within an exception in Section 12.5(e)) and shall not be used for any purpose except to verify First Data's compliance with its obligations under this Agreement and except that such results and records may be disclosed to regulators in accordance with Section 12.5(e).

**8.7 Financial Reports**

At RCSI's request, First Data will provide to RCSI copies of all publicly-available audited and unaudited financial statements of First Data and its Affiliates.

**9. RCSI RESPONSIBILITIES****9.1 Responsibilities.**

In addition to RCSI's responsibilities as expressly set forth elsewhere in this Agreement, RCSI shall be responsible for the following:

(a) RCSI shall designate one individual from time to time, to whom all First Data communications concerning this Agreement may be addressed (the "RCSI Relationship Executive"). As of the Effective Date the RCSI Relationship Executive is Julie Stansbury.

(b) RCSI shall cooperate with First Data by, among other things, making available, as reasonably requested by First Data, management decisions, information, approvals and acceptances so that First Data may accomplish its obligations and responsibilities hereunder. The RCSI Relationship Executive or his or her designee will be the principal point of contact for obtaining such decisions, information, approvals and acceptances.

**9.2 Savings Clause.**

\*\*\* First Data's nonperformance of its obligations under this Agreement shall be excused if and to the extent (a) such First Data nonperformance results from RCSI's failure to perform its responsibilities set forth in this Agreement or if RCSI fails to perform its obligations (as such obligations are set forth in the Procedures Manual) to transfer or provide to the First Data System data at such frequency as reasonably required to perform First Data's obligations under this Agreement, and (b) First Data provides RCSI with reasonable notice of such non-performance and uses commercially reasonable efforts to perform notwithstanding RCSI's failure to perform (with RCSI reimbursing First Data for its additional out-of-pocket expenses for such efforts).

## 10. CHARGES

### 10.1 General.

All charges for the Production Services are set forth in this Section 10 and in Schedule C hereto. RCSI shall not be required to pay First Data any amounts for the Production Services in addition to those payable to First Data under this Section 10 or Schedule C hereto. For the avoidance of any doubt or confusion, the charges set forth in the TSA for the Services (as defined in the TSA), including any charges relating to print and mail or embossing services or functions, do not apply to the Production Services hereunder.

### 10.2 Pass-Through Expenses.

(a) Pass-Through Expenses are charges to be paid directly by RCSI or by RCSI through First Data. All Pass-Through Expenses are listed in Exhibit C-3 hereto. If the Parties agree that a particular Pass-Through Expense is to be paid by RCSI directly, First Data shall promptly provide RCSI with the original third-party invoice for such expense together with a statement that First Data has reviewed the invoiced charges and made a determination of which charges are proper and valid and should be paid by RCSI. Otherwise, First Data shall act as payment agent for RCSI and shall pay third-party charges comprising the Pass-Through Expense. Prior to making any such payment, however, First Data shall review the invoiced charges to determine whether such charges are proper and valid and should be paid. Upon request and subject to First Data's confidentiality requirements with its suppliers, First Data shall provide RCSI with a reasonable opportunity to review the invoice to confirm First Data's determination. Following such review by First Data and RCSI, First Data shall pay the amounts due and shall invoice RCSI for such charges.

(b) First Data shall use commercially reasonable efforts to \*\*\*. With respect to services or materials paid for on a Pass-Through Expenses basis, RCSI reserves the right to: (i) obtain such services or materials \*\*\*; (ii) \*\*\* for such services or materials; (iii) \*\*\* First Data shall obtain, provided that if First Data demonstrates to RCSI that such designation will have an adverse impact on First Data's ability to meet the Service Levels, such designation shall be \*\*\*; (iv) require First Data \*\*\* share the results thereof with RCSI; and (v) review and approve the Pass-Through Expense for such services or materials \*\*\*.

### 10.3 Incidental Expenses.

First Data acknowledges that, except as may be otherwise provided in this Agreement, expenses that First Data expects to incur in performing the Production Services (including travel and lodging, document reproduction and administrative correspondence shipping, and long-distance telephone) are included in First Data's charges and rates set forth in this Agreement. Accordingly, such First Data expenses are not separately reimbursable by RCSI unless, on a case-by-case basis for unusual expenses, RCSI has agreed in advance and in writing to reimburse First Data for the expense. RCSI acknowledges that it will be responsible for its own incidental expenses (including travel and lodging, document reproduction and administrative correspondence shipping, and long-distance telephone).

**10.4 Taxes.**

The Parties' respective responsibilities for taxes arising under or in connection with this Agreement shall be as follows:

(a) Each Party shall be responsible for any personal property taxes on property it owns or leases, for franchise and privilege taxes on its business, and for taxes based on its net income or gross receipts.

(b) First Data shall be responsible for any sales, use, excise, gross receipts, value-added, services, consumption, and other taxes and duties payable by First Data on any goods or services used or consumed by First Data in providing the Production Services where the tax is imposed on First Data's acquisition or use of such goods or services and the amount of tax is measured by First Data's costs in acquiring such goods or services.

(c) RCSI shall be responsible for any sales, use, excise, gross receipts, value-added, services, consumption, or other tax existing as of the Effective Date that is assessed on the provision of the Production Services as a whole, or on any particular Production Services received by RCSI from First Data. RCSI will be responsible for any sales, use, excise, gross receipts, value-added, services, consumption, or other tax becoming applicable during the Term (or that is increased during the Term) that is assessed on the provision of the Production Services as a whole, or on any particular service received by RCSI from First Data.

(d) Notwithstanding anything to the contrary, the charges to RCSI shall not include any component related to applicable sales taxes regarding (i) plastic materials for Transaction Cards used by First Data in providing the Production Services or (ii) the Production Services (including sorting services and envelope inserting services) provided by First Data so long as applicable resale certificates are provided to First Data by RCSI. However, First Data may include in the charges to RCSI a component to reimburse First Data for any applicable sales tax paid by First Data with respect to Statements and other printed materials used by First Data in providing the Production Services (other than plastic materials for Transaction Cards).

(e) If a sales, use, excise, gross receipts, value-added, services, consumption, or other tax is assessed on the provision of any of the Production Services, the Parties shall work together to segregate the payments under this Agreement into three (3) payment streams:

(i) those for taxable Production Services;

(ii) those in which First Data functions merely as a payment agent for RCSI in receiving goods, supplies, or services (including leasing and licensing arrangements); and

(iii) those for other nontaxable Production Services.

(f) The Parties agree to cooperate with each other to enable each to more accurately determine its own tax liability and to minimize such liability to the extent legally permissible. First Data's invoices shall separately state the amounts of any taxes First Data is collecting from RCSI. The various charges for the Production

Services provided by First Data are set forth in Schedule C. Each Party shall provide and make available to the other any resale or direct pay certificates, information regarding out-of-state or out-of-country sales or use of equipment, materials or Production Services, other exemption certificates, power of attorney or other necessary authorizations or information reasonably requested by the other Party.

(g) First Data shall promptly notify RCSI of, and coordinate with RCSI the response to, any claim for taxes asserted by applicable taxing authorities for which RCSI is responsible hereunder. RCSI shall, at its option and expense (including, if required by a taxing authority, pay such tax, interest or penalty prior to final resolution of the issue) have the right to request (which request shall not be denied, delayed, subject to any conditions, or withheld by First Data) to seek administrative relief, a ruling, judicial review (original or appellate level) or other appropriate review (hereinafter referred to as "Proceeding(s)") (in a manner deemed appropriate by RCSI), as to the applicability of any tax, interest or penalty, or to protest any assessment and participate with First Data in any legal challenge to such assessment, but RCSI shall be liable hereunder for any such amount ultimately determined to be due. Notwithstanding the above, such indemnity is conditioned upon First Data providing RCSI timely notification within ten (10) Business Days of receiving any proposed assessment of any such additional taxes, interest or penalty due, and First Data shall provide RCSI with the necessary authority or powers to provide RCSI with the opportunity to participate in such Proceeding(s) or other appropriate review as to the applicability of any such taxes prior to any assessment of additional taxes; provided, however, that First Data's failure to provide timely notice shall not affect the indemnity hereunder to the extent such failure does not actually prejudice RCSI. First Data shall, when requested by RCSI and at RCSI's expense, cooperate with and/or allow RCSI to participate with First Data in any such Proceeding, protest or legal challenge related to matters for which RCSI is responsible. In any proceeding which involves issues affecting only RCSI or RCSI and other First Data customers, First Data shall make reasonable efforts to sever the issues relating to RCSI from all other issues raised in the Proceeding, so that RCSI may control the portion of the Proceeding relating to RCSI, and First Data may control the portion of the Proceeding relating to those issues that do not relate to RCSI; provided, however, that if First Data is unable to sever the issues in a Proceeding, First Data shall control the Proceeding, but shall give RCSI the right to participate in any Proceeding(s). Notwithstanding the above, RCSI's participation in any Proceeding shall not prohibit or inhibit First Data from concluding or resolving matters related to First Data or First Data's other clients, provided, however, that First Data shall not pay any claimed liability or settle any Proceeding unless RCSI has consented in writing to such payment or settlement (which consent shall not be unreasonably withheld).

(h) RCSI shall be entitled to any tax refunds or rebates granted to the extent such refunds or rebates are of taxes that were paid by RCSI.

**11. INVOICING AND PAYMENT****11.1 Invoicing.**

(a) First Data shall invoice RCSI on a monthly basis in arrears for all amounts due under this Agreement at its address in Utah, with a copy to Manager of Finance of RCSI, 485 Lake Mirror Road, Bldg 700, College Park, Georgia 30349. First Data will provide RCSI with on line access to all necessary information in order for RCSI to validate the charges, and a monthly paper invoice will follow. The invoice shall show details as to charges as reasonably specified by RCSI. First Data shall include the calculations utilized to establish the charges in sufficient detail to enable RCSI to confirm the accuracy of the charges included in the invoice.

(b) To the extent a credit may be due RCSI pursuant to this Agreement, First Data shall provide RCSI with an appropriate credit against amounts then due and owing; if no further payments are due to First Data, First Data shall pay such amounts to RCSI within thirty (30) days.

(c) First Data shall render a single consolidated invoice for each month's charges, showing such details as reasonably specified by RCSI, including as necessary to satisfy RCSI's internal accounting and chargeback requirements (such as service components, projects, locations, and departments). Such invoice shall separately state the amounts of any taxes First Data is collecting from RCSI. The invoice shall state for each item or service charged the clause in Schedule C authorizing First Data to charge for such item or service.

(d) If First Data discovers that an invoice failed to include any amounts which were properly billable to RCSI, First Data will identify those amounts in detail and will explain the reason for the omission at the time of the appropriate invoice. First Data waives, and RCSI shall not be responsible for, any amount that is invoiced later than one hundred and eighty (180) days after RCSI's receipt of the related invoice.

(e) If First Data incorrectly charges RCSI for Monthly Charges or Pass-Through Expenses two times in a twelve (12) month period in an amount in excess of \*\*\* of the aggregate amount of Monthly Charges and Pass-Through Expenses for such months, First Data shall, within thirty (30) days of RCSI's notice to First Data of such fact, \*\*\* in the months for which the invoices containing the incorrect charges are made.

**11.2 Payment Due.**

Subject to the other provisions of this Section 11, invoices provided for under Section 11.1 and properly submitted to RCSI pursuant to this Agreement shall be due and payable by RCSI within \*\*\* days after receipt thereof. Any amount due under this Agreement for which a time for payment is not otherwise specified shall be due and payable within \*\*\* days after receipt of a proper invoice for such amount. RCSI shall pay amounts due from it to First Data electronically.

**11.3 Accountability.**

First Data shall maintain complete and accurate records of, and supporting documentation for, the amounts billable to and payments made by RCSI hereunder,

in accordance with generally accepted accounting principles applied on a consistent basis. First Data agrees to provide RCSI with documentation and other information with respect to each invoice as may be reasonably requested by RCSI to verify accuracy and compliance with the provisions of this Agreement. RCSI and its authorized agents and representatives shall have access to such records for purposes of audit during normal business hours during the Term and during the period for which First Data is required to maintain such records.

#### **11.4 Proration.**

Periodic charges under this Agreement are to be computed on a calendar month basis, and shall be prorated for any partial month.

#### **11.5 Refundable Items.**

(a) Prepaid Amounts. Where RCSI has prepaid for a service or function for which First Data is assuming financial responsibility under this Agreement, First Data shall refund to RCSI, upon either Party identifying the prepayment, that portion of such prepaid expense which is attributable to periods on and after the Effective Date.

(b) Refunds and Credits. If First Data should receive a refund, credit or other rebate for goods or services previously paid for by RCSI, First Data shall promptly notify RCSI of such refund, credit or rebate and shall promptly pay the full amount of such refund, credit or rebate, as the case may be to RCSI. Unless previously paid to RCSI, First Data will reflect any refund, credit or rebate as a reduction of the amounts payable to First Data in the next invoice delivered to RCSI under this Agreement. If no further payments are due to First Data under this Agreement, First Data shall pay such amounts to RCSI within thirty (30) days of RCSI's request therefor.

#### **11.6 Deduction.**

With respect to an amount to be paid by RCSI hereunder, RCSI may deduct from that amount any amount that First Data is obligated to pay or credit to RCSI.

#### **11.7 Disputed Charges.**

Subject to Section 11.6, RCSI shall pay undisputed charges when such payments are due under this Section 11 and Schedule C. RCSI may withhold payment of particular charges that RCSI disputes in good faith. RCSI agrees to notify First Data within one hundred eighty (180) days of and to use best efforts to resolve in a timely manner, any material disputed charges.

## **12. SAFEGUARDING OF DATA; CONFIDENTIALITY**

### **12.1 RCSI Information.**

(a) RCSI Information shall be and remain the property of RCSI. First Data shall not assert any lien or other right against or to RCSI Information. No RCSI Information, or any part thereof, shall be sold, assigned, leased, or otherwise disposed of to third parties by First Data or commercially exploited by or on behalf of First Data, its employees or agents.

(b) Upon any of (i) RCSI's request, (ii) the expiration of this Agreement, or (iii) the termination of this Agreement for any reason (including termination for cause) or, with respect to any particular data, on such earlier date that the same shall be no longer required by First Data in order to render the Production Services hereunder, such RCSI Information (including copies thereof in the possession or under the control of First Data, except as necessary to comply with regulatory requirements applicable to First Data) shall be promptly returned to RCSI by First Data in a form reasonably requested by RCSI or, if RCSI so elects, shall be destroyed.

(c) RCSI Information shall not be utilized by First Data for any purpose other than that of rendering the Production Services under this Agreement.

### **12.2 Safeguarding RCSI Data.**

(a) First Data shall establish and maintain safeguards against the destruction, loss, or alteration of RCSI Data in its possession which are no less rigorous than the most stringent safeguards maintained by First Data for its other customers of services similar to the Production Services. RCSI shall have the right to establish backup security for data and to keep backup data and data files in its possession if it chooses.

(b) Without limiting the generality of Section 12.2(a) above:

(i) First Data Personnel shall not attempt to access, or allow access to, any RCSI Data or RCSI Information which is not required for performance of the Production Services by First Data Personnel. If such access is attained, First Data shall use best efforts to promptly report such incident to RCSI, describe in detail any accessed materials, and return to RCSI any copied or removed materials.

(ii) First Data shall institute industry \*\*\* systems security, backup and disaster recovery measures to guard against the unauthorized access, alteration, destruction or loss of RCSI Data. Such measures shall include the installation of software which: (A) requires all users to enter a user identification number and password prior to gaining access to the information systems; (B) controls and tracks the addition and deletion of users; (C) controls user access to areas and features of the systems; and (D) requires passwords to be changed periodically and under specified circumstances.

(c) First Data will be responsible for the security of all RCSI customized inventory, including plastics, in its possession or under its control.

### **12.3 First Data Information.**

(a) First Data Information shall be and remain the property of First Data. RCSI shall not assert any lien or other right against or to First Data Information. No First Data Information, or any part thereof, shall be sold, assigned, leased, or otherwise disposed of to third parties by RCSI or commercially exploited by or on behalf of RCSI, its employees or agents.

(b) Upon any of (i) the expiration of this Agreement (ii) the termination of this Agreement for any reason (including termination for cause), or (iii) with respect

to any particular data, on such earlier date that the same shall be no longer required by RCSI in order to receive and use the Production Services hereunder, but subject in all cases to the provisions of Section 18.6, such First Data Information (including copies thereof in the possession or under the control of RCSI, except as necessary to comply with regulatory requirements applicable to RCSI) shall be promptly returned to First Data by RCSI in a form reasonably requested by First Data or, if First Data so elects, shall be destroyed.

(c) First Data Information shall not be utilized by RCSI for any purpose other than that of receiving and using the Production Services under this Agreement.

#### **12.4 Safeguarding First Data Data.**

(a) RCSI shall establish and maintain safeguards against the destruction, loss, or alteration of First Data Data in its possession which are no less rigorous than those maintained by RCSI for its own information of a similar nature. First Data shall have the right to establish backup security for data and to keep backup data and data files in its possession if it chooses.

(b) Without limiting the generality of Section 12.4(a) above, RCSI employees shall not attempt to access, or allow access to, any First Data Data or First Data Information which is not required for receiving or using the Production Services. If such access is attained, RCSI shall use best efforts to promptly report such incident to First Data, describe in detail any accessed materials, and return to First Data any copied or removed materials.

#### **12.5 Confidentiality.**

(a) Confidential Information. First Data and RCSI each acknowledge that they may be furnished with, receive, or otherwise have access to information of or concerning the other Party which such Party considers to be confidential, proprietary, a trade secret or otherwise restricted. "Confidential Information" of a Party means any non-public, commercially proprietary or sensitive information (or materials) belonging to, concerning or in the possession or control of the Party or its Affiliates (the "Furnishing Party") that is furnished, disclosed or otherwise made available to the other Party (the "Receiving Party") (or entities or persons acting on the other Party's behalf) in connection with this Agreement and which is either marked or identified in writing as confidential, proprietary, secret or with another designation sufficient to give notice of its sensitive nature, or is of a type that a reasonable person would recognize it to be commercially sensitive. Without limiting the foregoing, the terms and conditions of this Agreement shall be deemed Confidential Information.

(b) RCSI Confidential Information. Without limiting Section 12.5(a), in the case of RCSI, Confidential Information shall include, whether or not designated "Confidential Information", (i) all specifications, designs, documents, correspondence, software, documentation, data and other materials and work products produced by RCSI or its agents or representatives, (ii) all information concerning the operations, affairs and businesses of RCSI (including ideas, marketing plans, business strategies, data and other information that are trade secrets or are competitively sensitive), the financial affairs of RCSI, and the relations

of RCSI with its customers, employees and service providers (including customer lists, customer information, account information, transaction information, and consumer markets); (iii) software provided to First Data by or through RCSI; (iv) information about, regarding or provided by a RCSI customer; and (v) other information or data concerning RCSI and its businesses or customers stored on magnetic media or otherwise or communicated orally, and obtained, received, transmitted, processed, stored, archived or maintained by First Data under this Agreement (collectively, the "RCSI Confidential Information").

(c) First Data Confidential Information. Without limiting Section 12.5(a), in the case of First Data, Confidential Information shall include, whether or not designated "Confidential Information", (i) all User Manuals, specifications, designs, documents, correspondence, software, software documentation, the First Data System, First Data Equipment, and data and other materials and work products owned or produced by First Data in the course of performing the Production Services located therein or thereon (other than software, documentation and other materials which the Parties agree or have agreed is owned by RCSI or an RCSI Affiliate); (ii) all information concerning the operations, affairs and businesses of First Data (including ideas, marketing plans, business strategies, data and other information that are trade secrets or are competitively sensitive), the financial affairs of First Data, and the relations of First Data with its other customers, employees and service providers (including customer lists, customer information, account information and consumer markets); (iii) software provided to RCSI by or through First Data, and (iv) other information or data concerning First Data and its businesses or other customers stored on magnetic media or otherwise or communicated orally, and obtained, received, transmitted, processed, stored, archived, or maintained by First Data under this Agreement (collectively, the "First Data Confidential Information").

(d) Obligations.

(i) Each Party's Confidential Information shall remain the property of that Party except as expressly provided otherwise by the other provisions of this Agreement. RCSI and First Data shall each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own information of a similar nature (but at least a reasonable degree of care); provided that the Parties may disclose such information to an employee, officer, director, agents, representative, external or internal auditors and independent contractors of the Party or of an Affiliate of the Party requiring access to the same in the course of his or her employment or his, her or its engagement. Furthermore, the Parties may disclose such information to entities performing services required hereunder where (A) use of such entity is authorized under this Agreement, (B) such disclosure is necessary or otherwise naturally occurs in that entity's scope of responsibility, and (C) the entity agrees in writing to assume the obligations described in this Section 12.5. Any disclosure to the entities and individuals referenced in this Section 12.5(d) shall be under the terms and conditions as provided herein.

(ii) As requested by a Party during the Term but, in the case of First Data Information, except as required by RCSI and the RCSI Affiliates in order

to receive and use the Production Services, and upon expiration or any termination of this Agreement and completion of the other Party's obligations under this Agreement, such other Party shall return or destroy, as the requesting Party may direct, all material in any medium that contains, refers to, or relates to the requesting Party's Confidential Information. Neither Party shall retain copies of the other Party's Confidential Information (except as may be necessary to comply with regulatory requirements applicable to the retaining Party).

(iii) Each Party shall take reasonable steps to ensure that its employees comply with these confidentiality provisions.

(iv) Neither Party shall alter or remove any identification, copyright or proprietary rights notice which indicates the ownership of any part of the other Party's Confidential Information.

(e) Exclusions. This Section 12.5 shall not apply to any particular information which First Data or RCSI can demonstrate (i) was, at the time of disclosure to it, in the public knowledge; (ii) after disclosure to it, is published or otherwise becomes part of the public knowledge through no fault of the receiving Party; (iii) was received from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further use or disclosure; or (iv) was independently developed by the receiving Party without reference to Confidential Information of the furnishing Party. In addition, a Party shall not be considered to have breached its obligations by disclosing Confidential Information of the other Party as required to satisfy any legal requirement of a competent government body, provided that, immediately upon receiving any such request and to the extent that it may legally do so, such Party advises the other Party promptly and prior to making such disclosure in order that the other Party may interpose an objection to such disclosure, take action to assure confidential handling of the Confidential Information, or take such other action as it deems appropriate to protect the Confidential Information, including that the Furnishing Party may seek a protective order or other appropriate remedy. If a protective order or similar order is not obtained by the date by which the Receiving Party must comply with the request, the Receiving Party may furnish that portion of the Confidential Information that it determines it is legally required to furnish.

(f) Loss of Confidential Information. In the event of any disclosure or loss of, or inability to account for, any Confidential Information of the furnishing Party, the receiving Party shall promptly, at its own expense: (i) notify the furnishing Party in writing; (ii) take such actions as may be necessary or reasonably requested by the furnishing Party to minimize the violation or the damage resulting therefrom; and (iii) cooperate in all reasonable respects with the furnishing Party to minimize the violation and any damage resulting therefrom.

(g) No Implied Rights. Except as otherwise specifically provided in this Agreement, nothing in this Section 12.5 shall be construed as obligating a Party to disclose its Confidential Information to the other Party, or as granting to or conferring on a Party, expressly or implied, any rights or license to the Confidential Information of the other Party.

(h) **Release of Information.** Notwithstanding the foregoing, RCSI agrees that RCSI Confidential Information may be made available to supervisory or regulatory authorities of RCSI or of First Data upon the written request of any of the foregoing; provided, however, upon receipt of the request and prior to making the information available, First Data shall provide notice to RCSI of such request and shall provide RCSI a reasonable period of time in which RCSI may object to such disclosure, including obtaining suitable equitable protection.

#### **12.6 Return or Destruction.**

As requested by the Furnishing Party during the Term, the Receiving Party will return or provide the Furnishing Party a copy of any designated Confidential Information of the Furnishing Party. When Confidential Information of the Furnishing Party is no longer required for the Receiving Party's performance under this Agreement, or in any event upon expiration or termination of this Agreement, the Receiving Party will return all materials in any medium that contain Confidential Information of the Furnishing Party or, at the Furnishing Party's election, destroy them. At the Furnishing Party's request, the Receiving Party will certify in writing that it has returned or destroyed all copies of the Furnishing Party's Confidential Information in the possession or control of the Receiving Party's or any of its Affiliates or contractors.

#### **12.7 Provisions for Data Compliance.**

(a) In addition to and not in limitation of First Data's other obligations of confidentiality and non-disclosure under this Agreement, (i) First Data will implement appropriate administrative, technical, and physical safeguards and other appropriate measures to protect the security, confidentiality and integrity of Non-Public Personal information relating to customers of RCSI and its Affiliates and, to the extent relative to the Gramm-Leach-Bliley Act ("GLB Act"), other RCSI Information received by First Data from RCSI and its Affiliates, all as may be appropriate to meet the objectives of the GLB Act, including its implementing regulations promulgated thereunder and the guidelines issued pursuant to § 501 of the GLB Act, and (ii) First Data shall not use any Non-Public Personal Information relating to RCSI Customers received from RCSI or its Affiliates or obtained as a result of Production Services performed for RCSI ("RCSI Customer Information") except as necessary in the ordinary course of business to perform Production Services hereunder or as authorized in writing by RCSI. First Data will ensure that any such third party to whom RCSI authorizes First Data to transfer or provide access to RCSI Customer Information (other than those to whom RCSI has instructed First Data to transfer or provide access, who should be RCSI's responsibility):

(i) signs a written agreement to restrict its use of RCSI Customer Information to the use specified in the agreement between the First Data and the third party (which use must be in conjunction with First Data's performance of its obligations hereunder);

(ii) agrees to restrict disclosure of Non-Public Personal Information of RCSI and its Affiliates as provided in this Section; and

(iii) agrees to implement and maintain appropriate administrative technical and physical safeguards to protect the security, confidentiality and integrity of all RCSI Customer Information as provided herein.

(b) First Data will be responsible for the acts or omissions of any third party to whom it transfers or provides access to RCSI Customer Information hereunder, other than a third party whom RCSI or its Affiliates has instructed First Data to make such disclosure.

(c) “Non-Public Personal Information” means information as defined in the GLB Act, including (i) an individual’s name, address, e-mail address, IP address, telephone number and/or social security number; (ii) the fact that an individual has a relationship with RCSI or any of its Affiliates; and (iii) an individual’s or RCSI Customer’s account information.

#### **12.8 Security Assessment/Due Diligence.**

First Data shall cooperate with RCSI’s due diligence and security assessment process as it relates to the Production Services. If RCSI finds deficiencies as a result of this assessment process RCSI may advise First Data of its findings and may request changes to First Data’s processes, facilities, systems or procedures which RCSI reasonably believes will remedy the deficiencies. Final remediation actions will be mutually agreed upon by First Data and RCSI.

#### **12.9 Survival.**

The obligations under this Section 12 will survive the expiration or termination of this Agreement.

### **13. REPRESENTATIONS AND WARRANTIES**

#### **13.1 Work Standards.**

Unless expressly addressed in another provision of this Agreement (such as being subject to a specific performance standard), First Data represents and warrants that the Production Services shall be rendered with promptness and diligence and shall be executed in a workman-like manner, in accordance with the practices and high professional standards used in well-managed operations performing services similar to the Production Services. First Data represents and warrants that it shall use adequate numbers of qualified individuals with suitable training, education, experience, and skill to perform the Production Services.

#### **13.2 Maintenance.**

First Data represents and warrants that it shall maintain the First Data System, and the First Data Equipment so that they operate in accordance with their specifications, including (a) maintaining such equipment in good operating condition, subject to normal wear and tear, (b) undertaking repairs and preventive maintenance on such equipment in accordance with the applicable equipment manufacturer’s recommendations, and (c) performing software maintenance in accordance with the applicable documentation, recommendations and specifications.

**13.3 Efficiency and Cost Effectiveness.**

First Data represents and warrants that it shall use efficiently the resources or services necessary to provide the Production Services. First Data represents and warrants that it shall perform the Production Services in a reasonably cost-effective manner consistent with the required level of quality and performance.

**13.4 Technology.**

First Data represents and warrants that it shall provide the Production Services using, consistent with the Change Control Procedure, proven, current technology that will enable RCSI to take advantage of \*\*\*.

**13.5 Non-Infringement.**

First Data represents and warrants that it shall \*\*\*

**13.6 Ownership and Use of Software and Related Materials.**

First Data represents and warrants that \*\*\*

**13.7 Absence of Litigation.**

First Data represents and warrants that there is no claim, or any litigation, proceeding, arbitration, investigation or material controversy pending to which First Data or any of First Data's Affiliates, agents, or representatives is a party, relating to the provision of the services offered by First Data, including the Production Services, or which would have a material adverse effect on First Data's ability to enter into this Agreement and perform its obligations hereunder and, to the best of First Data's knowledge, no such claim, litigation, proceeding, arbitration, investigation, or material controversy has been threatened or is contemplated. First Data shall promptly notify RCSI in writing if it receives written notice of any claim, litigation, proceeding, arbitration, investigation or material controversy to which First Data or any of its Affiliates, representatives or agents is a party, that, if adversely determined, would have a material and adverse effect on RCSI or any of its Affiliates, on any of the Production Services or on First Data's ability to perform any of its obligations under this Agreement.

**13.8 Inducements.**

First Data represents and warrants to RCSI that it has not knowingly violated any applicable laws or regulations or any RCSI policies of which First Data has been given notice regarding the offering of unlawful inducements in connection with this Agreement. If at any time during the Term, RCSI determines that the foregoing warranty is inaccurate, then, in addition to any other rights RCSI may have at law or in equity, RCSI shall have the right to terminate this Agreement for cause without affording First Data an opportunity to cure.

**13.9 Viruses.**

First Data represents and warrants that it will ensure that no Viruses are coded or introduced into the First Data System or into the RCSI or RCSI Affiliate information environments through the First Data System or the Production Services. If (a) a Virus which has adversely affected, or could adversely affect, the Production Services or the RCSI Data in the possession or under the control of First

Data, is found to have been introduced into the First Data System or (b) a Virus has been introduced into the RCSI or RCSI Affiliate information environment through the First Data System or the Production Services, First Data promptly will (i) notify RCSI of the introduction and the extent of any known damage to the RCSI Data, (ii) if the Virus is in the First Data System, eradicate the Virus, repair any damage to the RCSI Data and eliminate any adverse effect on the Production Services resulting from the Virus or the eradication thereof, and (iii) if the Virus has been introduced into the RCSI or RCSI Affiliate information environment through the First Data System or the Production Services, assist RCSI and the RCSI Affiliate in eradicating the Virus and reducing the effects of the Virus and, if the Virus causes a loss of operational efficiency or loss of data, assist RCSI and the RCSI Affiliate to mitigate and restore those losses.

#### **13.10 Disabling Code.**

First Data represents and warrants that, without the prior written consent of RCSI, First Data shall not knowingly insert into the First Data Software any code which would have the effect of disabling or otherwise shutting down all or any portion of the First Data Software or Production Services. First Data further represents and warrants that, with respect to any disabling code that may be part of the First Data Software, First Data shall not invoke such disabling code at any time, including upon expiration or termination of this Agreement for any reason, without RCSI's prior written consent.

#### **13.11 Disclaimer.**

EXCEPT AS PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER EXPRESS WARRANTIES AND THERE ARE NO IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THIS AGREEMENT IS A SERVICE AGREEMENT AND THE PROVISIONS OF ARTICLE II OF THE UNIFORM COMMERCIAL CODE SHALL NOT APPLY TO IT.

### **14. INSURANCE AND RISK OF LOSS**

#### **14.1 Insurance.**

First Data shall during the Term have and maintain in force the following insurance coverages:

(a) Worker's Compensation Insurance, including occupational illness or disease coverage, or other similar social insurance in accordance with the laws of the country, state, or territory exercising jurisdiction over the employee and Employer's Liability Insurance with a minimum limit of \$1,000,000 per occurrence.

(b) Comprehensive General Liability Insurance, including Products, Completed Operations Liability and Personal Injury, Contractual Liability and Broad Form Property Damage Liability coverage for damages to any property with a minimum combined single limit of \$5,000,000 per occurrence. This policy shall be endorsed to name RCSI and its Affiliates as additional insureds.

(c) Electronic Data Processing All Risk Property Insurance on equipment, data, media and valuable papers, including extra expense coverage, with a minimum limit adequate to cover such risks on a replacement costs basis.

(d) Automotive Liability Insurance covering use of all owned, non-owned, and hired automobiles with a minimum combined single limit of \$5,000,000 per occurrence for bodily injury and property damage liability. This policy shall be endorsed to name RCSI and its Affiliates as additional insureds.

(e) Umbrella Liability Insurance with a minimum limit of \*\*\* in excess of the insurance under policies indicated in Sections 14.1(a), 14.1(b), and 14.1(d).

(f) Employee Dishonesty and Computer Fraud coverage for loss arising out of or in connection with any fraudulent or dishonest acts committed by the employees of First Data, acting alone or in collusion with others, including the property and funds of others in their care, custody or control, in a minimum amount of \$10,000,000. This policy shall name RCSI and its Affiliates as loss payees.

(g) Errors and Omissions Liability Insurance covering the liability for financial loss due to error, omission, negligence of employees and machine malfunction in an amount of at least \$10,000,000.

The foregoing insurance coverages shall be primary and non-contributing with respect to any other insurance or self insurance which may be maintained by RCSI. Upon request by RCSI, First Data shall cause its insurers to issue certificates of insurance evidencing that the coverages and policy endorsements required under this Agreement are maintained in force and that not less than thirty (30) days written notice shall be given to RCSI prior to any modification, cancellation or non-renewal of the policies. The insurers selected by First Data shall have an A.M. Best rating of A- or better or, if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. First Data shall assure that its Subcontractors, if any, maintain insurance coverages as specified in this Section 14 or that, if a Subcontractor does not maintain the coverages, each such Subcontractor will be listed as an additional named insured on the related coverage of First Data, as applicable.

#### **14.2 Risk of Loss.**

Each Party shall be responsible for risk of loss of, and damage to, any equipment, software or other materials in its possession or under its control.

### **15. INDEMNITIES**

#### **15.1 Indemnity by First Data.**

First Data agrees to indemnify, defend and hold harmless RCSI and its Affiliates and their respective officers, directors, employees, agents, successors, and assigns, from any and all Losses and threatened Losses arising from, in connection with, or based on allegations of, any of the following:

(a) First Data's breach of any of its duties or obligations under this Agreement;

(b) Any claims of infringement of any patent, trade secret, copyright or other proprietary rights, alleged to have occurred because of systems or other resources provided by First Data to RCSI, or based upon performance of the Production Services by First Data, except to the extent the claim: (i) is caused by RCSI's use of the First Data System outside the intended scope of Production Services; or (ii) directly relates to technical or business specifications and/or designs required by RCSI in connection with System Enhancements or New Production Services initiated by RCSI (but excluding the development and/or execution of same by First Data Personnel required by such specifications and/or designs); and

(c) For errors arising under this Agreement only (i.e., not to include errors arising under the TSA) with respect to mailing Cardholder Statements, amounts incurred by RCSI Customers and paid to the RCSI Customer by RCSI with respect to the cost of financial rewards (such as the face value of coupons, gift cards, certificates redeemed) sent in any second set of mailings the necessity for which was caused by First Data's errors or omissions; provided that with respect to each such incident (i) RCSI shall bear five percent (5%) of the liability above \$500,000 and (ii) First Data's aggregate liability shall be limited to \$1,000,000. In settling RCSI Customer claims RCSI will have a duty to act reasonably to mitigate damages, subject to considerations of RCSI Customer relations and following consultation with First Data. In determining damages, RCSI will be allowed to prove damages by reasonable estimation based upon comparing the situation at hand with applicable prior experiences, but the methodology must be reasonably designed to estimate actual damages (i.e., must be a comparable comparison). The Parties will attempt to agree on the amounts of damages and the methodology for estimating such damages. If the Parties cannot agree on the amount of damages or the methodology for estimation thereof, they may have experts present to an arbitrator in binary arbitration pursuant to Section 17.2 (e.g., the arbitrator must consider the amounts proposed by each Party and then choose only between the Parties' respective positions as to which one is more reasonable and the arbitrator may not choose any other alternative). Liability for damages under this Section 15.1(c) shall not include:

(i) Lost interest or late fees;

(ii) Lost sales by the RCSI Customer;

(iii) Any damages of any type (including the type described in Section 16.2(a)) incurred by any person other than with respect to RCSI's and its Affiliates' liability to the RCSI Customer (and its Affiliates), specifically including RCSI and RCSI's Affiliates (other than with respect to RCSI's and its Affiliates' liability to the RCSI Customer impacted); or

(iv) Any damages not specifically provided in this Section 15.1(c).

The indemnity in this Section 15.1(c) is RCSI's sole remedy for damages related to additional financial rewards issued as a result of First Data mailing errors as provided in this Section 15.1(c).

## **15.2 Indemnity by RCSI.**

RCSI agrees to indemnify, defend and hold harmless First Data and its Affiliates and their respective officers, directors, employees, agents, successors, and assigns, from any and all Losses and threatened Losses arising from, in connection with, or based on allegations of, any of the following:

(a) RCSI's breach of any of its duties or obligations under this Agreement and;

(b) Any claims of infringement of any patent, trade secret, copyright or other proprietary rights, alleged to have occurred because of (i) RCSI's use of the First Data System in a manner outside the intended scope of the Production Services; or (ii) technical or business specifications and/or designs provided by RCSI in connection with System Enhancements or New Production Services initiated by RCSI (but excluding the development and/or execution of same by First Data Personnel required by such specifications and/or designs), except to the extent the claim is caused by First Data's use of the of the systems, software or other resources, or detailed business and technical specifications in combination with other systems not expressly authorized by RCSI.

**15.3 Additional Indemnities.**

Each Party shall indemnify, defend and hold harmless the other Party, and the other Party's Affiliates, and their officers, directors, employees, agents, successors, and assigns, from any and all Losses and threatened Losses arising from, in connection with, or based on allegations of, any of the following: (a) the death or bodily injury of any agent, employee, customer, business invitee, or business visitor or other person caused by the tortious conduct of the indemnitor; (b) the damage, loss or destruction of any real or tangible personal property caused by the tortious conduct of the indemnitor; (c) any claim, demand, charge, action, cause of action, or other proceeding asserted against the indemnitee but resulting from an act or omission of the indemnitor in its capacity as an employer of a person; (d) any claim by any person arising out of his or her employment with the indemnitor, any application for such employment or the termination thereof; and (e) any claim by any person alleging to the effect that such person is jointly employed by the indemnitee as a result of performing any services as an employee or independent contractor of the indemnitor.

**15.4 Infringement.**

If any item used by First Data to provide the Production Services becomes, or in First Data's reasonable opinion is likely to become, the subject of an infringement or misappropriation claim or proceeding, First Data shall, in addition to indemnifying RCSI as provided in this Section 15 and to the other rights RCSI may have under this Agreement, promptly at First Data's expense take the following actions: (a) secure the right to continue using the item or replace or modify the item to make it non-infringing, provided that any such replacement or modification will not degrade the performance or quality of the affected component of the Production Services; or (b) if (a) is not available to First Data, remove the item from the Production Services and equitably adjust First Data's charges to adequately reflect such removal.

**15.5 Indemnification Procedures.**

With respect to third-party claims, the following procedures shall apply:

(a) Notice. Promptly after receipt by any entity or individual entitled to indemnification under Sections 15.1 through 15.3 of notice of the commencement or threatened commencement of any civil, criminal, administrative, or investigative action or proceeding involving a claim in respect of which the indemnitee will seek indemnification pursuant to any such Section, the indemnitee shall notify the indemnitor of such claim in writing. No failure to so notify an indemnitor shall relieve it of its obligations under this Agreement except to the extent that it can demonstrate damages attributable to such failure. Within fifteen (15) days following receipt of written notice from the indemnitee relating to any claim, but no later than ten (10) days before the date on which any response to a complaint or summons is due, the indemnitor shall notify the indemnitee in writing if the indemnitor elects to assume control of the defense and settlement of that claim (a "Notice of Election").

(b) **Procedure Following Notice of Election.** If the indemnitor delivers a Notice of Election relating to any claim within the required notice period, the indemnitor shall be entitled to have sole control over the defense and settlement of such claim; provided that (i) the indemnitee shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim, and (ii) the indemnitor shall obtain the prior written approval of the indemnitee before entering into any settlement of such claim or ceasing to defend against such claim. After the indemnitor has delivered a Notice of Election relating to any claim in accordance with the preceding paragraph, the indemnitor shall not be liable to the indemnitee for any legal expenses incurred by the indemnitee in connection with the defense of that claim. In addition, the indemnitor shall not be required to indemnify the indemnitee for any amount paid or payable by the indemnitee in the settlement of any claim for which the indemnitor has delivered a timely Notice of Election if such amount was agreed to without the written consent of the indemnitor.

(c) **Procedure Where No Notice of Election Is Delivered.** If the indemnitor does not deliver a Notice of Election relating to any claim within the required notice period, the indemnitee shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of the indemnitor. The indemnitor shall promptly reimburse the indemnitee for all such costs and expenses.

#### **15.6 Subrogation.**

If an indemnitor shall be obligated to indemnify an indemnitee pursuant to Sections 15.1 through 15.3, the indemnitor shall, upon payment of such indemnity in full, be subrogated to all rights of the indemnitee with respect to the claims to which such indemnification relates.

### **16. LIABILITY**

#### **16.1 General Intent.**

Subject to the specific provisions of this Section 16, it is the intent of the Parties that each Party shall be liable to the other Party for any actual damages incurred by the non-breaching Party as a result of the breaching Party's failure to perform its obligations in the manner required by this Agreement.

#### **16.2 Liability Limitations.**

(a) Subject to Section 16.2(c), IN NO EVENT, WHETHER IN CONTRACT OR IN TORT (INCLUDING BREACH OF WARRANTY, NEGLIGENCE AND STRICT LIABILITY IN TORT), SHALL A PARTY BE LIABLE FOR INDIRECT OR CONSEQUENTIAL, LOST PROFITS, EXEMPLARY, PUNITIVE OR SPECIAL DAMAGES EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES IN ADVANCE. This Section 16.2(a) shall \*\*\*.

(b) Subject to Section 16.2(c), each Party's total liability to the other for events occurring within a calendar year, whether in contract or in tort (including breach of warranty, negligence and strict liability in tort), shall be limited to an

amount equal to the greater of (i) the aggregate monthly charges incurred by RCSI under this Agreement during the \*\*\* months prior to the month in which the event giving rise to the liability occurred (including, for the avoidance of doubt, any amounts incurred under the Original Agreement) and (ii) \*\*\*; provided, however, to the extent any such liability results from (a) \*\*\*, or (b) \*\*\*, First Data's total liability under the preceding clause shall be the greater of (x) the aggregate Monthly Charges incurred by RCSI under this Agreement during the \*\*\* months prior to the month in which the event giving rise to the liability occurred (including, for the avoidance of doubt, any amounts incurred under the Original Agreement) and (y) \*\*\*. Any liability of First Data under Section 4.6(b) of Schedule B shall be subject to (and count against) the limitations of this Section 16.2(b).

(c) The limitations set forth in Section 16.2(b) shall \*\*\*.

(d) In addition to the limitations provided in Section 16.2(b), First Data's aggregate liability over the Term pursuant to Section 15.1(c) of these Terms and Conditions, Sections 4.6(b) and 4.6(c) of Schedule B and the Special Service Levels shall be limited to \*\*\*. If, at the beginning of any Renewal Term, the then-current Headroom (as hereinafter defined) is less than \*\*\*, the amount of this limitation shall be increased by the amount necessary to make the limitation applicable to such Renewal Term equal to \*\*\*. This limitation may also be reset pursuant to Section 18.4. "Headroom" means amount, if any, by which the then-current limitation on liability under this Section 16.2(d) exceeds the then-current amounts that have been subject to and counted against this limitation.

(e) Each Party shall have a duty to mitigate damages for which the other Party is responsible.

### **16.3 Force Majeure.**

(a) Neither Party shall be liable for any default or delay in the performance of its obligations under this Agreement (i) if and to the extent such default or delay is caused, directly or indirectly, by fire, flood, earthquake, elements of nature or acts of God or any other cause beyond the reasonable control of such Party; and (ii) provided the non-performing Party is without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means (including with respect to First Data by First Data meeting its obligations for performing disaster recovery services as described in this Agreement).

(b) In such event the non-performing Party shall be excused from further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such Party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay. Any Party so delayed in its performance shall immediately notify the Party to whom performance is due by telephone (to be confirmed in writing within two (2) days of the inception of such delay) and describe at a reasonable level of detail the circumstances causing such delay.

(c) If any event under Section 16.3(a) above substantially prevents, hinders, or delays performance of the Production Services necessary for the

performance of RCSI functions reasonably identified by RCSI as critical for more than \*\*\* consecutive days, then at RCSI's option, RCSI may procure such Production Services from an alternate source, and First Data shall be liable for payment for such Production Services from the alternate source for so long as the delay in performance shall continue. If any event under Section 16.3(a) above substantially prevents, hinders, or delays performance of the Production Services necessary for the performance of RCSI functions reasonably identified by RCSI as critical for more than thirty (30) consecutive days, then at RCSI's option, (i) RCSI may terminate any portion of this Agreement so affected and the charges payable hereunder shall be equitably adjusted to reflect those terminated Production Services; or (ii) RCSI may terminate this Agreement without liability to RCSI or First Data as of a date specified by RCSI in a written notice of termination to First Data. First Data shall not have the right to any additional payments from RCSI for costs or expenses incurred by First Data as a result of any force majeure occurrence.

## 17. DISPUTE RESOLUTION

Any dispute between the Parties arising out of or relating to this Agreement, including with respect to the interpretation of any provision of this Agreement and with respect to the performance by First Data or RCSI, shall be resolved as provided in this Section 17.

### 17.1 Informal Dispute Resolution.

Prior to the initiation of formal dispute resolution procedures, the Parties shall first attempt to resolve their dispute informally, as follows:

(a) Upon the written request of a Party, each Party shall appoint a designated representative who does not devote substantially all of his or her time to performance under this Agreement, whose task it will be to meet for the purpose of endeavoring to resolve such dispute.

(i) The designated representatives shall meet as often as the Parties reasonably deem necessary in order to gather and furnish to the other all information with respect to the matter in issue which the Parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and attempt to resolve the dispute without the necessity of any formal proceeding.

(ii) During the course of discussion, all reasonable requests made by one Party to another for non-privileged information, reasonably related to this Agreement, shall be honored in order that each of the Parties may be fully advised of the other's position.

(iii) The specific format for the discussions shall be left to the discretion of the designated representatives.

(b) Formal proceedings for the resolution of a dispute may not be commenced until the earlier of:

(i) the designated representatives concluding in good faith that amicable resolution through continued negotiation of the matter does not appear likely; or

(ii) thirty (30) days after the initial written request to appoint a designated representative pursuant to Section 17.1(a) above (this period shall be deemed to run notwithstanding any claim that the process described in this Section 17.1(a) was not followed or completed).

This Section 17.1 shall not be construed to prevent a Party from instituting, and each Party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, or to preserve a superior position with respect to other creditors, and as provided in Sections 17.3(a) and 18.7 (Equitable Remedies).

### **17.2 Arbitration.**

If the Parties are unable to resolve any dispute as contemplated by Section 17.1 and if such dispute is not subject to Sections 17.3(a) or 18.7 (Equitable Remedies), then such dispute shall be submitted to mandatory and binding arbitration at the election of either Party (the "Disputing Party") pursuant to the following conditions:

(a) Selection of Arbitrator. The Disputing Party shall notify the CPR Institute for Dispute Resolution ("CPR") and the other Party in writing describing in reasonable detail the nature of the dispute ("the Dispute Notice"), and shall request that the CPR furnish a list of five (5) possible arbitrators who shall have substantial experience in the areas of card processing or print and mail and embossing services. Each Party shall have fifteen (15) days to reject two (2) of the proposed arbitrators. If only one individual has not been so rejected, he or she shall serve as arbitrator; if two or more individuals have not been so rejected, the CPR shall select the arbitrator from those individuals.

(b) Conduct of Arbitration. The arbitrator shall allow reasonable discovery to the extent consistent with the purpose of the arbitration. The arbitrator shall have no power or authority to amend or disregard any provision of this Section 17.2 or any other provision of this Agreement (in particular, the arbitrator shall not have the authority to exclude the right of a Party to terminate this Agreement when a Party would otherwise have such right). The arbitration hearing shall be commenced promptly and conducted expeditiously, with each of RCSI and First Data being allocated one-half of the time for the presentation of its case. Unless otherwise agreed by the Parties, an arbitration hearing shall be conducted on consecutive days.

(c) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings as called for by this Section 17.2, such arbitrator shall be replaced by an arbitrator selected from the other four (4) arbitrators originally proposed by the CPR and not rejected by the Parties, if any, or if there are no remaining proposed arbitrators who have not been rejected, by repeating the process of selection described in Section 17.2(a) above. If an arbitrator is replaced pursuant to this Section 17.2(c), then a rehearing shall take place in accordance with the provisions of this Section 17.2.

(d) Findings and Conclusions. The arbitrator rendering judgment upon disputes between Parties as provided in this Section 17.2 shall, after reaching judgment and award, prepare and distribute to the Parties a writing describing the

findings of fact and conclusions of law relevant to such judgment and award and containing an opinion setting forth the reasons for the giving or denial of any award. The award of the arbitrator shall be final and binding on the Parties, and judgment thereon may be entered in a court of competent jurisdiction.

(e) Place of Arbitration Hearings. Unless otherwise agreed by the Parties, arbitration hearings hereunder shall be held in Stamford, Connecticut.

(f) Time of the Essence. The arbitrator is instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against either of the Parties if, upon a showing of good cause, that Party is unreasonably delaying the proceeding. The arbitrator shall render his or her judgment or award within fifteen (15) days following the conclusion of the hearing. Recognizing the express desire of the Parties for an expeditious means of dispute resolution, the arbitrator shall limit or allow the Parties to expand the scope of discovery as may be reasonable under the circumstances.

### **17.3 Litigation**

(a) Immediate Injunctive Relief. The Parties agree that the only circumstances in which disputes between them shall not be subject to the provisions of Sections 17.1 and 17.2 is (i) as provided in Section 17.1 and (b) where a Party makes a good faith determination that a breach of the terms of this Agreement by the other Party is such that a temporary restraining order or other injunctive relief is the only adequate remedy. If a Party files a pleading with a court seeking immediate injunctive relief and this pleading is challenged by the other Party and the injunctive relief sought is not awarded in substantial part, the Party filing the pleading seeking immediate injunctive relief shall pay all of the costs and attorneys' fees of the Party successfully challenging the pleading.

(b) Jurisdiction. The Parties consent to venue in the State of New York and to the non-exclusive jurisdiction of competent State of New York court or federal courts in the Southern District of New York for all litigation which may be brought, subject to the requirement for arbitration hereunder, with respect to the terms of, and the transactions and relationships contemplated by, this Agreement. The Parties further consent to the jurisdiction of any state or federal court with appropriate subject matter jurisdiction located within a district which encompasses assets of a Party against which a judgment has been rendered, either through arbitration or through litigation, for the enforcement of such judgment or award against the assets of such Party.

### **17.4 Continued Performance**

Each Party agrees to continue performing its obligations under this Agreement while any dispute is being resolved except to the extent the issue in dispute precludes performance; provided that a dispute over payment shall not be deemed to preclude performance.

### **17.5 Governing Law**

This Agreement and performance under it shall be governed by and construed in accordance with the laws of the State of New York without regard to its choice of law principles.

**18. TERMINATION****18.1 Termination for Cause.**

(a) If First Data:

(i) commits a material breach of this Agreement, which breach is not cured within thirty (30) days after notice of breach from RCSI to First Data; provided, however, that, unless (A) a different period of time to cure is specified in this Agreement or (B) an extension of time to cure which is contingent upon the exercise by First Data of diligent efforts to cure is not specifically provided, if First Data is making diligent efforts to cure any such breach from the start of the thirty-day (30) cure period, then such cure period shall be extended for an additional period (not to exceed thirty (30) days);

(ii) commits a material breach of this Agreement which is not capable of being cured within thirty (30) days;

(iii) commits numerous breaches of its duties or obligations which collectively constitute a material breach of this Agreement and are not cured within a sixty (60) day period after notice of breach from RCSI to First Data; or

(iv) commits an event which under the terms of Schedule B or Schedule C constitutes a Termination Rights Event and RCSI notifies First Data that it elects to terminate within the period provided in the relevant section therein,

then RCSI may by giving written notice to First Data terminate this Agreement, in whole or in part, as of a date specified in the notice of termination. If RCSI chooses to terminate this Agreement in part, the charges payable under this Agreement will be equitably adjusted to reflect the fact that neither RCSI nor the RCSI Affiliates are receiving the Production Services which have been terminated.

(b) If RCSI:

(i) fails to pay First Data when due undisputed charges under this Agreement totaling at least \*\*\* charges under this Agreement within sixty (60) days of the time specified for such payment and such default remains uncured thirty (30) days after written notice from First Data specifying the nature and extent of such default; or

(ii) materially breaches its obligations under \*\*\* of this Agreement and does not either (A) cure such breach promptly upon notice or (B) if such breach is not curable with commercially reasonable efforts, provide adequate assurances to First Data that RCSI has taken diligent steps to remedy the circumstances that led to such breach;

then First Data may by giving written notice to RCSI terminate this Agreement as of a date specified in the notice of termination (which date shall be not less than twelve (12) months following the date of such notice).

**18.2 Termination Upon Change of Control.**

In the event of a change in Control of First Data where such Control is acquired, directly or indirectly, in a single transaction or series of related transactions with, or all or substantially all of the assets of First Data are acquired by, a Major Competitor of RCSI, or if First Data is merged with or into another entity that is a Major Competitor of RCSI, then RCSI may, in its sole discretion, terminate this Agreement by giving First Data at least ninety (90) days prior written notice and designating a date upon which such termination shall be effective.

**18.3 Termination for Convenience.**

RCSI may terminate this Agreement for convenience and without cause effective during any Renewal Period by giving First Data prior written notice and designating an anticipated service termination date at least six (6) months after the date of such notice.

**18.4 Termination Due To Failure By First Data To Reset Pursuant to Section 16.2(d).**

Within twelve (12) months following any event that would have resulted in a credit to RCSI but which was wholly or partially limited by the application of Section 16.2(d), RCSI may notify First Data in writing that it is electing to terminate this Agreement effective as of a date designated in such notice (but not later than twelve (12) months from the date of the notice). If within twenty (20) days of receipt of RCSI's notice First Data notifies RCSI in writing that First Data elects to thereafter reset the cap described in Section 16.2(d) to an amount equal to \*\*\* multiplied by each full year remaining in the Term of this Agreement (pro-rated monthly if only a portion of the final year remains) (which reset shall not apply to any events that have occurred prior to the date of First Data's notice) then RCSI's notice shall be voided and the amount of the limitation shall be reset to an amount equal \*\*\* multiplied by each full year remaining in the Term of this Agreement (pro-rated monthly if only a portion of the final year remains).

**18.5 Extension of Termination Effective Date.**

RCSI may request First Data to extend the effective date of any termination. If First Data elects to grant such an extension, First Data may implement revised pricing and other necessary terms applicable to the length of and other circumstances surrounding the requested extension.

**18.6 Termination/Expiration Assistance.**

(a) Beginning twelve (12) months prior to expiration of this Agreement or on such earlier date as RCSI may request, or commencing upon any notice of termination or of non-renewal of this Agreement (including notice based upon default by RCSI), First Data shall provide the assistance that RCSI requests, either on its own behalf or on the behalf of any successor provider of services (collectively, "Successor") which may reasonably be required in connection with the transition of the Production Services ("Termination/Expiration Assistance"). "Terminated Services" means any Production Services that First Data will cease to provide as a result of any expiration or termination of this Agreement either in its entirety or with respect to such Production Services. If the Successor is an entity other than

RCSI, RCSI shall obtain from the Successor written assurance that the Successor will maintain the confidentiality of First Data's Confidential Information disclosed or provided to the Successor in the course of receiving such Termination/Expiration Assistance. RCSI shall return all First Data Confidential Information provided to RCSI under this Section 18.6 within thirty (30) days after the transition of Production Services is completed. First Data's Termination/Expiration Assistance shall include and be governed by the following:

(b) General. First Data shall:

(i) Provide a plan (the "Termination/Expiration Assistance Plan") for the transition of requested operations from First Data which plan is subject to approval by RCSI, and the Termination/Expiration Assistance Plan shall include at a minimum:

(A) A detailed description of the plan and exhibit for transferring performance of the Terminated Services to RCSI and/or its Successor;

(B) A detailed description of First Data's responsibilities in support of such transfer of the Terminated Services;

(C) Details of First Data Personnel and other resources to be used in providing Termination/Expiration Assistance, which will include identification of any additional personnel to be used by First Data; and

(D) If the Parties contemplate that First Data Personnel will transfer to RCSI after the notice of termination, procedures addressing the transfer to RCSI and/or its Successor (if applicable) of any such First Data Personnel and other resources to be transferred pursuant to this Section.

(ii) Provide RCSI access to and use of the information of the personnel, third parties and other resources then being used by First Data to provide the Production Services to RCSI.

(iii) Provide RCSI with such information regarding the Production Services as is reasonably prudent or necessary in order for the Successor to assume responsibility for, and continue the performance of, the Production Services in an orderly manner, so as to minimize, as much as possible, disruption in the operations of RCSI.

(c) Pre-Migration Services. First Data shall:

(i) Provide a list of all Equipment, Software and materials used to provide the Production Services and (if applicable) third party services used in providing the Terminated Services.

(ii) Provide to RCSI copies of documentation and other information regarding the Production Services that are required to implement the transition plan, including the Procedures Manual.

(iii) Provide an inventory of telephone numbers being used by First Data in conjunction with performing the Terminated Services.

(iv) Provide assistance to RCSI in notifying third party vendors of the procedures to be followed during the turnover phase.

(v) Assist RCSI in understanding naming conventions.

(vi) Provide to RCSI access to First Data Personnel who were performing the Production Services in order that such personnel may answer the Successor's questions.

(vii) To the extent that First Data and RCSI have established protocols and procedures with respect to how First Data would assist RCSI in the event of an RCSI disaster, train and inform RCSI and Successor of such protocols and procedures related thereto.

(viii) Update and provide documentation used by First Data to provide business continuity services.

(ix) Cooperate with RCSI in the preparation for and conduct of migration testing to ensure the orderly transfer of the Terminated Services; and

(x) Provide to RCSI current and pending project plans and status to enable RCSI to perform services with minimum disruption to RCSI's operation.

(d) Migration Services. First Data shall:

(i) In conjunction with RCSI and/or Successor, conduct the cutover of the Terminated Services and support the commencement of the operations by RCSI and/or Successor; and

(ii) Arrange for additional overlapping business continuity coverage and support to minimize disruption.

(e) Post Migration Services. First Data shall:

(i) Provide additional assistance at RCSI's request to assure continuity of operations relating to or affecting the Production Services. Upon request by RCSI, First Data shall maintain account information on-line for a period of time to be specified by RCSI.

(ii) As requested by RCSI, return to RCSI at RCSI's request, any remaining property of RCSI in First Data's possession, including any remaining reports, data, and other RCSI Information with respect to the Production Services. Alternatively, as required by RCSI, First Data shall destroy such property.

(iii) As requested by RCSI, certify to RCSI in writing that all of RCSI's data and files and all other RCSI Information with respect to the Production Services have been removed from the First Data System, premises and control and returned or destroyed.

(f) Personnel. RCSI or its designee shall be permitted to undertake, without liability to First Data, to hire any First Data employees primarily performing the Services as of the date of notice of termination, or, in the case of expiration, within the six (6) month period (or longer period requested by RCSI) prior to expiration. First Data shall waive any restrictive covenants in any contracts with First Data employees restricting such First Data employees from entering into RCSI's or its designee's employ.

(g) Third Party Services. To the extent necessary to complete the transition and to the extent permitted by First Data's contract with the third party, First Data shall make available or use its best efforts to make available to the extent not permitted by First Data's contract with the third party to Successor or its designee, pursuant to reasonable terms and conditions, any third party services then being utilized by First Data in the performance of the Production Services including services being provided through third party service. First Data will be entitled to retain the right to utilize any such third party services in connection with the performance of services for any other First Data customer.

(h) Survival: Continuity of Services. This Section 18.6 shall survive termination/expiration of this Agreement. For eighteen (18) months following the effective date of termination/expiration under other provisions of this Agreement, First Data shall provide, at RCSI's request, any or all of the Terminated Services being performed by First Data prior to such effective date, including any of the Terminated Services under this Section 18.6. To the extent First Data is to perform Terminated Services under this Section 18.6, the provisions of this Agreement shall be applicable as such provisions would have been applicable to such Services prior to such effective date giving due consideration to the reduction in scope and volumes requested by RCSI. Accordingly, to the extent First Data does not continue to provide a material portion of the Production Services, the remaining services shall be provided at First Data's then standard rates for such services.

#### **18.7 Equitable Remedies.**

First Data acknowledges that, in the event it breaches (or attempts or threatens to breach) its obligation to provide Termination/Expiration Assistance as provided in Section 18.6 or breaches its obligation of confidentiality pursuant to Section 12, RCSI will be irreparably harmed. In such a circumstance, RCSI may proceed directly to court. If a court of competent jurisdiction should find that First Data has breached (or attempted or threatened to breach) its obligation to provide Termination/Expiration Assistance or its obligation of confidentiality, First Data waives its right to request or obtain any additional findings of irreparable injury or other conditions to injunctive relief, it shall not oppose the entry of an appropriate order compelling performance by First Data and restraining it from any further breaches (or attempted or threatened breaches). This Section 18.7 does not in any manner limit the rights of the Parties under Section 17.3(a).

**19. GENERAL****19.1 Binding Nature and Assignment.**

This Agreement shall be binding on the Parties hereto and their respective successors and assigns. Neither Party may, or shall have the power to, assign this Agreement without the prior written consent of the other, except that RCSI may assign its rights and obligations under this Agreement without the approval of First Data to (a) any entity which acquires (i) all or substantially all of the assets of RCSI, or (ii) all or substantially all of the assets of one or more of the business units of RCSI; (b) any RCSI Affiliate; or (c) any successor entity in a merger or acquisition of RCSI; provided, however, that in all such circumstances any permitted successor or assign shall agree in writing to be bound by and assume all of RCSI's rights and obligations hereunder.

**19.2 Entire Agreement; Amendment.**

This Agreement, including any Schedules, Exhibits and addenda referred to herein and attached hereto, each of which is incorporated herein for all purposes, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to the subject matter contained in this Agreement. No change, waiver, or discharge hereof shall be valid unless in writing and signed by an authorized representative of the Party against which such change, waiver, or discharge is sought to be enforced.

**19.3 Notices.**

All notices, requests, demands, and determinations under this Agreement (other than routine operational communications), shall be in writing and shall be deemed duly given (a) when delivered by hand, (b) one (1) day after being given to an express courier with a reliable system for tracking delivery, (c) when sent by confirmed facsimile with a copy sent by another means specified in this Section 19.3, or (d) six (6) days after the day of mailing, when mailed by United States mail, registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

**In the case of RCSI:**

c/o Chief Information Officer  
GE Money Americas  
777 Long Ridge Road  
Stamford, Connecticut 06927

**with a copy to:**

Ricky B.W. Davis, Esq.  
Senior Counsel  
GE Capital Retail Finance &  
Restructuring Operations  
901 Main Avenue  
Norwalk, Connecticut 06851

**In the case of First Data:**

President  
First Data Resources, LLC  
6855 Pine Street  
Omaha, Nebraska 68106

**with a copy to:**

General Counsel  
First Data Resources, LLC  
6855 Pine Street  
Omaha, Nebraska 68106

and, if notice of default or termination, with a copy to:

James L. Alberg, Esq.  
Pillsbury Winthrop Shaw Pittman LLP  
2300 N Street NW  
Washington, DC 20037

Each Party may from time to time change its address or designee for notification purposes by giving the other prior written notice of the new address or designee and the date upon which it will become effective.

**19.4 Counterparts.**

This Agreement may be executed in several counterparts, all of which taken together shall constitute one single agreement between the Parties.

**19.5 Mutual Release of Claims.**

(a) Each Party on its own behalf releases, discharges, and acquits the other Party and its Affiliates from any and all breaches, causes of action and claims, including damages and costs related thereto (whether known or unknown, matured or unmatured, asserted or unasserted) arising out of the Agreement prior to the Execution Date, other than:

- (i) liabilities for taxes;
- (ii) RCSI's obligation to pay invoices for Services rendered in the prior ninety (90) days;
- (iii) breaches of obligations of confidentiality not actually known to the injured Party's senior officers responsible for dealing with the other Party;
- (iv) breaches of obligations which give rise to third party liability, whether known or unknown, and which are subject to the indemnity under Section 16.1(b), Section 16.2(b), or Section 16.3 of this Agreement as it existed prior to the Execution Date; and
- (v) claims for personal injury or property damage which are the subject of insurance coverage requirements.

(b) The exclusive remedy for any breach, cause of action or claim related to any of the foregoing exceptions shall be monetary damages only and no such breaches, causes of action or claims shall serve as the basis for termination of this Agreement, except for breaches of confidentiality which were significant in scope and which are subject to Section 19.5(a)(iii).

**19.6 Headings.**

The section headings and the table of contents used herein are for reference and convenience only and shall not enter into the interpretation hereof.

**19.7 Relationship of the Parties.**

First Data is, and shall at all times be, an independent contractor under this Agreement and not an agent of RCSI. Nothing in this Agreement nor any actions taken by or arrangements entered into between the Parties in accordance with the provisions of this Agreement shall be construed as or deemed to create as to the Parties any partnership or joint venture. First Data shall not have any authority to bind or commit RCSI contractually or otherwise to any obligations whatsoever to third parties.

**19.8 Severability.**

If any provision of this Agreement conflicts with the law under which this Agreement is to be construed or if any such provision is held invalid by an arbitrator or a court with jurisdiction over the Parties, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law. The remainder of this Agreement shall remain in full force and effect.

**19.9 Consents and Approval.**

Except where expressly provided as being in the discretion of a Party, where agreement, approval, acceptance, consent, or similar action by either Party is required under this Agreement, such action shall not be unreasonably delayed or withheld. An approval or consent given by a Party under this Agreement shall not relieve the other Party from responsibility for complying with the requirements of this Agreement, nor shall it be construed as a waiver of any rights under this Agreement, except as and to the extent otherwise expressly provided in such approval or consent.

**19.10 Waiver of Default; Cumulative Remedies.**

(a) A delay or omission by either Party to exercise any right or power under this Agreement shall not be construed to be a waiver thereof. A waiver by either of the Parties of any of the covenants to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant in this Agreement.

(b) Except as otherwise expressly provided in this Agreement, all remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to either Party at law, in equity or otherwise.

**19.11 Survival.**

Any provision of this Agreement which contemplates performance or observance subsequent to any termination or expiration of this Agreement, including those provisions relating to the obligations of First Data in connection with the termination/expiration assistance, shall survive any termination or expiration of this Agreement and continue in full force and effect.

**19.12 Public Disclosures.**

All media releases, public announcements, and public disclosures by either Party relating to this Agreement or the subject matter of this Agreement, including promotional or marketing material, shall be coordinated with and approved by the other Party prior to release.

**19.13 Service Marks.**

First Data agrees that it shall not, without RCSI's prior written consent, use the name, service marks or trademarks of RCSI or of any RCSI Affiliates.

**19.14 Third Party Beneficiaries.**

Except as provided in Section 15 (Indemnification), this Agreement is entered into solely between, and may be enforced only by, RCSI and First Data; and this Agreement shall not be deemed to create any rights in third parties, including suppliers and customers of a Party, or to create any obligations of a Party to any such third parties.

**19.15 Covenant of Good Faith.**

Each Party agrees that, in its respective dealings with the other Party under or in connection with this Agreement, it shall act in good faith.

**19.16 Order of Precedence**

In the event of a conflict between the documents comprising this Agreement as of its Effective Date and the documents comprising a Change Order executed subsequent to the Effective Date, the terms of the Change Order will prevail; *provided, however*, that a Change Order may amend or override the terms and conditions set forth in this Agreement only if (and to the extent that) the Change Order specifically identifies the provision(s) the Parties intend to amend or override and the executed version of the Change Order has been approved by the authorized representatives of both Parties, as evidenced in writing on the executed version of it.

**19.17 Interpretation**

(a) Unless otherwise indicated, section references are to sections of the document in which the reference is contained. References to sections will be deemed to also refer to and include all subsections of the referenced section.

(b) This Agreement will be deemed to have been written by both Parties, each of whom has been represented by counsel, and shall not be construed against either Party on the basis that it drafted it.

(c) Unless the context requires otherwise, (i) "including" (and any of its derivative forms) means including but not limited to, (ii) "may" means has the right, but not the obligation to do something and "may not" means does not have the right to do something, (iii) "will" and "shall" are expressions of command, not merely expressions of future intent or expectation, (iv) "written" or "in writing" is used for emphasis in certain circumstances, but that will not derogate from the general application of the notice requirements set forth as applicable in those and other circumstances, (v) use of the singular imports the plural and vice versa, and (vi) use of a specific gender imports the other gender.

**19.18 Relationship to Original Agreement.**

This Agreement replaces and supersedes the Original Agreement as of the Effective Date, and shall be deemed a continuation thereof. If any provision of this Agreement purports to be effective prior to the Effective Date it shall be deemed an amendment to the Original Agreement until such time as the Effective Date has occurred. Subject to adjustment to such charges provided for herein, all charges provided for under the Original Agreement for Production Services provided prior to the Effective Date shall be due and payable in the ordinary course.

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IN WITNESS WHEREOF, RCSI and First Data have each caused this Agreement to be signed and delivered by its duly authorized officer, all as of the Effective Date.

RETAILER CREDIT SERVICES, INC.

By: /s/ Ralph A. Passarelli  
Name: Ralph A. Passarelli  
Title: Attorney In Fact  
Date: August 19, 2009

FIRST DATA RESOURCES, LLC

By: /s/ W. Gay Rich  
Name: W. Gay Rich  
Title: Senior Vice President  
Date: August 19, 2009

**Schedule A**

**Services**

**FIRST AMENDED AND RESTATED  
PRODUCTION SERVICES AGREEMENT**

**by and between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES, LLC.**

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**SCHEDULE A**  
**PRODUCTION SERVICES**

**1 INTRODUCTION**

**1.1 General Introduction.**

(a) First Data shall provide to RCSI and its Affiliates the Production Services generally described in Section 3 of this Agreement and set forth with more particularity in this Schedule A. First Data shall provide the Production Services so as to comply with the Service Levels, the RCSI Rules and maintain the ISO standards and certifications achieved by RCSI or its Affiliates prior to the Effective Date.

(b) RCSI and its Affiliates operate in a business environment characterized by constant change that directly affects the delivery of the Production Services. First Data shall provide the Production Services described in this Schedule A as they may evolve and change during the Term due to changes in technology and/or changes in RCSI's or its Affiliate's business needs, and as the Production Services may be supplemented and enhanced in accordance with this Agreement.

(c) The Production Services described in this Schedule A are intended to be comprehensive as of the Effective Date, but not necessarily all inclusive. Appropriate implementation details and procedures shall be incorporated into the Procedures Manual in accordance with Section 7.4 of this Agreement.

(d) The Production Services are required for RCSI's business operations in the United States, including its territories.

(e) References to specific resources (e.g., tools, systems) in this Schedule A that are used by First Data in performing the Production Services shall be deemed to include successor or replacement resources.

(f) First Data shall manage and perform the Production Services in a tightly integrated manner (with appropriate consideration given at all times to the impact of change to all Production Services).

**1.2 Definitions.**

(a) General.

(i) "Account" means a unique database record having a negative, positive, or zero balance during the current billing cycle.

(ii) "Active Collateral" means inventory material that has been used in performance of the Production Services within a rolling six (6) month period.

(iii) "Automatic Rush Embossing" means those Transaction Card Packages required to be completed within a twenty-four (24) hour time frame and is covered by billing element 7611. This service is used to redirect or expedite the delivery of the Transaction Card Package. Automatic Rush Embossing requests are entered into the nightly cycle and are mailed the next Business Day.

(iv) "Basic Production Services" means, collectively, Basic Production Services for Statements and Letters and Basic Production Services for Embossing.

(v) "Basic Production Services for Embossing" means those Production Services identified in Section 4.1 herein which are necessary for the production of Transaction Cards and Transaction Card Packages identical in form, content, composition, functionality and quality to those that First Data provided to RCSI during the six (6) months prior to the Effective Date.

(vi) "Basic Production Services for Statements and Letters" means those Production Services identified in Section 3.1 herein which are necessary for the production of Statements, Statement Packages and Letters identical in form, content, length, composition, functionality and quality to those that First Data produced for RCSI during the six (6) months prior to the Effective Date.

(vii) "Basic Bundled SCS Statement Services" has the meaning provided in Section 3.2(d).

(viii) "Card Carrier" shall refer to the printed document to which the Transaction Cards will be matched prior to mailing. The standard size Card Carrier as of the Effective Date is 8 1/2" x 11".

(ix) "Cardholder" means an individual or entity who or that has an Account with an RCSI Customer, RCSI or RCSI's Affiliates.

(x) "Check" means any check, draft or item processed requiring MICR or required under the terms of the TSA to be processed by First Data.

(xi) "Chip Personalization Services", means the loading of RCSI data in a manner pursuant to RCSI Chip Personalization Parameters and other designs, instructions and specifications provided by RCSI, on devices (such as a card, fob, cell phone cover or other similar device).

(xii) "Commingle" shall mean the mixing of outgoing Transaction Card mailings with other Statement or Letter mailings between RCSI and other First Data customers. This method is used to spread the consolidation of cards, as a fraud deterrent and to qualify for USPS zip sort credits.

(xiii) "Correspondence DirectorSM Services" means certain document formatting and composition services made available in connection with the SCS Services suite of products.

(xiv) "Cryptography Services" have the meaning set forth in Section 4.3.

(xv) "Digital Card" means those First Data Production Services covered by billing elements 7795, 7700, 7796, and 7797 which provide the ability to affix a digitized image on a plastic Transaction Card.

(xvi) "Electronic Statement" shall mean a Statement that has been composed, presented or delivered in an electronic format using the eMessenger Services.

(xvii) "eMessengerSM Services" means certain electronic document delivery services and document availability alerting services.

(xviii) "First Data DecisionQuest® Services" means certain customized, communications-related account record decisioning services.

(xix) "Form Type" means the actual paper/form stock upon which First Data prints the Statement, Letter, or Other Correspondence. Form Types include both (a) generic white forms; and (b) preprinted forms.

(xx) "Hand Emboss Services" means those First Data services covered by billing elements 7747 (as described in Schedule C) which provide the ability to accept information, via the FDR-246 and FDR-246 V Hand Emboss Request Form and create a Transaction Card manually on a stand-alone embossing machine.

(xxi) "Inactive Collateral" means inventory material that has not been used in performance of the Production Services within a rolling six (6) month period.

(xxii) "IntelliColorSM Services" means certain document color printing, MICR printing, selective perforation limited to two (2) perforation plates and related services.

(xxiii) "Key Management Services" has the meaning set forth in Section 4.3(b)(iii).

(xxiv) "Letter" means any non-Statement, non-pin mailer printed correspondence which is performed as part of the Print Production Services.

(xxv) "Manual Rush" means First Data's rush servicing of an offline RCSI Customer or RCSI request for a Transaction Card. Upon First Data's receipt of the request for a Manual Rush prior to 5:00 p.m. ET on a Working Day, First Data mails or delivers the Manual Rush Transaction Card Package to a courier on the same Working Day of the request by RCSI or the RCSI Customer. In the event that First Data does not receive the request by 5:00 ET p.m. on that Working Day, First Data will mail or deliver the Manual Rush Transaction Card Package to a courier on the next Working Day. A Manual Rush includes manual embossing of the Transaction Card, Card Carrier printing, manual insertion of the required inserts into the Transaction Card Package, and any other services required to prepare the Transaction Card Package for delivery. Manual Rush applies to any Transaction Card production handled separately from the Basic Production Services for Embossing. If RCSI submits a Manual Rush request prior to 10:00 a.m. ET on a Saturday, First Data will process such request on that same day (Saturday). All Saturday Manual Rush requests submitted by RCSI after 10:00 a.m. ET on that Saturday will be processed by First Data on the next Working Day (Monday). The billing element for a Manual Rush is 7609.

(xxvi) “\*\*\* Program” means RCSI’s MasterCard PayPass RFID Program in support of RCSI’s \*\*\* retail client, \*\*\*.

(xxvii) “MICR” means magnetic ink character recognition.

(xxviii) “Other Correspondence” means various non-Statement and non-Letter correspondence and other communications (e.g., promotions, inserts, certificates, Checks, and Coupons) to RCSI, RCSI Customers, Cardholders or Affiliates.

(xxix) “Paper Statement” means a Statement that has been printed on a physical, tangible paper form.

(xxx) “PayPass Plastics Services” are the services provided by First Data in support of RCSI’s MasterCard PayPass RFID program, as defined in Section 4.3. The PayPass Plastics Services provided pursuant to this Agreement shall be limited to the use of Static CVC3 values.

(xxxi) “PayPass Specifications and Related Materials” or collectively “PayPass Specifications” means the specifications provided by MasterCard in connection with the MasterCard PayPass RFID program, as well as any and all related documentation, technical manuals, code and related materials, and any and all future or successor versions or releases thereof.

(xxxii) “PEP” means First Data’s PlastiCard Enterprise Presentation functionality.

(xxxiii) “Photocard Services” means those First Data Production Services covered by billing elements 7664, 7665, 7666, 7667, 7668 and 7669 (as described in Schedule C) which provide the ability to affix a digitized photographic image on a plastic Transaction Card.

(xxxiv) “Plasticard Purging” means each manual removal of a Card Carrier, printed PIN/Post mailer, Transaction Card or Transaction Card Package from the production process prior to its Release into the USPS Mailstream as requested by RCSI. This includes, but is not limited to, pull and destroy, pull and mail to a different address, or pull and mail overnight and is covered by billing element 7615.

(xxxv) “P.O. Returns” means mail returned from the USPS that was undeliverable to the addressee.

(xxxvi) “RCF Portfolio” means RCSI’s Retail Consumer Finance.

(xxxvii) “RCSI Chip Personalization Parameters” mean the parameters and instructions provided by RCSI to First Data.

(xxxviii) “RCSI Rules” means RCSI’s directives, instructions and procedures as they change from time to time. To the extent that a change in the RCSI Rules would qualify as a New Production Service or as an RCSI-Initiated System Enhancement, such changes to RCSI Rules created after the Effective Date are subject to Section 3.7 of this Agreement.

(xxxix) "RCSI System" means the in-house data processing system of RCSI from which First Data will receive Print Production Services and Plastics Production Services transmissions.

(xl) "RFID" means radio frequency identification.

(xli) "RFID Card" means a plastic card which contains an embedded chip (sometimes referred to herein as "PayPass Chip") and uses a contactless chip interface to communicate transactional data with a radio frequency reader.

(xlii) "Replacement Statement" shall mean a printed copy of the original Statement generated during normal Statement cycling.

(xliii) "Reprint" means a Statement, Letter, Other Correspondence, Transaction Card, Card Carrier, or other insert (either individually or at the job level) that has been re-printed after the initial print run due to damage (or other issue) caused during the initial Statement printing process within First Data.

(xliv) "Rerun" means any Paper Statements, Electronic Statement, Letter, Other Correspondence, Transaction Card, Card Carrier or other insert that has been identified as having incorrect data that will be or has been programmatically recomposed.

(xlv) "Same-Day Plastics" means those Transaction Card Packages required to be completed on the same Working Day, so long as First Data receives the Same-Day Plastics request by 3:00 ET p.m. on that Working Day. In the event that First Data does not receive the Same-Day Plastics request by 3:00 p.m. ET on that Working Day, First Data will mail the Same-Day Plastic on the next Working Day. For Same-Day Plastics processed on Saturday, if RCSI submits a Same-Day Plastics request prior to 10:00 a.m. ET, First Data will process such request on that same day (Saturday). All Saturday Same-Day Plastics requests submitted by RCSI after 10:00 a.m. ET on that Saturday will be processed by First Data on the next Working Day (Monday). Billing element 7678 covers this Production Service.

(xlvi) "SCS Services" means the suite of communication related services (the 'Strategic Communications Solutions<sup>SM</sup> (or SCS) Services') composed of the following groups of services: Correspondence Director<sup>SM</sup> Services, IntelliColor<sup>SM</sup> Services, First Data DecisionQuest<sup>®</sup> Services, and eMessenger<sup>SM</sup> Services.

(xlvii) "Set-up" means any form dimensional or perforation dimensional configuration change.

(xlviii) "SF Portfolio" means RCSI's Sales Finance Account portfolio.

(xlix) "Statement Package" means the entire package, inclusive of the printed Statement, inserts, and return and outer envelope.

(l) "Statement Production" means the process of receiving, printing, inserting, zip sorting and Releasing into the USPS Mailstream all Statements and Statement Packages.

(li) "Statements" means the monthly financial, billing and transaction summaries required by RCSI that notify a RCSI Customer or Cardholder or Affiliate of the status of the Account.

(lii) "Support Services" means non-standard Statement Production, Transaction Card Production and/or other activities or processes required to satisfy RCSI requirements or RCSI Customer requirements under this Agreement and are set forth in Section 6 of this Schedule A.

(liii) "Tap Test" means the testing performed by the USPS to verify compliance with USPS requirements.

(liv) "Transaction Card" means the embossed Cardholder plastic card which is used to execute transactions on an Account.

(lv) "Transaction Card Package" means the envelope and its contents which include the Transaction Card(s), Card Carrier and any related inserts.

(lvi) "Transaction Card Production" means the process of producing and processing all Transaction Cards.

(lvii) "WMS" means RCSI's "Warehouse Management System" software as it exists by version, functionality and application.

(b) Capitalized terms used in this Schedule A are defined in the context in which they are used and shall have the meaning herein indicated. Capitalized terms not defined in this Schedule A shall have the meanings set forth in the text of this Agreement, its Schedules or its Exhibits. References to this Agreement shall mean the text of this Agreement and any and all Exhibits, Schedules, Attachments or Addenda thereto, as it may be amended from time to time. Unless otherwise provided to the contrary, any reference herein to a "Section," or "Schedule" shall be deemed to refer to a Section of, or Schedule to, this Schedule A.

### 1.3 Days of Coverage

First Data shall perform the Production Services in accordance with the following:

(a) First Data shall perform the Production Services related to Statements on Production Days (unless otherwise set forth in this Agreement).

(b) Unless otherwise set forth in this Agreement, First Data shall perform the following Production Services on Business Days:

(i) Transaction Card Production Services; and

(ii) All Print Production Services except the Production Services related to Statements.

(c) First Data shall perform the Production Services not set forth in Sections 1.3(a) and 1.3(b) on Working Days unless otherwise mutually agreed by the Parties.

## 2. DATA TRANSMISSIONS

(a) First Data shall provide most of the data used to perform the Production Services. However, during the Term, First Data will accept data transmission and file feeds from the RCSI System, RCSI, RCSI Customers, RCSI Affiliates and other third parties, as applicable, as may be required to provide the Production Services. To the extent the relevant files, feeds or transmissions of RCSI Data originate or are received by First Data from a system other than the First Data System, RCSI shall reasonably cooperate with First Data and coordinate with any RCSI Customers or other third parties as reasonably necessary to enable First Data to perform its respective work, which cooperation shall include:

(i) providing First Data such access to any relevant RCSI and RCSI Affiliate facilities from which such data is transmitted as is reasonably necessary for First Data to perform the relevant Production Services;

(ii) providing access to the RCSI System to the extent reasonably necessary for First Data to perform the Production Services and permitted under any underlying agreements with third parties; and

(iii) providing any other information that a person with reasonable commercial skills and expertise would find reasonably necessary for First Data to perform its work.

(b) First Data shall promptly notify RCSI if an act or omission of a third party or RCSI may cause a problem or delay in providing the Production Services, and RCSI shall use commercially reasonable efforts to work with First Data to prevent or circumvent such problem or delay.

(c) RCSI shall use commercially reasonable efforts to provide First Data with at least thirty (30) days advance notice, or such longer period of advance notice as may be reasonable under the circumstances, of changes to or affecting data transmissions or file feeds to the First Data System.

## 3. PRINT PRODUCTION SERVICES

### 3.1 Basic Production Services for Statements and Letters

Subject to separate billing rules in accordance with the provisions of Schedule C, First Data shall perform the Basic Production Services for Statements and Letters (Billing Element Numbers 0601, 7471, 7801) which are:

(a) First Data shall receive, collect, organize, decipher and present (in tangible written form) print-ready data collected from the First Data System (as defined in the TSA), relevant RCSI systems or an equivalent third party source.

(b) From the data referenced in Section 2 above, First Data shall prepare the Statements, Letters and Other Correspondence in the format required by RCSI Rules (e.g., paper) in quantities and on the schedule as agreed by the Parties and subject to Section 3.5(h). The process for the printing and mailing of Paper Statements under this Section 3.1 is described in Exhibit A-1 to this Agreement. Based on RCSI Rules in each instance, First Data's responsibilities shall include the following:

(i) Subject to the provisions of Schedule C, provide Statements, Statement Packages and Letters in accordance with the following specifications: 6 15/16 x 11 inch form stock, simplex, black and white, 20 or 24 lb paper, 20 or 24 lb envelopes, insert processing, outside envelopes and remittance envelopes for \*\*\* pages.

(ii) Obtain release from RCSI which RCSI will attempt to provide no later than 7:00 am ET prior to Statement, Statement Package, and Other Correspondence release into production of Statements, Statement Packages, and Other Correspondence. Regardless of whether First Data has received release from RCSI in accordance with this Section, First Data may begin the production process as of 7:00 a.m. ET.

(iii) Correct all errors in a timely fashion (which correction shall be at the sole cost of First Data in the event that any error is caused by First Data).

(iv) Print Statements, Letters and Other Correspondence (to the extent Other Correspondence is not supplied by third parties).

(v) Ensure form and Form Type compliance with First Data requirements as they may change from time to time; and

(vi) Subject to Section 3.1(b)(ii), provide RCSI with the opportunity for prior review and approval of Statements, Letters and Other Correspondence prior to Commingling, and subject to the requirements surrounding Holds in this Agreement.

(c) Based on RCSI Rules in each instance (and as required by RCSI) First Data shall perform the functions necessary to insert, sort, zip sort and Release into the USPS Mailstream all Statements, Letters and Other Correspondence. First Data's responsibilities shall include the following:

(i) Review marketing and legal material received from RCSI, RCSI Affiliates or RCSI Customers (or their agents) to determine (in accordance with weight restrictions for mailings and RCSI Rules), whether and when such materials will be included in the applicable Statement, Letters and Other Correspondence mailings. RCSI will abide by the insert specifications provided to RCSI by First Data as of the Effective Date. The Parties will mutually agree to any material changes to the inserts specifications after the Effective Date, and neither Party will unreasonably withhold consent to such changes. First Data will use commercially reasonable efforts to accommodate exceptions to the insert specifications to the extent reasonably possible consistent with the Parties' past practices prior to the Effective Date (including First Data providing feedback to RCSI if the inserts provided are not in compliance with First Data's specifications).

(ii) Trim, burst, fold and insert Statements, Letters and Other Correspondence and other RCSI-approved materials into the correct envelopes in the order and priority required by RCSI Rules.

(iii) Supply and affix the required postage prior to zip sorting those envelopes being delivered to their respective intended recipients by the USPS or other non-USPS mail courier.

(iv) Seal and Release into the USPS Mailstream or release to the other non-USPS mail courier (in compliance with the time frames required by RCSI) envelopes containing Statements, Statement Packages, Letters and Other Correspondence and/or other RCSI-approved material that are to be delivered to their respective intended recipients by the USPS or other non-USPS mail courier.

(v) Confirm to RCSI Release into the USPS Mailstream, or other non-USPS mail carrier, of Statements, Statement Packages, Letters and Other Correspondence and associated materials.

(vi) In the event that any Statement, Statement Package, Letter, or Other Correspondence is returned to First Data by the USPS or any other non-USPS mail courier, First Data shall identify the appropriate Cardholder or RCSI Customer Account, notify RCSI that the Statements, Statement Package, Letters and Other Correspondence have been returned, and comply with RCSI Rules; and

(vii) Provide at least fourteen (14) pocket insert capability to support the \*\*\* Portfolio.

### 3.2 SCS Services

(a) From the data referenced in Section 2 above, First Data shall prepare the Statements, Letters and Other Correspondence for SCS Services in the format required by RCSI Rules (e.g., paper) in quantities and on the schedule agreed by the Parties and subject to Section 3.5(h). The process for the printing and mailing of Paper Statements under this Section 3.2 is described in Exhibit A-1 to this Agreement.

(b) First Data shall in addition to the Basic Production Services for Statements and Letters set forth in Section 3.1 provide to RCSI a suite of certain communication related services (the "SCS Services"). The SCS Services shall be composed of the following groups of services as described below: Correspondence DirectorSM Services, IntelliColorSM Services, First Data DecisionQuest® Services, and eMessengerSM Services and are more fully described below.

(c) As of the Effective Date, First Data has not implemented the SCS Services for all the RCSI Customers and portfolios. First Data will implement the SCS Services in accordance with the timeframe and description set forth in Exhibit A-2.

(d) Attached as Exhibit A-3 is a sample page of a Statement produced as of the Execution Date on the Drop on Demand technology. The sample contained in Exhibit A-3 shall be the quality baseline for the output First Data produces from the Print Production Services after April 1, 2010. The Parties acknowledge that the appearance of any particular Statements, and as applicable Letters, will contain minor variations depending on the image being presented thereon. Except as otherwise provided in this Section, Exhibit A-3 is attached for example purposes only and its inclusion in this Agreement in no way alters

First Data's obligations hereunder. The Parties acknowledge that the attached sample itself may degrade over time, and therefore, upon mutual agreement, the Parties may refresh the sample as necessary.

(e) Certain of the SCS Services have been bundled together for purposes of pricing in accordance with billing element 7814 (the "Basic Bundled SCS Statement and Letter Services"). Subject to separate billing rules in accordance with the provisions of Schedule C, First Data will perform the following Basic Bundled SCS Statement and Letter Services:

(i) First Data will print Statements and Letters using 6 15/16 x14 inch, white, 24lb bond MOCR paper, envelopes in approximately the following distribution: \*\*\* 20 lb, \*\*\* 24 lb, \*\*\* 28 lb envelopes.

(ii) Up to \*\*\* Form Types for Paper Statement Production are included in the Basic Bundled SCS Statement and Letter Services as of the Effective Date. First Data will also provide \*\*\* additional Form Type as part of the Basic Bundled SCS Statement and Letter Services for each new RCSI Customer portfolio added by RCSI after the Effective Date. RCSI and First Data will aspire to retain \*\*\* or less Form Types for Statements. There are no limitations on the number of Form Types for Letters or Other Correspondence. RCSI and First Data will aspire to retain approximately the number of Form Types for Letters as of the Effective Date or to the extent possible reduce the number of Form Types for Letters.

(iii) Duplex print for page one is included.

(iv) Print resolution will be a minimum of 360 x 360 DPI while running at the manufacturer's then current recommended high-speed production speed. The Parties may mutually agree to change the production speed for the Production Services during the Term.

(v) As of April 1, 2010, these services include a four over one, color on front and black on back printing process. Print coverage on the front of the Statement will total 50%. Print coverage on the back will be black 15%. Coverage percentages are calculated based on uniform coverage over a page.

(vi) A single Setup consisting of two (2) perforation plates per page resulting the following perforation options per page: i) no perforations; ii) single perforation 3 1/2" from bottom; iii) two perforations 3 1/2" and 7" from top of page; iv) three perforations two perforations 3 1/2" and 7" from top and one perforation 3 1/2" from bottom of page.

(f) RCSI Portfolios Not on the First Data System (e.g.GECOM/Prox Portfolio/CARMS) SCS Services Requirements

(i) RCSI will send a raw data file containing variable data to First Data for the creation of the Letter production file and Statement file.

(ii) Statements and Letters will be composed by First Data on the Correspondence DirectorSM platform.

(g) SCS Services Proofing and Testing Support

(i) For the RCF Portfolio and the SF Portfolio Prebill and checker files:

(A) First Data will make the prebill file and the checker file available in color for RCSI to approve.

(B) First Data will store such prebill and checker files in AFP for sixty (60) days.

(C) For Rerun files, First Data will make the Rerun checker file available in color for RCSI to approve.

(D) First Data will store such Rerun checker files for sixty (60) days in AFP in accordance with the TSA.

(ii) For SF Portfolio Statements, First Data will send RCSI an electronic copy of the images and logos for RCSI to proof and approve.

(iii) For the RCF Portfolio Statements, First Data will send RCSI a printed color Statement, rendered in a similar color quality as the color printer used in production, for RCSI to approve. RCSI may request to have the RCF Portfolio's image and logo proofs printed on the Business Color Proofer and sent to RCSI to approve. The Business Color Proofer resides in the First Data Image Composition Group and renders a similar color quality output of the image as the color printer.

(iv) The Parties will mutually agree to any changes to the processes set forth in this Section. Proofing requirements other than those set forth in this Agreement or otherwise mutually agreed to will be billable to RCSI at the contractual programming rate as set forth in Schedule C.

(v) Test or production samples developed specifically for RCSI will not be provided to current First Data clients or future prospects of First Data without the prior written approval of RCSI.

(h) Scanning and Overlay Specialists (SOS)

(i) RCSI shall submit all images and logos (black & white and color) to be scanned and given image IDs to First Data in a format compliant with First Data's specification guidelines as of the Effective Date. All changes to First Data's specifications after the Effective Date will be mutually agreed by the Parties.

(j) eMessenger Services

(i) First Data shall perform the eMessenger Services as of the Effective Date in accordance with billing elements 4726, 4730, 4732, 4733, and 4738 as provided in Exhibit C-4 to Schedule C.

(ii) Electronic eMessenger Statement "Soft/Hard Bounce" Process

With respect to Electronic Statements in the event of a Soft or Hard Bounce, the following applies:

(A) In the event of a Soft Bounce, which means that the receiving email server (i.e. Yahoo) returned an error message, which may be due to several things including a server issue or no room in the receiver's "inbox" ("Soft Bounce"), First Data will attempt to deliver messages that have experienced a Soft Bounce in intervals of twelve (12) hours for three (3) attempts. If a message Soft Bounces three (3) times, it is then treated as a Hard Bounce.

(B) A "Hard Bounce" is a message that has (i) experienced a Soft Bounce three (3) times; or (ii) a message that cannot be delivered due to an invalid email address. When a Hard Bounce occurs, First Data sends a letter to the Cardholder that informs the Cardholder that they are being un-enrolled for Electronic Statement delivery.

(C) After a Hard Bounce, First Data then sends the Statement to the next available print cycle for print and mail. Day Zero begins when the Electronic Statement enters the print cycle for production.

### 3.3 Specific Requirements Regarding Letters

(a) First Data will provide full color printing on the front side of the page for Letters printed under the SCS Services.

(b) For Letters on the ABC and Crown platforms, First Data will print logos in color.

(c) First Data will generate Collection Letters and mail them via USPS certified mail via the USPS.

### 3.4 Print Production Services Inventory.

(a) Print Production Services Inventory Management.

(i) As requested by RCSI (and pursuant to RCSI Rules) First Data shall provide inventory management (including secure and proper handling thereof) of Statements, Letters and Other Correspondence and the insert materials, forms and envelopes. "Inventory Management" means First Data receiving materials, performing quality checks of materials, weighing, counting, and tracking materials, and recording the storage location and type of materials.

(ii) As part of its Inventory Management functions, First Data shall inventory all materials sent out and received by First Data.

(iii) First Data will maintain an inventory of all Active Collateral used by First Data during the previous calendar month. First Data will conduct a \*\*\* audit of the Active Collateral inventory within ten (10) Production Days of the expiration of the previous calendar month, and First Data will provide RCSI with a report upon completion of the ten percent (10%) audit.

(iv) \*\*\* Inventory. If First Data exhausts the allotted \*\*\* inserts in the middle of a production cycle, First Data shall complete the remainder of that \*\*\* production cycle without including the exhausted inserts in the \*\*\* Statement Package for that cycle. During the following production cycle(s), in the event that there are excess \*\*\* inserts remaining in the inventory, First Data will exhaust the remaining \*\*\* inserts supply.

(v) First Data shall make available to RCSI on-line inventory management reports for Statements, Letters and Other Correspondence insert materials, forms and envelopes. To the extent reasonably possible First Data shall use available WMS functionality as of the Effective Date to support the on-line inventory.

(b) Print Services Inventory Procurement.

As requested by RCSI (and pursuant to RCSI Rules) First Data shall order and stock materials required for Statement, Letters and Other Correspondence production, including envelopes and paper, so that there is a sufficient supply available at all times to perform the Production Services.

(c) Obsolete Print Services Inventory.

(i) On a rolling six (6) month calendar basis beginning on the Effective Date, First Data shall conduct a complete inventory of any materials that have not been used by First Data during the past six (6) calendar months (“Inactive Collateral”), and First Data will provide RCSI with a report upon completion of the inventory. Test samples, scrap inventory adjustments, or items shipped to RCSI will not be considered a production issuance for determining whether stock is Inactive Collateral.

(ii) First Data shall, at its own expense, dispose of any Inactive Collateral resulting from the routine course of production.

(iii) Once an inventory item has been identified as being Inactive Collateral, First Data will notify RCSI to determine whether the item should be destroyed or shipped to RCSI or an RCSI Customer. RCSI shall respond to First Data within thirty (30) days of the receipt of the notice. First Data must destroy or ship any Inactive Collateral within thirty (30) calendar days of such notification to destroy or ship by RCSI.

### 3.5 Other Print Production Services

(a) Replacement Statements

Upon request by RCSI, First Data will prepare, print and Release into the USPS Mailstream Replacement Statements. Replacement Statements will be printed in black and white. Such Replacement Statements will also be stored as black and white on AFP OnDemand.

(b) Document Archival

Until such time as the Parties execute a statement of work, amendment or other written document addressing new document archival functionality, in accordance with the TSA, First Data will use the AFP OnDemand product and functionality existing as of the Effective Date for document archival purposes under this Agreement.

(c) MICR Usage for Checks, Coupons, and Other Correspondence.

(i) First Data shall perform Magnetic Ink Character Recognition (MICR) printing for Checks, Coupons, and Other Correspondence. IntelliColorSM Services support the use of spot MICR. RCSI and First Data will mutually agree on a signal strength range. More than 8 million MICR items in a month will incur an additional fee at the charge set forth in Schedule C.

(ii) Additionally, First Data currently provides IntelliColorSM unique security features of void pantograph and microprint lines for Checks. This is in addition to Account number verification, amount in words legal amount field, Check digit validation, colored ink, decorative border, document fraud deterrent icon, embedded data and magnetic ink. As additional security technology becomes available for this process, the Parties may, upon mutual written agreement, incorporate such technology into the Production Services.

(d) Reprints.

(i) First Data will communicate the problem potentially necessitating a Reprint to the RCSI Production team, who will determine whether the Statement, Letter or Other correspondence can be Released into the USPS Mailstream.

(ii) If RCSI determines that the Statement, Letters, or Other Correspondence do not conform to the RCSI Rules, the previously printed Statement, Letters and Other Correspondence will be identified, re-spooled, re-printed and mailed.

(iii) First Data will complete a Root Cause Analysis with corrective action taken.

(iv) Color and black and white Statements and MICR color and black and white Statements damaged during the production process will be reprinted no later than with the next day's production work at no additional charge to RCSI.

(v) Color and black and white Statements with no MICR will be reprinted in color or black and white, depending on the original set-up of the Statement. Color and black and white Statements with MICR will be reprinted in black & white MICR toner.

(e) Reruns.

(i) RCSI Rules determine when Statements, Letters and Other Correspondence must be re-run.

(ii) A Rerun scenario may occur both prior to Statements being launched to print or after they are in production.

(iii) With consensus of the First Data and RCSI, First Data will re-schedule all of the necessary work in to the production platform for it to be re-processed, re-printed, inserted and Released into the USPS Mailstream with the earliest possible cycle/mail date.

(iv) First Data will complete a Root Cause Analysis with corrective action taken.

(v) Color Statements and MICR color Statements damaged during the production process will be reprinted no later than with the next day's production work at no additional charge to RCSI.

(vi) Color statements with no MICR will be reprinted in color. Color Statements with MICR will be reprinted in black & white MICR toner.

(f) First Data will work with RCSI to aspire to retain approximately the number of insert strategies as of the Effective Date or to the extent possible reduce the number of insert strategies (excluding inserts provided by third parties).

(g) Convenience Checks. First Data will print and mail convenience Checks as part of the Production Services.

(h) In the event of ad hoc unique special mailings, the Parties will mutually agree on format, quantity and timeframe.

(i) Paper and Envelopes

(i) After First Data converts to the Drop on Demand technology, RCSI may elect to use any paper within the weight range of \*\*\* pounds for Print Production Services, subject to First Data's reasonable review, testing, and acceptance of such testing results (which results shall not be unreasonably rejected by First Data). First Data testing includes testing on all equipment (i.e. print, insertion and zipsorting equipment) and processes potentially affected by any change in paper weight. First Data will perform such testing at no additional charge.

(ii) RCSI may elect to use envelopes weighted at \*\*\* pounds subject to First Data's reasonable review, testing, and acceptance of such testing results (which results shall not be unreasonably rejected by First Data). First Data testing includes testing on all equipment (i.e. print, insertion and zipsorting equipment) and processes potentially affected by any change in envelope type. First Data will perform such testing at no additional charge.

(iii) First Data will use commercially reasonable efforts to accommodate RCSI's requests for changes to paper weight and envelope type during the Term. First Data will allow reasonable access to industry experts and/or consultants to review and test the equipment and processes.

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#### 4. PLASTICS PRODUCTION SERVICES

##### 4.1 Basic Production Services for Embossing

First Data shall perform the Basic Production Services for Embossing (Billing Element Number 7473) which are:

- (a) Transaction Card Production, Insertion and Distribution.

First Data shall:

- (i) Receive and inspect all plastics required in Transaction Card Production.

(ii) Notify suppliers, and obtain replacements or credits for, plastics that do not meet the applicable specifications. Custom materials may be ordered with RCSI's approval pursuant to plastic proof or RCSI may order its own plastics.

(iii) Collect, organize and present (including embossing tapes) the necessary emboss-ready data collected from the First Data System (as defined in the TSA), the RCSI System or an equivalent third party source, including any relevant electronic Transaction Card files from RCSI or RCSI Affiliates and any other files containing information concerning production of the Transaction Cards.

(iv) Accurately and timely emboss Transaction Cards, including adding text, numbers and logos in compliance with RCSI's specifications and approved embossing parameters.

- (v) Accurately and timely encode Transaction Cards.

- (vi) Accurately and timely print required Cardholder information on Card Carriers.

- (vii) Provide design support, including support related to magnetic strip parameters.

(b) Based on RCSI Rules in each instance, First Data shall perform all functions necessary to insert, sort, mail and timely, reliably and accurately deliver to their intended recipients Transaction Card Packages and related materials. First Data's responsibilities shall include the following:

- (i) Print and fold Card Carriers.

- (ii) Data match Transaction Cards and the Card Carriers.

- (iii) Insert and append Transaction Cards onto the corresponding Card Carriers.

(iv) Insert the Card Carriers (and affixed Transaction Cards) and other RCSI-approved materials into the correct envelopes in the order and priority required by RCSI Rules to create the Transaction Card Package.:

(v) Supply and affix the required postage and zip sort for those Transaction Card Packages being delivered to their respective intended recipients by the USPS or other non-USPS mail courier.

(vi) Seal and Release into the USPS Mailstream the Transaction Card Packages and/or other RCSI approved material that are to be delivered to their respective intended recipients by the USPS or other non-USPS mail courier.

(vii) Confirm delivery to the USPS, or other non-USPS mail carrier, of the Transaction Card Packages and associated materials.

(viii) In the event that any Transaction Card Package is returned to First Data by the USPS or any other non-USPS mail courier, First Data shall identify the appropriate Cardholder or RCSI Customer Account, notify RCSI that the Transaction Card Package has been returned, and comply with any other relevant RCSI Rules.

#### **4.2 Other Plastics Production Services**

In addition to the Basic Production Services for Embossing, First Data shall perform the following additional Plastics Production Services:

(a) Accurately and timely include and print the CVV number on the reverse side of the Transaction Card.

(b) Accurately and timely produce replacement, duplicate, and secondary cardholder Transaction Cards charged on a per plastic basis (as and when requested by RCSI) and mail such Transaction Cards to the specified address set forth in the request.

(c) Perform (as requested by RCSI or in the RCSI Rules) services respecting the following: ultragraphic/graphic imaging, card labeling (including activation labels), card mailers, Rush Plastics and Same-Day Plastics, PIN mailers and card pulls.

(d) As applicable per RCSI Rules or as instructed by RCSI, match photo supplied in data files with the single photo upon the Transaction Card.

(e) Perform Mass Re-Issues in accordance with the RCSI Rules. "Mass Re-Issue" means Transaction Card Packages that are force triggered by RCSI and not automatically triggered by the First Data System, the RCSI System or Commingled with daily Transaction Cards, and require a capacity reservation form for production scheduling and a project request for any design changes needed to facilitate the production.

#### **4.3 PayPass Plastics Services for the \*\*\* Program**

(a) In connection with the \*\*\* Program, First Data shall provide RCSI with card personalization, Chip Personalization and other related services (hereinafter referred to as the "PayPass Plastics Services").

(b) First Data will perform the PayPass Plastics Services for the \*\*\* Program, including the following:

(i) Chip Personalization of the RFID Cards pursuant to the RCSI Chip Personalization Parameters, RCSI's designs and instructions, and the PayPass Specifications, which are provided in Exhibit A-5.

(ii) Cryptography Services:

- (A) \*\*\*
- (B) \*\*\*
- (C) \*\*\*

(iii) Key Management Services:

- (A) \*\*\*
- (B) \*\*\*
- (C) \*\*\*
- (D) \*\*\*

(c) Plastic card fulfillment for PayPass Plastics Services shall be provided through First Data’s PEP system, using PEP card carriers.

(d) First Data shall not, in connection with PayPass Plastics Services for the \*\*\* Program, be required to provide Chip Personalization Services for monthly RFID Card volumes in excess of 350,000, unless otherwise mutually agreed upon in writing by the Parties. RCSI shall in any event comply with First Data’s existing capacity reservation processes in connection with its use of the PayPass Plastics Services to the same extent that RCSI is so required to comply with such capacity reservation processes in connection with mag-stripe plastics.

(e) Hand Emboss Services and Photocard Services are not available in connection with the PayPass Plastics Services.

(f) First Data shall be responsible for damage to RFID Cards, solely for volumes in excess of three percent (3%) of the total volume of RFD Cards with respect to which First Data provides PayPass Plastics Services to RCSI hereunder, and solely to the extent such damage occurs while such RFID Cards are in First Data’s possession. Any such damaged RFID Cards shall be shredded by First Data pursuant to the terms set forth in the PSA. In no event shall First Data be responsible for any damage to any RFID Cards following their removal from First Data’s facilities.

**4.4 Transaction Card Natural Re-Issue**

For Natural Reissue Plastic (PLCC and DC portfolios utilizing plastic expiration date logic) production, First Data will perform the following:

(a) On day one (1) of the month prior to the month of the expiration date of a Transaction Card, the mainframe creates an embossing file with all Accounts that “qualify” for reissue.

(b) Qualification is determined by RCSI driven PCF and Rules setting.

(c) At a minimum this file will be segmented into four (4) separate embossing tapes of an equal proportion.

(d) At the beginning of each week, during the month prior to the month of the expiration date of a Transaction Card, these separate embossing tapes will be launched into production.

(e) Each embossing tape will be completely produced and mailed with fifteen (15) calendar days or ten (10) Business Days, whichever is greater, with a commitment that First Data will produce and mail all reissue packages by the last day of the month prior to the month of the expiration date of a Transaction Card.

#### **4.5 Plastics Production Services Inventory.**

(a) Plastics Services Inventory Management.

(i) As requested by RCSI (and pursuant to RCSI Rules) First Data shall provide Inventory Management (including secure and proper handling thereof) of plastics and Transaction Cards, Card Carriers, envelopes, forms and related insert material.

(ii) As part of its Inventory Management functions, First Data shall inventory all materials sent out and received by First Data.

(iii) First Data will maintain an inventory of all Active Collateral used by First Data during the previous calendar month. First Data will conduct a \*\*\* audit of the Active Collateral inventory within ten (10) Production Days of the expiration of the previous calendar month, and First Data will provide RCSI with a report upon completion of the \*\*\* audit.

(iv) First Data shall make available to RCSI on-line inventory management reports for Transaction Cards, plastics, insert materials, forms and envelopes. To the extent reasonably possible First Data shall use available WMS functionality as of the Effective Date to support the on-line inventory.

(b) Plastics Services Inventory Procurement.

As requested by RCSI (and pursuant to RCSI Rules) First Data shall order and stock materials required for plastics, Card Carriers, envelopes, forms and related insert material, so that there is a sufficient supply available at all times to perform the Production Services. RCSI agrees to provide First Data with special order quantities for new portfolio setups, dailies, natural re-issues, Mass Re-issues, flips and other one-time projects as requested by RCSI.

(c) Obsolete Plastics Services Inventory.

(i) On a rolling six (6) month basis beginning on the Effective Date, First Data shall conduct a complete inventory of the Inactive Collateral related to the Plastics Production Services, and First Data will provide RCSI with a report upon completion of the audit. Test samples, scrap inventory adjustments, or items shipped to RCSI will not be considered a production issuance for determining whether stock is Inactive Collateral.

(ii) First Data shall, at its own expense, dispose of any Inactive Collateral resulting from the routine course of production.

(iii) Once an inventory item has been identified as being Inactive Collateral, First Data will notify RCSI to determine whether the item should be destroyed, shipped to RCSI or an RCSI Customer, or whether RCSI would like First Data to arrange for storing such items for future use. RCSI shall respond to First Data within 30 days of the receipt of the notice. First Data must destroy or ship any Inactive Collateral within thirty (30) calendar days of such notification to destroy by RCSI.

#### **4.6 Digital Card Print Services.**

(a) First Data will provide RCSI with digital card print services in connection with the Plastics Production Services (the "Digital Card Print Services"). The Digital Card Print Services shall include receipt by First Data of various digital images or marks from RCSI or third parties as contracted by RCSI, First Data's preparation of the submitted images or marks for card application, and First Data's application of such digital images or marks to plastic stock on an as-needed basis. Digital Card Print Services shall be performed in accordance with the description of services set forth in Schedule C of this Agreement at the rates set forth therein.

(b) First Data will provide PlastiCard Image Management, which is the acceptance and management by First Data of each remotely scanned image for use on the First Data PlastiCard Custom Services Imaging Center database to be used for digitizing on a "white" plastic. The service includes storage of scanned images for up to five (5) years. This is a one-time fee assessed when First Data receives the image and can be used for replacement cards, account transfers, etc.

(c) First Data will prepare digital images and apply each stock level digitally prepared image edge-to-edge on a Transaction Card. The service includes a CardGuard seal over the digital image. Application of each Cardholder level digitally prepared image edge-to-edge on a Transaction Card and includes a CardGuard seal over the digital image.

### **5. TECHNOLOGY USED TO PERFORM THE PRODUCTION SERVICES**

#### **5.1 Print Production Services**

(a) As of the Effective Date, First Data shall continue to utilize its technology used prior to the Effective Date to print Statements, Letters and Other Correspondence.

(b) In accordance with Section II of Exhibit A-2, First Data will implement by April 1, 2010 Drop on Demand technology using variable drop size technology (or its equivalent) in order to perform the Print Production Services.

(c) First Data shall (i) ensure that no \*\*\* Statements, Letters, and Other Correspondence are produced using two different technologies at all times during the Term; and (ii) make commercially reasonable efforts to produce the non-\*\*\* RCSI Customer Statements, Letters, and Other Correspondence for an individual RCSI Customer on a single technology at all times during the Term.

**5.2 Plastics Production Services**

As of the Effective Date, First Data shall continue to utilize its technology, subject to Section 6.4(b), used prior to the Effective Date to perform the Plastics Production Services.

**6. SUPPORT SERVICES**

**6.1 Introduction**

Based on RCSI Rules in each instance, First Data shall perform the functions necessary to support the Production Services specified by RCSI ("Support Services"). First Data's responsibility shall include the following Production Services provided in this Section 6:

**6.2 Perform Quality Checks and Reviews of Production Output of Transaction Cards, Letters, Statements and Other Correspondence.**

(a) First Data shall perform quality checks and reviews of production output of Transaction Cards Packages, Statement Packages, Letters, Statements and Other Correspondence as reasonably requested by RCSI. Such quality checks include: the quality sampling included in Exhibit B-1 (Service Level Metrics), pre-production sampling and quality reviews, and other quality checks as agreed by the Parties.

(b) First Data will provide scanned images to RCSI for RCSI internal audit upon request by RCSI.

**6.3 RCSI Customer Requirements**

Certain RCSI Customers have unique production and processing requirements and First Data shall perform the functions necessary to support the Production Services (as specified by RCSI) for such RCSI Customers from time to time.

**6.4 Mail Tracking and Barcoding**

(a) First Data will perform mail tracking Production Services, including:

(i) Track all mail at the Account level; and

(ii) Provide the Account number for all tracked mail that has missed the 2 Day SLA to RCSI within five (5) Production Days of not achieving the two (2) day Statement Cycle Time.

(b) First Data will perform the following functions with regard to barcoding:

(i) First Data will implement in accordance with Exhibit A-2 the technology referenced in this Section 6.4(b) by April 1, 2010.

(ii) First Data will utilize camera technology that reads barcodes placed on materials and interfaces with a control file. Through reading and tracking the barcoding on selected materials, First Data will track and validate that the correct materials are being utilized in performing the Production Services.

(iii) For items procured by First Data, First Data will print two dimensional barcodes onto forms (excluding white forms), Card Carriers, envelopes and inserts.

(iv) For items not printed by First Data, RCSI will print the two dimensional barcode onto the items which barcodes comply with First Data requirements that have been made known to RCSI as of the Effective Date. Any changes to these requirements shall be mutually agreed by the Parties.

(v) First Data will scan the two dimensional barcodes that comply with First Data requirements that have been made known to RCSI as of the Effective Date onto forms (excluding white forms, which will only contain the inserting machine instruction barcode), Card Carriers, envelopes and inserts. Any changes to these requirements shall be mutually agreed by the Parties.

(vi) First Data will create and maintain a control file that contains RCSI's requirements for inserts included on the bill of materials.

(vii) Insert machines at all First Data facilities from which First Data is providing the Production Services will have cameras mounted on the portions of the stations that pull material and scan the barcodes. In the event that the information obtained from the scanned barcode does not match the information contained in the control file, First Data will Hold the production process, will intervene manually, and will resolve the mismatched production error. First Data will restart the production process upon resolution of the issue identified during the barcoding process.

(viii) Print engines have cameras mounted on each engine or within the paper path as determined adequate for each hardware type.

(ix) Manual processing procedures will require validation via handheld scanners. These processes will be evaluated over time and may be adjusted as mutually agreed by the Parties.

#### **6.5 POSTAGE RELATED SERVICES**

(a) First Data shall comply with all USPS mailing requirements (e.g. Tap Test requirements).

(b) First Data shall Commingle the mail for Print Production Services related mail and Plastics Production Services related mail for RCSI as well as First Data's other clients' white mail.

(c) First Data shall maintain or improve the discount, mailing, distribution or other agreements with USPS or other non-USPS mail couriers, including but not limited to CASS Certification subject to the other provisions of this Section 6.5 and Section 3 of Schedule C (Postage).

(d) First Data shall perform marketing and postal weight management-related services in accordance with the instructions from First Data Decision Quest Services or other applicable decision or instruction tool services. Such services shall include (i) accepting inputs of 0.001 ounce increments for the fields and associated calculations for Statement component weights, and (ii) utilizing \*\*\* ounces as the set point for maximum fulfillment package weight before transitioning from USPS 1 ounce mail rate to the USPS 2 ounce mail rate for all RCSI Customers except for \*\*\*, which shall operate at \*\*\* ounces.

(e) First Data shall perform \*\*\* seven (7) day Mail pass for the Print Production Services excluding the First Data Holidays. First Data shall perform \*\*\* six (6) day Mail pass for Plastics Production Services, excluding Sundays and First Data Holidays. This Section is subject to the regulations, laws and rules governing the USPS and its mail acceptance.

(f) Either Party shall have the right to reject any proposed envelope design which will violate applicable USPS regulations.

(g) First Data shall provide RCSI with the ability to track postage costs incurred at the RCSI client level.

## 6.6 Design Support Services

First Data will perform the following design Support Services:

(a) Provide design support for Statement, Letters, Other Correspondence Form Types.

(b) Provide design support for Transaction Card and Card Carriers.

(c) Implement and execute at least \*\*\* of all SOS image and PEP template M cycle proofs within five (5) Working Days from the time set up is complete in M cycle.

## 6.7 PROBLEM MANAGEMENT SERVICES

(a) General First Data Responsibilities.

First Data shall identify, track and manage the problems arising from or relating to the Production Services (“Problem Management” and “Problem Management Services”). First Data shall implement and maintain processes and procedures under which a single point of contact has end-to-end responsibility for each problem arising from or relating to the Production Services in order to minimize redundant contacts with RCSI. First Data shall provide to RCSI a copy of the Problem Management policies and procedures.

## (b) Specific First Data Responsibilities.

(i) First Data's responsibilities with respect to Problem Management Services shall include the following:

(A) Identifying, resolving, and performing a Root Cause Analysis of all problems within five (5) Working Days of First Data's receipt of notice of the problem;

(B) Logging reported problems upon receipt from RCSI (or its third party providers) as identified by First Data;

(C) Monitoring, controlling and managing each problem arising from or relating to the Production Services until it is corrected or resolved to the satisfaction of RCSI;

(D) Correcting or resolving all problems relating to the Production Services in the times set forth by RCSI (problem corrections will be subject to verification by the authorized RCSI affected end user or control person) (correcting First Data-caused errors at First Data's expense);

(E) Adhering to the procedures for problem escalation, review and reporting as agreed upon by the Parties and also taking appropriate measures to avoid recurrence of problems; and

(F) Monitoring, measuring and providing reports in the format required by RCSI related to problems, including statistics on the types of problems, total number of problems, outstanding problems and resolution times (including the average time to resolve problems) for the Production Services in general, for specific portions of the Production Services, and for individual RCSI Affiliates and RCSI Customers.

(ii) First Data shall maintain on-going communication with RCSI with respect to the problems from notification through until final resolution. First Data shall, for each problem, provide prompt notification to RCSI of system outages or processing delays and shall otherwise provide regular and timely progress updates that clearly indicate the nature of the problem, the estimated time to correction, and potential short-term alternatives. First Data shall make known to RCSI information regarding the status of significant problems on at least a daily basis (or more frequently as appropriate). First Data shall track and report any backlog of unresolved problems.

(iii) First Data shall engage and manage third party First Datas and vendors as necessary to localize and resolve problems that arise from or relate to the Production Services consistent with the RCSI Vendor Material Guidelines.

**6.8 DISASTER AND BUSINESS RECOVERY**

## (a) General

First Data shall perform the following functions regarding disaster recovery for the Production Services:

(i) First Data shall provide RCSI a synopsis of its Production Services disaster recovery plan and will implement the plan as required by the plan. In the event that any of the terms of First Data's Production Services disaster recovery plan conflict with the terms of this Agreement, the terms of this Agreement shall control.

(ii) First Data shall provide support (as reasonably requested by RCSI) to meet RCSI's disaster recovery and business recovery requirements. In connection with that support, First Data shall participate (as required by RCSI) in RCSI disaster recovery tests. First Data will use reasonable efforts to accommodate RCSI's disaster recovery and business recovery requirements. To the extent there are requirements First Data cannot accommodate, First Data will make reasonable efforts to find alternative solutions.

(iii) If such requirements and related accommodations would require system modifications or provision of unique services, such modifications or services may be considered New Production Services or RCSI-Initiated System Enhancements, if and as applicable.

(iv) In the event of a disaster event \*\*\*

(v) In the event of a disaster event or Outage at either (but not both) First Data output print and mail facility in Omaha:

(A) First Data will recover the impacted site's production volume at the alternate Output location in order to commence provision of Production Services within \*\*\*. To the extent applicable, such services remain subject to Section 16.3 (Force Majeure) of the Agreement, including with respect to performance of Service Levels.

(B) First Data will implement a 24x7 work schedule that supplements the operations staff during breaks and lunches so that production equipment will only stop for required maintenance.

(C) First Data will redirect the necessary files from the host to the alternate Omaha site.

(D) First Data will create and substitute with generic materials if an adequate supply of the custom stock is not immediately available at the alternate site from off-site storage.

(E) First Data will include regulatory inserts if they are available at the time of the insertion process.

(F) First Data has assumed that a disaster will occur during one shift, so First Data will supply approximately two-thirds of the impacted site's staffing to staff the alternate site's work force.

(G) First Data will provide transportation to the alternate site if necessity dictates.

(vi) In the event that there is a disaster event that impacts both print facilities in Omaha, First Data has \*\*\* will make commercially reasonable efforts to restore the Production Services in accordance with Section 16.3 of this Agreement.

(vii) In the event there is a disaster event at either (but not both) First Data plastics facility:

(A) First Data will recover the impacted site's production volume at the alternate output location in order to commence provision of Production Services within \*\*\*. To the extent applicable, such services remain subject to Section 16.3 (Force Majeure) of the Agreement, including with respect to performance of Service Levels.

(B) First Data will implement a 24x7 work schedule that supplements the operations staff during breaks and lunches so that production equipment will only stop for required maintenance.

(C) First Data will redirect the necessary files from the host to the alternate site.

(D) Marketing materials will not be included plastics mailings.

(E) The alternate production site will support standard embossing services, prioritized by Same Day Plastics, Automatic Rush Embossing, dailies, and natural reissues. One time Mass Re-Issues will be prioritized as mutually agreed.

(viii) In the event that there is a disaster event that impacts both plastics facilities, First Data has \*\*\* will make commercially reasonable efforts to restore the Production Services in accordance with Section 16.3 of this Agreement.

(b) Disaster recovery for SCS Services:

(i) First Data will test secondary color printing equipment located in an alternate First Data facility with RCSI printing once per year to validate that the alternate color printing equipment maintains proper disaster recovery functionality. First Data will provide these test results to RCSI no later than five

(5) Business Days after completion of the test.

(ii) If, as a result of an Outage, First Data has reduced capacity on the color printers First Data uses to provide SCS Services for RCSI, First Data may print certain RCSI portfolios in black and white in accordance with Section 6.8(b)(ii)(D) during the time period from the occurrence of the Outage until such Outage is cured and color printing at full capacity resumes (the "Outage Cure Period"), then

(A) First Data's standard black and white pricing under Schedule C of this Agreement shall apply, and

(B) Black and white Statements and Letters printed under this Section will be charged as a Basic Bundled SCS Statement and Letter Service charge.

(C) In no event will e-Messenger services or deliverables (and associated e-Messenger Pricing) be impacted as a result of an Outage.

(D) RCSI may \*\*\*

(iii) SCS Service Interruption Plan

First Data shall notify RCSI within six (6) hours of the occurrence of any outage affecting normal production procedures, including any service interruption to the color printer or unexpected downtime that jeopardizes Service Levels or legal regulatory turnaround times (an "Outage"). After discussion and review, a decision regarding the appropriate actions to take to address the Outage (e.g., whether to hold Statements or print in black and white, timing parameters, etc.) will be made by RCSI and communicated to First Data, and First Data will abide by RCSI's instructions so communicated. Within five (5) Business Days of an occurrence of an Outage, First Data will furnish RCSI with a detailed description of the Outage, including its root cause and impact, and provide such other information relating thereto as RCSI may reasonably request. The term "Outage" shall not be construed to include capacity issues or concerns, and no service interruption to the color printer or downtime shall be permitted due to such issues or concerns provided RCSI provides appropriate capacity reservation documentation. Capacity of equipment shall not affect the printing of color Statements and First Data shall not substitute black and white Statements on that basis.

## 6.9 TRAINING

First Data shall provide training in accordance with the Production Services. Such training includes First Data's online computer-based training, product training, and Fast Data training. Production Services training hours utilized are subject to the TSA pool of training hours set forth in Section 14 of Schedule C of the TSA.

## 7. ANCILLARY SERVICES

### 7.1 Introduction

If during the Term, RCSI requests an Ancillary Service, upon the provision of such Ancillary Service to RCSI, such service will be deemed a Production Service and shall, pursuant to Schedule C-4 to Schedule C, be subject to the provisions of this Agreement.

## 7.2 Ancillary Services Related to Print Production Services

First Data shall provide any of the Ancillary Services related to Print Production Services as of the Effective Date at the charges set forth in Exhibit C-4. Below are additional descriptions of certain of the Ancillary Services that have been used most frequently prior to the Effective Date that relate to Print Production Services:

<u>Billing Element</u>	<u>Title</u>	<u>Description of the Ancillary Service</u>
0622	Remittance Envelopes	This element identifies the charge for the envelope enclosed with the Statement to be used by the customer to remit payment.
4306	First Data Contractual Credits/Debits	This element identifies credit items owed to RCSI and various debit items (if any) are owed to First Data pursuant to this Agreement.
4369	Rebill Forms / Envelopes	This element identifies the charge for forms and envelopes purchased by First Data on RCSI's behalf.
4398	Miscellaneous	This element identifies the charge for nontaxable miscellaneous charges in accordance with the course of dealing of the Parties prior to the Effective Date or as otherwise mutually agreed by the Parties.
4423	Statements - Paper Rebill	This element identifies the charge for paper used to create RCSI Statements that is purchased by First Data.
4705	Color Duplex-Black on Back 14"	This element identifies the charge for business inkjet color printed on the front side and black on the back side of a 14" x 6 15/16" or 14" x 8 1/2" form. This fee is incremental to black and white printing and mail preparation services. This charge does not include paper.
4713	Paper Quality 3	This element identifies the charge for treated grade 2 paper for color printing of documents. This charge is based on RCSI form's dimensions.
4720	Correspondence Director	This element identifies the charge for each document composed using the Correspondence Director product. This charge is incurred for documents created for all output media and is an incremental fee per document and per output medium.
6040	Mail Tracker Services	This element identifies the count of Statements receiving PLANET codes based on the appropriate pricing tier established in First Data Schedule C.  The PLANET code is a second bar code applied to RCSI mailings in addition to the standard POSTNET bar code. At RCSI request, First Data applies PLANET codes to RCSI mailings to enable you to track the progress of each document. First Data uses the United States Postal Service Confirm tracking service. Each time RCSI document passes

through a USPS sort facility, a scan of the bar code is captured and transmitted, enabling RCSI to track documents enroute to RCSI customers.

The First Data MailTracker service includes the transmission of one file to RCSI daily. Transmission of multiple files will result in an additional charge. The service also includes transmission of one file to RCSI's vendor for USPS data processing, but does not include the transaction charges. The MailTracker service allows tracking of only one document by printing a single PLANET code on the Statement address line and/or the remittance address line, at RCSI's discretion.

7186	Backers, Message Page and Letters	This element identifies the charge for each overlay created by First Data on RCSI's behalf for use as a backer, message page, or letter. This service includes an original proof, two proof revisions, and a final proof to be approved by you before the information is moved into production.
7187	Checks, Coupons & Ad Messages	This element identifies the charge for creating Checks, Coupons, and advertising messages used on Statements. This service includes the production of proof copies, revisions, and all related activities to move information into production.
7197	Statement - Enterprise Page 1 Duplex	This element identifies the charge for each physical sheet of paper of a customer Statement, that is printed on both sides, and is produced by First Data using the Enterprise Presentation Statement service.
7199	Statement - Enterprise Addl Pages Duplex	This element identifies the charge for each physical sheet of paper of a customer Statement, that is printed on both sides, and is produced by First Data using the Enterprise Presentation Statement service. This charge is in addition to the charge for the first physical page of the Statement.
7325	Pre-press Form Setup	This element identifies the charge associated with creating new Statement form layouts. This element includes Statement layout and set up fees.
7522	Image Composition Rush	This element identifies the additional charge for requests sent to Image Composition for pre-printed form stock such as Statements, Letters, and year-end summaries, that do not meet the following standard turnaround times: Eight days from the time Image Composition receives the request to completion of the first set of proofs; Three days for changes after the first set of proofs have been created; Three days for creating negatives. Turn around times for

laser-printed products/services from Advanced Function Presentation are as follows: Fifteen days lead time from submission of request form; Three days for revision.

7801	Print 11 in Simplex - Page 1 Cont	This element identifies the charge for each 11" simplex document page 1 printed. The document printing service includes all the processes necessary to laser print a document on a continuous form.
7806	Print/Mail Prep 14 In Dup Addl Pg Cont	This element identifies the charge for each 14" duplex additional page printed and prepared for mailing. The charge is applicable to each page in addition to the first physical page and is incremental to the charge for the Cont. Page 1 Duplex 14" Print.
7813	Print 11 in Duplex - Page 1 Cont	This element identifies the charge for each 11" duplex document page 1 printed. The document printing service includes all the processes necessary to laser print a document on a continuous form.
7826	Individual Coupon Count	This element identifies the charge for each individual occurrence of a Coupon prepared for print, electronic delivery, electronic display, or inclusion in an output file. This charge is incremental to the print, mail prep, electronic delivery, electronic display, output file, and transmission fees and does not include the charge for paper.
7896	STMT - ENTERPRISE PAGE 1 SIMPLEX - 14	This element identifies the charge for each one-side-printed first page of a 14-inch cardholder Statement produced by First Data using the Enterprise Presentation Statement service. The Enterprise Presentation Statement service allows you to electronically arrange the Statement form, including placement of the payment coupon, creation and placement of logos and graphics, and selection of font types and sizes.
7897	STMT - ENTERPRISE PAGE 1 DUPLEX - 14	This element identifies the charge for each duplex (print on both sides) first page of a 14-inch cardholder Statement produced by First Data using the Enterprise Presentation Statement service. The Enterprise Presentation Statement service allows you to electronically arrange the Statement form, including placement of the payment coupon, creation and placement of logos and graphics, and selection of font types and sizes.

### 7.3 Ancillary Services Related to Plastics Production Services

First Data shall provide any of the Ancillary Services related to Plastics Production Services as of the Effective Date at the charges set forth in Exhibit C-4. Below are additional descriptions of certain of the Ancillary Services that have been used most frequently prior to the Effective Date that relate to Print Production Services:

<u>Billing Element</u>	<u>Title</u>	<u>Description of the Ancillary Service</u>
0577	Plasticard Contactless Chip Prsnlization	This element identifies the operational expense of personalizing the contactless chip in Radio Frequency plastics.
7615	Plasticard Purging	This element identifies the charge for each removal of a Card Carrier, printed PIN/post mailer, or plastic from the production process prior to delivery to RCSI or RCSI's customer. This service includes, but is not limited to, pull and destroy, pull and mail to a different address, or pull and mail overnight with a 3-day turnaround.
7627	Plasticard Forms Purchased	This element identifies the charge for each item of paper material ordered by First Data on RCSI's behalf including, but not limited to the following: Envelopes; Card activation labels; Card Carriers; Inserts; Mailers
7628	Plastics Purchased	This element identifies the charge for each item of plastic stock ordered by First Data on RCSI's behalf.
7629	Plasticard Incoming Material Shipping	This element identifies the charge for incoming materials purchased by First Data on RCSI's behalf.
7664	Plasticard Photo Transfer-Up to 1x1	This element identifies the charge for affixing a digitized photographic image on a plastic Transaction Card.
7666	Plasticard Photo Img Hand/Mrg Up to 1x1	This element identifies the charge for handling and merging images with the corresponding data to create a plastics output file.
7682	Plasticard Enterprise Pres Addl Page	This element identifies the charge for printing personalized check information onto a document and matching this document to a corresponding personalized Card Carrier for insertion into an envelope.
7689	Plasticard Template Creation	This element identifies the charge for creating, painting, or revising an overlay document used to print onto a page for a Card Carrier and/or mailer.

**EXHIBIT A-1**  
**PROCESS FLOW FOR STATEMENT/MAIL PRODUCTION**

**1. STATEMENT CYCLE DATE SCHEDULING AND SET UP**

- (a) RCSI will set the Statement cycle date for an individual Cardholder Account at the time that RCSI opens the Account on the First Data System.
- (b) RCSI utilizes the First Data cycle scheduling which allows RCSI to set Statement cycle dates every day of the month. The last Statement cycle date of the month is the twenty eighth (28th) day.
- (c) For eStatements, RCSI sets a flag at the account level to generate an eStatement.
- (d) RCSI applies appropriate materials and insert strategies to the Accounts via PCF (Product Control File settings) and/or DQ (Decision Quest).
- (e) For materials provided by RCSI or RCSI clients, RCSI works with their materials vendors to send materials to First Data ten (10) Production Days prior to when the materials are to be utilized in the Pre-bill or regular Statement cycle; however, if the materials are sent to First Data in less than ten (10) Production Days, First Data will make commercially reasonable efforts to complete the relevant cycle.

**2. PRE-BILL FUNCTIONS**

- (a) Five (5) days prior to a Statement cycle date, First Data performs a mock cycle function that generates a subsection of Statements that will also be generated in the actual Statement cycle five (5) days later ("Pre-bill").
- (b) RCSI defines which Statements or Statement conditions are to be included in this Pre-bill process.
- (c) First Data provides the mock Statements generated during Pre-bill in a file that is transmitted to RCSI every day except Sunday by approximately 11:00 am CT. First Data loads these mock Statements into AFP On-Demand, every day except Sunday.
- (d) During Pre-bill, First Data also generates a mock version of the CD-1371 report which provides the details of the insert strategies that RCSI has designated for that Statement cycle. First Data loads the Pre-bill CD-1371 report to IDP.

**3. STATEMENT CYCLE REQUIREMENTS**

- (a) First Data performs the Statement cycle as a part of First Data's nightly system update. After all of the nightly system update is complete, First Data generates and transmits/loads the following files and reports for use by RCSI:

(i) In accordance with the TSA, First Data provides RCSI (A) the Statement Checker file, (B) the eStatement checker file, and (B) the Statement Checker IDP report of the CD-1371.

(ii) First Data sends the Statement production files to Output Services for printing.

(iii) First Data also loads the Statement Checker files and Statement Production Files into AFP On-demand as such files become available.

(b) RCSI shall utilize the files and reports provided by First Data under this Section 3 to validate the data; however, regardless of whether RCSI has approved the production files, First Data may commence Statement production by 6:00 a.m. CT. First Data is responsible for remedying all known Defects identified prior to 6:00 a.m. CT.

#### **4. STATEMENT PRODUCTION INVENTORY**

(a) RCSI is responsible for providing to First Data all RCSI-procured inventory that is required for use in Statement production.

(b) RCSI will provide First Data with a Statement marketing matrix by approximately the 22<sup>nd</sup> of the month prior to the month that RCSI inserts are to be used. RCSI will identify which inserts are (i) Legal/Compliance; (ii) which are marketing; and (iii) indicate RWO (Run Without) for Marketing inserts that RCSI wants First Data to run without if the supply is exhausted during a cycle.

(i) First Data will then move forward to run without that RWO insert as per instructions from RCSI.

(ii) First Data will notify RCSI of the RWO via the Daily Production Call, by email notification, or Dashboard.

(iii) As necessary RCSI will make commercially reasonable efforts to make the needed insert strategy changes in DQ the day of notification, or as quickly as systemically possible, of the RWO situation. In addition to First Data's responsibilities regarding inventory in Schedule A, RCSI will monitor inventory levels.

(c) Legal/Compliance inserts will be on a RWO/notify as designated by RCSI's marketing matrix. First Data will continue the production cycle and run without the insert. First Data will provide a report of Account numbers at the Account level detail that mailed without the legal insert to RCSI by 11:59 p.m. on the fifth (5<sup>th</sup>) day following the impacted cycle.

#### **5. FILE CYCLE MANAGEMENT**

(a) As First Data loads print files into the Production Services system, First Data management reporting is coded to reflect the expected mail date for that cycle. At the end of each day, First Data queries the system to identify any mail pieces

that would have a past due mail date. First Data then manages the files through the various processes (print, insert, and delivery to zip sort) with the flow delivering the file of work to the zip sort area by the daily zip sort cutoff time which will vary based by daily production volume. First Data purges the mail through the zip sort process and Releases into the USPS Mailstream by the end of Day 2 of the cycle. For the sake of clarity all mail that First Data presents to the USPS by 11:59 pm CT will be considered accepted by the USPS and recorded on the appropriate USPS mail document to reflect the current mail date.

**EXHIBIT A-2  
IMPLEMENTATION TERMS FOR SCS AND  
DROP ON DEMAND TECHNOLOGY**

This Exhibit A-2 provides the terms under which First Data will implement for RCSI (with the exception of Canada portfolios and any other portfolios RCSI chooses to exclude from SCS) (i) the SCS platform for the RCSI Statements; and (ii) the new technology described in Sections 5.1.b and 6.4.b of Schedule A that First Data shall utilize to perform the Print Production Services after April 1, 2010.

**I. SCS MIGRATION**

First Data shall convert the following RCSI Customer portfolios' Statements from the enterprise platform used as of the Contract Execution Date to the SCS platform in accordance with the timeline provided in the chart below (provided there shall be no payments or penalties due from First Data in connection with this schedule other than as provided in Section II below):

SCS Migration Schedule														
Wave	May	June	July	Aug	9/9/2009	10/16/2009	11/11/2009	Dec	1/22/2010	2/10/2010	Mar 2010	Apr 2010	May 2010	Jun 2010
1	***													
2		***												
3		***												
4		***	***											
5			***											
6				***										
7				***										
8						***								
9						***								

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## II. DROP ON DEMAND AND BARCODING TECHNOLOGY IMPLEMENTATION

- A. By April 1, 2010, the following shall be completed:
1. First Data shall install and implement, all Drop on Demand and barcoding technology for RCSI volume (together (a), (b) and (c) below constitute the “Technology”): (a) as described in Sections 5.1.b and 6.4.b of Schedule A; and (b) in accordance with industry standards, manufacturer standards, and any additional specifications otherwise agreed by the Parties. First Data may use existing inventory without barcodes for up to thirty (30) days after April 1, 2010 with the intent to exhaust such existing inventory; however, First Data will use commercially reasonable efforts to use barcoded inventory during this thirty (30) day period in all other situations.
  2. First Data shall (A) migrate one hundred percent (100%) of all RCSI Customer portfolios’ Statements (excluding Canada and any portfolio not migrated to SCS) to the Technology; and (B) begin performing the Print Production Services in accordance with this Agreement using the Technology.
- B. If First Data fails to satisfy its obligations described in Section II.A above due to the fault of First Data, the following terms shall apply:
1. If First Data is performing the Print Production Services using the Technology in accordance with the terms of this Agreement on more than ninety percent (90%) but less than one hundred percent (100%) of all RCSI Customer portfolios volume (excluding Canada and any other excluded portfolios) on April 1, 2010, then the following terms shall apply:
    - a. First Data shall have up to twenty-eight (28) Production Days after April 1, 2010 during which First Data may cure its default and migrate one hundred percent of RCSI Customer portfolios’ volume (excluding Canada and any other excluded portfolios) to the Technology (“Initial Cure Period for More than 90% Migration”).
    - b. If after the expiration of the Initial Cure Period for More than 90% Migration, First Data has not yet begun performing the Print Production Services in accordance with this Agreement on one hundred percent (100%) of the RCSI Customer portfolios’ volume (excluding Canada and any other excluded portfolios), First Data shall provide RCSI with a credit in the amount of

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seventy-five thousand dollars (\$75,000) for every seven (7) Production Days (or portion thereof) that First Data fails to perform the Print Production Services in accordance with this Agreement on one hundred percent (100%) of the RCSI Customer Portfolios' volume (excluding Canada and any other excluded portfolios), up to a maximum aggregate credit of seven hundred thousand dollars (\$700,000).

- c. If the maximum aggregate credit described in Section II.B.1.b above is reached, RCSI may terminate this Agreement without charge or penalty. RCSI may exercise the termination right described in this Section for up to one (1) year after the date the maximum aggregate credit described in Section II.B.1.b above is reached.
2. If First Data is performing the Print Production Services using the Technology in accordance with the terms of this Agreement on ninety percent (90%) or less of all RCSI Customer portfolios's volume on April 1, 2010 (excluding Canada and any other excluded portfolios), then the following terms shall apply:
- a. First Data shall provide RCSI with a credit of two hundred thousand dollars (\$200,000) on April 1, 2010.
  - b. First Data shall have up to twenty-eight (28) Production Days after April 1, 2010 during which First Data may cure its default and migrate one hundred percent of RCSI Customer portfolios' volume to the Technology ("Initial Cure Period for 90% or Less Migration").
  - c. If after the expiration of the Initial Cure Period for More than 90% Migration, First Data has not yet begun performing the Print Production Services in accordance with this Agreement on one hundred percent (100%) of the RCSI Customer portfolios' volume (excluding Canada and any other excluded portfolios), First Data shall provide RCSI with a credit in the amount of seventy-five thousand dollars (\$75,000) for every seven (7) Production Days (or portion thereof) that First Data fails to perform the Print Production Services in accordance with this Agreement on one hundred percent (100%) of the RCSI Customer portfolios' volume (excluding Canada and any other excluded portfolios), up to a maximum aggregate credit of five hundred thousand dollars (\$500,000) under this Section II.B.2.c, and a total maximum aggregate credit under this Section II.B.2 of seven hundred thousand dollars (\$700,000).

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d. If the maximum credit described in Section II.B.2.c above is reached, RCSI may terminate this Agreement without charge or penalty. RCSI may exercise the termination right described in this Section for up to one (1) year after the date the maximum aggregate credit described in Section II.B.2.c above is reached.

C. If First Data fails to satisfy its obligations described in Section II.A above primarily due to the fault of RCSI, the credits and termination rights described in Section II.B shall not apply except to the extent described in the next sentence. However, the time frames set forth in Section II.B above shall adjust forward one day for each day of delay caused by RCSI.

**EXHIBIT A-3**  
**STATEMENT SAMPLE**

Exhibit A-3

A-3 - 1

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**EXHIBIT A-4  
CHANGE CONTROL PROCEDURES**

The Parties utilize the following Change Control Procedures set forth in the right hand column of the chart below to execute the types of Changes provided in the left column of the chart below.

Change Type	Change Document
Contract term SOS and PEP image changes Project sizing request Project initiation Project Change Parameter Settings	Amendment, letter of agreement Service Center Request PER Requirements Definition Document Change Control form First Data Systems - including but not limited to: Open Data Streams, Decision Quest, Product Control File, Parameter Control System, and other systems as applicable.
Materials Change FD Initiated System Feature change Materials Destruction requests and request for new inventory set up inventory code All other	Support Central Bulletin, and/or Release Notification Support Central Email

**EXHIBIT A-5**  
**PAY-PASS SPECIFICATIONS**

I. Title Purpose /Description

A. PayPass - Mag Stripe Technical Specification:

Technical specification detailing what must be implemented in PayPass - Mag Stripe chip cards and PayPass - Mag Stripe terminals to process and manage payment application data between the two in a globally interoperable contactless process.

B. PayPass - M/Chip Technical Specification:

Technical specification detailing what must be implemented in PayPass - M/Chip chip cards and PayPass – M/Chip terminals to process and manage M/Chip payment application data between the two in a globally interoperable contactless process.

C. PayPass - ISO/IEC 14443 Implementation Specification:

Technical specification detailing what must be implemented to comply with MasterCard's ISO/IEC 14443 Implementation Specification. This specification is based on the ISO/IEC 14443 standard, but includes additional information for guaranteed interoperability/compatibility between implementations.

II. PayPass - Mag Stripe Card Approval Process

A. Technical Specifications that describes the mandatory requirement which vendors wishing to supply PayPass cardholder devices (cards, fobs, tags) or their constituent components must complete before the product can be sold to MasterCard issuers and deployed in the field.

B. The PayPass Specifications include the specifications above, any and all future and successor versions or releases thereof, and any other specifications mutually agreed to from time to time in a written amendment hereto.

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**Schedule B**

**Service Levels**

**FIRST AMENDED AND RESTATED  
PRODUCTION SERVICES AGREEMENT**

**by and between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES, LLC.**

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### LIST OF EXHIBITS

- Exhibit B-1 – Service Level Metrics
- Exhibit B-2 – CTQ's
- Exhibit B-3 – Intentionally Left Blank
- Exhibit B-4 – Customer Billing Groupings

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**SCHEDULE B  
SERVICE LEVELS**

**1. INTRODUCTION**

This Schedule B sets forth the Service Levels that First Data is required to meet or exceed in performing certain of the Production Services during the Term. This Schedule also describes (a) the methodology for calculating Service Level Credits and Special Service Level Credits that will be provided to RCSI by First Data if First Data fails to meet a Critical Service Level or a Special Service Level, and (b) the process the Parties will follow to add, modify or delete Service Levels during the Term.

**2. DEFINITIONS**

**2.1 Certain Definitions.**

(a) “ABC/Offline Letter” means a Letter First Data produces from a file that does not reside on the First Data System and is therefore not generated from the First Data system.

(b) “Amount at Risk for Print Production Services” means an amount equal to \*\*\* of the total monthly charges for billing elements 0601 – Enterprise Statements, 7814 – SCS Statements and Letters, 7471 – Crown Letters, and 7801 – ABC/Offline Letters payable by RCSI for Print Production Services under this Agreement as described in Exhibits C-1, C-2 and C-4.

(c) “Amount at Risk for Plastics Production Services” means an amount equal to \*\*\* of the total monthly charges for billing elements 7473 – Embossing, 7640 – \*\*\*, Expedited Turnaround, and 7651 – Mass Reissues (only applicable if First Data fails a Service Level for a Mass Reissue) payable by RCSI for Plastics Production Services under this Agreement as described in Exhibits C-1, C-2 and C-4.

(d) “BRC” means Business Revolving Charge.

(e) “Business Days” means Monday through Saturday, twenty-four (24) hours per day, excluding the First Data Holidays.

(f) “Consumer” means RCSI’s Consumer portfolios.

(g) “Control Chart” means a tool approved by RCSI that is used to monitor, control and improve process performance over time by evaluating variation in performance and identifying its source or root cause.

(h) “Critical Service Level” or “CSL” means those Service Levels that are (i) assigned a Weighting Factor for Print Production Services or a Weighting Factor for Plastics Production Services; or (ii) are so designated as “Critical” in Exhibit B-1 even in the absence of an assigned Weighting Factor for Print Production Services or a Weighting Factor for Plastics Production Services, for which a Service Level Credit is payable in the event of a Critical Service Level Default, and are designated by RCSI in accordance with Section 5.2 of this Schedule B.

(i) "Critical Service Level Default" means, with regard to any Critical Service Level, First Data's failure to perform at a level that meets the corresponding Critical Service Level during any particular Measurement Period.

(j) "Critical To Quality" or "CTQ" means the set of measurable characteristics that describe and specify the quality requirements of a product or service under this Agreement. The CTQ characteristics are set forth in Exhibit B-2 to this Schedule B.

(k) "Dashboard" means the sets of reports, meetings, and other communications currently utilized by First Data and RCSI as the Dashboard report as of the Effective Date. The Parties may revise the Dashboard as mutually agreed by the Parties.

(l) "Defect" means any event that does not comply with the specification of a CTQ (Exhibit B-2).

(m) "Defective" means a Unit with one or more Defects.

(n) "Defects per Million Opportunities" or "DPMO" means the total number of Defects divided by the total number of opportunities for a defect, multiplied by 1,000,000.

(o) "External Defect" has the meaning set forth in Section 4.5(e)(i) of this Schedule B.

(p) "First Data Holidays" means collectively New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day as they actually fall on the calendar on any day of the calendar week, including weekends (i.e. not the dates as observed by the U.S. government). Memorial Day shall also constitute a First Data Holiday but shall fall on the day that Memorial Day is observed by the U.S. government.

(q) "Holds" means the frequency and length of time First Data, RCSI and/or RCSI Customers temporarily suspend production and/or mailing.

(r) "Internal Defect" means any instance where a Statement Package, Transaction Card Package, Statement, Letter, or Other Correspondence contains one or more observed Defects, which Defect is discovered prior to the Statement Package, Transaction Card Package, Statement, Letter, or Other Correspondence being Released into the USPS Mailstream by First Data.

(s) "Major Release" means a scheduled First Data event that occurs no more than five times per calendar year, where software changes are made to the First Data system. First Data will provide RCSI with a comprehensive Major Release calendar designating the Major Releases for that calendar year prior to the start of each calendar year.

(t) "Measurement Period" means, for any Service Level, the period of time during which First Data's actual performance of the relevant Production Services is to be measured against the corresponding Service Level. The Measurement Period for each Service Level is set forth in Exhibit B-1.

(u) "Other Non-USPS Mail Vendor Delivery" means completed jobs are presented to a mail courier other than the USPS (e.g. PSI or FedEx.)

(v) "Plastics Service Level(s)" means those Service Levels which correspond to Plastics Production Services.

(w) "Plastics Production Services" means the Production Services or functions performed that are related to the embossing and mailing of Transaction Cards set forth in this Agreement, including any Support Services and Ancillary Services related to the embossing and mailing of Transaction Cards.

(x) "Pool Percentage Available for Allocation for Print Production Services" means \*\*\*.

(y) "Pool Percentage Available for Allocation for Plastics Production Services" means \*\*\*.

(z) "Print Production Services" means those Production Services or functions performed that are related to the printing and mailing of Statements, Letters or Other Correspondence set forth in this Agreement, including any Support Services and Ancillary Services related to the Statements, Letters, and Other Correspondence.

(aa) "Print Service Level(s)" means those Service Levels which correspond to Print Production Services.

(bb) "Product Category" means each product offer by RCSI as designated in this Agreement. As of the Effective Date, there are three (3) Product Categories: BRC, GECOM/PROX, and Consumer. Upon mutual agreement, changes can be made to the meaning of Product Category.

(cc) "Production Day" means those days of the week on which First Data is open for normal operation, which is twenty-four (24) hours per day, seven (7) days per week, excluding the First Data Holidays.

(dd) "Release into the USPS Mailstream" means the point in time at which First Data properly presents items to be mailed (including Statements, Statement Packages, Letters, and Transaction Card Packages) to the USPS in accordance with applicable USPS guidelines, regulations, and laws. If the USPS ceases to accept mail seven (7) days per week (e.g. the USPS accepts mail only five (5) or six (6) days per week), an item will be deemed to be Released into the USPS Mailstream on the date it otherwise would have been Released into the USPS Mailstream had the USPS continued to accept mail seven (7) days per week provided that First Data actually presents the items to the USPS on the first (1<sup>st</sup>) following day that the USPS is accepting mail.

(ee) “Service Levels” are the quantitative performance standards for certain of the Production Services set forth in this Schedule B (Service Levels). Service Levels include all Service Levels, including Tracking Service Levels, Critical Service Levels and Special Service Levels.

(ff) “Service Level Credit” has the meaning provided in Section 4.4(b) of this Schedule B.

(gg) “Service Level Default” means, with regard to any Service Level (including Critical Service Levels and Special Service Levels), (i) a failure by First Data to perform at the level that meets the corresponding Service Level during any particular Measurement Period, or (ii) to properly monitor or measure any Service Level.

(hh) “Special Service Level” means those Service Levels that are described in Section 4.6 of this Schedule B and in Exhibit B-1 for which a Special Service Level Credit is payable in the event of a Special Service Level Default.

(ii) “Special Service Level Credit” has the meaning provided in Section 4.6(a) of this Schedule B.

(jj) “Special Service Level Default” means, with regard to any Special Service Level, First Data’s failure to perform at a level that meets the corresponding Special Service Level during any particular Measurement Period.

(kk) \*\*\*

(ll) “Tracking Service Level” means those Service Levels that are (i) not designated as Critical or Special in Exhibit B-1; (ii) not assigned a Weighting Factor for Print Production Services or a Weighting Factor for Plastics Production Services; and (iii) for which no Service Level Credit is payable in the event of a Service Level Default. The Tracking Service Levels are designated in Exhibit B-1.

(mm) “Unit” means the item produced or processed.

(nn) “USPS” means the United States Postal Service.

(oo) — “Weighting Factor for Plastics Production Services” means the portion of the Pool Percentage Available for Allocation for Plastics Production Services that RCSI has allocated with respect to a Critical Plastics Service Level. The Weighting Factor for Plastics Production Services for the applicable Critical Plastics Service Levels as of the Effective Date is set forth in Exhibit B-1, and shall be subject to modification pursuant to Section 5.4 of this Schedule B.

(pp) “Weighting Factor for Print Production Services” means the portion of the Pool Percentage Available for Allocation for Print Production Services that RCSI has allocated with respect to a Critical Print Service Level. The Weighting Factor for Print Production Services for the applicable Critical Print Service Levels as of the Effective Date is set forth in Exhibit B-1, and shall be subject to modification pursuant to Section 5.4 of this Schedule B.

(qq) "Wrong Material" means for purposes of the Wrong Materials SLA any instance in accordance with Section 4.6(c) of this Schedule B that a Statement Package, Letter or Transaction Card Package is received by an RCSI cardholder and (i) contains a barcoded item whose barcode is Incorrect; and/or (ii) contains a white form that (A) does not contain a barcode; and (B) does not comply with the RCSI's requirements provide to First Data in the bill of materials. "Incorrect" means that any barcoded form stock, insert, or envelope does not conform to the instructions provided by RCSI to First Data (in accordance with the Parties' mutually agreed process for providing instructions) for the appropriate form stock, insert, or envelope. All items, except for white forms as described in Section (ii) above in this paragraph, constituting Wrong Material must contain a barcode. For the avoidance of doubt, if an item contains a Defect that is not related to its barcode, the Defective does not constitute Wrong Material. For clarity purposes, revisions to a form, insert, or envelope are excluded, unless the form code is changed, and missing items are also excluded.

(rr) "Working Day" means Monday through Friday, from 7:00 a.m. through 4:00 p.m. CT, excluding First Data Holidays.

## **2.2 Other Terms.**

Other terms used in this Schedule B (or any Exhibit or Attachment to this Schedule B) are either defined in the context in which they are used or are defined elsewhere in this Agreement, and in each case shall have the meanings there indicated.

## **3. MEASUREMENT, REPORTING, AND SUPPORTING INFORMATION**

### **3.1 Measurement.**

(a) Except as otherwise expressly provided for a particular Service Level in Exhibit B-1, the Measurement Period for each Service Level shall be each calendar month during the Term.

(b) Except as otherwise expressly indicated in this Schedule B, all references to time of day in this Schedule B shall refer to central time and any reference to "hour" or "hours" shall mean clock hours.

### **3.2 Measurement Tools.**

(a) Subject to RCSI's prior written approval, provided that such approval not be unreasonably withheld, First Data shall utilize, develop and implement measurement tools and processes required to measure each Service Level in an automated fashion, where such automation is feasible, such that First Data's actual performance with respect to the Service Level shall be determined using system generated data.

(b) First Data shall measure its performance with respect to each Service Level using tools, processes and methodologies identified for such Service Level in Exhibit B-1 or as otherwise agreed to by the Parties or as specified pursuant to Section 3.2(d) of this Schedule B.

(c) First Data shall provide and utilize (and have operational and administrative responsibility for) the necessary measurement and monitoring tools and procedures required to measure and report First Data's performance of the Production Services against the applicable Service Levels set forth in this Agreement as of the Effective Date, and thereafter in accordance with Section 3.2(d) of this Schedule B. Such measurement and monitoring shall permit reporting at a level of detail sufficient to verify compliance with the Service Levels, and will be subject to verification and review by RCSI. First Data shall provide RCSI with information and access to such tools and procedures upon request, for purposes of verification.

(d) If, after the Effective Date, First Data desires to use a different measurement tool, process or methodology for any Service Level, First Data shall provide written notice to RCSI proposing:

(i) the alternative measurement tool, process or methodology; and

(ii) any reasonable adjustments to the Service Levels that are necessary to account for any increased or decreased sensitivity that will likely result from use of the alternative measurement tool, process or methodology.

(e) First Data may utilize such alternative measurement tool, process or methodology only to the extent such tool, and any associated Service Level adjustments, are approved in writing by RCSI provided the approval is not unreasonably withheld.

### **3.3 Reports and Supporting Information.**

(a) First Data shall deliver the following reports in accordance with the times provided below:

(i) \*\*\* plastics / Statements timeliness and accuracy data will be provided by the fifth (5<sup>th</sup>) Working Day of the month.

(ii) The remaining monthly data reports will be completed by the seventh (7<sup>th</sup>) Working Day of the month.

(iii) The Monthly Performance Report, and any other performance summary documents (e.g. reports of Service Level Defaults and Service Level Credit calculations) and the monthly PSA review four blocker will be completed by the tenth (10<sup>th</sup>) Working Day of the month.

(b) First Data shall make the reporting and supporting information described in this Section 3.3, available to RCSI both (i) in machine-readable form suitable for use on a personal computer; and (ii) via a secure website; provided, however, that if requested by RCSI, First Data shall also provide to RCSI \*\*\*, to the extent that the agreed-upon measurement tools used to measure performance are

capable of providing such access. To the extent that such tools are not capable of providing RCSI with such \*\*\* access, First Data shall promptly provide access to timely data upon RCSI's request. As of the Effective Date, First Data will provide \*\*\* seat licenses each at \*\*\* for both \*\*\* and \*\*\* under this Section 3.3(b).

(c) Unless otherwise set forth in this Agreement, First Data shall report at the level of detail (e.g. by individual RCSI Customer or by client number), based on the reporting detail First Data provided to RCSI prior to the Effective Date. RCSI Customers may change from time to time and First Data shall promptly make the necessary adjustments to its reporting in a manner satisfactory to RCSI.

(d) First Data will utilize Control Charts for monitoring the Service Levels.

(e) Trend reporting shall be provided by First Data and Control Charts shall be utilized (where appropriate). The raw data shall be provided in tabular format beneath each report or chart or on an attachment thereto. All reporting shall be secure and available to RCSI through means set forth in Section 3.3(b) as well as in spreadsheet and hard copy form.

(f) The purpose of a Dashboard report is to report on First Data's success in achieving the standards set forth in the relevant Service Level. Dashboard reports shall be generated using the RCSI approved measurement and monitoring tools and procedures required to measure and report on First Data's performance of the relevant Production Services as well as supporting metrics. Dashboard reports shall be provided to RCSI on a daily, weekly and monthly basis and shall be completed at no additional charge to RCSI.

### **3.4 Process Management Reviews.**

(a) First Data shall coordinate and host on all Working Days a daily "Process Management Status Call" with RCSI to discuss any known problems that have an adverse effect on service and/or RCSI Customer satisfaction. First Data shall maintain a constant focus on problem identification, recovery and problem remediation. For the two weeks following August 20, 2009, the Parties shall conduct the Process Management Status Call on every Production Day.

(b) On Saturdays no later than 7:00 a.m. CT, First Data shall send an email to RCSI providing information with respect to any known problems that have an adverse effect on service and/or RCSI Customer satisfaction ("Process Management Status Email"). If there is a problem identified in the Process Management Status Email or any known problem identified by RCSI to First Data that RCSI requires to be resolved immediately, First Data will promptly on Saturday perform the services necessary to resolve such problem.

#### 4. SERVICE LEVEL METHODOLOGY

##### 4.1 General.

(a) First Data shall provide, and RCSI will have access to, all detailed supporting Service Level information (including raw performance data) as reasonably requested by RCSI which is necessary to verify the accuracy of the Service Levels and which is necessary to verify First Data's performance relative to Service Level measurements and methodology described in this Section 4.1, as well as all other supporting information reasonably requested by RCSI. Service Levels constitute one means, but not the exclusive means, of measuring First Data's performance of its commitment under Section 6 of this Agreement.

(b) If a Service Level requires performance of multiple conditions or components (e.g., components (a), (b) and (c)), then First Data's performance must satisfy each such requirement to achieve the corresponding Service Level.

(c) First Data will give the recovery of its capabilities to perform the Production Services and the resumption of its actual performance of the Production Services the same or greater priority it gives to recovering its capabilities to perform substantially similar services and resuming its performance of those services for any other customer of First Data.

(d) If any portion of the Production Services are to be provided from a business continuity recovery environment, the Service Levels will continue to apply, subject to Section 16.3 (Force Majeure) of this Agreement.

##### 4.2 Amounts at Risk.

(a) First Data will place the Amount at Risk for Print Production Services at risk each month for Service Level Credits in this Agreement for Print Service Levels.

(b) First Data will place the Amount at Risk for Plastics Production Services at risk each month for Service Level Credits in this Agreement for Plastics Service Levels.

##### 4.3 Excused Service Level Defaults.

(a) If First Data fails to meet a Service Level and establishes within two (2) months after such failure that: (i) RCSI's failure to perform a retained responsibility was the root cause of First Data's failure to meet such Service Level; (ii) First Data would have achieved such Service Level but for such RCSI failure; (iii) First Data used commercially reasonable efforts to perform and achieve the Service Level notwithstanding the presence and impact of such RCSI failure; and (iv) First Data is without fault in causing such RCSI failure, then no Service Level Credit (if applicable) or Special Service Level Credit will be assessed against First Data for any resulting Service Level Default, and First Data will otherwise be excused from achieving such Service Level for as long as RCSI fails to perform such retained responsibility and First Data continues to use commercially reasonable efforts to prevent, overcome, or mitigate the adverse effects of such failure to the extent required to achieve the applicable Service Level.

(b) First Data will not be excused from a failure to achieve a Service Level other than pursuant to the following circumstances or provisions: (i) Section 4.3(a), (ii) Section 4.7(a), (iii) Section 9.2 (Savings Clause) of this Agreement, (iv) failures caused by the wrongful actions of RCSI, or (v) Section 16.3 (Force Majeure) of this Agreement.

#### 4.4 Service Level Defaults.

(a) First Data shall promptly perform a Root Cause Analysis (i) following any material change in performance of any Service Level, (ii) whenever performance trends dictate same \*\*\*, (iii) whenever there occurs any material Service Level Default, or (iv) as otherwise reasonably requested by RCSI. "Root Cause Analysis" shall include: (a) prompt investigation and reporting as to the root causes of the problem; (b) prompt correction of the problem; and (c) regular advice to RCSI as to the status of remedial efforts undertaken to cure such problem. Additionally, First Data shall propose and deliver to RCSI, within thirty (30) days following each material Service Level Default, a written plan (acceptable to RCSI) for prevention of future failures ("Service Level Plan").

(b) First Data recognizes that a Critical Service Level Default may have a material adverse impact on the business and operations of RCSI and that the damage from such Critical Service Level Default is not susceptible to precise determination. Accordingly, in the event of a Critical Service Level Default for reasons other than those set forth in Section 4.3 of this Schedule B (Excused Performance) then, RCSI may \*\*\* in lieu of pursuing other monetary remedies to recover as its sole and exclusive monetary remedy for such Critical Service Level Default a credit calculated pursuant to Section 4.5 of this Schedule B as liquidated damages (each such credit, a "Service Level Credit") \*\*\*. Neither this Section 4.4(b) nor any \*\*\* hereunder shall limit RCSI's rights with respect to the events upon which RCSI may rely as a basis for RCSI's termination of this Agreement for cause.

#### 4.5 Service Level Credits for Critical Service Level Defaults.

(a) Calculation.

(i) For each Critical Service Level Default except those set forth in Section 4.5(d) and 4.5(e) below, the applicable Service Level Credit referenced in Section 4.4(b) above shall be calculated in accordance with the following formula:

$$\text{Service Level Credit} = A \times B$$

Where:

A = the applicable Weighting Factor for Print Production Services or Weighting Factor for Plastics Production Services; multiplied by

B = the Amount at Risk for Print Production Services or the Amount at Risk for Plastics Production Services for such calendar month.

(ii) For example, assume the Amount at Risk for Print Production Services for the month were \*\*\*. Additionally, assume the applicable

Weighting Factor for Print Production Services allocated by RCSI to such Critical Service Level is \*\*\* percentage points. The Service Level Credit due to RCSI for such Critical Service Level Default would be computed as follows:

A = \*\*\*multiplied by

B = \*\*\*

= \*\*\* (the amount of the Service Level Credit).

(b) Service Level Credits for Critical Service Level Defaults for Print Production Services (Excluding Timeliness and External Defect-related Critical Print Service Levels).

Beginning on the Effective Date, Service Level Credits for Critical Service Level Defaults for Print Service Levels other than Timeliness and External Defect-related Print Service Levels will be calculated in accordance with Section 4.5(a) above by multiplying the Weighting Factor for Print Production Services assigned to the particular Critical Service Level for which there has been a Critical Service Level Default by the Amount at Risk for Print Production Services.

(c) Service Level Credits for Critical Service Level Defaults for Plastics Production Services (Excluding Timeliness and External Defect-related Critical Plastics Service Levels).

Beginning on the Effective Date, Service Level Credits for Critical Service Level Defaults for Plastics Service Levels other than timeliness and External Defect-related Plastics Service Levels will be calculated in accordance with Section 4.5(a) above by multiplying the Weighting Factor for Plastics Production Services assigned to the particular Critical Service Level for which there has been a Critical Service Level Default by the Amount at Risk for Plastics Production Services.

(d) Service Level Credits for Timeliness-related Critical Service Level Defaults for Print Service Levels and Plastics Service Levels.

(i) The Service Level Credit calculated pursuant to this Section 4.5(d) shall be \*\*\* (A) the result of the calculation provided in Section 4.5(d)(ii); and  
(B) \*\*\*.

(ii) Service Level Credits for timeliness-related Critical Service Level Defaults will be calculated in accordance with the following formula:

Service Level Credit = A x B

Where:

A = the applicable Weighting Factor for Print Production Services or Weighting Factor for Plastics Production Services; multiplied by

B = \*\*\*

(iii) For example, assume First Data misses a Critical Service Level for timeliness related to Account detail reporting (2.6 in Exhibit B-1) for RCSI Customer \*\*\* in the Consumer Product Category. Assume that the Amount at Risk for Print Production Services for the month were \*\*\*. Assume the \*\*\* applicable monthly charges for Print Production Services for the Consumer Product Category were \*\*\*. Additionally, assume the applicable Weighting Factor for Print Production Services allocated by RCSI to such Critical Service Level is \*\*\*. The Service Level Credit due to RCSI for such Critical Service Level Default would be computed as \*\*\* and (ii) the following calculation:

A = \*\*\* multiplied by

B = \*\*\*

= \*\*\* (the amount of the Service Level Credit).

As such, the Service Level Credit would be \*\*\*.

(iv) The following timeliness-related Service Levels are excepted from the limitations set forth in Sections 4.5(d)(i) through 4.5(d)(iii):

(A) The 2 Day SLA Special Service Level, which shall be calculated in accordance with Section 4.6(b); and

(B) The Recovery Letter Service Level set forth in Exhibit B-1, which shall be calculated in accordance with terms set forth in Exhibit B-1. For the sake of clarity, this Recovery Letter Service Level is a Critical Service Level even though no Weighting Factor for Print Production Services has been assigned to this Service Level.

(e) Critical Service Level for External Defects other than Wrong Materials.

(i) Definition of External Defect

“External Defects” are Defects \*\*\* in a calendar month by \*\*\* (but were not identified during the First Data sampling process) that per occurrence:

(A) \*\*\*; or

(B) \*\*\*

(C) The number of Accounts impacted overall determines if a Service Level is missed; the number of Accounts is not used in the calculation of Service Level Credits per occurrence per month.

(D) To determine whether there is an occurrence of an External Defect for \*\*\*, the following table shall be utilized in accordance with

Section 4.5(e)(i)(B):

Impact of External Defectives	# Statement Defectives Per Occurrence Per Month	# Card Defectives Per Occurrence Per Month
***	***	***
***	***	***

(ii) The occurrence of any External Defects shall result in Service Level Credits as described below:

(A) The maximum Service Level Credit per incident (not per month) of External Defects shall be limited to the lesser of \*\*\* or the calculated Critical Service Level Credit provided in Section 4.5(e)(ii)(B).

(B) The Service Level Credit calculated pursuant to this Section 4.5(e)(ii)(B) shall be the greater of (A) the result of the calculation provided in this Section 4.5(e)(ii)(B); and (B) \*\*\*.

(1) Service Level Credits for External Defects-related Critical Service Level Defaults will be calculated in accordance with the following formula:

$$\text{Service Level Credit} = A \times B$$

Where:

A = the applicable Weighting Factor for Print Production Services or Weighting Factor for Plastics Production Services; multiplied by

B = \*\*\* for the month in which such Critical Service Level Default occurs.

(2) For example, assume First Data misses the External Defects Service Level (11.2 in Exhibit B-1) for RCSI's Customer, \*\*\* Consumer Product Category. Assume that the Amount at Risk for Print Production Services for the month were \*\*\*. Assume the applicable individual RCSI Customer monthly charges for Print Production Services for the Product Category for this Customer were \$25,000. Additionally, assume the applicable Weighting Factor for Print Production Services allocated by RCSI to such Critical Service Level is \*\*\*. The Service Level Credit due to RCSI for such External Defect would be computed as follows:

$$A = *** \text{ multiplied by}$$

B = \*\*\* (which is \*\*\* of \$25,000)

= \*\*\* (would be the amount of the Service Level Credit).

As such, the Service Level Credit would be \*\*\* as (A) \*\*\* is greater than \*\*\* in accordance with Section 4.5(e)(ii)(B), and (B) \*\*\* is less than \*\*\* in accordance with Section 4.5(e)(ii)(A).

(3) As another example, assume that in the same month, First Data misses the External Defects Service Level (11.3 in Exhibit B-1) for RCSI's Customer, \*\*\*. Assume the Amount at Risk for Plastic Production Services is \*\*\*. Assume the individual \*\*\* RCSI Customer applicable monthly charges for Plastic Production Services were \$45,000. Additionally, assume the applicable Weighting Factor for Plastic Production Services allocated by RCSI to such Critical Service Level is \*\*\*. The Service Level Credit due to RCSI for such Critical Service Level Default would be computed as follows:

A = \*\*\* multiplied by

B = \*\*\* (which is \*\*\* of \$45,000)

= \*\*\* (would be the amount of the Service Level Credit).

As such, the Service Level Credit would be \*\*\* as (A) \*\*\* is greater than \*\*\* in accordance with Section 4.5(e)(ii)(B), and (B) \*\*\* is less than \*\*\* in accordance with Section 4.5(e)(ii)(A).

(iii) The External Defects-related Service Level Credit set forth in Section 4.5(e)(ii)(A) and 4.5(e)(ii)(B) shall not apply, and any other applicable Critical Service Level Credit (if any) will continue to apply if any of the following occur:

(A) If First Data identifies an External Defect and notifies RCSI of such External Defect prior to RCSI either (i) discovering it itself, or (ii) being informed of the External Defect by a client or customer, such External Defect shall not be treated as an External Defect-related Critical Service Level Default under this Section 4.5(e). However, First Data is obligated to contain within a commercially reasonable time any Defects discovered by First Data under this Section;

(B) Any External Defect that RCSI caused or substantially contributed to shall not be treated as an External Defect-related Critical Service Level Default for purposes of this Section 4.5(e);

(C) Any External Defect that in RCSI's judgment has no RCSI Customer, client or Cardholder impact shall not be treated as an External Defect-related Critical Service Level Default for this Section 4.5(e);

(D) At RCSI's sole discretion if the Parties mutually agree to a satisfactory resolution to the problems caused by an External Defect and at its expense First Data undertakes all necessary corrective actions (such as a re-mail, Reprint, Rerun, restuff, or re-emboss and mail) it shall not be treated as an External Defect-related Critical Service Level Default for this Section 4.5(e); and

(E) At RCSI's sole discretion if an External Defect is not significant it may agree that it shall not be treated as an External Defect-related Critical Service Level Default for this Section 4.5(e).

(f) RCSI Customer Billing Groupings

The individual RCSI Customer billing groupings as of the Effective Date for purposes of this Section 4.5(d) and Section 4.5(e) are provided in Exhibit B-4. The Parties may revise the groupings provided in Exhibit B-4 as mutually agreed in writing.

(g) Notification.

For each Critical Service Level Default, First Data shall promptly notify RCSI of such failure.

(h) Limitations.

(i) In no event shall the sum of the Weighting Factors for Print Production Services for all relevant Critical Service Levels exceed the Pool Percentage Available for Allocation for Print Production Services.

(ii) In no event shall the sum of the Weighting Factors for Plastics Production Services for all Critical Service Levels exceed the Pool Percentage Available for Allocation for Plastics Production Services.

(iii) In no event shall the total amount of Service Level Credits payable by First Data for Critical Service Level Defaults for Print Production Services and Wrong Material Special Service Level occurring during a calendar month exceed the Amount at Risk for Print Production Services for such calendar month.

(iv) In no event shall the total amount of Service Level Credits payable by First Data for Critical Service Level Defaults for Plastics Production Services and Wrong Material Special Service Level occurring during a calendar month exceed the Amount at Risk for Plastics Production Services for such calendar month.

(v) If a single incident results in more than one Service Level Default, RCSI shall have the right to determine which Service Level and resulting Service Level Credit will apply. In order for the foregoing to apply, First Data shall have the burden of demonstrating to RCSI's reasonable satisfaction, that a single event resulted in the failure of First Data to meet more than one (1) Service Level. RCSI may not assess more than one (1) Service Level Default against similar incidents occurring within the same month. Furthermore, repeated Service Level Defaults of a particular Service Level in a single month caused by similar incidents shall constitute a single Service Level Default for purposes of assessing Service Level Credits for a particular month.

#### 4.6 Special Service Level Credits for Special Service Level Defaults.

(a) General.

First Data recognizes that a Special Service Level Default may have a material adverse impact on the business and operations of RCSI and that the damage from such Special Service Level Default is not susceptible to precise determination. Accordingly, in the event of a Special Service Level Default for reasons other than those set forth in Section 4.3 of this Schedule B (Excused Performance) RCSI may recover as its sole and exclusive monetary remedy for such Special Service Level Default a credit calculated pursuant to Sections 4.6(b) and 4.6(c) of this Schedule B as liquidated damages (each such credit, a "Special Service Level Credit"). This Section 4.6(a) shall not limit RCSI's rights with respect to the events upon which RCSI may rely as a basis for RCSI's termination of this Agreement for cause as related to the Wrong Materials Special Service Level described in Section 4.6(c) below. For the sake of clarity, the termination rights set forth in Section 4.6(b) relating to the 2 Day SLA are the sole and exclusive termination rights relating to a Special Service Level Default of the 2 Day SLA.

(b) Special Service Level for Two Day Statement and Statement Package Timeliness.

(i) The Two Day Statement and Statement Package Timeliness Service Level (the "2 Day SLA") is a Special Service Level in accordance with this Schedule B and Exhibit B-1. The 2 Day SLA shall be effective from August 20, 2009 in accordance with the following terms:

(A) Service Level Credits shall apply for any Special Service Level Default of the 2 Day SLA as of the cycle start date of August 20, 2009; and

(B) RCSI's termination rights in accordance with this Section 4.6(b) shall be effective as of the Effective Date (December 1, 2009).

(ii) In the event of a Special Service Level Default of the 2 Day SLA in the ranges provided in this Section, the resulting Special Service Level Credit shall be calculated as follows:

(A) If First Data commits a Special Service Level Default of the 2 Day SLA measuring below the metric of \*\*\* the following rules apply:

(1) RCSI will receive a Special Service Level Credit of the lesser of (a) the \*\*\* as a result of First Data's failure, calculated in accordance with Section 4.6(b)(iii) below ("\*\*\*"); and (b) \*\*\*. \*\*\*.

(2) In the twelve (12) calendar months following the month in which a Special Service Level Default of the 2 Day SLA measuring below the metric of \*\*\* (a "Trigger Event"), the following rules shall apply:

a. If there is a subsequent Special Service Level Default of the 2 Day SLA measuring below the metric of \*\*\*, First Data shall provide RCSI with a Special Service Level Credit of the lesser of (a) \*\*\*, and (b) \*\*\*.

b. If there are any additional subsequent Special Service Level Defaults of the 2 Day SLA measuring below the metric of \*\*\* during the same rolling twelve (12) calendar month period after the initial Trigger Event, during such rolling twelve (12) calendar month period, First Data shall provide RCSI with a Special Service Level Credit of the lesser of (a) \*\*\*; and (b) \*\*\*. Additionally, such event shall constitute a Termination Rights Event for the purposes of Section 18.1(a)(iv) of this Agreement during which RCSI may terminate this Agreement \*\*\* provided that RCSI elects to do so within twelve (12) months following the month in which the last such Service Level Failure occurred, provided that such termination shall be effective no later than twelve (12) months following the provision of such notice. Subsequent to providing notice of termination in accordance with this Section, RCSI shall be excused from failure to meet the Minimum Commitments provided in Schedule C.

c. If there is more than \*\*\* Trigger Event in any twelve (12) calendar month period, the determination as to the number of Special Service Level Defaults of the 2 Day SLA that have occurred shall be based upon counting from the earliest Trigger Event within any twelve (12) month period in which a subsequent Special Service Level Default occurred (but no earlier than August 20, 2009). By way of example, if there are Trigger Events in \*\*\* and \*\*\*, a Special Service Level Default occurring in \*\*\* shall be the \*\*\* default for the purposes of the \*\*\* Trigger Event (each Trigger Event also being a Special Service Level Default). If another Special Service Level Default occurs in \*\*\* it would then be the \*\*\* default for the purposes of the look-back to the twelve (12) month period that includes the \*\*\* Trigger Event. For clarification, each Special Service Level Default may incur only one financial penalty.

(B) If First Data commits a Special Service Level Default of the 2 Day SLA measuring below the metric of \*\*\* at any time, First Data shall provide RCSI with a Special Service Level Credit of \*\*\*. Additionally, such event shall constitute a Termination Rights Event for the purposes of Section 18.1(a)(iv) of this Agreement during which RCSI may terminate this Agreement without fee provided that RCSI elects to do so within twelve (12) calendar months following the month in which the last such Special Service Level Failure occurred, provided that such termination shall be effective no later than twelve (12) months following the provision of such notice. Subsequent to providing notice of termination in accordance with this Section, RCSI shall be excused from failure to meet the Minimum Commitments provided in Schedule C. First Data is not excused from satisfying this threshold during the Major Releases each year. RCSI shall not be entitled to Special Service Level Credits for the 2 Day SLA for any Special Service Level Default of the 2 Day SLA under both (i) and (ii), although Special Service Level Defaults under this clause (ii) shall be counted in determining the number of Special Service Level Defaults under clause (i).

(iii) If First Data has failed to meet its two (2) day requirement under the 2 Day SLA, once \*\*\* either (A) because RCSI has a reasonable belief that RCSI \*\*\*; or (B) because RCSI believes that material commercial issues [related to the First Data failure to meet the 2 day requirement under the 2 Day SLA) \*\*\*, the Parties will \*\*\* in accordance with the following (and each Party will \*\*\*:

(A) To \*\*\* RCSI will (subject to (i) First Data's review and validation; and (i) if the Parties are unable to agree on the \*\*\*, dispute resolution in accordance with Section 17 of this Agreement):

(1) review the \*\*\* (defined as those \*\*\*);

(2) with assistance from First Data as necessary to complete the requirements of this Section 4.6(b)(iii)(A)(2), run \*\*\* through First Data's query tool (or other tool or process as necessary) to extract the \*\*\*; and

(3) in accordance with the process provided in Sections 4.6(b)(iii)(A)(1) and 4.6(b)(iii)(A)(2) above as well as Section 4.6(b)(iii)(D) below, \*\*\*.

(B) To \*\*\*, RCSI will (subject to (i) First Data's review and validation; and (ii) if the Parties are unable to agree on the \*\*\*, dispute resolution in accordance with Section 17 of this Agreement):

(1) review the list of the \*\*\* as defined in 4.6(b)(iii)(A)(1) above;

(2) with assistance from First Data as necessary to complete the requirements of this Section 4.6(b)(iii)(B)(2), run \*\*\* through First Data's query tool (or other tool or process as necessary) to extract the \*\*\*; and

(3) in accordance with the process provided in Sections 4.6(b)(iii)(B)(1) and 4.6(b)(iii)(B)(2) above as well as Section 4.6(b)(iii)(D) below, \*\*\*.

(C) If the \*\*\*, RCSI with First Data's assistance ((subject to (i) First Data's review and validation; and (ii) if the Parties are unable to agree \*\*\*, dispute resolution in accordance with Section 17 of this Agreement) may \*\*\* using the approach described in Sections 4.6(b)(iii)(A) and 4.6(b)(iii)(B) above to the greatest extent practicable, and otherwise consistent with the same methodology RCSI applies with respect to its business operations at that time, consistently applied.

(D) The determination by RCSI as to which \*\*\* shall be made by RCSI using the same methodology RCSI applies with respect to its business operations at that time, consistently applied.

(c) Special Service Level for Wrong Materials

(i) The Wrong Materials Service Level ("Wrong Materials SLA") shall be designated as a Special Service Level as set forth in the table in Exhibit B-1. The Wrong Materials SLA will be effective on April 1, 2010. Prior to the effective date of the Wrong Materials SLA, all Service Level Defaults that would otherwise be governed by this Wrong Materials SLA shall be calculated using the External Defects Critical Service Level set forth in Section 4.5(e).

(ii) A single instance of Wrong Materials will not necessarily constitute a Special Service Level Default of the Wrong Materials SLA. However, each incident of Wrong Material during a Measurement Period will incur a per incident Special Service Level Credit of \*\*\*, regardless of (A) the number of Accounts impacted; or B) the level of DPMO performance achieved in any given month.

(iii) Special Service Level Defaults of the Wrong Materials SLA and the corresponding Special Service Level Credits shall be calculated during each Measurement Period as follows:

(A) Each individual mail piece (e.g. each Statement Package or each Transaction Card Package) shall be a single individual opportunity in the DPMO calculation for the Wrong Materials SLA, regardless of the number of items in the Statement Package or Transaction Card Package that contain Incorrect barcodes or would otherwise constitute Wrong Material.

(B) For purposes of computing the DPMO calculation, Statements, Statement Packages and Letters will qualify as a single calculation category, and Transaction Cards and Transaction Card Packages will qualify as a single calculation category, for a total of two (2) calculation categories.

(C) For the month's (i) total volume of Statements, Statement Packages and Letters; or (ii) total volume of Transaction Cards and Transaction Card Packages, any Wrong Materials incident or combination of Wrong Materials incidences reported in a calendar month which results in a DPMO exceeding \*\*\* but less than a DPMO of \*\*\* constitutes a Special Service Level Default of the Wrong Materials SLA and will incur a Special Service Level Credit for the Wrong Materials SLA of \*\*\*.

(D) For the month's (i) total volume of Statements, Statement Packages and Letters; or (ii) total volume of Transaction Cards and Transaction Card Packages, any Wrong Materials incident or combination of Wrong Materials incidences reported in a calendar month which results in a DPMO exceeding \*\*\* constitutes a Special Service Level Default of the Wrong Materials SLA and will incur a Special Service Level Credit for the Wrong Materials SLA of \*\*\*.

(E) For illustrative purposes, the following example is utilized to demonstrate how the process will work.

the surrounding facts: (1) During a month's time, \*\*\* Wrong Materials events are reported that impact a total of \*\*\* Account holders, with the following being

(2) \*\*\* Accounts are impacted per occurrence.

(3) \*\*\* Wrong Materials instance is a Statements issue, another Wrong Materials instance is a Letters issue, and the \*\*\* Wrong Materials instance is a Transaction Card Package issue.

(4) These Wrong Material instances were caused by First Data using Incorrect materials (e.g. the stock number (as identified by the barcode appearing on each insert or envelope) GE defined).

(5) During this same month, First Data Released into the USPS Mailstream a total of \*\*\* Statements, Statement Packages, and Letters, and a total of \*\*\* Transaction Card Packages.

(6) The DPMO calculation for the Statements, Statement Packages and Letters would be: (\*\*\* accounts impacted/\*\*\* Statements and Letters, mailed during the calendar month ) x \*\*\*= \*\*\* DPMO.

(7) The DPMO calculation for the Transaction Card Packages would be: (\*\*\* accounts impacted/\*\*\* million Transaction Cards mailed during the calendar month) x \*\*\*= \*\*\* DPMO.

(8) The monthly target threshold to avoid a Special Service Level Default of the Wrong Materials SLA is \*\*\*DPMO. Because the DPMO's calculated in Sections 4.6(c)(iii)(E)(6) is each below \*\*\* DPMO, no Special Service Level Default of the Wrong Materials SLA has occurred for Print Production Services. However, because the DPMO for the Transaction Card Packages was \*\*\*, which falls between \*\*\* and \*\*\* DPMO, First Data would provide a credit of \*\*\*. Additionally, because \*\*\* instances of Wrong Material occurred during the Measurement Period, an additional Special Service Level Credit of \*\*\* is due (\*\*\* Wrong Materials occurrences x \*\*\* each), for a total Service Level Credit for the month of \*\*\* (subject to the relevant amount at risk pool for the month).

(iv) This Wrong Materials Special Service Level is subject to the Amount at Risk for Plastics Production Services and the Amount at Risk for Print Production Services.

(d) Notification.

For each Special Service Level Default of the 2 Day SLA or the Wrong Materials SLA, First Data shall promptly notify RCSI of such failure.

(e) Limitations.

(i) The amounts set forth in this Schedule B as Special Service Level Credits for the 2 Day SLA are not subject to the Amount at Risk for Print Production Services, and any Special Service Level Credits provided by First Data to RCSI as a result of Special Service Level Defaults of the 2 Day SLA are in addition to any Critical Service Level Credits provided by First Data.

#### 4.7 Holds and RCSI System Delays.

(a) In the event that RCSI requests a Hold First Data shall use commercially reasonable efforts to meet the applicable Service Level(s). However, any failure by First Data to achieve the applicable Service Levels shall be excused.

(b) If a Hold is initiated by First Data, First Data will not be excused from any resulting Service Level Default.

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**5. MODIFICATIONS AND IMPROVEMENTS TO SERVICE LEVELS.****5.1 Addition, Deletion, and Modification of Service Levels.**

As required by the RCSI Relationship Executive, but no more frequently than every ninety (90) days, RCSI and First Data will review the Service Levels and shall make adjustments to them as mutually agreed. Additionally, First Data shall add, modify and delete Service Levels, including terms regarding the costs of such additions, modifications and deletions, as mutually agreed upon between the Parties and implemented. First Data shall implement such changes described in this Section 5.1 by the date mutually agreed between the Parties.

**5.2 Designation of Critical Service Levels.**

(a) As of the Effective Date, the Critical Service Levels are designated as "Critical" in the corresponding "Critical/Special/Tracking" column in Exhibit B-1.

(b) Upon mutual agreement, and no more frequently than every ninety (90) days, RCSI may change the designation of any Service Level to a Critical Service Level, or change the designation of any Critical Service Level to a Tracking Service Level. For clarity, the changes contemplated in this Section shall be accomplished by changing Weighting Factors, as set forth in the next Section, as well as changing the designation in the "Critical/Special/Tracking" column and "Service Level Metric" column if applicable in Exhibit B-1.

(c) First Data shall implement such changes described in this Section 5.2 as mutually agreed by the Parties.

**5.3 Tracking Service Levels and Special Service Levels.**

(a) As of the Effective Date, the Special Service Levels are designated as "Special" in the corresponding "Critical/Special/Tracking" column in Exhibit B-1.

(b) As of the Effective Date, the Tracking Service Levels are designated as "Tracking" in the corresponding "Critical/Special/Tracking" column in Exhibit B-1.

**5.4 Weighting Factors.**

(a) Weighting Factors for Print Production Services.

(i) For changes to the Weighting Factors for Print Production Services of more than five (5) percentage points, RCSI, in its sole discretion once during a calendar year upon sixty (60) days notice to First Data, \*\*\* the allocation of the Weighting Factor for Print Production Services for any one or more Critical Service Levels; provided, however, that the sum of the Weighting Factors for Print Production Services for all Critical Service Levels shall not exceed the Pool Percentage Available for Allocation for Print Production Services.

(ii) For changes to the Weighting Factors for Print Production Services of five (5) percentage points or less during a calendar year:

(A) RCSI in its sole discretion once a quarter shall provide reasonable notice to First Data of such changes and \*\*\* the allocation of the Weighting Factors for Print Production Services for any one or more Critical Print Service Levels within five (5) percentage points of the existing allocation (adjusting larger or smaller for a total range of ten (10) percentage points); provided, however, that the sum of the Weighting Factors for Print Production Services for all Critical Print Service Levels shall not exceed the Pool Percentage Available for Allocation for Print Production Services.

(B) At no time during a calendar year may \*\*\* adjust the Weighting Factors for Print Production Services so that the revised allocation per Service Level exceeds five points (either lesser or greater) of the original allocation per Service Level for that calendar year.

(b) Weighting Factors for Plastics Production Services.

(i) For changes to the Weighting Factors for Plastics Production Services of more than five (5) percentage points, RCSI, in its sole discretion, once during a calendar year upon 60 days notice, \*\*\* of the Weighting Factor for Plastics Production Services for any one or more Critical Service Levels upon written notice to First Data; provided, however, that the sum of the Weighting Factors for Plastics Production Services for all Critical Service Levels shall not exceed the Pool Percentage Available for Allocation for Plastics Production Services.

(ii) For changes to the Weighting Factors for Plastics Production Services of five (5) percentage points or less during a calendar year:

(A) RCSI in its sole discretion once every quarter shall provide reasonable notice to First Data of such changes and \*\*\* the allocation of the Weighting Factors for Plastics Production Services for any one or more Critical Plastics Service Levels within five (5) percentage points of the existing allocation (adjusting larger or smaller for a total range of ten (10) percentage points); provided, however, that the sum of the Weighting Factors for Plastics Production Services for all Critical Plastics Service Levels shall not exceed the Pool Percentage Available for Allocation for Plastics Production Services.

(B) At no time during a single calendar year may RCSI adjust the Weighting Factors for Plastics Production Services so that the revised allocation exceeds five points (either lesser or greater) of the original allocation for that calendar year.

## 6. QUALITY-RELATED SERVICE LEVELS

### 6.1 Print Service Levels.

(a) For those quality-related Critical Print Service Levels that (i) utilize a DPMO calculation; and (ii) are so indicated in Exhibit B-1, as of the Effective Date, a DPMO of \*\*\* (\*\*\*) shall apply.

(b) If during any month up until June 30, 2010, First Data commits a Service Level Default of any quality-related Critical Print Service Levels, the following terms shall apply:

(i) First Data is not responsible to pay a Service Level Credit for a Service Level Default during that month if the DPMO measurement is above \*\*\* DPMO but lower than or equal to \*\*\* DPMO. First Data will then have a sixty (60) day period during which First Data can cure that Service Level Default and not incur any Service Level Credit. If after sixty (60) days, First Data is unable to cure the Service Level Default, First Data will provide RCSI with a Service Level Credit for a Service Level Default of greater than \*\*\* DPMO. For example, if First Data commits a Service Level Default of the Statement Accuracy Service Level because at the end of January 2010 the DPMO for the month of January was \*\*\*, First Data will not provide RCSI a Service Level Credit for such Service Level Default. First Data will not provide RCSI with a Service Level Credit after February or March 2010 if the DPMO remains \*\*\* as February and March constitute the cure period. However, if after the month of April, the DPMO for the Statement Accuracy Service Level remains \*\*\*, First Data will provide RCSI with a Service Level Credit at the end of April.

(ii) If a Service Level Default of any quality-related Critical Print Service Levels exceeds \*\*\* DPMO at any time after the Effective Date, First Data will provide a Service Level Credit to RCSI with no opportunity to cure such Service Level Default.

## 6.2 Plastics Service Levels.

For all quality-related Critical or Tracking Plastics Service Levels that utilize a DPMO calculation, as of the Effective Date the DPMO calculation that shall apply is \*\*\* DPMO.

## 7. RELATIONSHIP BETWEEN THIS AGREEMENT AND THE TSA REGARDING SERVICE LEVELS

(a) During the Term, there is a complete exclusion from Service Level Credits or other remedies for TSA caused issues, except as set forth in Section 7(b).

(b) Termination Rights Events. After November 1, 2012 if \*\*\* is caused by First Data's performance under the TSA instead of under this Agreement, no \*\*\* applies but (in addition to whatever rights and remedies RCSI has under the TSA) RCSI will have Termination Right Events rights under this Agreement on the same basis as if the breach were caused under this Agreement. For the sake of clarity, this means that although no \*\*\* will be payable to RCSI for \*\*\* for TSA caused issues, RCSI will apply any \*\*\* for TSA caused issues for purposes of the Termination Rights Events under Section 18.1(a)(iv) of this Agreement. Prior to November 2012, RCSI will not apply any \*\*\* for TSA caused issues for purposes of the Termination Rights Events under Section 18.1(a)(iv) of this Agreement.

(c) External Defects. For TSA caused PSA impacting issues, First Data will provide email notification to RCSI the same day of identification of the issue

or within twenty-four (24) hours. The RCSI PSA and TSA teams will be involved in the issue resolution discussions. First Data will follow up with a preliminary Root Cause Analysis within seven (7) Production Days and a final Root Cause Analysis no later than thirty-seven (37) Production Days. Preliminary Root Cause Analysis will include root cause, description of impact to RCSI and any preventative actions that have been identified to that point.

(d) TSA caused issues that do not meet the criteria of a defined TSA Service Level are jointly evaluated by First Data and RCSI to determine if the issue has significant impact to be logged as an Other Business Impact (OBI) for purposes of reporting and Root Cause Analysis. Criteria for evaluation of impact have been agreed as of the Effective Date and any changes to the OBI criteria shall be mutually agreed upon by the Parties.

(e) TSA Caused/PSA Impacting OBI's will follow defined OBI reporting and RCA related processes.

(f) TSA Caused/PSA impacting OBI's will be included in the Monthly Performance Report. Reporting will include: 1) number of issues within the reporting month, and 2) a brief description of each issue.

(g) Assessment of whether a Service Level Default was caused by a TSA-caused or PSA-caused issue will be based on the root cause of the issue. For example, a TSA caused embossing accuracy issue would be assessed against a TSA Embossing Accuracy Service Level (if in existence) vs. a PSA embossing accuracy Service Level.

(h) TSA and PSA Service Levels do not create an opportunity for the assessment of a monetary penalty in both Agreements based on the same Defect.

**EXHIBIT B-1**  
**SERVICE LEVEL METRICS**

**I. DEFINITIONS.**

A. The following capitalized terms will have the meanings given them below:

1. “Card Cycle Time” means the elapsed time in Business Days beginning on Day 0 and ending at the time that the Transaction Cards and Transaction Card Packages included in that Transaction Card cycle are Released into the USPS Mail Stream. The Card Cycle Time for a particular Transaction Card cycle will be the date and time set forth in the Service Level descriptions in Schedule B, Exhibit B-1 or in the RCSI Rules. In the event of a conflict between the Service Level descriptions in this Agreement and the RCSI Rules, the Service Level descriptions in this Agreement shall control.
2. “Daily Letters” means Letters that are automatically triggered by the First Data System and do not require a release notification prior to printing.
3. “Day 0” means the night of a processing cycle and ends at 11:59 p.m.
4. “Day 1” means the first Production Day, Business Day, or Working Day following Day 0 of a processing cycle and ends at 11:59 p.m.
5. “Day 2” means the second Production Day, Business Day, or Working Day following Day 0 of a processing cycle and ends at 11:59 p.m.
6. “Day 3” means the third Production Day, Business Day, or Working Day following Day 0 of a processing cycle and ends at 11:59 p.m.
7. “Day 4” means the fourth Production Day, Business Day, or Working Day following Day 0 of a processing cycle and ends at 11:59 p.m.
8. “Day 5” means the fifth Production Day, Business Day, or Working Day following Day 0 of a processing cycle and ends at 11:59 p.m.
9. “Letter Cycle Time” means the elapsed time in Business Days beginning on Day 0 and ending at the time the Letters are Released into the USPS Mailstream. The Letter Cycle Time for a specific Letter type is set forth in the Service Level descriptions in Schedule B, Exhibit B-1 or in the RCSI Rules. In the event of a conflict between the Service Level descriptions in this Agreement and the RCSI Rules, the Service Level descriptions in this Agreement shall control.

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10. \*\*\*
11. “Priority Daily Letters” means Letters that are automatically triggered by the First Data System and do not require a release notification prior to printing, and for which RCSI identifies a Letter Cycle Time requirement that is not to exceed one (1) day.
12. “Recovery Letter” means a Letter, requested by RCSI, due to a Service Level Default of the 2 Day SLA, or a production Hold “run without” scenario after which RCSI would require First Data to send a separate Letter.
13. “Response Required Deadline Determined (R2D2) Letters” means Letters that are automatically triggered by the RCSI System and that specify a response from the recipient prior to a deadline specified by RCSI or an RCSI Customer.
14. “Special Letters” means Letters that are force triggered by RCSI and not automatically triggered by the First Data System, the RCSI System, or co-mingled with Daily Letters, and require an email or hard copy communication from RCSI for print release. The Letter Cycle Time for Special Letters will be mutually agreed between the Parties on a case-by-case basis. Priority legal letters (excluding Recovery Letters) shall be a subset of Special Letters.
15. “Statement Cycle Time” means the elapsed time in Production Days beginning on Day 0 and ending at the time that the Statements and Statement Packages included in that Statement cycle are Released into the USPS Mail Stream. The Statement Cycle Time for Statements and Statement Packages is set forth in the Service Level descriptions in Schedule B, Exhibit B-1 or the RCSI Rules. In the event of a conflict between the Service Level descriptions in this Agreement and the RCSI Rules, the Service Level descriptions in this Agreement shall control.
- B. Other capitalized terms used in this Exhibit B-1, but not defined above, are defined where they are used or elsewhere in this Agreement, and have the meanings there indicated.

**II. SERVICE LEVELS.**

- A. Service Levels containing (\*) shall be subject to the Section 6.1(a) of Schedule B.
- B. Service Levels containing (\*\*) will begin being measured on August 20, 2009.
- C. Service Levels containing (\*\*\*) shall be assigned a single Weighting Factor for Print Production Services or a single Weighting Factor for Plastics Production Services. That assigned Weighting Factor will be applied consistently to each Service Level calculation under that particular Service Level and will not vary between RCSI Customers or between Product Categories.
- D. Under the 2 Day SLA, First Data will use commercially reasonable efforts to maintain a process for each billing cycle under which approximately \*\*\* to \*\*\* of Statements and Statement Packages are mailed on Day One, and the remainder of Statements and Statement Packages are mailed on Day 2 of the cycle. For the avoidance of doubt, this Section II.D does not constitute either (A) a condition or component of the 2 Day SLA under Section 4.1(b) of Schedule B; or (B) a separate Service Level.
- E. Unless otherwise noted, all Service Levels will be measured at the conclusion of a Measurement Period.

<u>Reference Number</u>	<u>Function and Service Level Description</u>	<u>Critical / Special/ Tracking</u>	<u>Weighting Factor – Print Services</u>	<u>Weighting Factor – Plastic Services</u>	<u>Measurement Tool</u>	<u>Measurement Period</u>	<u>Service Level Metric</u>
<b>Timeliness – Print Services for Statements and Other Correspondence (Excluding Letters) for all Product Categories</b>							
	<b>2 Day SLA: Paper Statements, Statement Packages, Electronic Statements, Reruns/Reprints**</b>	Special Per Section 4.6(b) of Schedule B	NA	NA	Formscan	Monthly	*** of Paper Statements, Statement Packages, Electronic Statements, and Rerun/Reprints are completed in accordance with the calculation provided for this Special Service
	The 2 Day SLA measures the monthly Statement volume (measured by a percentage) that exceeds the applicable Statement Cycle Times for each of Paper Statement timeliness, and Rerun/Reprint timeliness and the one (1) day Electronic Statement timeliness period based on the total calculation of the three Statement types.						

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
	<p>The calculation for the 2 Day SLA is as follows:</p> <p>[(Total number of Paper Statements and Reprint/Reruns (if any in that Measurement Period) that complete within the applicable Statement Cycle Time) + (the total number of Electronic Statements that are delivered to the eMessenger web server by the completion of ***)] divided by [(the total number of Paper Statements and Reprint/Reruns that were Released into the USPS Mailstream) + (the total number of Electronic Statements that were delivered to the eMessenger web server)].</p> <p><b>I. Paper Statements and Statement Packages</b></p> <p>All Paper Statements and Statement Packages (excluding Replacement Statements) shall maintain a Statement Cycle Time of ***) Production Days.</p> <p><b>II. Electronic Statements:</b></p> <p>First Data will provide all Electronic Statements to the eMessenger web server within ***) Production Day of Day Zero.</p>						<p>Level in the Function and Service Level Description column, subject to the Special Service Level Credit structure in Section 4.6(b) (which remedies proposed in Section 4.6(b) are the exclusive remedy for breach of this 2 Day SLA) of Schedule B.</p> <p>For the sake of clarity, ***) of all Paper Statements and Statement Packages will be completed in 2 days, ***) of Electronic Statements will be completed in ***, and ***) of Reruns/Reprints will be completed in accordance with Romanette III of the Function and</p>

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
	<p><b>III. Rerun/Reprint</b></p> <p>(a) For purposes of calculating the time period during which First Data must Release into the USPS Mailstream the Statements and/or Statement Packages required to be Rerun/Reprint (i.e. the reset period of the 2 Day SLA for Statements and/or Statement Packages that need to be Rerun/Reprinted), Day One is the day that RCSI releases the Rerun/Reprint file to First Data by 6:00 am CT.</p> <p>(b) If First Data causes the need to Rerun/Reprint the Paper Statements and/or Statement Packages, First Data must have the materials required to be Rerun/Reprint Released into the USPS Mailstream is by the end of Day Two.</p> <p>(c) If RCSI causes the need to Rerun/ Reprint the Paper Statements and/or Statement Packages:</p> <p>(i) First Data must have the Statements and/or Statement Packages required to be Rerun/Reprint Released into the USPS Mailstream by the end of Day 2 for Reruns/Reprints with a volume of less than or equal to *** Units; or</p>						Service Level Description column for this Service Level.

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
	(ii) First Data must have the Statements and Statement Packages required to be Rerun/Reprint Released into the USPS Mailstream by the end of Day 4 for Reruns/Reprints with a volume of more than *** Units.						
2.6	In the event that there is a Special Service Level Default of the 2 Day SLA, First Data will provide Account detail reporting to RCSI by the end of Day 5 after the occurrence. ***	Critical	20%	NA	Formscan	Monthly	*** within five (5) Production Days
<b>Timeliness – Letters (All Product Categories)</b>							
10	<p><b>Recovery Letters</b></p> <p>The Letter Cycle Time for Recovery Letters is *** Business Days.</p> <p>For Recovery Letters for which First Data receives the Recovery Letter file directly from RCSI, Day One is the day the file is received at First Data by 6:00 am CT.</p> <p>This Recovery Letters Service Level has no Weighting Factor assigned.</p> <p>This Service Level measures the number of occurrences during a</p>	Critical	NA	NA	Formscan	Monthly	<p>*** of the *** Letter Cycle Time for Recovery Letters results in a Service Level Credit.</p> <p>The *** of the *** Letter Cycle Time for Recovery Letters results in a *** Service Level Credit. *** of the *** Letter Cycle Time for Recovery Letters thereafter within the same</p>

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
	<p>Measurement Period that First Data fails to meet the Recovery Letter Cycle Time. For purposes of this Service Level, each "Occurrence" is based upon each Recovery Letter file grouping that is Released into the USPS Mailstream (i.e. not each individual Unit mailed per grouping of letters).</p> <p>For the sake of clarity, this Service Level is an exception to Section 4.5(d) of Schedule B.</p> <p>This Critical Service Level is subject to the Amount at Risk for Print Production Services.</p>						Measurement Period results in a *** Service Level Credit.
10.1	<p><b>Daily Letters and Replacement Statements</b></p> <p>The Letter Cycle Time for Daily Letters and Replacement Statements is four (4) Business Days.</p>	Tracking	NA	NA	Formscan	Monthly	***
10.2	<p><b>Special Letters</b></p> <p>The Letter Cycle Time for Special Letters will be mutually agreed by the Parties on a per occurrence basis. First Data shall comply with the mutually agreed upon timelines.</p>	Tracking	NA	NA	Formscan	Monthly	***
10.3	<p><b>Response Required Deadline Determined (R2D2)</b></p> <p>The Letter Cycle Time for R2D2 Letters is two (2) Business Days.</p>	Tracking	NA	NA	Formscan	Monthly	***

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
10.4(b)	<b>Priority Daily Letters</b> The Letter Cycle Time for Priority Daily Letters is one (1) Business Day.	Tracking	NA	NA	Formscan	Monthly	***
10.5	<b>Daily ABC / Offline Letters</b> The Letter Cycle Time for ABC/Offline Letters is five (5) Business Days.	Tracking	NA	NA	Formscan	Monthly	***
10.6	<b>Daily Certified Mail Letters</b> The Letter Cycle Time for Daily Certified Mail Letters is one (1) Business Day for the initial *** of Daily Certified Mail Letters and two (2) Business Days for the remaining *** of Daily Certified Mail Letters.	Tracking	NA	NA	Formscan	Monthly	*** of Daily Certified Mail Letters shall complete on Day 1; and *** of Daily Certified Letters shall complete on Day 2
10.4 (b)	<b>*** Letters</b> The Letter Cycle Time for all *** Letters is one (1) Production Day.	Tracking	NA	NA	Formscan	Monthly	***
<b>Accuracy – Print Production Services – Internal Defects</b>							
8.2	<b>Statements, Statement Packages, and Letters – Accuracy *</b> This Service Level measures the accuracy of Statements, Statement Packages and Letters through a DPMO calculation based on the amount of Internal Defects found during the internal sampling processes.	Critical	40%	NA	Outgoing Quality Level (OQL) Application	Monthly	First Data shall maintain a DPMO of at least *** in accordance with Section 6.1 of Schedule B.

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
8.2.1	<p>The Swing Arm Inserter, High Speed Inserter, Manual Work Stations, and Random Quality Sampling Service Levels will all be measured on an individual tracking basis. The aggregate of the four aforementioned Service Levels will comprise the overall DPMO calculation of this Service Level.</p> <p><b>Swing Arm Inserter – Accuracy</b></p> <p>This Service Level measures the accuracy of Statements, Statement Packages and Letters through a DPMO calculation based on the amount of Internal Defects found during the swing arm inserter sampling processes.</p> <p>For every Statement processed on swing arm inserter equipment, First Data will sample every RCSI job run.</p> <p>First Data will sample at a rate (plus or minus 5%) of one piece randomly selected by the system for every 500 pieces run.</p>	Tracking	NA	NA	Outgoing Quality Level (OQL) Application	Monthly	DPMO of ***

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
8.2.2	<p>The Parties may mutually agree to change the sample size at any time.</p> <p>First Data will check and report the sample data by job, client number (or by client when possible when requested by RCSI) and equipment type.</p> <p><b>High Speed Inserter – Accuracy</b></p> <p>This Service Level measures the accuracy of Statements, Statement Packages and Letters through a DPMO calculation based on the amount of Internal Defects found during the high speed inserter internal sampling processes.</p> <p>For work that is completed on high speed inserter equipment, First Data will sample every RCSI job run.</p> <p>First Data will sample at a rate (plus or minus 5%) of one piece randomly selected by the system for every 2500 pieces run.</p> <p>The Parties may mutually agree to change the sample size at any time.</p> <p>First Data will check and report the sample data by job, client number (or by client when possible when requested by RCSI) and equipment type.</p>	Tracking	NA	NA	Outgoing Quality Level (OQL) Application	Monthly	DPMO of ***

<u>Reference Number</u>	<u>Function and Service Level Description</u>	<u>Critical / Special/ Tracking</u>	<u>Weighting Factor – Print Services</u>	<u>Weighting Factor – Plastic Services</u>	<u>Measurement Tool</u>	<u>Measurement Period</u>	<u>Service Level Metric</u>
8.2.3	<p><b>Manual Work Stations</b></p> <p>This Service Level measures the accuracy of Statements, Statement Packages and Letters through a DPMO calculation based on the amount of Internal Defects found during the manual work stations internal sampling processes.</p> <p>For work that is completed at manual work stations, First Data will sample every RCSI job run.</p> <p>First Data will sample at a rate (plus or minus 5%) of one piece randomly selected by the operator for each job.</p> <p>The Parties may mutually agree to change the sample size at any time.</p> <p>First Data will check and report the sample data by job, client (or by client when possible when requested by RCSI) and equipment type.</p>	Tracking	NA	NA	Outgoing Quality Level (OQL) Application	Monthly	DPMO of ***
8.2.4	<p><b>Random Quality Sampling – Accuracy</b></p> <p>This Service Level measures the accuracy of Statements, Statement Packages and Letters through a</p>	Tracking	NA	NA	Outgoing Quality Level (OQL) Application	Monthly	DPMO of ***

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
	<p>DPMO calculation based on the amount of Internal Defects found during the random quality internal sampling processes.</p> <p>First Data will pull a minimum of *** samples (plus or minus ***) at random for each Production Day.</p> <p>The Parties may mutually agree to change the sample size at any time.</p> <p>First Data will check and report the sample data by job, client number (or by client when possible when requested by RCSI) and equipment type.</p>						
<b>Accuracy – Plastics Production Services – Internal Defects</b>							
9.2	<p><b>Plastics Production Services – Accuracy</b></p> <p>This Service Level measures the accuracy of Transaction Cards and Transaction Card Packages by calculating the DPMO based on the Internal Defects found during the internal sampling processes.</p> <p>First Data shall achieve at a minimum the monthly average DPMO of *** (or *** Sigma) for all Transaction Cards and Transaction Card Packages produced during a Measurement Period.</p>	Critical	NA	25%	Outgoing Quality Level (OQL) Application	Monthly	First Data shall maintain a DMPO of at least *** (or *** Sigma).

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
<b>Accuracy – Wrong Materials and External Defects</b>							
11.1	<p><b>Wrong Materials (Includes both Print Services and Plastics Services)</b></p> <p>The Wrong Materials Special Service Level is described in detail in Section 4.6(c) of Schedule B.</p>	Special per Section 4.6(c) of Schedule B	NA	NA	EDTS application (External Defect Tracking System)	Monthly	The metric and accompanying Special Service Level Credits are described in Section 4.6(c) of Schedule B.
11.2	<p><b>All External Defects other than Wrong Materials for Print Services***</b></p> <p>This Service Level measures the total number of occurrences of External Defects during a Measurement Period. The External Defects Critical Service Level is described in detail in Section 4.5(e) of Schedule B.</p>	Critical	40%	NA	EDTS application (External Defect Tracking System)	Monthly	The metric and accompanying Special Service Level Credits are described in Section 4.5(e) of Schedule B.
11.3	<p><b>All External Defects other than Wrong Materials for Plastics Services***</b></p> <p>This Service Level measures the total number of occurrences of External Defects during a Measurement Period. The External Defects Critical Service Level is described in detail in Section 4.5(e) of Schedule B.</p>	Critical	NA	25%	EDTS application (External Defect Tracking System)	Monthly	The metric and accompanying Special Service Level Credits are described in Section 4.5(e) of Schedule B.

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
<b>Timeliness – Plastics Production Services</b>							
5.6	<p><b>All Transaction Cards and Transaction Card Packages (excluding Re-Issue, Mass, and Natural Re-issue Transaction Cards)***</b></p> <p>The Card Cycle Time for daily Transaction Cards and Transaction Card Packages is *** in two (2) Business Days and *** in three (3) Business Days. For the sake of clarity, *** Transaction Card Packages are included in this Service Level. This Service Level calculation will be made in accordance with Section 4.5(d) of Schedule B.</p>	Critical	NA	25%	CardTrack II	Monthly	<p>*** within two (2) Business Days</p> <p>*** within three (3) Business Days</p>
5.8	<p><b>For *** plastics only:</b></p> <p>The Card Cycle Time for *** Transaction Cards and Transaction Card Packages is one (1) Business Day.</p> <p>For those *** Transaction Cards and Transaction Card Packages not mailed within one (1) Business Day, First Data will provide an explanation in writing defining why the *** Transaction Card Package was not produced and mailed in accordance with this Service Level.</p>	Tracking	NA	NA	CardTrack II	Monthly	*** within one (1) Business Day

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
5.10	<p><b>***only:***</b></p> <p>The Card Cycle Time for *** Transaction Cards and Transaction Card Packages is the same day that First Data receives the embossing file.</p> <p>For illustrative purposes, First Data receives the file by 2:00 am CT, they will be produced and mailed by close of business the same day. This does not apply to mass reissues and natural reissues.</p> <p>This Service Level calculation will be made in accordance with Section 4.5(d) of Schedule B.</p>	Critical	NA	5%	CardTrack II	Monthly	***
6.1	<p><b>Same Day Plastics Cycle time for files received after 3 p.m. EST ***</b></p> <p>The Card Cycle Time for Same Day Transaction Cards received by First Data after 3:00 p.m. ET is the next Business Day for *** and is Day 2 for ***.</p> <p>This Service Level calculation will be made in accordance with Section 4.5(d) of Schedule B.</p>	Critical	NA	5%	CardTrack	Monthly	*** Next business day, *** Day 2 (Business Days only)
6.2	<p><b>Same Day Plastics Cycle time for files received before 3 p.m. EST ***</b></p> <p>The Card Cycle Time for Same Day</p>	Critical	NA	5%	CardTrack	Monthly	*** same Business Day; *** next Business Day

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
7.1	<p>Transaction Cards received by First Data at or before 3:00 p.m. ET is the same Business Day for *** and is the next Business Day for ***.</p> <p>This Service Level calculation will be made in accordance with Section 4.5(d) of Schedule B.</p> <p><b>Mass Reissue Transaction Cards</b></p> <p>The Parties will agree on the Card Cycle Time for mass re-issue Transaction Cards and Transaction Card Packages on a per event basis.</p> <p>The mass reissue timeliness calculation will be the percentage calculated as:</p> <p>The number of mass re-issue items actually mailed on time at the end of the Measurement Period / all mass re-issue items mailed during the Measurement Period.</p>	Tracking	NA	NA	CardTrack II	Monthly	*** of the agreed Card Cycle Time
7.2	<p>Natural Reissue Transaction Cards and Transaction Card Packages ***</p> <p>First Data will produce and mail each embossing tape within fifteen (15) Business Days of receipt by First Data, with a commitment of all packages produced and mailed by the last day of the month prior to the month of the expiration date.</p>	Critical	NA	10%	CardTrack II	Monthly	*** of the full reissue file will be completed within fifteen (15) Business Days of receipt by First Data but in no event not later than the last day of the month

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
	This Service Level calculation will be made in accordance with Section 4.5(d) of Schedule B.						prior to the month of expiration of the Transaction Card for each Account
<b>Timeliness – Inventory of all Production Services</b>							
12.1	<b>Inventory Receiving</b> First Data shall log into the system and make “production ready” all materials received within forty-eight (48) hours from the time of receipt at the dock to the time the data is logged into the First Data System	Tracking	NA	NA	Material Management System (MMS)	Monthly	*** In 2 Working Days, *** in 3 Working Days.
<b>Accuracy – Inventory</b>							
	<b>Inventory – Accuracy</b> First Data shall input all inventory data into the system correctly, including the First Data item number, weights, thickness etc.	Tracking	NA	NA	Material Management System (MMS)	Monthly	***
	<b>First Data Service Center Tickets</b> First Data shall acknowledge all tickets received by the First Data Service Center (as more fully described under the TSA) within two (2) hours of receipt by First Data.	Tracking	NA	NA	Service Center Reporting Tool	Monthly	***

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
<b>Reporting – Timeliness</b>							
13.1	<b>Reporting – Timeliness</b>	Tracking	NA	NA	Manual	Monthly	***
	<p>First Data shall provide *** of reports to RCSI on or before:</p> <ul style="list-style-type: none"> <li>• Daily reports: Report generated and addressed to RCSI and sent to the First Data email server by 10 a.m. Eastern Time each Working Day.</li> <li>• Weekly reports: Report generated and addressed to RCSI and sent to the First Data email server by 5 p.m. Eastern Time on the first Working Day of each week.</li> <li>• Monthly reports: Monthly reports to be delivered in accordance with Schedule B 3.3 (a)(i, ii, and iii)</li> <li>• Quarterly reports: Provided as mutually agreed.</li> </ul> <p>NOTE: Automated reports will be provided in Production Days, and manual reports will be provided on Working Days unless otherwise noted in Schedule G (Reports).</p>						

Reference Number	Function and Service Level Description	Critical / Special / Tracking	Weighting Factor – Print Services	Weighting Factor – Plastic Services	Measurement Tool	Measurement Period	Service Level Metric
<b>Reporting – Accuracy</b>	<p>*** of reports do not require rework or revision due to any inaccuracy and do contain sufficient data for reconciliation by RCSI.</p> <p>The calculation for this Service Level will be the total number of correct reports per month divided by the total number of reports. The method of determining whether a report is inaccurate is whether either Party identifies such report as inaccurate</p>	Tracking	NA	NA	Manual	Monthly	***

**EXHIBIT B-2**  
**CTQ'S**

**I. PLASTICS PRODUCTION SERVICES CTQ'S**

The following chart describes the CTQs for the Plastics Production Services.

<b>CARDS</b>							<b>Page 1</b>
<b>Voice of Client</b>	<b>CTQ Name</b>	<b>Requirement Description</b>	<b>Impact Category</b>				
<b>Contents Secured</b>	<b>OME Seal Correct</b>	<b>Outer Mailing Envelop is properly sealed according to processing requirements</b>	<b>Compliance and Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>OME: Sealed Improperly</b>	Envelope not completely sealed per requirements. <b>Plastics:</b> Sealed within 2 inches from edge of flap. <b>OR</b> if requirements are "to not seal", it was sealed.	Compliance	Sev 1	Yes		Yes
	<b>OME: Sticking</b>	Account/mailpieces sticking together, OR outer mailing envelope sticking to contents.	Relationship	Sev 3		Yes	If requested
	<b>OME/BRE Address Visible</b>	<b>Outer Mailing &amp; Business Reply Envelope addresses are meeting USPS requirements</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>

	<b>OME/BRE: Address/Barcode Not Visible or within USPS Clear Zone Specs</b>	USPS Tap Test Failure for Outer Mailing Envelope due to Incorrect positioning of Address(es) or Barcodes in window(s) Minimum 1/25th" vertical space when tap down (dime width) & Minimum 1/8th" horizontal space when tap left or right, between barcode and other printing, window or label edges. * Complete Address not Visible— Masked: Insert, BRE flap, or Form corner folded in front of address. OR Orientation: Inserted upside down, or backwards. OR Window alignment/programming incorrect.	Relationship	Sev 3		Yes	If requested
	<b>All Pages/Cards Present</b>	<b>All form pages and cards are present for one and only one customer, including correct card quantity per BOM</b>	<b>Compliance and Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Card &amp; Carrier: mismatch</b>	Attachment of a personalized plastic to a printed card carrier with acct. information different than that found on the card.	Compliance	Sev 1	Yes		Yes

	<b>Card: Quantity wrong</b>	Failure of a cardcarrier to contain the correct number of cards as part of the completed account/mailpiece. (Card Carrier could be empty/short a card, or could be non receipt of entire mailpiece)	Relationship	Sev 1	Yes		Yes
	<b>Card: duplicated</b>	Production of two or more identical personalized plastics when only one was required. Caught Internally or Mailed.	Relationship	Sev 2		Yes	If exceeds threshold
	<b>Form: Print Wrong Duplex</b>	Backer ID Code on back of form does not match front code for Duplex product (Print Class E & F). Potential for two Customers-specific information to be on one physical page. I.e. the two Print engines were not matched prior to printing or after a crash.	Relationship	Sev 1	Yes		Yes
	<b>Form: Double Stuff</b>	More than one customers physical pages in one account/mailpiece. Relates to single and multipage products.	Compliance	Sev 1	Yes		Yes
	<b>Form: Multipage Separation</b>	Customers pages separated, not all contained in same account/mailpiece, or missing document.	Compliance	Sev 1	Yes		Yes

	<b>Form: Duplicated</b>	Production of two or more documents containing identical acct. information when only one was required.—Caught Internally or Mailed.	Relationship	Sev 3		Yes	If requested
<b>CARDS</b>							<b>Page 2</b>
<b>Correct BOM</b>	<b>Card Stock Correct</b>	<b>Plastic card stock used is correct per bill of materials</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Card: Wrong Card Stock Used</b>	Personalizing a plastic with acct. information on a stock # other than the one called for by the bill of materials.	Relationship	Sev 1	Yes		Yes
	<b>Label Stock Correct</b>	<b>Card Activation Label is correct per bill of materials</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Label: Missing</b>	Failure to apply the card activation label called for in the bill of materials to a plastic.	Relationship	Sev 2		Yes	If exceeds threshold
	<b>Label: Wrong</b>	Application of a card activation label to a plastic other than the label called for in the bill of materials. Or label applied though BOM has 'None'	Relationship	Sev 2		Yes	If exceeds threshold
	<b>Label: Double</b>	Same card activation label applied twice to the same plastic.	Relationship	Sev 3		Yes	If requested

	<b>Form Type Correct</b>	<b>Card Carrier Stock is correct per bill of materials</b>	<b>Relationship</b>				
	<b>Form: Wrong Form Type Used</b>	Preprinted Vendor form type doesn't match form type in Control Line per BOM(Bill of Materials)/ tracking system.	Relationship	Sev 1	Yes		Yes
	<b>Inserts/BRE Correct</b>	<b>Inserts &amp; BRE used are correct per bill of materials</b>	<b>Relationship</b>				
	<b>Insert/BRE: Wrong (Marketing Insert)</b>	Placing an insert/BRE into an account/Mailpiece other than the one required by the BOM/bill of materials.	Relationship	Sev 3		Yes	If exceeds threshold
	<b>Insert/BRE: Wrong (T&amp;C, APR, Legal Insert)</b>	Placing an insert/BRE into an account/Mailpiece other than the one required by the BOM/bill of materials.	Compliance	Sev 1	Yes		Yes
	<b>Insert/BRE: Missing (Marketing Insert)</b>	Failure to place an insert/BRE required by the bill of materials in the account/mailpiece	Relationship	Sev 3		Yes	If exceeds threshold
	<b>Insert/BRE: Missing (T&amp;C, APR, Legal Insert)</b>	Failure to place an insert/BRE required by the bill of materials in the account/mailpiece	Compliance	Sev 1	Yes		Yes
	<b>Insert/BRE: Multiple</b>	More than one of the SAME insert /BRE in the account/mailpiece unless specified by BOM/Bill of Materials.	Relationship	Sev 3		Yes	If requested

	<b>OME Correct</b>	<b>Outer Mailing Envelope used is correct per bill of materials</b>	<b>Relationship</b>				
	<b>OME: Wrong</b>	Outer Mailing Envelope other than the one called for on Bill of Materials was used.	Relationship	Sev 2		Yes	If exceeds threshold
<b>CARDS</b>							<b>Page 3</b>
<b>Correct Personalization</b>	<b>Physical Product Appearance</b>	<b>Embossed/Ultragraphic characters, and Visual appearance &amp; functionality of form/cards acceptable</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Card: Defective / Damaged</b>	Plastic received from the vendor has cosmetic or functional defects. (e.g. spots, discoloration, damaged, scratches, missing signature panel, Missing/Wrong Flying Security Symbol)	Relationship	Sev 1	Yes		Yes
	<b>Card: BIN missing</b>	Absence of a bank identification number on the front side of a plastic when required by the client.	Relationship	Sev 3		Yes	If requested
	<b>Card: Missing/Wrong data</b>	Embossed data on a personalized plastic is incorrect or incomplete. e.g. "valid to" date is just one month later than the "valid from" date; OR name or expiration date is missing.	Relationship	Sev 1	Yes		Yes

	<b>Card: Wrong Format</b>	The format of embossed characters on a personalized plastic do not adhere to specific standards established by MasterCard & Visa, ISO & ANSI or specific clients. e.g. missing Pac-man die.	Relationship	Sev 3		Yes	If requested
	<b>Embossing: Popcorned</b>	Two or more of the tops or bottoms of embossed characters on a personalized plastic fail to appear evenly in a horizontal straight line.	Relationship	Sev 3		Yes	If requested
	<b>Tipping: Over/Under</b>	Tipping Foil applied to embossed characters is too heavy or too light. (Burnt/Partial)	Relationship	Sev 3		Yes	If requested
	<b>Tipping: Wrong color</b>	Failure to apply the correct tipping foil color to the raised/embossed characters on a plastic as called for by the bill of materials.	Relationship	Sev 3		Yes	If requested
	<b>Label: Placement Issue</b>	Application of any part of a card activation label that is too low, high, crooked, or upside down. Label on the face of a plastic interferes with the embossing and tipping of the raised characters, or goes over top edge of plastic.	Relationship	Sev 3		Yes	If requested
	<b>Hologram: Defective</b>	Hologram Defective from Vendor. E.g. Missing, partial, misaligned, scratched, or double on the plastic.	Relationship	Sev 3		Yes	If requested

	<b>Photo: Quality Issue</b>	Misaligned photo on a photocard plastic allowing a portion of the white background in the plastic photo box to be visible. OR Photo lacks clarity or proper color.	Relationship	Sev 2		Yes	If exceeds threshold
	<b>Ultragraphics: Quality Issue</b>	Failure to apply complete required ultragraphics logo, or application of logo/characters over existing logos/characters on the front or back of a processed plastic.	Relationship	Sev 3		Yes	If requested
	<b>Ultragraphics: Wrong color</b>	Application of a particular color of ultragraphics foil to the front or back of a processed plastic other than the one called for by the bill of materials.	Relationship	Sev 3		Yes	If requested
	<b>Ultragraphics: Wrong logo</b>	Application of an ultragraphics logo/characters on the front or back of a processed plastic other than the one required by the client.	Relationship	Sev 2		Yes	If exceeds threshold
<b>CARDS</b>							
<b>Correct Personalization</b>	<b>Physical Product Appearance</b>	<b>Embossed/Ultragraphic characters, and Visual appearance &amp; functionality of form/cards acceptable</b>	<b>Relationship</b>				<b>Page 4</b>

	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Mag Stripe: Damaged</b>	Inability to encode a plastic with acct. information due to mag stripe damage. The magnetic strip is visibly damaged. When the card is checked on the Inspec 9000, there are areas of red shown.	Relationship	Sev 1	Yes		Yes
	<b>Mag Stripe: Missing/Partial</b>	Inability to encode a plastic with acct. information due to a missing/partial mag stripe.	Relationship	Sev 1	Yes		Yes
	<b>Encoding: Data Wrong</b>	Failure of the encoded data on the mag stripe of a personalized plastic to match the embossed data.	Relationship	Sev 1	Yes		Yes
	<b>Signature Panel Indent: Quality Issue</b>	Signature Panel on back of personalized plastic has Missing, Partial or Popcorned characters (machine-applied acct. number &/or Personal Identification Number) Popcorned = horizontal alignment of top/bottom of characters is not even.	Relationship	Sev 3		Yes	If requested

	<b>Encoding: Out of Specs</b>	The Mag stripe encoding on a personalized plastic is outside the specifications for encoded data as measured by a margin card or a Mag-Tek InSpec 9000 card reader. <b>OR:</b> Incomplete due to an invalid character in the acct. data stream. <b>OR:</b> Contains embossed acct. information on front, but no encoded information on mag stripe.	Relationship	Sev 1	Yes		Yes
	<b>Form: Damaged/Defective</b>	Forms received <u>from vendor</u> are torn/damaged (including D Hole), have extraneous ink/faded ink, Registration off, Back of pre-printed form doesn't match pre-printed front <b>for Simplex Product</b> (Print Class A & B). All COLOR Ink defects are 'Form Defective' <b>Black Ink</b> from vendor also 'Form Defective'. <u>But ALL Black Toner issues are under 'Form Poor Print Quality'</u> Damaged <u>during Production</u> : <b>Dirty/Foreign matter</b> (other than toner or vendor ink) that measures at least 1/4" in any direction. or totally obscures or causes the omission of any single	Relationship	Sev 3		Yes	If requested

		character. (Oil Spots, dirt, belt marks, etc) <b>Torn:</b> >= 1/4" on edges or In body of form. OR Remit stub >1/2 torn from body of form. <b>Wrinkle:</b> Totally obscures or causes the omission of any single character, OR Any jagged wrinkle >3" measured from the 2 furthest points.					
	<b>Form: Print Alignment Wrong</b>	Printed Toner not aligned per specifications for Clients' form. (i.e. 'H' alignment, perf-mark alignment, skewing, etc.) <b>OR</b> Printed on form upside down or backwards, <b>OR</b> MICR/OCR issues caused by Print Alignment.	Relationship	Sev 3		Yes	If requested
<b>CARDS</b>							<b>Page 5</b>
<b>Correct Personalization</b>	<b>Physical Product Appearance</b>	<b>Embossed/Ultragraphic characters, and Visual appearance &amp; functionality of form/cards acceptable</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>

	<b>Form: Poor Print Quality</b>	<b>Toner</b> missing or unused, or excessive. Toner totally obscures any single character, or omission of any single character. <b>OR</b> Toner issues that cause Unscannable Barcodes (i.e. Formscan, MSAS, Zip-Code, or OMR Marks). <b>OR</b> Any Toner marks that are clearly not part of the programmed printed form. <b>OR</b> Using Wrong Toner- Print Class A & E should be Regular, Class B & F should be MICR.	Relationship	Sev 3		Yes	If requested
	<b>Form: Fold Wrong</b>	Fold is off Perforation <b>OR</b> Incorrect Nesting <b>OR</b> using incorrect Fold style: Z, C for 11” forms, or Double Bi-fold vs Accordian Fold for 14”. <b>OR</b> fold is not aligned following unique client specifications. <b>per special handling.</b>	Relationship	Sev 2		Yes	If exceeds threshold
	<b>Form: Cut—Bottom / Top</b>	Top/Bottom cuts that are not within tolerance per cut template if applicable. <b>OR</b> Missing or mutilated text in any direction <b>OR</b> >1/8” of another form attached per client specifications. <b>OR</b> Any	Relationship	Sev 2		Yes	If exceeds threshold

		cut that negatively impacts correct MICR/OCR alignment per templates where applicable.					
	<b>Form: Cut - Sides</b>	Side cuts that are not within tolerance per cut template if available. <b>OR</b> Missing or mutilated text in any direction <b>OR</b> >1/8" of another form attached. <b>OR</b> Any cut that negatively impacts correct MICR/OCR alignment per templates where applicable. <b>OR</b> Any cut preventing insertion of remit stub flatly into Remit/BRE.	Relationship	Sev 3		Yes	If requested
<b>Correct Postage</b>	<b>Postage Correct</b>	<b>Outer Mailing Envelope has correct and legible postage affixed as applicable</b>	<b>Compliance and Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Account/Mailpiece: Overweight</b>	Account/mailpiece overweight: Possible extra materials pulled, or inserts pulled according to insert load instructions/System setup. (All but Print Mail Omaha currently WEIGHS every piece of mail during OQL inspections.) (mailpiece individual component	Relationship	Sev 3		Yes	If requested

		inspection is separate inspection outside of OQL for MPTQM MS5-Print/Mail)					
	<b>Metered: Undeclared Over Weight</b>	System calls for lighter postage rate while actual weight requires more postage. (Can be found during MERLIN USPS inspections). OR: Postage MISSING.	Relationship	Sev 3		Yes	If requested
	<b>Metered: Marking Unreadable</b>	Application of an unreadable postage amount, meter #, city or date by the postage meter to a finished account/mailpiece due to light or smudged ink.	Relationship	Sev 3		Yes	If requested
	<b>Metered: Mailing Date Wrong</b>	wrong date metered on a finished account/mailpiece.	Relationship	Sev 3		Yes	If requested
<b>CARDS</b>							<b>Page 6</b>
<b>Correct Postage</b>	<b>Postage Correct</b>	<b>Outer Mailing Envelope has correct and legible postage affixed as applicable</b>	<b>Compliance and Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Metered: Postage Rate Wrong</b>	Application of the incorrect postage or incorrect meter date to a finished account/mailpiece. <b>OR:</b> System calls for one postage rate while actual weight requires another.	Relationship	Sev 3		Yes	If requested

	<b>Metered: Postage Marking Wrong</b>	Failure to use proper slug in a postage meter per client instructions/ USPS requirements.	Relationship	Sev 3		Yes	If requested
<b>Correct Mail Method</b>	<b>Courier or Routing Path Correct</b>	<b>Accounts/Mailpieces are routed/mailed per processing requirements.</b>	<b>Compliance and Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Courier or Routing Path: Wrong (Wrong Address)</b>	Not placing 1st Class on table/conveyor for Zip Sort; Standard A on pallet for PSI; Foreign on pallet/ tray for Prod. Svcs. OR Incorrect Mailing Label OR account/Mailpiece has Incorrect or Illegible address, billing sys/prin, or Option Mail # written on package. OR FDR Internal Mail Routing method is/was unclear for next processing department. OR Destination barcode sprayed on mailpiece is not for Delivery address. OR Incorrect Placard on Pallet	Compliance	Sev 1	Yes		Yes

		OR Incorrect Tray Tag on Presorted Mail. (Does NOT include Incorrect Separation/or Mixed setups)					
	<b>Courier or Routing Path: Wrong (All Other listed defects)</b>	Not placing 1st Class on table/conveyor for Zip Sort; Standard A on pallet for PSI; Foreign on pallet/ tray for Prod. Svcs. OR Incorrect Mailing Label OR account/Mailpiece has Incorrect or Illegible address, billing sys/prin, or Option Mail # written on package. OR FDR Internal Mail Routing method is/was unclear for next processing department. OR Destination barcode sprayed on mailpiece is not for Delivery address. OR Incorrect Placard on Pallet OR Incorrect Tray Tag on Presorted Mail. (Does NOT include Incorrect Separation/or Mixed setups)	Relationship	Sev 2		Yes	If exceeds threshold

**II. PRINT PRODUCTION SERVICES CTQ'S**

The following chart describes the CTQs for the Print Production Services.

<b>Print</b>							<b>Page 1</b>
<b>Voice of Client</b>	<b>CTQ Name</b>	<b>Requirement Description</b>	<b>Impact Category</b>				
<b>Contents Secured</b>	<b>OME Seal Correct</b>	<b>Outer Mailing Envelop is properly sealed according to processing requirements</b>	<b>Compliance and Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>OME: Sealed Improperly</b>	Envelope not completely sealed per requirements. <b>Print/Mail:</b> Sealed within 1 inch from both glue edges. <b>OR</b> if requirements are "to not seal", it was sealed.	Compliance	Sev 1	Yes		Yes

	<b>OME: Sticking</b>	Account/mailpieces sticking together, OR outer mailing envelope sticking to contents.	Relationship	Sev 3		Yes	If requested
	<b>OME/BRE Address Visible</b>	<b>Outer Mailing &amp; Business Reply Envelope addresses are meeting USPS requirements</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>OME/BRE: Address/Barcode Not Visible or within USPS Clear Zone Specs</b>	USPS Tap Test Failure for Outer Mailing Envelope due to Incorrect positioning of Address(es) or Barcodes in window(s) Minimum 1/25th" vertical space when tap down (dime width) & Minimum 1/8th" horizontal space when tap left or right, between barcode and other printing, window or label edges. * Complete Address not Visible— Masked: Insert, BRE flap, or Form corner folded in front of address. OR Orientation: Inserted upside down, or backwards. OR Window alignment/programming incorrect.	Relationship	Sev 3		Yes	If requested

	All Pages/Cards Present	All form pages and cards are present for one and only one customer, including correct card quantity per BOM	Compliance and Relationship				
	Defect Name	Definition of defect	Impact category	Category	Sev Alert	Email	RCA
	<b>Form: Print Wrong Duplex</b>	Backer ID Code on back of form does not match front code for Duplex product (Print Class E & F). Potential for two Customers-specific information to be on one physical page. I.e. the two Print engines were not matched prior to printing or after a crash.	Relationship	Sev 1	Yes		Yes
	<b>Form: Double Stuff</b>	More than one customers physical pages in one account/mailpiece. Relates to single and multipage products.	Compliance	Sev 1	Yes		Yes
	<b>Form: Multipage Separation</b>	Customers pages separated, not all contained in same account/mailpiece, or missing document.	Compliance	Sev 1	Yes		Yes
	<b>Form: Duplicated</b>	Production of two or more documents containing identical acct. information when only one was required.—Caught Internally or Mailed.	Relationship	Sev 3		Yes	If requested
<b>Print</b>							<b>Page 2</b>

<b>Correct BOM</b>	<b>Form Type Correct</b>	<b>Form Type used is correct per bill of materials</b>	<b>Relationship</b>				
	<b>Form: Wrong Form Type Used</b>	Preprinted Vendor form type doesn't match form type in Control Line per BOM(Bill of Materials)/ tracking system.	Relationship	Sev 1	Yes		Yes
	<b>Inserts/BRE Correct</b>	<b>Inserts &amp; BRE used are correct per bill of materials</b>	<b>Relationship</b>				
	<b>Insert/BRE: Wrong (Marketing Insert)</b>	Placing an insert/BRE into an account/Mailpiece other than the one required by the BOM/bill of materials.	Relationship	Sev 3		Yes	If exceeds threshold
	<b>Insert/BRE: Wrong (T&amp;C,APR,Legal Insert)</b>	Placing an insert/BRE into an account/Mailpiece other than the one required by the BOM/bill of materials.	Compliance	Sev 1	Yes		Yes
	<b>Insert/BRE: Missing (Marketing Insert)</b>	Failure to place an insert/BRE required by the bill of materials in the account/mailpiece	Relationship	Sev 3		Yes	If exceeds threshold
	<b>Insert/BRE: Missing (T&amp;C, APR, Legal Insert)</b>	Failure to place an insert/BRE required by the bill of materials in the account/mailpiece	Compliance	Sev 1	Yes		Yes
	<b>Insert/BRE: Multiple</b>	More than one of the SAME insert /BRE in the account/mailpiece unless specified by BOM/Bill of Materials.	Relationship	Sev 3		Yes	If requested
	<b>OME Correct</b>	<b>Outer Mailing Envelope used is correct per bill of materials</b>	<b>Relationship</b>				

	<b>OME: Wrong</b>	Outer Mailing Envelope other than the one called for on Bill of Materials was used.	Relationship	Sev 2		Yes	If exceeds threshold
<b>Correct Personalization</b>	<b>Physical Product Appearance</b>	<b>Visual appearance and functionality of form acceptable</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Form: Damaged/Defective</b>	Forms received from vendor are torn/damaged (including D Hole), have extraneous ink/faded ink, Registration off, Back of pre-printed form doesn't match pre-printed front <b>for Simplex Product</b> (Print Class A & B). All COLOR Ink defects are 'Form Defective' <b>Black Ink</b> from vendor also 'Form Defective'. But ALL <b>Black Toner</b> issues are under 'Form Poor Print Quality' Damaged during Production: <b>Dirty/Foreign matter</b> (other than toner or vendor ink) that measures at least 1/4" in any direction. or totally obscures or causes the omission of any single character. (Oil Spots, dirt, belt marks, etc)	Relationship	Sev 3		Yes	If requested

		<b>Torn:</b> >= 1/4" on edges or In body of form. OR Remit stub >1/2 torn from body of form. <b>Wrinkle:</b> Totally obscures or causes the omission of any single character, OR Any jagged wrinkle >3" measured from the 2 furthest points.					
<b>Print</b>							<b>Page 3</b>
<b>Correct Personalization</b>	<b>Physical Product Appearance</b>	<b>Visual appearance and functionality of form acceptable</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Form: Print Alignment Wrong</b>	Printed Toner not aligned per specifications for Clients' form. (i.e. 'H' alignment, perf-mark alignment, skewing, etc.) <b>OR</b> Printed on form upside down or backwards, <b>OR</b> MICR/OCR issues caused by Print Alignment.	Relationship	Sev 3		Yes	If requested

	<b>Form: Poor Print Quality</b>	<p><b>Toner</b> missing or unused, or excessive. Toner totally obscures any single character, or omission of any single character.</p> <p>OR Toner issues that cause Unscannable Barcodes (i.e. Formscan, MSAS, Zip-Code, or OMR Marks).</p> <p><b>OR</b> Any Toner marks that are clearly not part of the programmed printed form.</p> <p><b>OR</b> Using Wrong Toner- Print Class A &amp; E should be Regular, Class B &amp; F should be MICR.</p>	Relationship	Sev 3		Yes	If requested
	<b>Form: Fold Wrong</b>	<p>Fold is off Perforation <b>OR</b> Incorrect Nesting</p> <p><b>OR</b> using incorrect Fold style: Z, C for 11" forms, or Double Bi-fold vs Accordion Fold for 14".</p> <p><b>OR</b> fold is not aligned following unique client specifications. <b>per special handling.</b></p>	Relationship	Sev 2		Yes	If exceeds threshold
	<b>Form: Cut—Bottom / Top</b>	<p>Top/Bottom cuts that are not within tolerance per cut template if applicable. <b>OR</b> Missing or mutilated text in any direction <b>OR</b> &gt;1/8" of another form attached per client specifications. <b>OR</b> Any</p>	Relationship	Sev 2		Yes	If exceeds threshold

		cut that negatively impacts correct MICR/OCR alignment per templates where applicable.					
	<b>Form: Cut—Sides</b>	Side cuts that are not within tolerance per cut template if available. <b>OR</b> Missing or mutilated text in any direction <b>OR</b> >1/8” of another form attached. <b>OR</b> Any cut that negatively impacts correct MICR/OCR alignment per templates where applicable. <b>OR</b> Any cut preventing insertion of remit stub flatly into Remit/BRE.	Relationship	Sev 3		Yes	If requested
<b>Correct Postage</b>	<b>Postage Correct</b>	<b>Outer Mailing Envelope has correct and legible postage affixed as applicable</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Account/Mailpiece: Overweight</b>	Account/mailpiece overweight: Possible extra materials pulled, or inserts pulled according to insert load instructions/System setup. (All but Print Mail Omaha currently WEIGHS every piece of mail during OQL inspections.) (mailpiece individual component	Relationship	Sev 3		Yes	If requested

		inspection is separate inspection outside of OQL for MPTQM MS5—Print/Mail)					
	<b>Metered: Undeclared Over Weight</b>	System calls for lighter postage rate while actual weight requires more postage. (Can be found during MERLIN USPS inspections). OR: Postage MISSING.	Relationship	Sev 3		Yes	If requested
<b>Print</b>							<b>Page 4</b>
<b>Correct Postage</b>	<b>Postage Correct</b>	<b>Outer Mailing Envelope has correct and legible postage affixed as applicable</b>	<b>Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Metered: Marking Unreadable</b>	Application of an unreadable postage amount, meter #, city or date by the postage meter to a finished account/mailpiece due to light or smudged ink.	Relationship	Sev 3		Yes	If requested
	<b>Metered: Mailing Date Wrong</b>	wrong date metered on a finished account/mailpiece.	Relationship	Sev 3		Yes	If requested
	<b>Metered: Postage Rate Wrong</b>	Application of the incorrect postage or incorrect meter date to a finished account/mailpiece. <b>OR:</b> System calls for one postage rate while actual weight requires another.	Relationship	Sev 3		Yes	If requested

	<b>Metered: Postage Marking Wrong</b>	Failure to use proper slug in a postage meter per client instructions/ USPS requirements.	Relationship	Sev 3		Yes	If requested
<b>Correct Mail Method</b>	<b>Courier or Routing Path Correct</b>	<b>Accounts/Mailpieces are routed/mailed per processing requirements.</b>	<b>Compliance and Relationship</b>				
	<b>Defect Name</b>	<b>Definition of defect</b>	<b>Impact category</b>	<b>Category</b>	<b>Sev Alert</b>	<b>Email</b>	<b>RCA</b>
	<b>Courier or Routing Path: Wrong (Wrong Address)</b>	Not placing 1st Class on table/conveyor for Zip Sort; Standard A on pallet for PSI; Foreign on pallet/ tray for Prod. Svcs. OR Incorrect Mailing Label OR account/Mailpiece has Incorrect or Illegible address, billing sys/prin, or Option Mail # written on package. OR FDR Internal Mail Routing method is/was unclear for next processing department. OR Destination barcode sprayed on mailpiece is not for Delivery address. OR Incorrect Placard on Pallet OR Incorrect Tray Tag on	Compliance	Sev 1	Yes		Yes

		Presorted Mail. (Does NOT include Incorrect Separation/or Mixed setups)					
	<b>Courier or Routing Path: Wrong (All Other listed defects)</b>	<p>Not placing 1st Class on table/conveyor for Zip Sort; Standard A on pallet for PSI; Foreign on pallet/ tray for Prod. Svcs.  OR Incorrect Mailing Label OR account/Mailpiece has Incorrect or Illegible address, billing sys/prin, or Option Mail # written on package. OR FDR Internal Mail Routing method is/was unclear for next processing department.  OR Destination barcode sprayed on mailpiece is not for Delivery address.  OR Incorrect Placard on Pallet  OR Incorrect Tray Tag on Presorted Mail. (Does NOT include Incorrect Separation/or Mixed setups)</p>	Relationship	Sev 2		Yes	If exceeds threshold

**EXHIBIT B-3**  
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Exhibit B-3

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**EXHIBIT B-4  
CUSTOMER BILLING GROUPINGS**

RCSI Customer / Product Category Listing – For PSA Penalty Calculations – \*\*\*

<u>RCSI Customer</u>	<u>Client ID / System ID</u>	<u>Product Category</u>	<u>Portfolio Description</u>	<u>Billing PSA Party #</u>
***	5006 / 3941	Consumer	Visa Dual Card	24021
	5006 / 9369	Consumer	US PLCC	23223
***	5302 / 9079	Consumer	Sales Finance – Multi Portfolios	20811
	Multi systems			
***	5404 / 6210	Consumer	Discover Dual Card	22481
	5404 / 9112	Consumer	US PLCC	20297
	5404 / 9273	BRC	US BRC and Community	22341
***	5433 / 1246	Consumer	MC Dual Card	22502
	5433 / 9119	Consumer	US PLCC	20704
	5433 / 9344	Consumer	Puerto Rico PLCC	23098
***	5484 / 9140	Consumer	US PLCC	20898
***	5484 / 9221	Consumer	US PLCC	20975
***	5484 / 9222	Consumer	US PLCC	21358
	8640 / 1320	Consumer	Dual Card	22446
***	5484 / 9249	Consumer	US PLCC	22016
	5956 / 7591	GECOM/PROX	Commercial	24019
***	5484 / 9254	Consumer	US PLCC	21970
	5957 / 7595	GECOM/PROX	Commercial	24824
***	5484 / 9255	Consumer	US PLCC	21972
***	5484 / 9263	Consumer	US PLCC	22390
	8640 / 1192	Consumer	Dual Card	22506
***	5484 / 9266	Consumer	US PLCC	22369
***	5484 / 9267	Consumer	US PLCC	22515
***	5484 / 9270	Consumer	US PLCC and BRC mixed	22581
***	5484 / 9275	Consumer	US PLCC	22336
	8640 / 5160	Consumer	Dual Card	24051
***	5484 / 9278	Consumer	US PLCC	22313
	8640 / 1310	Consumer	Dual Card	21869
***	5484 / 9279	Consumer	US PLCC	22326
***	5484 / 9285	Consumer	US PLCC	22334
***	5484 / 9286	Consumer	US PLCC	22317
***	5484 / 9339	Consumer	US PLCC	22504
***	5484 / 9341	Consumer	US PLCC	22493
	8640 / 1313	Consumer	Dual Card	23314

***	5484 / 9342	Consumer	US PLCC	22493
	7828 / 7392	GECOM/PROX	Commercial	24061
***	5484 / 9343	Consumer	US PLCC	22501
	8640 / 1199	Consumer	Dual Card	22500
***	5651 / 6330	Consumer	AMEX Dual Card	23145
	5651 / 9336	Consumer	US PLCC	22519
***	6128 / 9356	Consumer	US PLCC	23067
***	6128 / 9357	Consumer	US PLCC	23639
GE Money	6496 / 1298	Consumer	Dual Card - Multi	23189
	6496 / 1411	Consumer	Portfolios	22463
	6496 / 1431	Consumer	Elfun	23189
	6496 / 3935	Consumer	Pacific Capital	23189
	6496 / 9252	Consumer	Hancock Bank Flex	21994
***	6544 / 3179	Consumer	Dual Card	23516
	6544 / 9143	Consumer	US PLCC	21949
***	6544 / 3179	Consumer	Dual Card	23516
	6544 / 9143	Consumer	US PLCC	21949
***	6544 / 3179	Consumer	Dual Card	23516
	6544 / 9143	Consumer	US PLCC	21949
***	6709 / 6212	Consumer	Discover Dual Card	22542
	6709 / 9277	Consumer	US PLCC	22345
	6709 / 6213	BRC	Discover Dual Card	23446
	6709 / 9280	BRC	US PLCC	22343
	5966 / 7601	GECOM/PROX	Commercial	22525
***	7009 / 4543	Consumer	Dual Card	23623
	7009 / 9294	Consumer	US PLCC	22366
	7009 / 9286	BRC	US PLCC	22366
	5879 / 7950	GECOM/PROX	Commercial	24822
***	8640 / 1190	Consumer	Dual Card	22487
***	8640 / 1312	Consumer	Dual Card	23581
***	5958 / 7597	GECOM/PROX	Commercial	22546
Inactive 7001/9612	***	Consumer	US PLCC	22473
Inactive 7001/9332	***	Consumer	US PLCC	22473
Inactive 7001/9147 7001/9142 7001/9616 7001/9144 7001/9141	***	Consumer	US PLCC	22473

**Schedule C**

**Charges**

**FIRST AMENDED AND RESTATED  
PRODUCTION SERVICES AGREEMENT**

**by and between**

**RETAILER CREDIT SERVICES, INC.**

**and**

**FIRST DATA RESOURCES, LLC**

**Dated As Of  
December 1, 2009**

**SCHEDULE C  
CHARGES**

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List of Exhibits

Exhibit C-1	Statements and Letter Services and Pricing
Exhibit C-2	Embossing Services and Pricing
Exhibit C-3	Pass-Through Expenses and Pricing
Exhibit C-4	Ancillary Services
Exhibit C-5	*** Examples
Exhibit C-6	[Intentionally Left Blank] s
Exhibit C-7	***

**SCHEDULE C  
CHARGES**1. Introduction.

This Schedule C describes the charges and methodology for calculating the charges with respect to the Production Services being provided to RCSI pursuant to this Agreement. The pricing elements and associated charges (and any adjustments thereto) set forth herein shall fully compensate First Data for providing the Production Services. The Production Services will be provided to RCSI pursuant to this Agreement without any fee or other charge which is in addition to the pricing elements and associated charges specified in this Schedule C. Notwithstanding that certain pricing elements may be overlapping in their descriptions of various elements of the Production Services, First Data may not charge RCSI more than once for any unique service, function or feature (or any element thereof).

All capitalized terms used and not defined in this Schedule C shall have the meanings given them in this Agreement or in the other Exhibits or Schedules to this Agreement.

2. Statements and Letters and Embossing Charges.2.1 Introduction.

The charges provided in Exhibits C-1, C-2 and C-4, Sections 2.2, 3, and 9 provide an exclusive list (except for New Production Services) of print and mail services for Statements and Letters and embossing services for Transaction Cards and the associated charges therefore that RCSI may elect to obtain from First Data during the Term. If RCSI requests Production Services (other than New Production Services) that are not expressly set forth in Schedule C-1, C-2, or C-4, and are not otherwise identified in this Schedule C as having a separate associated fee, such Production Services shall be deemed to be included in the Production Services described in Schedule A.

2.2 Calculation of Print Ratios.

(a) The charges in Exhibit C-1 are determined based upon the printing volume assumption that RCSI will require printing as part of the Production Services performed by First Data with a Printing Ratio of \*\*\*. The Printing Ratio shall be adjusted by mutual agreement of the Parties by the Effective Date to reflect anticipated changes in RCSI's usage resulting from the adoption of printing onserts in lieu of inserts.

(b) To determine the pages printed per Statement and Letter mailed (the "Printing Ratio"), First Data shall calculate the usage pursuant to a fraction, the numerator of which is the total number of Statement and Letter pages printed and the denominator of which is the total number of Statements and Letters produced.

(c) First Data shall perform separate calculations as provided in Section 2.2(b) above for (i) RCSI volumes printed with forms and (ii) for RCSI volumes without forms.

(d) If the actual Printing Ratio calculated at the end of a Production Year is above or below the Printing Ratio, then First Data shall charge RCSI a charge or provide RCSI a credit (as the case may be) that is calculated by:

- (i)  $(\text{actual Printing Ratio} - \text{Printing Ratio}) \times (***) \times (\text{total \# Statements and Letters produced and mailed with forms})$ ; and
- (ii)  $(\text{actual Printing Ratio} - \text{Printing Ratio}) \times (***) \times (\text{total \# Statements and Letters produced and mailed without forms})$ .

For example, if in Production Year 2 the actual Printing Ratio was \*\*\* pages per Statement or Letter mailed for RCSI volumes printed with forms, then there shall be \*\*\* charged to RCSI for printing usage for that period. Additionally, First Data would provide a credit to RCSI of \*\*\* x \*\*\* x the number of Statements and Letters mailed for RCSI volumes printed with forms.

(e) Although the foregoing calculation is to be made on a Production Year basis against RCSI's volumes in the aggregate, for reporting purposes First Data shall provide such calculations to RCSI quarterly on a pro-forma basis broken down by portfolios as instructed by RCSI.

### 3. Postage Charges.

3.1 First Data to act as RCSI's Agent for Mailing. First Data agrees to act as an agent of RCSI and its Affiliates for the purchase on behalf of RCSI's and its Affiliates' behalf of postage required to mail materials (including Statements, Letters, and Transaction Card Packages).

3.2 First Ounce From June 1, 2009 to November 30, 2009. From June 1, 2009 through and including November 30, 2009 RCSI shall be charged for postage for the first ounce of each first-class mail piece at the \*\*\* rate of \*\*\*. At the end of such period (but no later than December 15, 2009) the total of First Data's actual postage cost for RCSI on a Postage Pass-Through Expense Basis for such period shall be calculated and reported to RCSI. \*\*\*

#### 3.3 First Ounce From Effective Date and thereafter.

(a) Thereafter (e.g., beginning December 1, 2009), during each month during the Term of this Agreement (and in which RCSI's average daily mail volumes (i.e., the total number of mail pieces divided by the number of mailing days) during such month are at least \*\*\* pieces of mail) RCSI shall be charged for postage for the first ounce of each first-class mail piece \*\*\* (x) \*\*\* and (y):

- (i) \*\*\*; and
- (ii) \*\*\*.

(b) If RCSI's \*\*\*.

### 3.4 Charge for Mail Above One Ounce

(a) For first-class mail weighing more than one (1) ounce but not greater than 3.5 ounces, RCSI shall pay an additional:

(i) Second ounce rate: \*\*\* for the second ounce of each first-class mail piece (For example \*\*\*)

(ii) Third ounce rate: \*\*\* for the third ounce of each first-class mail piece (For example \*\*\*)

(b) For each RCSI mail piece which is greater than 3.5 ounces, \*\*\* shall apply, for example, as of August 8, 2009 a 3.6 ounce RCSI mail piece would be \*\*\*.

(c) If the USPS increases or decreases postage rates for first-class mail weighing more than one ounce, the amounts shown in this Section 3.4 are subject to adjustment in the amount of any change in the USPS rates for additional ounces.

### 3.5 The Postage Conditions are:

(a) RCSI's upgradeable mail does not exceed \*\*\* percent of all RCSI mail during such month;

(b) RCSI does not have more than \*\*\* physical Form Types for Statements in such month; and

(c) First Data has on average daily mail volumes during such month (i.e., the total number of mail pieces divided by the number of mailing days) of at least \*\*\* pieces of mail (excluding RCSI's volume).

3.6 Invoicing and Payment. First Data shall invoice RCSI daily for postage at the applicable rates provided above and RCSI shall pay First Data the sum of the applicable invoices \*\*\*.

### 3.7 Intelligent Mail Barcode.

Additionally, First Data will pass through to RCSI the actual USPS Intelligent Mail Barcode (IMB) related discount when that discount goes into effect and is received by First Data (or if First Data failed to qualify and remain a full service IMB mailer (a) for reasons other than changes to the IMB program by the USPS or (b) due to the failure of RCSI to perform its obligations, the amount that would have been received had it done so).

### 3.8 Calculation of Postage Rate Pass Thru Expense Basis.

(a) This Section 3.8 describes how postage charges calculated on a Postage Pass-Through Expenses Basis is determined.

(b) For each discount category which is offered by the USPS in connection with applicable types of mailings and utilized by First Data on behalf of its customers during the month (the "Discount Category"), First Data shall calculate a

monthly ratio (expressed as a percentage) based upon, and for use with all applicable First Data customers, in which the numerator is the total number of items mailed that qualified for the applicable Discount Category, and the denominator is the total number of items mailed (the "Qualifying Percentage");

(c) In order to determine the volume of items mailed by First Data for RCSI during the month which are entitled to a discount under each Discount Category, the Qualifying Percentage for each Discount Category shall then be multiplied by the total number of items mailed by First Data for RCSI during the month (the "RCSI Discount Volume"); and

(d) For each Discount Category, the RCSI Discount Volume shall then be multiplied by the then current discount associated with such Discount Category (the "Category Amount"), and the total charge to RCSI for the month will be the sum of the Category Amounts for the month.

### 3.9 Charges for Special Mail Categories.

(a) United States Standard A Mailings. With respect to Standard A mailings, First Data agrees to act as an agent on behalf of RCSI and RCSI shall reimburse First Data in accordance with First Data's then current Pass-Through Expense basis methodology for the purchase on RCSI's behalf of the Standard A postage (including third party expenses related thereto on a Pass-Through Expense basis) required to mail any materials which are mailed by First Data on behalf of RCSI.

(b) International Mailings. With respect to international mailings, First Data agrees to act as an agent on behalf of RCSI and RCSI shall reimburse First Data in accordance with First Data's then current Pass-Through Expenses basis methodology for the purchase on RCSI's behalf of the postage (including third party expenses related thereto on a Pass-Through Expenses basis) required to mail any materials which are mailed by First Data on behalf of RCSI.

### 3.10 Postage Rate Adjustment.

This Section 3.10 describes how the Tier 1 and Tier 2 Postage Rates are to be adjusted if after the Execution Date the USPS changes postage rates, discounts, or the categories or structures of the rates or discounts. In such case:

(a) If the only change is a change in rates and/or discounts and not in any other regulations or requirements that affect postage rates, each of the Tier 1 and Tier 2 Postage Rates shall be increased or decreased by substituting the new USPS rate and applicable discount in Columns B and C below and recalculating columns D and F accordingly (to four digits to the right of the decimal point for the Tier 1 Postage Rates and to five digits to the right of the decimal point for the Tier 2 Postage Rates) using the value shown in % Discount Category Represents (which value is firm and fixed and shall not change) (Column E), and then arriving at a new total. By way of example, if the only change is that the Discount (Column C) for 3-Digit mail is changed to \*\*\* then the net rate for 3-Digit becomes \*\*\*, the imputed Tier 1 rate becomes \*\*\*, the imputed Tier 2 rate becomes \*\*\*, decreasing the Tier 1 Postage Rate to \*\*\* and the Tier 2 Postage Rate to \*\*\*.

Tier 1 Postage Rates					
A	B	C	D	E	F
USPS Discount Category	USPS 1 oz rate	Discount	Net Rate	% Discount Category Represents	Imputed Rate
5-Digit	0.44	***	***	***	***
3-Digit	0.44	***	***	***	***
AADC	0.44	***	***	***	***
MAADC	0.44	***	***	***	***
Non Auto	0.44	***	***	***	***
Full Rate	0.44	***	***	***	***
VA Plastic	0.44	***	***	***	***
				<b>100.00%</b>	
<b>Tier 1 Postage Rate</b>					***

Tier 2 Postage Rates					
A	B	C	D	E	F
USPS Discount Category	USPS 1 oz rate	Discount	Net Rate	% Discount Category Represents	Imputed Rate
5-Digit	0.44	***	***	***	***
3-Digit	0.44	***	***	***	***
AADC	0.44	***	***	***	***
MAADC	0.44	***	***	***	***
Non Auto	0.44	***	***	***	***
Full Rate	0.44	***	***	***	***
VA Plastic	0.44	***	***	***	***
				<b>100.00%</b>	
<b>Tier 2 Postage Rate</b>					***

Columns B, C, and D are all as of the Execution Date

(b) If the change is a change other than a change described in Section above 3.10(a), then the Parties shall equitably adjust the foregoing calculation with the view of accomplishing the foregoing as nearly as possible given the other changes made by the USPS.

### 3.11 RCSI Right To Use Third Parties For Mailings.

The postage and pre-sort services provided in this Agreement are non-exclusive. In accordance with Section 3.4(a) of this Agreement and Section 3.1(c) of the TSA RCSI may perform such services for itself or have third parties perform such services on its behalf; provided, however, that if RCSI so elects to perform such postage and pre-sort services itself or to have them performed by a third party, RCSI shall be subject to a separate and additional charge. As a result of RCSI utilizing a third party vendor for such Postage and Pre-sort mail services, RCSI and First Data

will mutually agree to a \*\*\* charge \*\*\* that will cover the expense increases that First Data incurs for such services to RCSI as it relates to separating, packaging the mail and making ready for pickup by a third party vendor. If RCSI desires to elect such option RCSI shall give First Data at least six (6) months advance notice in order that First Data may have sufficient time to prepare to perform such separation, packaging and delivery services.

### 3.12 Conditions to Discounts.

(a) RCSI agrees to complete, execute and provide to First Data a copy of USPS Form 6014, *Certificate of Move Update Compliance*, or its then current equivalent, within a reasonable time following the Execution Date, annually thereafter, and whenever under the applicable USPS regulations a change of circumstances requires that RCSI provide a replacement. If at any time RCSI is not in compliance with USPS requirements related to first-class presorted, automated rates or other discounts (including but not limited to, the Move Update requirements) (i) to the extent applicable based on the postal regulations RCSI will pay for postage at the full USPS postage rate without USPS discounts and (ii) if First Data incurs additional charges, penalties, expenses, or other amounts in connection with such non-compliance RCSI shall reimburse First Data therefore. First Data shall promptly notify RCSI's Vice President of Portfolio Service Operations if First Data becomes aware of information that would reasonably indicate that RCSI is not in compliance with such requirements.

(b) Notwithstanding the provisions of Section 16.3 (Force Majeure) of the Agreement (including the last sentence of Section 16.3(c)) if a force majeure event interferes with First Data's ability to provide \*\*\*, First Data may \*\*\* during the first sixty (60) days after the occurrence of the force majeure event provided that the \*\*\* to RCSI therefore with regard to such sixty (60) day period shall not exceed \*\*\*, which shall be prorated if the duration of the impact of the force majeure event is less than sixty (60) days (i.e., if the impact period is thirty (30) days the limitation amount shall be \*\*\*).

4. \*\*\*

[The following five pages were omitted pursuant to the confidential treatment request.]

5. Minimum Commitment.

5.1 RCSI agrees to purchase minimum Production Services from First Data during the Term as follows:

(a) During Production Year 1, \*\*\* of GE Consumer Finance's demand for the Production Services.

(b) During Production \*\*\*:

(i) \*\*\* of GE Consumer Finance's demand for the Production Services \*\*\* and

(ii) \*\*\* of the volume of Production Services purchased from First Data in the prior Production Year (measured by charges, normalized for reductions from year to year for \*\*\*).

(c) During Production Years 4 and 5 \*\*\* of the volume of Production Services purchased from First Data in the prior Production Year (measured by charges, normalized for reductions from year to year for \*\*\*).

(d) \*\*\*, there shall be \*\*\* minimum commitment.

5.2 The foregoing obligations will not apply:

(a) after the date that either Party has given the other notice of termination;

(b) with respect to the \*\*\* requirement with regard to demand for Production Services that is converted to new technologies (such as e-bill) or cancellation/transfers of portfolios to non-Affiliates of RCSI; and

(c) as provided in Section 4.6(b)(ii)(A)(2)(b) and 4.6(b)(ii)(B) of Schedule B.

6. Volume Discount.

6.1 Under Section 11.7(b) of the Original Agreement RCSI was entitled to discounts against the charges for Basic Production Services for Statements and Letters and Embossing as certain thresholds were reached. The charges provided in Exhibit C-1 already reflect the impact of such discounts for thresholds reached as of the Execution Date.

6.2 If after the date of execution of this Agreement (even if before the Effective Date) RCSI's volumes reach a new Volume Discount Level in Table 6A or Table 6B, as appropriate, RCSI shall be entitled to such additional discount. Volumes shall be measured over a rolling \*\*\* month period. Once earned discounts shall be effective as of and from the first day of the following month for the remainder of the Term.

Table 6A – Volume of Statements and Letters  
(As of June 1, 2009 RCSI has earned discounts at the 281,686,125 volume level)

<u>Volume Discount Level ***</u>	<u>*** Discount</u>
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***

Table 6B – Volume of Transaction Cards Embossed  
(As of June 1, 2009 RCSI has earned discounts at the 16,675,750 volume level)

<u>Volume Discount Level ***</u>	<u>*** Discount</u>
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***

6.3 Each individual volume threshold identified in Section 6.2 shall be referred to individually herein as a "Volume Discount Level" and, collectively, as the "Volume Discount Levels". Each percentage decrease in the prices for the identified Basic Production Services shall be referred to individually herein as a "Percentage Discount" and collectively, as the "Percentage Discounts".

6.4 Percentage Discounts shall be \*\*\* such that the price of the Basic Production Services to which each Percentage Discount shall apply shall already reflect all Percentage Discounts which have already been applied.

6.5 For purposes of determining whether the Volume Discount Levels for Statements and Letters produced during a year of the Term have been reached, all Statements and Letters produced (in whole or in part) by First Data or First Data Affiliates for RCSI under this Agreement during such year, all Statements and Letters produced (in whole or in part) by First Data or First Data Affiliates at any location for RCSI (or its successors or assigns) under the TSA shall be aggregated and counted. For purposes of determining whether the Volume Discount Levels for Transaction Cards embossed during a year of the Term have been reached, all Transaction Cards embossed (in whole or in part) by First Data or First Data Affiliates for RCSI under this Agreement during such year and Transaction Cards embossed (in whole or in part) by First Data or First Data Affiliates at any location for RCSI (or its successors or assigns) under the Technology Sourcing Agreement shall be aggregated and counted. For purposes of calculating the volumes of Transaction Cards embossed for RCSI pursuant to this Section 6, First Data shall aggregate and count all Transaction Cards embossed for RCSI, including for Accounts obtained by RCSI or RCSI Affiliates through acquisition, purchase, RCSI Customer increases, evolution of RCSI Customer requirements, evolution of RCSI and RCSI Affiliate service or product offerings and by any other means.

6.6 If the volume of Statements and Letters produced or Transaction Cards embossed increases to or past more than \*\*\* Volume Discount Level within a calendar year, the Percentage Discount corresponding to each such Volume Discount Level shall nonetheless be applied.

6.7 RCSI will provide First Data with non-binding quarterly forecast information regarding anticipated Statement, Letter and embossing volume.

7. Price Increases Pursuant to Consumer Price Index Increases

If (a) the Consumer Price Index for all Urban Consumers, U.S. City Average, for All Items (1982- 1984 = 100), as published by the Bureau of Labor Statistics of the U.S. Department of Labor ("CPI-U") increases (such increase, the "CPI-U Increase") by more than \*\*\* in any calendar year, and (b) such CPI-U Increase results in an increase

of more than \*\*\* in the unit cost related to the Production Services (such increase, the “Unit Cost Increase”) in such calendar year (as reasonably verified by First Data), the charges under this Agreement for the Production Services for the following calendar year shall be adjusted by a percentage amount thereof equal to the portion of the Unit Cost Increase which is in excess of \*\*\* As an example, if the CPI-U Increase published in the month of December for calendar year 2000 is \*\*\* and it causes a Unit Cost Increase of \*\*\*, the Parties will increase the charges hereunder for such Production Services effective January 1, 2001 by \*\*\* of the prices in calendar year 2000. If the Bureau of Labor Statistics redefines the base year or index composition or discontinues publishing such index, the Parties shall either equitably adjust their calculations by using a reasonable conversion formula or select an alternative and comparable index published by a mutually agreeable source, as applicable.

8. Product Composition Charges

8.1 Definitions

“Product Composition for Statements and Letters” means the mix of commercial and consumer Statements and Letters products and the component makeup thereof (including CommericaLine, Business Revolving Charge and consumer products, any paper weight ranging from 17.5 to 24 pound paper, hand assembly and mechanical assembly insertions, rush courier expenses, insert per mailing set-ups (but not the number of inserts), zip sort, reports per page and number of Form Types per RCSI Customer) provided by First Data under this Agreement. RCSI Volume increases or decreases, Cycle Schedules, and fourteen (14) inch forms for the \*\*\* Portfolio shall not be considered Product Composition for Statements and Letters.

8.2 Until such time as the Parties agree on the \*\*\* and associated specifications for a particular category or categories (envelopes, cut sheet forms, and D hole card carriers) otherwise included in Product Composition for Statements and Letters (at which point Sections 9.4 and 9.7 shall apply to such category or categories), if :

\*\*\*

8.3 First Data shall notify RCSI as soon as it is apparent that such an increase may have occurred and bill RCSI provisionally, with a credit after twelve (12) months if in fact the extra charges were not due. The baseline used to calculate the \*\*\* Product Composition for Statements and Letters calculation described in Section 8.2 will continue as provided in, and calculated under, the Original Agreement and shall be normalized for changes in new lower weight paper being considered by the Parties.

9. Miscellaneous Charges & Credits.

9.1 2 Day SLA Surcharge. From August 20, 2009 until the date when all of the Production Services are converted to SCS (or would have been converted to SCS except for First Data's failure to meet its obligations) (which is anticipated to be by the end of February, 2010), RCSI shall be charged an additional \*\*\* per Statement. This is item #7828 in Exhibit C-4.

9.2 Accounting Credit. Each month during the Term RCSI shall receive a \*\*\* credit which shall offset other charges. This credit will be provided to RCSI on the monthly invoice.

9.3 Reruns or Reprints. If a Rerun or Reprint is required due to the fault of First Data (except if the fault is primarily due to First Data's performance under the TSA and RCSI is compensated for the Rerun or Reprint under the TSA), there shall be no additional charge to RCSI (including additional charges for postage) hereunder as a result thereof and First Data shall reimburse RCSI for all additional \*\*\* incurred by RCSI as a result of such fault.

9.4 Custom Form Orders. RCSI will pay First Data on an order-by-order basis (and on a Pass-Through Expense Basis) the amount, if any, by which the cost to First Data of an order of Custom Forms exceeds the Imputed Cost of the applicable category of Custom Forms. "Custom Forms" means (a) continuous roll paper (other than paper which (x) is 17.5 to 24lb white laser bond MOCR, (y) is not converted, and (z) is not preprinted) or (b) certain types of envelopes (outer mail and return), cut sheet forms and D hole card carriers, the specifications of which in each case will be mutually agreed by the Parties along with the associated Imputed Cost.

9.5 Form Type pricing impact above the \*\*\* physical Form Types.

If the number of Statement Form Types in use by RCSI in any month exceeds \*\*\* Form Types the charge for all Statements will increase as follows:

(a) For incremental Form Types from \*\*\*, charge for the addition of the \*\*\* form \*\*\* with an increase for every additional form of \*\*\*. For example form \*\*\* would be \*\*\* plus \*\*\* \*\*\* X 9) for a total of \*\*\* per form if there are \*\*\* forms, plus

(b) For incremental Form Types from \*\*\*, charge for the addition of the \*\*\* form \*\*\* with an increase for every additional form of \*\*\*. For example form \*\*\* would be \*\*\* plus \*\*\* \*\*\* X 4) for a total of \*\*\* per form if there are \*\*\* forms, plus

(c) For incremental forms \*\*\* charge for the addition of the \*\*\* form \*\*\* with an increase for every additional form of \*\*\*.

RCSI shall not be entitled to more than \*\*\* Statement Form Types unless the applicable charge shall be agreed upon by the Parties. For every additional portfolio added after the Effective Date RCSI shall be entitled to \*\*\* additional Form Type and the charges above shall be appropriately adjusted.

9.6 Programming Services. The charges for all programming services charged to RCSI in connection with the Production Services shall be as provided in Schedule C, Section 11.3 of the TSA.

9.7 \*\*\* Purchase of Paper.

(a) The following provisions shall apply to paper and envelopes (each referred to herein as a "Consumable Category"), each being treated separately and independently. RCSI may elect different options from time to time for each Consumable Category.

(b) \*\*\*

<u>Consumable Category</u>	<u>Impacted Billing Element Number</u>	***	***
24 lb white Laser MOCR Bond Paper, continuous roll, not converted not preprinted	Included in 7814	***	***
20 lb white Laser MOCR Bond Paper, continuous roll, not converted not preprinted	Included in 7814	***	***
Envelopes - Outer	Included in 7814	***	***
Envelopes - Remit	Included in 7814	***	***
Cut Sheet Forms (Pep/Letters)	Included in 7471, 7801, 7813, 9951	***	***
D Hole Card Carriers	Included in 7473	***	***

\* 6 15/16th x 14" finished sheet

\*\*\*

(c) \*\*\*

[The following two pages were omitted pursuant to the confidential treatment request]

]

10. Termination Fees.

10.1 If the Agreement is terminated by RCSI pursuant to Section 18.1 of the Agreement ("Termination for Cause"), then First Data shall provide all activities required of First Data to provide Termination/Expiration Assistance without additional charge.

10.2 If the Agreement is terminated by RCSI pursuant to Section 18.3 of the Agreement ("Termination for Convenience"), \*\*\* termination charge shall be payable.

**EXHIBIT C - 1  
STATEMENTS AND LETTERS CHARGES**

Basic Statement and Letter pricing in Table C-1.A includes the Production Services described in Section 3.1 of Schedule A.

**TABLE C-1.A**

**Bundled Statement and Letter Print Service**

<u>Element</u>	<u>Description</u>	<u>Price as of Execution Date</u>	<u>12/1/2009 Price</u>	<u>TSA / PSA</u>	<u>Active / Inactive</u>
0601/7471* With Forms	Basic Bundled Statement and Letter Print Service (Per Statement/Letter)	***	***	PSA	Active
0601/7471* Without Forms	Basic Bundled Statement and Letter Print Service (Per Statement/Letter)	***	***	PSA	Active
7814* (Note 1) With Forms	Basic Bundled SCS Statement and Letter Service (24 lb. bond (white), duplex, color) 6 15/16 by 14 inch	***	***	PSA	Active
7814* (Note 1) Without Forms	Basic Bundled SCS Statement and Letter Service (duplex, color)	***	***	PSA	Active
7198/7200 With Forms	Additional Statement/Letter Page (pricing used for IPR calculation)	***	***	PSA	Active
7198/7200 Without Forms	Additional Statement/Letter Page (pricing used for IPR calculation)	***	***	PSA	Active

\*\*\*

Note 1 – For portfolios that are migrating to SCS Services prior to 12/1/09, the 12/1/09 price will be in effect. For the \*\*\* and Sales Finance portfolios which as of the Execution Date have already migrated to SCS 12/1/09 pricing becomes effective 12/1/09. This applies to elements 4720 CORRESPONDENCE DIRECTOR, element 7814 PRINT 14 IN DUPLEX – PAGE 1 CONT, and element 4705 COLOR DUPLEX BLACK ON BACK 14IN

(a) On a monthly basis, RCSI or RCSI Customers will provide to First Data \*\*\* of all promotional envelopes \*\*\*. For example, if monthly RCSI volumes equal \*\*\* Statements, RCSI or RCSI Customers will provide up to a maximum of \*\*\* envelopes. If RCSI provides less than \*\*\* of monthly envelope volume, First Data will provide the difference of envelopes on behalf of RCSI at \*\*\*. Such \*\*\* will appear on the next invoice following such month

(b) If during any month, RCSI or RCSI Customers provides more than \*\*\* of all promotional envelopes, First Data shall provide RCSI a credit of \*\*\* per envelope for each envelope provided above \*\*\* on the next invoice following such month. Conversely, if during any month, RCSI or RCSI Customers provide \*\*\* of all promotional envelopes, First Data shall provide a credit for that month, on the next invoice following such month, as reflected in the schedule below corresponding with the applicable range of monthly envelope volume.

<u>***</u>	<u>% of Promotional Envelopes Provided by RCSI on a Monthly basis</u>	<u>Corresponding Monthly Credit</u>
***		***
***		***
***		***
***		***
***		***
***		***

For illustration purposes, the examples set forth below reflect RCSI’s eligibility for monthly credits based on selected promotional envelope volumes:

- If RCSI were to provide thirty-eight and one-half percent (38.5%) of envelopes for a given month, RCSI would receive a credit for that month in the amount of \*\*\*.
- If RCSI were to provide fifty percent (50.0%) of envelopes for a given month, RCSI would receive a credit for that month in the amount of \*\*\* for each envelope provided above \*\*\*.
- If RCSI were to provide twenty-five percent (25.0%) of envelopes for a given month, RCSI would receive a credit for that month in the amount of \*\*\*. In addition, First Data will provide \*\*\* of the envelopes at \*\*\*. Such cost and fee will appear on the next invoice following such month.

For the purposes of reference only, below is a schedule of First Data’s cost of certain envelope types as of the date in the schedule below. For the avoidance of doubt, including this price information in this Amendment is not a commitment to RCSI of future price nor is it a projection of future price by any means whatsoever. In addition, First Data is not guaranteeing RCSI any specific price for the following envelope types or any envelope type for that matter. The below prices exclude the \*\*\*. The below prices are based on historical volumes and are subject to change.

<u>Envelope Type</u>	<u>Envelope Description</u>	<u>Price per 1,000 Envelopes (as of 11/01/07)</u>
5206	4” x 7 3/16”, 20# WW, open window 3/4” x 3 1/8”, 1/1 flexo.	***
5233	4” x 7 3/16”, 20# WW, open window 1 1/4” x 3 1/2”, 1/1 flexo.	***
5250	4” x 7 3/16”, 20# WW, open window 1 1/4” x 3 1/2”, 1/1 flexo.	***

5251	4" x 7 3/16", 20# WW, open window 1 1/4" x 3 1/2", 1/1 flexo.	***
5252	4" x 7 3/16", 20# WW, open window 1 1/8" x 3 1/2", 1/1 flexo.	***
5253	4" x 7 3/16", 20# WW, open window 1 1/8" x 3 1/2", 1/1 flexo.	***
5254	4" x 7 3/16", 20# WW, open window 1 1/4" x 3 1/2", 1/1 flexo.	***
5255	4" x 7 3/16", 20# WW, open window 1 1/4" x 3 1/2", 2/1 flexo.	***

**EXHIBIT C - 2**  
**EMBOSSING SERVICES AND PRICING**

Basic embossing pricing includes the Production Services described in Section 4.1 of Schedule A.

**Bundled Embossing Service**

<u>Element</u>	<u>Description</u>	<u>Price as of Execution Date</u>	<u>12/1/2009 Price</u>	<u>TSA / PSA</u>	<u>Active / Inactive</u>
7473* With Forms	Basic Embossing Services (Per card embossed)	***	***	PSA	Active
7473* Without Forms	Basic Embossing Services (Per card embossed)	***	***	PSA	Active
7651	Embossing Services for Mass Reissues without forms (Each mass reissue shall include no fewer than ***)	***	***	PSA	Active

\* Elements qualify for both \*\*\* provided in Section 4.1 and \*\*\*.

The forms (i.e., card carriers, envelopes, etc.) associated with element 7651 for mass re-issues will be supplied at \*\*\*. The pricing set forth above is subject to First Data having the capacity necessary to undertake mass re-issuing requests by RCSI. Prior to putting any card mass re-issue out for bid, RCSI will provide First Data notice of its intent to bid such mass re-issue, following which First Data will inform RCSI within \*\*\* following such notice of any capacity limitations with regard to its ability to provide the Production Services necessary for such mass re-issue.

**EXHIBIT C - 3**  
**PASS-THROUGH EXPENSES**

The following items are the exclusive list of Pass-Through Expenses:

1. Pass through elements identified in Exhibit C-4(b).
2. Plastics which have been purchased on behalf of RCSI.
3. Courier expenses associated with the transportation of production related documents from First Data to RCSI; provided, however, that courier expenses associated with the transportation of production related documents from RCSI to First Data and First Data to First Data shall not be considered a Pass-Through Expense.
4. Postage as provided in Section 3.
5. Forms (a) \*\*\* as provided in Section 9.7 and (b) Custom Forms as provided in Section 9.4.

**EXHIBIT C - 4  
ANCILLARY PRODUCTION SERVICES**

The pricing set forth in this Exhibit C-4 is for the performance of the listed services at First Data-operated facilities as determined by First Data in accordance with the Agreement.

(a) Ancillary Services

<u>Element</u>	<u>Name</u>	<u>Description</u>	<u>Price as of Execution Date</u>	<u>12/1/09 Price</u>	<u>TSA / PSA</u>	<u>Active / Inactive</u>
0577	PLASTICARD CONTACTLESS CHIP PERSONALIZATION		***	***	PSA	Active
0622	REMITTANCE ENVELOPES		Various	Various	PSA	Active
2307	START-UP FEE	Per hour	***	***	PSA	Active
2721	URGENCY LETTER REQUESTS	*** Letter	***	***	PSA	Active
3541	APPLICATION TRANSACTION COUNTER		***	***	PSA	Active
4301	CUSTOM FORM SURCHARGE	***	Various	Various	PSA	Active
4303	FORMS CHARGES		Various	Various	PSA	Active
4306	FDR CONTRACTUAL CREDITS/DEBITS		Various	Various	TSA/PSA	Active
4339	WAREHOUSE REWORK HANDLING FEE	First Data Rework	***	***	PSA	Active
4423	STATEMENTS - PAPER REBILL	Used for IPR	Various	Various	PSA	Active
4427	STANDARD A MAIL PREP	***	***	***	PSA	Active
		***	***	***		
		***	***	***		
		***	***	***		
4701	COLOR SIMPLEX 11 IN	***	***	***		
		***	***	***		
		***	***	***		
		***	***	***		
		***	***	***		
		***	***	***	PSA	Active
4702	COLOR SIMPLEX 14 IN	***	***	***		
		***	***	***		

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA / PSA	Active / Inactive
		***	***	***		
		***	***	***		
		***	***	***		
		***	***	***	PSA	Active
		***	***	***		
4704	COLOR DUPLEX BLACK ON BACK 11 IN	***	***	***		
		***	***	***		
		***	***	***		
		***	***	***	PSA	Active
		***	***	***		
		***	***	***		
4705	COLOR DUPLEX BLACK ON BACK 14 IN (Note 1)	***	***	***		
		***	***	***		
		***	***	***		
		***	***	***		
		***	***	***	PSA	Active
4707	COLOR/ADDITIONAL SETUP CHARGE	***	***	***	PSA	Active
4713	PAPER QUALITY 3	***	***	***	PSA	Active
		Applicability of this element after 12/01/09 still being discussed				
4715	NEW COLOR BACKER/MSSG PAGE/DOC OVERLAY	***	***	***	PSA	Active
4716	NEW COLOR CHECK/COUPON/AD MSSG OVERLAY	***	***	***	PSA	Active
4717	NEW COLOR LOGO/SIGNATURE	***	***	***	PSA	Active
4720	CORRESPONDENCE DIRECTOR (Note1)	***	***	***	PSA	Active
4721	DQ LETTER PRODUCTION *	Bundled to 7825	***	***	PSA	Active
4722	DQ ENHANCED DECISIONING *	Bundled to 7825	***	***	PSA	Active
4723	DQ ELECTRONIC DOCUMENT DELIVERY (EDD) *	Bundled to 7825	***	***	PSA	Active
4724	DQ STATEMENT PRODUCTION *	Bundled to 7825	***	***	PSA	Active
4725	CRF FOR SCS SEGMENTS	Bundled to 7825	***	***	PSA	Active
4726	ELECTRONIC WEB PRESENTMENT (Statement) Note 3	Retro to 1/1/2009	***	***	PSA	Active

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA/ PSA	Active/ Inactive
4730	ELECTRONIC NOTICES/ALERTS Note 3	Bundled to 4726	***	***	PSA	Active
4732	UNDELIVERABLE DOCUMENT PROCESSING Note 3	Retro to 1/1/2009	***	***	PSA	Active
4733	ELECTRONIC ARCHIVAL FEE (Statement) Note 3	Retro to 1/1/2009	***	***	PSA	Active
4738	EMESSENGER ELECTRONIC IMAGE SCAN/STORAGE Note 3	Retro to 1/1/2009	***	***	PSA	Active
6040	MAILTRACKER SERVICES		***	***	PSA	Active
		***	***	***		
		***	***	***		
		***	***	***		
		***	***	***		
		***	***	***		
6222	FIRST IMAGES RETRIEVAL	TSA Element	***	***	TSA	Active
6225	FIRST IMAGE CHECK STORAGE	TSA Element	***	***	TSA	Active
6404	CHECK CLEARING	***	***	***	TSA	Active
		***	***	***		
		***	***	***		
6406	EXCEPTION ITEM REVIEW WITH IMAGE	TSA Element	***	***	TSA	Active
6408	EXCEPTIONS-DISPLAYED ON ACS-REJECTS	TSA Element	***	***	TSA	Active
6411	CHECK RETURNS	TSA Element	***	***	TSA	Active
6414	CHECK RETURNS-FAX SURCHARGE	TSA Element	***	***	TSA	Active
6416	CHECK STOP PAYMENT-ADD	TSA Element	***	***	TSA	Active
6418	CHECK STOP PAY-BLOCK RANGE	TSA Element	***	***	TSA	Active
6420	CHECK RETRIEVAL-REQUEST	TSA Element	***	***	TSA	Active
6422	CHECK RETRIEVAL-SAME DAY	TSA Element	***	***	TSA	Active
6424	CHECK RETRIEVAL-FAX SURCHARGE	TSA Element	***	***	TSA	Active
6427	IMAGE STATEMENTS-FDR	TSA Element	***	***	TSA	Active
6428	IMAGE STATEMENTS-CUSTOMER	TSA Element	***	***	TSA	Active
6429	IMAGE STATEMENTS-STATEMENT REPRINTS	TSA Element	***	***	TSA	Active
6430	STATEMENT MESSAGE SET UP	TSA Element	***	***	TSA	Active
6432	STATEMENT-FORM SET UP	TSA Element	***	***	TSA	Active

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA/ PSA	Active/ Inactive
6434	ENVELOPES - CHECK PROCESSING	TSA Element	***	***	TSA	Active
6435	SIGNATURE DATABASE BUILD	TSA Element	***	***	TSA	Active
6436	SIGNATURE-COMPARISON	TSA Element	***	***	TSA	Active
6444	ACH-TRANSACTION FEE	TSA Element	***	***	TSA	Active
6448	ACH-STOP PAYMENT REQUEST	TSA Element	***	***	TSA	Active
6461	ACH RETURNS	TSA Element	***	***	TSA	Active
6471	IMPLEMENTATION FEES	TSA Element	***	***	TSA	Active
6472	SPECIAL PROGRAMMING-CHECK	TSA Element	***	***	TSA	Active
6473	FORMS	TSA Element	Various	Various	TSA	Active
6474	FLOAT CREDIT	TSA Element	Various	Various	TSA	Active
6475	POSTAGE	TSA Element	Various	Various	TSA	Active
6476	FLOAT	TSA Element	Various	Various	TSA	Active
6477	COURIER SERVICE	TSA Element	Various	Various	TSA	Active
6478	CONNECTIVITY	TSA Element	Various	Various	TSA	Active
6479	ADDITIONAL FED FEES	TSA	Various	Various	TSA	Active
7118	EMERCHANTVIEW MONTHLY USER BILLING		***	***	TSA	Active
7161	CRF STATEMENT PRODUCTION RESULTS	Bundled to 7445	***	***	TSA	Active
7162	CRF PLASTICS TOTALS	Bundled to 7473	***	***	TSA	Active
7163	CRF PLASTIC PRODUCTION RESULTS	Bundled to 7445	***	***	TSA	Active
7165	CRF PLASTICS DECISIONQUEST DECISIONING	Bundled to 7445	***	***	TSA	Active
7166	CRF PLASTICS DMM DECISIONING	Bundled to 7445	***	***	TSA	Active
7167	CRF STATEMENTS DMM DECISIONING	Bundled to 7445	***	***	TSA	Active
7178	YEAR-END SUMMARY LOGO AND OVERLAY SET-UP		***	***	PSA	Active
7182	PHYSICAL CONSOLIDATION OF PRINTED DOCS		***	***	PSA	Active
7183	14 POCKET INSERTING		***	***	PSA	Active
7186	BACKERS, MESSAGE PAGE AND LETTERS		***	***	PSA	Active
7187	CHECKS, COUPONS AND AD MESSAGES		***	***	PSA	Active
7188	SCANNING OF LOGOS AND SIGNATURES		***	***	PSA	Active
7197	STATEMENT - ENTERPRISE PAGE 1 DUPLEX		***	***	PSA	Active
7199	STATEMENT - ENTERPRISE ADDL PAGES DUPLEX		***	***	PSA	Active

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA/ PSA	Active/ Inactive
7207	LETTER	Drives to 7471	***	***	PSA	Active
7209	LETTER - ADDITIONAL PAGES		***	***	PSA	Active
7210	LETTER - PRIORITY MAIL		***	***	PSA	Active
7211	LETTER-MAIL HANDLING	Valid per LOA	***	***	PSA	Active
7212	LETTER - GROUP SAMPLES		***	***	PSA	Active
7213	LETTER - SET UP, REVISIONS/DEL	Per half hour	***	***	PSA	Active
7214	CARDHOLDER NOTICE		***	***	PSA	Active
7227	ANNUAL ACTIVITY SUMMARY		***	***	PSA	Active
7228	ANNUAL ACTIVITY SUM-DETAIL STORAGE		***	***	PSA	Active
7230	COMPANY CARD REPORT MAIL PREP	Valid PSA	***	***	PSA	Active
7231	IRS REPORTING	Valid PSA	***	***	PSA	Active
7237	ON-LINE CHECK ORDER SERVICE		***	***	PSA	Active
7243	ANNUAL ACTIVITY SUMMARY - ENHANCED		***	***	PSA	Active
7325	PRE-PRESS FORM SETUP		***	***	PSA	Active
7327	PRE-PRESS ADDITIONAL PROOFS		***	***	PSA	Active
7328	PRE-PRESS NEGATIVE CHARGE		***	***	PSA	Active
7340	BALANCE CONSOLIDATION - CHECK REQUEST	***	***	***	TSA	Active
7400	ONLINE REPORT PRINTING	Bundled to 7445	***	***	TSA	Active
7403	REPORTS - HARDCOPY		***	***	TSA	Active
7413	OARS - PAGES		***	***	PSA	Active
7431	REPORT ORGANIZER AND WRITER (ROW)	TSA Element	***	***	TSA	Active
7433	OARS 30 DAY VIEW	TSA Element	***	***	TSA	Active
7434	OARS 60 DAY VIEW	TSA Element	***	***	TSA	Active
7435	OARS 75 DAY VIEW	TSA Element	***	***	TSA	Active
7436	OARS 90 DAY VIEW	TSA Element	***	***	TSA	Active
7449	PRINT 11 IN CHKS/CPN SIM PAGE 1 CONT.	***	***	***	PSA	Active
RIGHT ANGLE	(Note 2)	***	***	***		
7449	PRINT 11 IN CHKS/CPN SIM PAGE 1 CONT.	Effective 12/1 checks count	***	***	PSA	Active
FLAT	(Note 2)	toward 8MM				
7494	REPORT ORGANIZER AND WRITER (ROW) - IDP	TSA Element	***	***	TSA	Active

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA/ PSA	Active / Inactive
7521	HOURLY COMPOSITION		***	***	PSA	Active
7522	IMAGE COMPOSITION RUSH		***	***	PSA	Active
7601	STANDARD EMBOSSING	Volume driving to 7473	***	***	PSA	Inactive
7606	PLASTICARD MAIL HANDLING		***	***	PSA	Active
7608	PIN\POST MAILER PROCESSING		***	***	PSA	Active
7609	PLASTICARD MANUAL RUSH EMBOSS SAME DAY		***	***	PSA	Active
7610	PLASTICARD MANUAL RUSH EMBOSS 2 DAY	Valid PSA	***	***	PSA	Active
7611	AUTOMATIC RUSH EMBOSSING	Same Day	***	***	PSA	Active
7613	PLASTICARD HOT STAMPING		***	***	PSA	Inactive
7615	PLASTICARD PURGING		***	***	PSA	Active
7616	PLASTICARD INSERTING	Manual Element.	***	***	PSA	Active
7618	PLASTICARD JOB PROCESSING		***	***	PSA	Active
7621	PLASTICARD BRAILLE EMBOSSING		***	***	PSA	Active
7625	PLASTICARD BULK PKG-BASIC SORT		***	***	PSA	Active
7627	PLASTICARD-FORMS PURCHASED	Plastics forms for Mass	VARIOUS	VARIOUS	PSA	Active
7628	PLASTICS PURCHASED	Plastics, Labels, Art Charges, Rush Charges	VARIOUS	VARIOUS	PSA	Active
7629	PLASTICARD INCOMING MATERIAL SHIPPING	Inbound shipping	VARIOUS	VARIOUS	PSA	Active
7633	PLASTICARD BULK PACKAGING-3 DIGIT	Valid PSA	***	***	PSA	Active
7634	PLASTICARD BULK PACKAGING - 5 DIGIT		***	***	PSA	Active
7639	PLASTICARD IMAGE SCANNING		***	***	PSA	Active
7640	PLASTICARD EXPEDITED TURNAROUND	***	***	***	PSA	Active
7642	IMAGE MANAGEMENT	Replaced by 7700	***	***	PSA	Active
7651	PLASTICARD STANDARD EMBOSSING-MASS		***	***	PSA	Active
7660	PLASTICARD INSERTING-MASS		***	***	PSA	Inactive
7664	PLASTICARD PHOTO TRANSFER-UP TO 1X1	Used with element 7665 and 7666	***	***	PSA	Active

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA/ PSA	Active / Inactive
7665	PLASTICARD PHOTO/SIG SCAN/DIG-UP TO 1X1	Used with element 7664 and 7666	***	***	PSA	Active
7666	PLASTICARD PHOTO IMG HAND/MRG-UP TO 1X1	Used with element 7664 and 7665	***	***	PSA	Active
7667	PLASTICARD PHOTO TRANSFER-1X1 TO 2X2	Used with element 7668 and 7669	***	***	PSA	Active
7668	PLASTICARD PHOTO SCAN/DIG-1X1 TO 2X2	Used with element 7667 and 7669	***	***	PSA	Active
7669	PLASTICARD PHOTO IMG HAND/MRG-1X1 TO 2X2	Used with element 7667 and 7668	***	***	PSA	Active
7677	PLASTICARD LASER PIN/POST MAILER PROC		***	***	PSA	Active
7678	PLASTICS - SAME DAY		***	***	PSA	Active
7682	PLASTICARD ENTERPRISE PRES. ADD'L PAGE		***	***	PSA	Active
7688	PLASTICARD ULTRAFORMS		***	***	PSA	Inactive
7689	PLASTICARD TEMPLATE CREATION		***	***	PSA	Active
7692	PLASTICARD - RECORDS PROCESSED	Bundled to 7445	***	***	PSA	Active
7700	PLASTICARD IMAGE MANAGEMENT 2X2	Remote Scan by GE Used with element 7797	***	***	PSA	Active
7702	PLASTICARD OBSOLETE PLASTIC FEE		***	***	PSA	Active
7703	PLASTICARD OBSOLETE PAPER FEE		***	***	PSA	Active
7706	PRINT AND MAIL OBSOLETE PAPER FEE		***	***	PSA	Active
7738	PLASTICARD FRONT INDENT PRINT	Bundled to 7473	***	***	PSA	Inactive
7744	PLASTICARD CIU CANCELS		***	***	PSA	Inactive
7747	PLASTICARD HAND EMBOSSING		***	***	PSA	Active
7751	PLASTICARD ENTERPRISE PRESENTATION SETUP		***	***	PSA	Inactive
7763	PLASTICARD/PEP CARD CARRIER 17		***	***	PSA	Active
7795	DIGITAL CARD PRINT IMAGING SERVICES	(Scan by FD)	***	***	PSA	Active
7796	DIGITAL CARD PRINTING IMAGE APPLICATION	Used with element 7795	***	***	PSA	Active
7797	DIGITAL CARD PRINT - CARDHOLDER LEVEL	Used with element 7700	***	***	PSA	Active
7801	PRINT 11 IN SIMPLEX - PAGE 1 CONT.		***	***	PSA	Active

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA / PSA	Active / Inactive
7802	PRINT 14 IN SIMPLEX - PAGE 1 CONT.		***	***	PSA	Active
7802	PRINT 14 IN SIMPLEX - PAGE 1 CONT.		***	***	PSA	Active
JCP						
7804	PRINT/MAIL PREP 11 IN DUP ADDL. PG CONT.		***	***	PSA	Active
7806	PRINT/MAIL PREP 14 IN DUP ADDL. PG CONT.		***	***	PSA	Active
7808	LETTER 14	Manually Billed only	***	***	PSA	Inactive
7813	PRINT 11 IN DUPLEX - PAGE 1 CONT.		***	***	PSA	Active
7814	PRINT 14 IN DUPLEX - PAGE 1 CONT.		***	***	PSA	Active
	(Note 1)					
7814	PRINT 14 IN DUPLEX - PAGE 1 CONT.	***CONTINUOUS	***	***	PSA	Active
7814	PRINT 14 IN DUPLEX - PAGE 1 CONT.	SCS RSF ONLY	***	***	PSA	Active
7825	INDIVIDUAL CHECK COUNT	***	***	***	PSA	Active
		***	***	***		
		***	***	***		
7825	INDIVIDUAL CHECK COUNT (Note 2)	***	***	***	PSA	Active
		***	***	***		
7826	INDIVIDUAL COUPON COUNT	***	***	***	PSA	Active
		***	***	***		
		***	***	***		
7827	INDIVIDUAL REWARD CHECK/COUPON COUNT	***	***	***	PSA	Active
		***	***	***		
		***	***	***		
7844	PRINT/MAIL PREP 11 CK/CP SIM ADL PG CONT		***	***	PSA	Active
7845	PRINT 11 IN CHK/CPN DUPLEX - PAGE 1 CONT		***	***	PSA	Active
Right	(Note 2)		***	***		
Angle			***	***		
			***	***		
7845	PRINT 11 IN CHK/CPN DUPLEX - PAGE 1 CONT (Note 2)	1 page with CHK/CPN at bottom	***	***	PSA	Active
Flat						
7846	PRINT/MAIL PREP 11 CK/CP DUP ADL PG CONT (Note 2)		***	***	PSA	Active
7894	STMT-ENTERPRISE ADDL PAGES SIMPLEX - 11		***	***	PSA	Active
7896	STMT - ENTERPRISE PAGE 1 SIMPLEX - 14		***	***	PSA	Active

Element	Name	Description	Price as of Execution Date	12/1/09 Price	TSA/ PSA	Active / Inactive
7897	STMT - ENTERPRISE PAGE 1 DUPLEX - 14		***	***	PSA	Active
7898	STMT - ENTERPRISE ADDL PGS SMPX 14		***	***	PSA	Active
7928	EMERGENCY CASH/CARD REQUESTED - FDR	Bundled to 7651	***	***	PSA	Inactive
		***	***	***	PSA	Active
8310	STATEMENT-CHECKS AND COUPONS CREATION	***	***	***		
		***	***	***		
8319	AFP/ON DEMAND		***	***	TSA	Active
9950	ULTRAFORMS CARD CARRIER		***	***	PSA	Inactive
9951	PLASTICARD ENTERPRISE PRES. CARD CARRIER		***	***	PSA	Active
4741	Electronic Web Presentment-eLetter Note 3	New	***	***	PSA	Active
4742	Archival Fee/Month Over 3 Months-eLetter Note 3	New	***	***	PSA	Active
7828	STMT MAILING 2 BUSINESS DAY	(Aug 20, 2009 - Feb 2010)	***	***	PSA	Active
7830	STMT MAILING CALENDAR DAY	Bundled to 7828	***	***	PSA	Active
		Typically used for postage adjustments and for credits that don't fit a specific element number	Various	Various	TSA / PSA	Active
4398	MISCELLANEOUS					
4381	SYSTEM ADJUSTMENT	For Write Offs	Various	Various	TSA	Active

\* For production of items on the First Data System

Note 1 – Note 1 – For portfolios that are migrating to SCS Services prior to 12/1/09, the 12/1/09 price will be in effect. For the \*\*\* and Sales Finance portfolios which as of the Execution Date have already migrated to SCS 12/1/09 pricing becomes effective 12/1/09. This applies to elements 4720 CORRESPONDENCE DIRECTOR, element 7814 PRINT 14 IN DUPLEX – PAGE 1 CONT, and element 4705 COLOR DULEX BLACK ON BACK 14IN

Note 2 – Effective 12/1/2009 Volume counts toward the 8MM MICR

Note 3 – Subject to execution of GEOS eMessenger Amendment

## (b) Pass Through Billing Elements

Element	Name	Description	Price as of Execution Date	12/1/09 Price
4338	WAREHOUSE REWORK FEE	3rd Party Rework	Various	Various
4324	PRINTMAIL MLOCR	Zip Sort Eligible - No	***	***
4365	REBILL - TRAVEL & EXPENSE		Various	Various
4368	REBILL - EQUIPMENT		Various	Various
4369	REBILL - FORMS/ENVELOPES	Forms Destruction	Various	Various
4379	REBILL - PRINTING		Various	Various
4390	REBILL - SHIPPING		Various	Various
4393	PASS-THROUGH EXPENSE		Various	Various
4415	DHL		Various	Various
4416	FEDERAL EXPRESS		Various	Various
4434	POSTAGE CREDIT - MAADC	Print/Mail Zip Sort Element	***	***
4436	POSTAGE CREDIT - AADC	Print/Mail Zip Sort Element	***	***
4437	POSTAGE CREDIT - PRESORT	Print/Mail Zip Sort Element	***	***
4438	POSTAGE CREDIT - 3-DIGIT AUTOMATED	Print/Mail Zip Sort Element	***	***
4439	POSTAGE CREDIT - 5-DIGIT AUTOMATED	Print/Mail Zip Sort Element	***	***
4454	POSTAGE CREDIT - MAADC - POSTCARD	Print/Mail Zip Sort Element	***	***
4456	POSTAGE CREDIT - AADC - POSTCARD	Print/Mail Zip Sort Element	***	***
4457	POSTAGE CREDIT - PRESORT - POSTCARD	Print/Mail Zip Sort Element	***	***
4458	POSTAGE CREDIT - 3-DIGIT AUTOMATED - POSTCARD	Print/Mail Zip Sort Element	***	***
4459	POSTAGE CREDIT - 5-DIGIT AUTOMATED - POSTCARD	Print/Mail Zip Sort Element	***	***
4494	PL - POSTAGE CREDIT - MAADC	Plastics Zip Sort Element	***	***
4496	PL - POSTAGE CREDIT - BASIC AUTOMATED	Plastics Zip Sort Element	***	***
4497	PL - POSTAGE CREDIT - PRESORT	Plastics Zip Sort Element	***	***
4498	PL - POSTAGE CREDIT - 3-DIGIT AUTOMATED	Plastics Zip Sort Element	***	***
4499	PL - POSTAGE CREDIT - 5-DIGIT AUTOMATED	Plastics Zip Sort Element	***	***
4800	PLASTICS PSTG 1OZ INDICIA	Zip Sort Eligible - Yes	***	***
4801	PRINTMAIL PSTG 1OZ INDICIA	Zip Sort Eligible - Yes	***	***
4802	PLASTICS PSTG 2OZ INDICIA	Zip Sort Eligible - Yes	***	***
4803	PRINTMAIL PSTG 2OZ INDICIA	Zip Sort Eligible - Yes	***	***
4804	PLASTICS PSTG 3OZ INDICIA	Zip Sort Eligible - Yes	***	***
4805	PRINTMAIL PSTG 3OZ INDICIA	Zip Sort Eligible - Yes	***	***
4806	PLASTICS PSTG FOREIGN	Zip Sort Eligible - No	***	***
4807	PRINTMAIL PSTG FOREIGN	Zip Sort Eligible - No	***	***

Element	Name	Description	Price as of	
			Execution Date	12/1/09 Price
4808	PLASTICS STANDARD A PERMIT POSTAGE	Zip Sort Eligible - No	***	***
4809	PRINTMAIL STANDARD A PERMIT POSTAGE	Zip Sort Eligible - No	***	***
4810	PLASTICS PSTG EXPRESS MAIL	Zip Sort Eligible - No	Various	***
4811	PRINTMAIL PSTG EXPRESS MAIL	Zip Sort Eligible - No	Various	***
4812	PLASTICS PSTG METERED OVRWT/FRGN/MISC	Zip Sort Eligible - No	Various	***
4813	PRINTMAIL PSTG METERED OVRWT/FRGN/MISC	Zip Sort Eligible - No	Various	***
4814	PLASTICS PSTG 1OZ METERED SORTED	Zip Sort Eligible - Yes	***	***
4815	PRINTMAIL PSTG 1OZ METERED SORTED	Zip Sort Eligible - Yes	***	***
4816	PLASTICS PSTG 2OZ METERED SORTED	Zip Sort Eligible - Yes	***	***
4817	PRINTMAIL PSTG 2OZ METERED SORTED	Zip Sort Eligible - Yes	***	***
4818	PLASTICS PSTG 3OZ METERED SORTED	Zip Sort Eligible - Yes	***	***
4819	PRINTMAIL PSTG 3OZ METERED SORTED	Zip Sort Eligible - Yes	***	***
4820	PLASTICS PSTG REGISTERED	Zip Sort Eligible - No	Various	***
4821	PRINTMAIL PSTG REGISTERED	Zip Sort Eligible - No	Various	***
4822	PLASTICS PSTG CERTIFIED	Zip Sort Eligible - No	Various	***
4823	PRINTMAIL PSTG CERTIFIED	Zip Sort Eligible - No	Various	***
4824	PLASTICS PSTG PRIORITY MAIL	Zip Sort Eligible - No	Various	***
4825	PRINTMAIL PSTG PRIORITY MAIL	Zip Sort Eligible - No	Various	***
4826	PRINTMAIL PSTGE POST CARD	Zip Sort Eligible - Yes	***	***
4828	PLASTICS PSTG 1OZ METERED FULL RATE	Zip Sort Eligible - No	***	***
4829	PRINTMAIL PSTG 1OZ METERED FULL RATE	Zip Sort Eligible - No	***	***
4830	PLASTICS PSTG 2OZ METERED FULL RATE	Zip Sort Eligible - No	***	***
4831	PRINTMAIL PSTG 2OZ METERED FULL RATE	Zip Sort Eligible - No	***	***
4832	PLASTICS PSTG 3OZ METERED FULL RATE	Zip Sort Eligible - No	***	***
4833	PRINTMAIL PSTG 3OZ METERED FULL RATE	Zip Sort Eligible - No	***	***
4834	MACHINE REJECT MAIL	Zip Sort Eligible - No	***	***
4835	PLASTICS MLOCR	Zip Sort Eligible - No	***	***
7417	DAILY BASE POSTAGE DISCOUNTS	PRINT/MAIL	***	***
RCF				
7417	DAILY BASE POSTAGE DISCOUNTS	PRINT/MAIL	***	***
RSF				
7495	DAILY BASED POSTAGE DISCOUNTS - PLASTICS	PLASTICS	***	***
RSF				

<u>Element</u>	<u>Name</u>	<u>Description</u>	<u>Price as of Execution Date</u>	<u>12/1/09 Price</u>
S7495 RCF	DAILY BASED POSTAGE DISCOUNTS - PLASTICS	PLASTICS	***	***

Note that column headings of Active/Inactive mean that as of the Execution Date RCSI is actively using or not actively using this item, as the case may be. Column headings of PSA/TSA designate which Agreement (this Agreement or the TSA, as the case may be) controls such charge.

**EXHIBIT C-5**  
**\*\*\* EXAMPLES**

The cross references in the attached \*\*\* examples are from the Original Agreement and are deemed amended to reflect the appropriate changes to such Section numbers in this Agreement.

RCSI \*\*\* Definition

\*\*\*

[The following five pages were omitted pursuant to the confidential treatment request.]

**EXHIBIT C-6**  
**INTENTIONALLY LEFT BLANK**

Exhibit C-6

C-6 - 1

RCSI / First Data Confidential

**EXHIBIT C-7**

\*\*\*

[The following five pages were omitted pursuant to the confidential treatment request.]

Exhibit C-7

C-7 - 1

RCSI / First Data Confidential

**SCHEDULE D**  
**KEY FIRST DATA POSITIONS**

- I. In accordance with Section 5.1 of this Agreement, the following are the Key First Data Positions:
- A. Executive Sponsor
  - B. First Data Contract Administrator
  - C. Vice President, PSA Relationship Executive
  - D. Director, Contract Administrator
  - E. Director, Customer Operations
  - F. Director, Quality and Reporting
- II. The personnel approved as of the Effective Date to fill the Key First Data Positions, and the periods of time such persons shall remain in such positions, subject to the exceptions noted in Section 5.1(c) of this Agreement, are as follows:

NOTE: The Key First Data Positions marked with an asterisk (\*) behind the title will not be assigned to the RCSI account on a dedicated basis.

<u>Key First Data Position</u>	<u>Name of Personnel</u>	<u>Time of Tenure</u>
First Data Executive Sponsor*	Gay Rich	Two (2) years from the Effective Date
First Data Contract Administrator	Patty Gaston	Two (2) years from the Effective Date
Vice President, PSA Relationship Executive	Karol Svoboda	Two (2) years from the Effective Date
Director	Matt Peters	Six (6) Months from the Effective Date
Director, Customer Operations	Brian Reznicek	Two (2) years from the Effective Date
Director, Quality and Reporting*	Patrick Keenan	Two (2) years from Effective Date

**SCHEDULE E  
FACILITIES**

The chart below lists the primary First Data facilities from which First Data provides the Production Services as of the Execution Date of this Agreement.

<u>First Data Facility</u>	<u>Address</u>	<u>Production Services Provided at that Location</u>
Print Output Services - Pacific	*** Omaha, NE 68114	Print Production Services
Print Output Services - Crown Point	*** Omaha, NE 68110	Print Production Services
Plastic Output Services - Virginia	*** Chesapeake, VA 23320	Plastics Production Services
Plastic Output Services - Starwood	*** Omaha, NE 68122	Plastics Production Services

**SCHEDULE F**  
**\*\*\* SUBCONTRACTORS**

**1. INTRODUCTION**

This Schedule F (Approved Subcontractors) comprises the list of all \*\*\* Subcontractors as of the Effective Date. Changes to this listing will be made in accordance with Section 9.6 of this Agreement.

**2. \*\*\* SUBCONTRACTORS**

<u>Subcontractor</u>	<u>Scope of Services</u>
***	*** provides mail services for Standard A mail, as well as zip sorting and mail integration services currently performed in Chesapeake, VA and in Omaha, NE.
***	Statements, Plastics and Letters generated with a foreign mailing address are presented to *** for postage adjustments prior to distribution into the USPS mail stream.

**SCHEDULE G  
REPORTS**

Without limiting First Data's obligations and RCSI's rights set forth elsewhere in this Agreement (including Section 7.3(a)), this Schedule G lists certain reports that First Data shall create and provide to RCSI as of the Effective Date. In addition to those reports listed in this Schedule G, in accordance with Section 7.3(a) of this Agreement, First Data shall also (i) provide RCSI with ad hoc reports; and (b) develop additional reports.

**A. STANDARD LISTING OF REPORTS PRODUCED BY OUTPUT SERVICES**

<u>Report Name</u>	<u>Report Type</u>	<u>Report Frequency</u>			<u>***</u>	<u>SF</u>	<u>RCF</u>
		<u>Daily</u>	<u>Weekly</u>	<u>Monthly</u>			
Daily Embossing Hold Report – ***	PACT BRIO	X			X	X	X
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – Multi Dual Card	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – *** (online)	PACT BRIO	X					
Daily Embossing Hold Report – *** (offline/CML)	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – *** (offline/CML)	PACT BRIO	X					
Daily Embossing Hold Report – GEMoney	PACT BRIO	X					
Daily Embossing Hold Report – Multi PLCC	PACT BRIO	X					
Daily Embossing Hold Report – GESF	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – *** (offline/CML)	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – *** (online)	PACT BRIO	X					
Daily Embossing Hold Report – *** (off/CML)	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Embossing Hold Report – ***	PACT BRIO	X					
Daily Inventory file for GE / GEUSG	File Transmission	X				X	X

DAILY Low Notification Report URGENT	AS400	x		x	x	x
Daily Low Notification Report Regular	AS400	x		x	x	x
Daily Plastics GE Cycle Time Report	PACT BRIO	x	x		x	x
Daily Client Level Report – ***	PACT BRIO	x	x	x		
Daily Consumer Release Report – GESF	PACT BRIO	x	x		x	
Daily Letters GE Client Level Report – ALL	PACT BRIO	x	x	x	x	x
Daily Plastics GE BOM Report – ***	PACT BRIO	x		x		
Daily GE Formscan Letters and Replacement Stmts – SF/CF	PACT BRIO	x	x		x	x
Daily Letters GE Formscan and Replacement Stmts – ***	PACT BRIO	x	x	x		
Daily Inventory Receipt Report – by Client	PACT BRIO	x		x	x	x
IMO Flash Report	E-MAIL	x		x	x	x
Output Service Daily Issue Report	E-MAIL	x		x	x	x
BRC Statements	PACT BRIO	x	x			x
Commercial Statements	PACT BRIO	x	x			x
Consumer Statements – RCF	PACT BRIO	x	x			x
PactBrio Hold Report	PACTBRIO	x				
PactBrio Cycle Report – ***	PACTBRIO	x		x		
PactMail/FDR/FDC Invalidated Holds	PACMAIL	x				
PactMail GE offline input file received	PACMAIL	x				
PactMail GE Commercial invalid characters report	PACMAIL	x				
PactMail/FDR/FDC Conversion Report	PACMAIL	x				
Pact/Mail/FDR/FDC Conversion Report	PACMAIL	x				
Obsolete Overstock Letters Report	PACT BRIO		x		x	x
ISR Report For Letter Group	PACT BRIO		x		x	x
ISR Report by client	PACT BRIO		x		x	x
Weekly Open PO Report	PACT BRIO		x		x	x
Weekly Open PO Internal Client Report	PACT BRIO		x		x	x
Weekly Inventory GE Division 1	PACT BRIO		x		x	x

Weekly Inventory GE Division 2	PACT BRIO	x		x	x	x
Weekly Statements GE Multipage Report	PACT BRIO	x		x	x	x
Weekly_GE_***_Inventory_Div#1_Report.xls	PACT BRIO	x		x	x	x
Weekly Letters GE Report	PACT BRIO	x		x	x	x
Weekly Plastic GE Report	PACT BRIO	x		x	x	x
Weekly Inventory Received Report	PACT BRIO	x		x	x	x
Weekly Inventory Receipt Report	PACT BRIO	x		x	x	x
Weekly Inventory Receipt Report	PACT BRIO	x		x	x	x
GE Rush Summary Report	First Data		x	x	x	x
Envelope True-up Report	First Data		x	x	x	x
Omaha Letter Release	PACT BRIO		x	x	x	x
8.0 Statement Accuracy	PACT BRIO		x	x	x	x
9.0 Plastic Accuracy	PACT BRIO		x	x	x	x
Plastic Merge Bv2	PACT BRIO		x	x	x	x
Plastic Starwood	PACT BRIO		x	x	x	x
Plastic Virginia	PACT BRIO		x	x	x	x
Productivity Summary	E-MAIL		x	x	x	x
Omaha Statement Release	PACT BRIO		x	x	x	x
BM-405 – Excel	First Data		x	x	x	x
BM-406 – Excel	First Data		x	x	x	x
Mass Reissue Mail Date Report	By Project		x	x	x	x
Embossing Natural Reissue Plastics	First Data		x	x	x	x
Embossing Natural Reissue PEP Pages	First Data		x	x	x	x
Embossing Natural Reissue Postage	First Data		x	x	x	x
Embossing Mass Reissue Postage-Embossing	First Data		x	x	x	x
Embossing FDR Performance Data	First Data		x	x	x	x
Monthly GE Multipage Report	PACT BRIO		x			x
Monthly Statements GE Commercial Release	PACT BRIO		x			x
Monthly Statements GE Consumer Release	PACT BRIO		x			x
Monthly Statements GE BRC Release	PACT BRIO		x			x
Monthly Statements *** Consumer Release	PACT BRIO		x	x		
Monthly *** Formscan and Replacement Stmt	PACT BRIO		x	x		

**B. STANDARD LISTING OF FIRST DATA SYSTEM REPORTS**

To the extent the Accounts exist on the First Data System, First Data shall provide the following reports:

<u>Report #</u>	<u>Report Name</u>
BD – 028	Invoice Detail – Client Level – Postage
BD – 032	Daily Invoice
BD – 033	Invoice Detail – Client Level – Postage
BD – 031	FDR Daily Invoice Back-up Report
BD – 042	Client Billing Source Document
BM – 405	Monthly Invoice Backup Report
BM – 406	Monthly Invoice
CD – 003	Back up Billing – Urgency Letter detail
CD – 012	Embossing Production Hold Detail
CD – 014	Embossing Production Hold Summary
CD – 042	Postage Detail by product / ounces
CD – 063	Daily Embossing
CD – 1368	SCS and ABC Invoice back up detail
CD – 1369	SCS and ABC Invoice back up detail
CD – 1370	SCS and ABC Invoice back up detail – Summary
CD – 1371	Statement Insert Setup Report
CD – 159	Daily Letters Report – Invoice back up
CD – 367	Daily Letters Report
CD – 850	Daily Letters Reject Report
CD – 881	Daily Force Emboss, Rush and Reinstatement
CM – 170	Monthly Letters Tracking Report
ED – 307	Embossing Invoice Back up detail
ED – 308	Embossing Invoice Back up summary
ED – 701	Card Issuance Acceptance Report
ED – 705	Card Issuance Decline Report
ED – 706	Card Issuance Hold Report

ED – 709	Pin Mailers daily report
ED – 770	Natural Reissue daily/weekly files
ED – 862	Card Issuance Input Acceptance Report
MD – 159	Merchant Daily Letters Report
MD – 367	Merchant Daily Letters Reject Report
MD – 850	Merchant Daily Letters Reject Report Merchant Letters (Details Only)

## SCHEDULE H HUMAN RIGHTS

### PART I:

#### Our Commitment

RCSI, as a business enterprise, promotes the advancement of fundamental human rights. We support the principles contained in the Universal Declaration on Human Rights, remaining mindful that it is primarily addressed to nations. RCSI has joined with other companies to find practical ways of applying within the business community the broad principles established in the Declaration.

#### Our Actions

RCSI endeavors to advance fundamental human rights within the communities in which our businesses operate. We do this in important part by leading by example - influencing our employees and business partners through actions consistent with policies contained in the Spirit & Letter. Wherever we do business, RCSI aspires to:

#### In Our Management Capacity

- RESPECTING the human rights of our employees as established in the ILO's (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, including non-discrimination, prohibitions against child and forced labor, freedom of association and the right to engage in collective bargaining.
- PROVIDING security consistent with the intent of the Voluntary Principles on Security and Human Rights, as well as the laws of the countries in which we operate, retaining security services for preventative or defensive purposes with instructions to use force only when necessary and to an extent proportional to the threat.

#### In Our Business Capacity

- DEVELOPING and offering products, including those that meet human needs for power, water and medical care, with due regard for fundamental human rights and a sustainable environment.

#### With Our Direct Business Partners

- INCORPORATING appropriate principles of *The Spirit & The Letter* into contracts with suppliers, business partners and distributors.
- MONITORING adherence by key suppliers in emerging markets to environmental, health and safety standards, prohibitions against forced and child labor, and local wage and hour laws.
- EVALUATING human rights issues involving our direct business partners – particularly in emerging markets – and considering practical responses within the relevant context.
- ADVANCING application of the ILO Declaration through engagement and collaboration.

**In the Community**

- SERVING as a positive influence in communities in which we operate, demonstrating by our actions our belief that human rights violations are unacceptable.
- ASSESSING, as appropriate, the impact on affected local communities of major infrastructure project financing.

**PART II: SUMMARY OF UNIVERSAL DECLARATION OF HUMAN RIGHTS**

(The actual Declaration can be found at: [www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html))

Article 1

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

Article 2

Equal entitlement to all rights and freedoms in Declaration.

Article 3

Right to life, liberty and security of person.

Article 4

Slavery prohibited.

Article 5

Prohibition of torture and cruel treatment.

Article 6

Equal right to recognition as a person before the law.

Article 7

Equal protection against discrimination in violation of this Declaration.

Article 8

Right to effective remedy for acts violating his fundamental rights.

Article 9

Prohibition of arbitrary arrest, detention or exile.

Article 10

Right to fair and public hearing by an independent and impartial tribunal of his rights and obligations and of criminal charges.

Article 11

Presumed innocent until proved guilty according to law in a public trial.

No conviction of penal offense if act/omission was not such offense when committed; no heavier penalty than one applicable when offense committed.

Article 12

No arbitrary interference with privacy, family, home or correspondence, nor to attacks upon honor or reputation. Article 13

Right to freedom of movement and residence within the borders of each State.

Right to leave and return to any country.

Article 14

Right to seek and to enjoy asylum from persecution in other countries, except in the case of prosecutions arising from non-political crimes or acts contrary to the purposes and principles of the UN.

Article 15

Right to a nationality.

No arbitrary deprivation of nationality, no denial of right to change nationality.

Article 16

Men and women of full age, without any limitation due to race, nationality or religion have the right to marry and to found a family, with equal rights as to marriage, during marriage and at its dissolution.

Need free and full consent of the intending spouses.

The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

Article 17

Right to own property alone and in association with others, without arbitrary deprivation.

Article 18

Right to freedom of thought, conscience and religion.

Article 19

Right to freedom of opinion and expression.

Article 20

Right to freedom of peaceful assembly and association.

Article 21

Right to participate in the government of his country.

Equal access to public service.

The will of the people shall be the basis of the authority of the government.

Article 22

Right to social security and entitled to realization of indispensable economic, social and cultural rights.

Article 23

Right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment.

Right to equal pay for equal work.

Right to just and favorable remuneration ensuring existence worthy of human dignity, and supplemented, if necessary by other means of social protection.

Right to form and to join trade unions.

Article 24

Right to rest and leisure, including reasonable limitation of working hours and periodic paid holidays.

Article 25

Right to a standard of living adequate for his health and well-being, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

Motherhood and childhood, whether born in or out of wedlock, are entitled to special care and assistance.

Article 26

Right to education, with compulsory elementary education and at least the elementary and fundamental stages being free.

Higher education shall be equally accessible to all on the basis of merit.

Education directed to development of human personality and to strengthening respect for human rights and fundamental freedoms.

Parents have a right to choose the kind of education for their children.

Article 27

Right to participate in the cultural life of the community.

Right to the protection of moral and material interests resulting from any scientific, literary or artistic production he authors.

Article 28

Right to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

Article 29

Everyone has duties to the community in which the free and full development of his personality is possible.

Everyone shall be subject to such limitations determined by law for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society.

- These rights and freedoms may in no case be exercised contrary to the purposes and principles of the UN.

Article 30

No right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.

**PART III: RCSI—SUPPLIER EXPECTATIONS RELATING TO EMPLOYMENT, ENVIRONMENT, HEALTH & SAFETY**

For more than a century, RCSI, its businesses, and its employees have created an asset of incalculable value — the Company’s worldwide reputation for integrity and high standards of business conduct. RCSI’s quest for competitive excellence begins and ends with its unyielding commitment to integrity.

Each employee in the RCSI community is expected to make a personal commitment to integrity, and we also expect and require high ethical conduct from all of our suppliers. A company’s strong commitment in this regard is a requirement for being an RCSI supplier and is the foundation for our mutually beneficial business relationship.

In particular, we expect RCSI suppliers to:

- Comply with laws and regulations protecting the environment and not adversely affect the local community.
- Provide workers a safe and healthy workplace.
- Employ workers above the applicable minimum age requirement or the age of 16, whichever is higher.
- Comply with laws and regulations governing wages, hours, days of service, and overtime payment for workers.
- Not utilize forced, prison, or indentured labor, or subject workers to any form of compulsion or coercion.
- Allow their workers to freely choose whether or not to organize or join associations for the purpose of collective bargaining as provided by local law.
- Prohibit physical, sexual or psychological harassment or coercion.
- Assure that workers are hired, paid and otherwise subject to terms and conditions of employment based on their ability to do the job, not on the basis of their personal characteristics such as race, national origin, sex, religion, ethnicity, disability, maternity, age, and other characteristics protected by local law. (This does not bar compliance with affirmative preferences that may be required by local law).
- Maintain and enforce a company policy requiring adherence to ethical business practices, including a prohibition on bribery of government officials.
- Respect the intellectual property of others.
- Maintain security measures consistent with international standards for the protection of their operations and facilities against exploitation by criminal or terrorist individuals and organizations.
- Expect their suppliers to conform to similar standards.

**PART IV: VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS**

The Voluntary Principles on Security and Human Rights are attached as Exhibit H-1.

**PART V: HUMAN RIGHTS DUE DILIGENCE****1 EMPLOYMENT PRACTICES****1.1 Forced Labor**

- (a) Does the company take all necessary measures to ensure that it does not participate in, or benefit from any form of forced labor (this can include bonded labor, debt bondage, forced prison labor, slavery, servitude, or human trafficking)?
- (b) Does the company refrain from retaining the identity cards, travel documents, and other important personal papers of its employees?

**1.2 Child labor and young workers**

- (a) Does the company comply with minimum age standards?
- (b) Does the company ensure that it does not hire minors (below 16 years of age) to perform work that is hazardous or harmful to their health, safety, or morals?

**1.3 Non-discrimination**

- (a) Does the company ensure that its compensation, benefit plans, and employment-related decisions are based on relevant and objective criteria?
- (b) Does the company seek to maintain a work environment that is culturally respectful and sensitive to the needs of all workers?

**1.4 Freedom of association**

- (a) Does the company recognize the freedom of association rights of its workers, including the right to bargain collectively?
- (b) If trade unions are not allowed in the area of operation, or only state authorized organizations are allowed, does the company establish alternative measures to allow employees to gather independently to discuss work-related problems?

**1.5 Workplace health and safety**

- (a) Does the company ensure that its workers are afforded safe, suitable and sanitary work facilities?

- (b) If the company provides housing or dormitory quarters for its employees, is it adequate, clean, safe and otherwise designed and operated to respect the dignity of the employees?
- (c) Does the company supply its employees with the protective equipment and training necessary to perform their tasks safely?

#### 1.6 Conditions of employment and work

- (a) Does the company take measures to protect workers from acts of physical, verbal, sexual, or psychological, harassment, abuse, or threats in the workplace, including when determining and implementing disciplinary measures?
- (b) Does the company have mechanisms for hearing, processing, and settling the grievances of employees?
- (c) Does the company adhere to the minimum wage requirements, including any restrictions on the amount of overtime? Are overtime payments consistent with applicable law?
- (d) Does the company grant employees paid holiday and sick leave each year, as well as parental leave for the care of a newborn or newly adopted child?
- (e) Does the company ensure that the work-week is limited to 48 hours, overtime is voluntary, infrequent, and does not exceed 12 hours per week, and that employees are given reasonable breaks while working, and sufficient rest periods between shifts?
- (f) Does the company respect the privacy rights of its employees whenever it gathers private information or implements employee-monitoring practices?

## 2 COMMUNITY IMPACT

### 2.1 Security

- (a) Are company security guards trained when to intervene in security-related situations and how to use the minimal authorized force necessary?

### 2.2 Land management

- (a) Before purchasing land, does the company consult with all affected parties, including both legal and customary owners, in order to seek their prior informed consent?
- (b) Does the company ensure that it does not participate in or benefit from improper forced relocations, that due process was followed in accordance with the laws of the host country, and adequately compensates inhabitants respecting involuntary relocations?

- (c) Does the company honor the land, passage, and usage rights of local or indigenous peoples on company-controlled land?
- (d) Does the company consult with the local inhabitants and take measures to address and mitigate any disruptive effects that its operations may have on company land, the local community, and the natural resources in the area?
- (e) To the extent that projects may affect access to water, does the company undertake to assure alternative access?

### 2.3 Environmental health and safety

- (a) Does the company have emergency procedures in place to effectively prevent and address all health emergencies and industrial accidents affecting the surrounding community?
- (b) Does the company have mechanisms for hearing, processing, and settling the grievances of the local community?

### 2.4 Corruption and bribery

- (a) Does the company refrain from bribing, or using any other method, to unjustly influence government officials and/or the judiciary?

### 2.5 Company products and marketing practices

- (a) Does the company exercise due diligence when designing, manufacturing and marketing products, to protect against product defects which could harm the life, health or safety of the consumer or others likely to be affected by the defective product?
- (b) Before using local artistic or copyrightable material or patenting a previously unpatented invention that has already been in use by a local or indigenous people, does the company first obtain the informed consent of the creator or owner of the work?

## 3 SUPPLY CHAIN MANAGEMENT

### 3.1 Relations with suppliers, contractors and other associates

- (a) Does the company screen and monitor all major suppliers, contractors, sub-suppliers, joint-venture partners, and other major business associates for commitment on human rights/social issues?
- (b) Does the company assure that subcontractors have policies and practices that: assure adequate health and safety, prohibit unlawful discrimination, permit freedom of association and collective bargaining, prohibit use of child and forced labor, and required payment of minimum wages and overtime?

**EXHIBIT H-1**

**VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS**

Exhibit H-1

H-1 - 1

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## **VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS**

### STATEMENT BY THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM

The Governments of the United States and the United Kingdom, companies in the extractive sectors (“Companies”), and non-governmental organizations, all with an interest in human rights and corporate social responsibility, have engaged in a dialogue on security and human rights.

We recognise the importance of the promotion and protection of human rights throughout the world and the constructive role business and civil society (including non-governmental organizations, labor/trade unions and local communities) can play in advancing these goals. The participants in this dialogue developed a set of voluntary principles to guide Companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. Mindful of these goals, the participants agree to continue this dialogue and keep under review these principles to ensure their continuing relevance and efficacy.

This has been a cooperative and constructive process. The Governments salute the willingness of the participants — Companies and civil society alike — to address these issues seriously and with a determination to both understand and account for each other’s concerns. We look forward to continuing this dialogue in the spirit of cooperation and mutual understanding that led to broad consensus among the participants on these voluntary principles.

We hope that other companies, governments, and civil society organizations as well as international institutions will share these goals and choose to be involved in this continuing dialogue. We welcome their support for these principles as well as their participation in this dialogue. Those wishing to take up this invitation should contact either the U.S. Department of State or the Foreign and Commonwealth Office.

The companies and organizations listed below support this process and welcome these principles:

Chevron, Texaco, Freeport MacMoran, Conoco, Shell, BP, Rio Tinto, Human Rights Watch, Amnesty International, International Alert, Lawyers Committee for Human Rights, Fund for Peace, Council on Economic Priorities, Business for Social Responsibility, the Prince of Wales Business Leaders Forum, and the International Federation of Chemical, Energy, Mine and General Workers’ Unions.

**Voluntary Principles on Security and Human Rights**

The Governments of the United States and the United Kingdom, companies in the extractive and energy sectors (“Companies”), and non-governmental organizations, all with an interest in human rights and corporate social responsibility, have engaged in a dialogue on security and human rights.

The participants recognize the importance of the promotion and protection of human rights throughout the world and the constructive role business and civil society (including non-governmental organizations, labor/trade unions and local communities) can play in advancing these goals. Through this dialogue, the participants have developed the following set of voluntary principles to guide Companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. Mindful of these goals, the participants agree to the importance of continuing this dialogue and keeping under review these principles to ensure their continuing relevance and efficacy.

*Acknowledging* that security is a fundamental need, shared by individuals, communities, businesses and governments alike, and acknowledging the difficult security issues faced by Companies operating globally, we recognize that security and respect for human rights can and should be consistent;

*Understanding* that governments have the primary responsibility to promote and protect human rights and that all parties to a conflict are obliged to observe applicable international humanitarian law, we recognize that we share the common goal of promoting respect for human rights, particularly those set forth in the Universal Declaration of Human Rights, and international humanitarian law;

*Emphasizing* the importance of safeguarding the integrity of company personnel and property, Companies recognize a commitment to act in a manner consistent with the laws of the countries within which they are present, to be mindful of the highest applicable international standards, and to promote the observance of applicable international law enforcement principles (e.g., the U.N. Code of Conduct for Law Enforcement Officials and the U.N. Basic Principles on the Use of Force and Firearms by Law Enforcement Officials), particularly with regard to the use of force;

*Taking note* of the effect that Companies’ activities may have on local communities, we recognize the value of engaging with civil society and host and home governments to contribute to the welfare of the local community while mitigating any potential for conflict where possible;

*Understanding* that useful, credible information is a vital component of security and human rights, we recognize the importance of sharing and understanding our respective experiences regarding, inter alia, best security practices and procedures, country human rights situations, and public and private security, subject to confidentiality constraints;

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*Acknowledging* that home governments and multilateral institutions may, on occasion, assist host governments with security sector reform, developing institutional capacities and strengthening the rule of law, we recognize the important role Companies and civil society can play in supporting these efforts;

We hereby express our support for the following voluntary principles regarding security and human rights in the extractive sector, which fall into three categories, risk assessment, relations with public security and relations with private security:

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## RISK ASSESSMENT

The ability to assess accurately risks present in a Company's operating environment is critical to the security of personnel, local communities and assets; the success of the Company's short and long-term operations; and to the promotion and protection of human rights. In some circumstances, this is relatively simple; in others, it is important to obtain extensive background information from different sources; monitoring and adapting to changing, complex political, economic, law enforcement, military and social situations; and maintaining productive relations with local communities and government officials.

The quality of complicated risk assessments is largely dependent on the assembling of regularly updated, credible information from a broad range of perspectives — local and national governments, security firms, other companies, home governments, multilateral institutions and civil society knowledgeable about local conditions. This information may be most effective when shared to the fullest extent possible (bearing in mind confidentiality considerations) between Companies, concerned civil society, and governments.

Bearing in mind these general principles, we recognize that accurate, effective risk assessments should consider the following factors:

- Identification of security risks. Security risks can result from political, economic, civil or social factors. Moreover, certain personnel and assets may be at greater risk than others. Identification of security risks allows a Company to take measures to minimize risk and to assess whether Company actions may heighten risk.
- Potential for violence. Depending on the environment, violence can be widespread or limited to particular regions, and it can develop with little or no warning. Civil society, home and host government representatives and other sources should be consulted to identify risks presented by the potential for violence. Risk assessments should examine patterns of violence in areas of Company operations for educational, predictive and preventative purposes.
- Human rights records. Risk assessments should consider the available human rights records of public security forces, paramilitaries, local and national law enforcement, as well as the reputation of private security. Awareness of past abuses and allegations can help Companies to avoid recurrences as well as to promote accountability. Also, identification of the capability of the above entities to respond to situations of violence in a lawful manner (i.e., consistent with applicable international standards) allows Companies to develop appropriate measures in operating environments.
- Rule of law. Risk assessments should consider the local prosecuting authority and judiciary's capacity to hold accountable those responsible for human rights abuses and for those responsible for violations of international humanitarian law in a manner that respects the rights of the accused.
- Conflict analysis. Identification of and understanding the root causes and nature of local conflicts, as well as the level of adherence to human rights and international humanitarian

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law standards by key actors, can be instructive for the development of strategies for managing relations between the Company, local communities, Company employees and their unions, and host governments. Risk assessments should also consider the potential for future conflicts.

- Equipment transfers. Where Companies provide equipment (including lethal and non-lethal equipment) to public or private security, they should consider the risk of such transfers, any relevant export licensing requirements, and the feasibility of measures to mitigate foreseeable negative consequences, including adequate controls to prevent misappropriation or diversion of equipment which may lead to human rights abuses. In making risk assessments, companies should consider any relevant past incidents involving previous equipment transfers.

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## INTERACTIONS BETWEEN COMPANIES AND PUBLIC SECURITY

Although governments have the primary role of maintaining law and order, security and respect for human rights, Companies have an interest in ensuring that actions taken by governments, particularly the actions of public security providers, are consistent with the protection and promotion of human rights. In cases where there is a need to supplement security provided by host governments, Companies may be required or expected to contribute to, or otherwise reimburse, the costs of protecting Company facilities and personnel borne by public security. While public security is expected to act in a manner consistent with local and national laws as well as with human rights standards and international humanitarian law, within this context abuses may nevertheless occur.

In an effort to reduce the risk of such abuses and to promote respect for human rights generally, we have identified the following voluntary principles to guide relationships between Companies and public security regarding security provided to Companies:

### Security Arrangements

- Companies should consult regularly with host governments and local communities about the impact of their security arrangements on those communities.
- Companies should communicate their policies regarding ethical conduct and human rights to public security providers, and express their desire that security be provided in a manner consistent with those policies by personnel with adequate and effective training.
- Companies should encourage host governments to permit making security arrangements transparent and accessible to the public, subject to any overriding safety and security concerns.

### Deployment and Conduct

- The primary role of public security should be to maintain the rule of law, including safeguarding human rights and deterring acts that threaten Company personnel and facilities. The type and number of public security forces deployed should be competent, appropriate and proportional to the threat.
- Equipment imports and exports should comply with all applicable law and regulations. Companies that provide equipment to public security should take all appropriate and lawful measures to mitigate any foreseeable negative consequences, including human rights abuses and violations of international humanitarian law.
- Companies should use their influence to promote the following principles with public security: (a) individuals credibly implicated in human rights abuses should not provide security services for Companies; (b) force should be used only when strictly necessary and to an extent proportional to the threat; and (c) the rights of individuals should not be violated while exercising the right to exercise freedom of association and peaceful assembly, the right to engage in collective bargaining, or other related rights of Company employees as recognized by the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

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- In cases where physical force is used by public security, such incidents should be reported to the appropriate authorities and to the Company. Where force is used, medical aid should be provided to injured persons, including to offenders.

#### Consultation and Advice

- Companies should hold structured meetings with public security on a regular basis to discuss security, human rights and related work-place safety issues. Companies should also consult regularly with other Companies, host and home governments, and civil society to discuss security and human rights. Where Companies operating in the same region have common concerns, they should consider collectively raising those concerns with the host and home governments.
- In their consultations with host governments, Companies should take all appropriate measures to promote observance of applicable international law enforcement principles, particularly those reflected in the U.N. Code of Conduct for Law Enforcement Officials and the U.N. Basic Principles on the Use of Force and Firearms.
- Companies should support efforts by governments, civil society and multilateral institutions to provide human rights training and education for public security as well as their efforts to strengthen state institutions to ensure accountability and respect for human rights.

#### Responses to Human Rights Abuses

- Companies should record and report any credible allegations of human rights abuses by public security in their areas of operation to appropriate host government authorities. Where appropriate, Companies should urge investigation and that action be taken to prevent any recurrence.
- Companies should actively monitor the status of investigations and press for their proper resolution.
- Companies should, to the extent reasonable, monitor the use of equipment provided by the Company and to investigate properly situations in which such equipment is used in an inappropriate manner.
- Every effort should be made to ensure that information used as the basis for allegations of human rights abuses is credible and based on reliable evidence. The security and safety of sources should be protected. Additional or more accurate information that may alter previous allegations should be made available as appropriate to concerned parties.

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## INTERACTIONS BETWEEN COMPANIES AND PRIVATE SECURITY

Where host governments are unable or unwilling to provide adequate security to protect a Company's personnel or assets, it may be necessary to engage private security providers as a complement to public security. In this context, private security may have to coordinate with state forces, (law enforcement, in particular) to carry weapons and to consider the defensive local use of force. Given the risks associated with such activities, we recognize the following voluntary principles to guide private security conduct:

- Private security should observe the policies of the contracting Company regarding ethical conduct and human rights; the law and professional standards of the country in which they operate; emerging best practices developed by industry, civil society, and governments; and promote the observance of international humanitarian law.
- Private security should maintain high levels of technical and professional proficiency, particularly with regard to the local use of force and firearms.
- Private security should act in a lawful manner. They should exercise restraint and caution in a manner consistent with applicable international guidelines regarding the local use of force, including the U.N. Principles on the Use of Force and Firearms by Law Enforcement Officials and the U.N. Code of Conduct for Law Enforcement Officials, as well as with emerging best practices developed by Companies, civil society, and governments.
- Private security should have policies regarding appropriate conduct and the local use of force (e.g., rules of engagement). Practice under these policies should be capable of being monitored by Companies or, where appropriate, by independent third parties. Such monitoring should encompass detailed investigations into allegations of abusive or unlawful acts; the availability of disciplinary measures sufficient to prevent and deter; and procedures for reporting allegations to relevant local law enforcement authorities when appropriate.
- All allegations of human rights abuses by private security should be recorded. Credible allegations should be properly investigated. In those cases where allegations against private security providers are forwarded to the relevant law enforcement authorities, Companies should actively monitor the status of investigations and press for their proper resolution.
- Consistent with their function, private security should provide only preventative and defensive services and should not engage in activities exclusively the responsibility of state military or law enforcement authorities. Companies should designate services, technology and equipment capable of offensive and defensive purposes as being for defensive use only.
- Private security should (a) not employ individuals credibly implicated in human rights abuses to provide security services; (b) use force only when strictly necessary and to an extent proportional to the threat; and (c) not violate the rights of individuals while

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exercising the right to exercise freedom of association and peaceful assembly, to engage in collective bargaining, or other related rights of Company employees as recognized by the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

- In cases where physical force is used, private security should properly investigate and report the incident to the Company. Private security should refer the matter to local authorities and/or take disciplinary action where appropriate. Where force is used, medical aid should be provided to injured persons, including to offenders.
- Private security should maintain the confidentiality of information obtained as a result of its position as security provider, except where to do so would jeopardize the principles contained herein.

To minimize the risk that private security exceed their authority as providers of security, and to promote respect for human rights generally, we have developed the following additional voluntary principles and guidelines:

- Where appropriate, Companies should include the principles outlined above as contractual provisions in agreements with private security providers and ensure that private security personnel are adequately trained to respect the rights of employees and the local community. To the extent practicable, agreements between Companies and private security should require investigation of unlawful or abusive behavior and appropriate disciplinary action. Agreements should also permit termination of the relationship by Companies where there is credible evidence of unlawful or abusive behavior by private security personnel.
- Companies should consult and monitor private security providers to ensure they fulfil their obligation to provide security in a manner consistent with the principles outlined above. Where appropriate, Companies should seek to employ private security providers that are representative of the local population.
- Companies should review the background of private security they intend to employ, particularly with regard to the use of excessive force. Such reviews should include an assessment of previous services provided to the host government and whether these services raise concern about the private security firm's dual role as a private security provider and government contractor.
- Companies should consult with other Companies, home country officials, host country officials, and civil society regarding experiences with private security.

Where appropriate and lawful, Companies should facilitate the exchange of information about unlawful activity and abuses committed by private security providers.

**SCHEDULE I  
RCSI INTEGRITY POLICIES**



*Compliance Education  
For  
GE Service Providers*

*Sharing The*

**Commitment  
to  
Integrity**

*Your Responsibilities  
While On a GE Assignment*

This document provides an overview of policies for service providers to GE. It is not intended to create any contractual rights, including employment with GE.

**COMMITMENT TO INTEGRITY**

**YOUR RESPONSIBILITIES WHILE ON A GE ASSIGNMENT**

- During your assignment at GE, you are required to maintain the same high level of integrity that GE demands of its own employees. The purpose of this document is to inform you of GE's code of conduct and provide you with an overview of the policies and procedures which support that code.
  - Please review this document. You will be asked to sign the acknowledgment form which includes an agreement to comply with the policies in this document.
  - If you have questions or concerns about any of the policies, contact your primary GE contact, the GE Business Integrity Helpline (see list on page 12), or the GE Ombudsperson's office (page 12).
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**A SOLID BASE FOR BUSINESS SUCCESS**

Integrity is the rock upon which GE builds its business success. GE's quest for competitive excellence begins and ends with its commitment to ethical conduct. As noted by Jack Welch, Chief Executive Officer and Chairman of the Board for GE: "No matter how hard we compete – here and around the world – not one foot must ever step outside the line of absolute integrity."

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**GE'S CODE OF CONDUCT**

GE's Code of Conduct states the broad principles supporting its ethical commitment. The Code calls for individuals to:

- **Obey applicable laws and regulations.**
- **Be honest, fair and trustworthy in all GE activities.**
- **Avoid all conflicts of interest.**
- **Extend equal opportunity to the diverse GE community.**
- **Strive for a safe workplace and protected environment.**
- **Recognize, value and exemplify ethical conduct.**

## COMMITMENT TO INTEGRITY

### INTEGRITY: THE 11 GE POLICIES

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Includes those policies that guide conduct when buying or selling products, materials, resources, etc.	
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 Government Business	
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• Working With Government Agencies	5
 <b>Fair Competition</b>	
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• Complying With Antitrust Laws	6
 <b>While In The GE Assignment</b>	
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Addresses those personal, day-to-day activities that have an impact on work integrity.	
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Schedule I	

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**COMMITMENT TO INTEGRITY**

**ETHICAL BUSINESS PRACTICES (POLICY 20.4)**

- **Never offer, give, or accept bribes or kickbacks.**
- **Use good judgment to avoid even the appearance of an improper payment.**
- **GE hires only reputable firms and representatives.**
- **No more than ordinary and reasonable entertainment or business courtesies.**
- **No contributions to political parties or candidates on behalf of GE.**

Who Should Be Particularly Aware Of The Policy?

- Individuals who represent the company before customers or the government.
- Individuals who work with sales reps, agents or represent GE in any way.

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**FOLLOWING INTERNATIONAL TRADE CONTROLS**

- **If the duties you perform for GE involve international business, learn and follow the laws that govern international trade.**
- **Do not participate in transactions, including services, prohibited by U.S. law.**

Who Should Be Particularly Aware Of The Policy?

- Individuals who are involved in international activities.

**COMMITMENT TO INTEGRITY**

**SUPPLIER RELATIONSHIPS**

- **Be lawful, fair and efficient in all supplier relationships.**
- **Safeguard any information GE holds as confidential or proprietary.**
- **Respect licensing agreements and copyright laws, including those covering computer software.**

Who Should Be Particularly Aware Of The Policy?

- All individuals with direct supplier contact.
- 

**WORKING WITH U.S. AND NON- U.S. GOVERNMENT AGENCIES**

- **Maintain the highest standards of honesty in all contacts with government representatives.**
- **Avoid even the appearance of improper conduct in dealing with government representatives.**
- **Whenever the government is the customer, follow detailed laws and procedures that regulate every stage of the work.**
- **Even if the government is not the customer, individuals must be truthful and accurate in all communications with government representatives.**

Who Should Be Particularly Aware Of The Policy?

- Any individual who comes in contact with government officials or works on government contracts.
- Any individual who works in a government-regulated industry or business.

Schedule I

I - 5

RCSI / First Data Confidential

**COMMITMENT TO INTEGRITY**

**COMPLYING WITH THE ANTITRUST LAWS**

- **Never discuss prices, costs, profit margins or other competitive topics with a representative of a GE competitor; or propose or make an agreement with a competitor relating to any aspect of the competition, without prior approval of GE counsel.**
- **Avoid creating the appearance of improper agreements or understandings. Keep communications with competitors to a minimum. Make sure there is legitimate business reason for all such communications.**
- **Never propose or enter into any agreements or understandings with GE customers restricting prices or terms for resale of GE products.**

**Who Should Be Particularly Aware Of The Policy?**

- All individuals are responsible for complying with the antitrust laws and this policy.
- If your job involves contacts with competitors, setting prices or other terms or conditions of sale, marketing, purchasing, participating in trade associations or standards-setting groups, working on acquisitions, divestitures or joint ventures, you should have a detailed familiarity with the policy and with the GE business component's guidelines relating to antitrust and competitive contacts.

**COMMITMENT TO INTEGRITY**

**HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION**

- **Comply with all applicable environmental, health and safety laws and regulations.**
- **Create and maintain a safe working environment.**
- **Prevent work-related injuries.**

Who Should Be Particularly Aware Of The Policy?

- All individuals.
- 

**PARTICIPATION IN HAZARDOUS BUSINESS**

- **Hazardous business is only entered / continued if risks can be controlled and interests of the public and GE are served.**

Who Should Be Particularly Aware Of The Policy?

- Those who have any contact with or knowledge of this type of material or process.

Schedule I

I - 7

RCSI / First Data Confidential

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COMMITMENT TO INTEGRITY

**AVOIDING CONFLICTS OF INTEREST**

- **Avoid any activities or relationships that could conflict or appear to conflict with your work on your GE assignment.**
- **Don't use GE resources as part of your outside activities.**
- **Don't discredit GE's name or reputation.**
- **If you are an officer or director with a non-GE business and you could influence GE's dealings with that business, you must bring it to GE's attention.**
- **If a potential conflict of interest involves you, report it in writing to your primary GE contact.**

Who Should Be Particularly Aware Of The Policy?

- All individuals.

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**FINANCIAL CONTROLS AND RECORDS**

- **Follow all GE accounting, reporting and control procedures relating to your GE assignment.**
- **Keep and report your time records and other GE records in an accurate, timely, complete and confidential manner.**
- **Protect the security of company assets and the confidentiality of company information. Do not release GE records outside the company unless specifically authorized by GE management.**
- **Allow company auditors access to records you maintain while on your GE assignment.**

Who Should Be Particularly Aware Of The Policy?

- All individuals.

**COMMITMENT TO INTEGRITY**

**INSIDER TRADING AND STOCK TIPPING**

- **Never buy, sell, or suggest that someone else buy or sell any company's stock or other securities while you are aware of inside information about that company's business.**

"Inside information" is defined as:

- Information that is material (i.e., a reasonable investor might consider it important in deciding whether to buy or sell a security).
- Information that is non-public (i.e., it has not been reported in the media and investors have not had access to it).

*Assume* that information is "inside information" if it is non-public and it would affect in any way your own consideration of whether to buy or sell the security in question.

Who Should Be Particularly Aware Of The Policy?

- All individuals.
- Individuals with early access to market-sensitive information (contract awards or acquisitions, for example).

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**EQUAL EMPLOYMENT OPPORTUNITY**

- **Extend equal treatment to all individuals without regard to race, color, religion, national origin, sex, age, disability, veteran status or other characteristics protected by law.**
- **Maintain a work environment free of harassment of any kind, including sexual harassment. Sexual harassment is prohibited under this policy.**

Who Should Be Particularly Aware Of The Policy?

- All individuals.

**COMMITMENT TO INTEGRITY**

**PROPRIETARY AND CONFIDENTIAL INFORMATION**

- **Don't publish or disclose (except as your GE assignment may require) confidential or proprietary information or data of GE, or of others which GE is obligated to keep confidential.**
- **Information, ideas, or inventions made or conceived while on a GE assignment are the property of GE.**
- **At the end of your assignment, deliver promptly all items belonging to GE, including materials of a proprietary or confidential nature.**
- **If you are unsure of what is considered proprietary or confidential, ask your primary GE contact for clarification.**

If you have an individual contract or consulting agreement with GE, you may have further obligations concerning proprietary or confidential information.

**COMMITMENT TO INTEGRITY**

**HOW TO HANDLE AN INTEGRITY CONCERN**

If you suspect that there has been a violation of law or of GE policy, report it promptly:

- **Get the information to define your concern (who, what, when, where).**
- **Raise the concern with your primary GE contact, the GE Business Integrity Helpline (see list on Page 12), or the GE Corporate Ombudsperson at 1-800-227-5003.**

Note:

- You may report anonymously. The important thing is not to let a concern be swept under the rug.
  - GE policy forbids retribution against any person for reporting or supplying information about an integrity or compliance concern.
- 

**THE ACKNOWLEDGMENT**

**YOUR PERSONAL COMMITMENT TO INTEGRITY**

- Your signature means that you:
  - received this document on GE policies;
  - understand that compliance is every individual's responsibility;
  - agree not to misuse proprietary or confidential information; and
  - agree to report concerns to the GE Business Integrity Helpline or the GE Corporate Ombudsperson, or ask questions if you would like further information regarding the policies.

**INTEGRITY HELPLINES****GE Business Integrity Helplines**

<b>Business</b>	<b>Toll-Free Number</b>
<b>GE CORPORATE</b>	<b>800 227-5003</b>
<b>GE AIRCRAFT ENGINES</b>	<b>800 443-3632</b>
<b>GE APPLIANCES</b>	<b>800 925-9559</b>
<b>GE CAPITAL</b>	<b>800 882-4322</b>
<b>GE INDUSTRIAL SYSTEMS – PLAINVILLE</b>	<b>800 831-9236</b>
<b>GE INDUSTRIAL SYSTEMS – FT. WAYNE</b>	<b>800 831-9508</b>
<b>GE INFORMATION SERVICES</b>	<b>800 257-8832</b>
<b>GE LIGHTING</b>	<b>800 257-8929</b>
<b>GE MEDICAL SYSTEMS</b>	<b>800 438-8072</b>
<b>GE PLASTICS</b>	<b>800 643-1614</b>
<b>GE POWER SYSTEMS</b>	<b>800 443-1391</b>
<b>GE SUPPLY</b>	<b>800 952-8639</b>
<b>GE TRANSPORTATION SYSTEMS</b>	<b>800 682-5845</b>
<b>NBC</b>	<b>800 622-6221</b>

If you need a direct dial number for a GE Business Integrity Helpline, contact the GE Ombudsperson's Office at 1-800-227-5003 or (203) 373-2343.

**ACKNOWLEDGMENT FOR GE SERVICE PROVIDERS**

I hereby acknowledge that I have received the document entitled: "Commitment to Integrity; Your Responsibilities While On A GE Assignment." I understand that I am required to comply with the policies described herewith while on assignment at General Electric Company or any affiliate thereof (hereafter "GE").

Also, in consideration of my assignment at GE, I agree not to use, publish or otherwise disclose to anyone (except as my GE assignment may require), either during or after my assignment at GE, any confidential or proprietary information or data of GE, or any information or data of others which GE is obligated to maintain in confidence. I understand that any information, ideas, or inventions made or conceived by me while on my GE assignment are the property of GE.\*

At the end of my assignment I agree to deliver to GE promptly all items which belong to GE, including, without limitation, all written and other materials which are of a confidential or a proprietary nature relating to the business of GE.

I understand that if I am unsure what information is considered proprietary or confidential, or if I am unsure of my obligations under this agreement, I will ask my primary GE contact for clarification.

I agree to report any policy concerns to the GE Business Integrity Helpline or to the GE Corporate Ombudsperson.

I confirm that I have no agreements with or obligations to others in conflict with the above.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
GE Assignment Location (City, State)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

\* If you have an individual contract / consulting agreement with the Company, you may have further obligations. Please refer to your individual Agreement for specific details.

Please remit to your agency or (if none) your primary GE contact.

**SCHEDULE X  
MISCELLANEOUS PROVISIONS**

**1 INTRODUCTION**

The provisions set forth in this Schedule X are miscellaneous provisions that apply under this Agreement. The provisions apply to only the specific portion of the Production Services described unless otherwise indicated in a particular section.

**2 LIST OF EXHIBITS**

The following Exhibits are attached to this Schedule X:

- (a) Exhibit X-1 (General Provisions)
- (b) Exhibit X-2 (PayPass Plastics Services Provisions)
- (c) Exhibit X-3 (Digital Card Print Services Provisions)
- (d) Exhibit X-4 (Plasticard Expedited Turnaround Provisions)
- (e) Exhibit X-5 (Certified Mail Provisions)
- (f) Exhibit X-6 (Canadian Data Privacy Provisions)
- (g) Exhibit X-7 (Obligation to Minimize Financial Rewards Losses)

**EXHIBIT X-1**  
**GENERAL PROVISIONS**

**1.1 GENERAL**

The following provisions apply to the Production Services generally.

**1.2 RCSI ONSITE EMPLOYEE SPECIFIC PROVISION**

First Data agrees to the following understanding and agreement whereby a RCSI Operations Manager ("RCSI Onsite Employee") will be located onsite at the following First Data location: 805 Crown Point Ave.

- (a) The RCSI Onsite Employee shall follow First Data's work schedule, holiday schedule, work rules and security regulations. In addition, upon First Data's request at any time during the Term of this Agreement, RCSI shall conduct Background Checks in accordance with Section 5.2(b) of this Agreement on the same basis as for First Data employees.
- (b) Access:
  - (i) The RCSI Onsite Employee will be issued a badge that will allow him/her into the Crown Point Facility (administrative area) during normal First Data business hours.
  - (ii) If the RCSI Onsite Employee desires access to the Crown Point Facility (administrative area) outside normal First Data business hours, RCSI must obtain written consent from the First Data customer operations service team.
  - (iii) The RCSI Onsite Employee may request access, through the First Data customer operations service team, to other First Data facilities if such request is reasonable and specifically relates to RCSI's production work. The First Data customer operations service team has the sole right to deny access.
  - (iv) If the RCSI Onsite Employee is granted access by the First Data customer operations service team to any First Data production area (Crown Point Facility or other), he/she shall be escorted by First Data at all times.
  - (v) The RCSI Onsite Employee shall request access to conference rooms (with a conference telephone) through the First Data customer operations service team.
- (c) Office and Equipment:
  - (i) First Data will, based on availability, provide the RCSI Onsite Employee with an office. The RCSI Onsite Employee will keep the office door closed when sensitive First Data meetings or visits are taking place.

- 
- (ii) RCSI will provide a PC for the RCSI Onsite Employee. First Data will provide the RCSI Onsite Employee with DSL access or high speed internet access equivalent.
  - (iii) First Data will provide the RCSI Onsite Employee with a telephone with local and long distance service. First Data will also provide an additional multi-purpose telephone line for equipment (printer/ scanner/ fax). Such equipment will be provided by RCSI.
  - (d) Interaction:
    - (i) The First Data customer operations service team shall be the RCSI Onsite Employee's primary First Data contact.
    - (ii) First Data shall provide the RCSI Onsite Employee with First Data email and Sametime access.
  - (e) The RCSI Onsite Employee will not have production related conversations with First Data supervisors, operators or associates.

**EXHIBIT X-2**  
**PAYPASS PLASTICS SERVICES**

**1.1 GENERAL**

The provisions set forth in this Exhibit X-2 apply only to the services set forth in Section 4.3 of Schedule A to this Agreement regarding PayPass Plastics services.

**1.2 PAYPASS PLASTICS SERVICES SPECIFIC PROVISIONS**

(a) *Indemnification.*

For purposes of the PayPass Plastics Services, the Parties hereby agree as follows:

- (i) RCSI and First Data shall each separately obtain from MasterCard the PayPass Specifications and documentation, technical manuals, code and other related materials (collectively, the “PayPass Specifications and Related Materials”). Each Party will work with MasterCard to obtain support and updates and to ensure the PayPass Plastics Services are offered pursuant to the most current version of the PayPass Specifications and Related Materials.
- (ii) Notwithstanding anything in Section 15.2 of this Agreement to the contrary, and subject to the provisions of (ii)(1)(A) and (B), below, RCSI agrees to indemnify and hold harmless First Data and its Affiliates, and their respective officers, directors, employees, agents, successors and assigns from any Losses and threatened Losses, arising from, in connection with or based on allegations of, any claims of infringement of any patent alleged to have occurred because of First Data’s use of the PayPass Specifications and Related Materials and any other designs, instructions or specifications provided in writing by RCSI to First Data relating to the PayPass Plastics Services.
  - (1) RCSI shall not be obligated to defend or hold harmless or otherwise be liable under this Section 1.2(a)(ii) to the extent such infringement would not have occurred but for either: (A) First Data’s failure to comply with the PayPass Specifications and Related Materials, or the instructions, designs or other specifications provided by RCSI in connection with First Data’s performance of the PayPass Plastics Services; or (B) First Data’s deviation from systems, processes or components approved by RCSI for performance of the PayPass Plastics Services.
  - (2) RCSI shall have no obligations under this Section (ii) unless First Data (A) promptly notifies RCSI at such time as it is apprised of any third-party claim, (B) agrees to give full and complete authority, information and assistance for the defense and disposition of such claim.

- (3) If a Loss or threatened Loss under this Section 1.2(a)(ii) occurs, or in RCSI's reasonable opinion is likely to occur, RCSI, in addition to indemnifying First Data, shall be entitled to but not obligated, at its own expense and at its option, to (A) procure the rights necessary to allow First Data to continue providing the PayPass Plastics Services, or (B) provide reasonable specifications or instructions to replace, modify, or terminate the PayPass Plastics Services such that they become noninfringing.
- (iii) For avoidance of doubt, except as set forth in subsection (iv), below, First Data's indemnification of RCSI pursuant to Section 15.1 of this Agreement shall in no event be deemed to include any Losses or threatened Losses arising from, in connection with, or based on allegations of, any claims of infringement of any patent, trade secret, copyright or other proprietary rights, alleged to have occurred because of the use of the PayPass Specifications and Related Materials, and any other designs, instructions or specifications provided by RCSI to First Data relating to the PayPass Plastics Services.
- (iv) First Data agrees to indemnify, defend and hold harmless RCSI and its Affiliates and their respective officers, directors, employees, agents, successors and assigns from any Losses and threatened Losses, arising from, in connection with or based on allegations of, any claims of infringement of any patent to the extent such claim arises because of:
  - (1) First Data's failure to comply with the PayPass Specifications and Related Materials, or the instructions, designs or other specifications provided by RCSI in connection with First Data's performance of the PayPass Plastics Services; or
  - (2) First Data's deviation from systems, processes or components approved by RCSI for performance of the PayPass Plastics Services.
- (v) The indemnification obligations set forth in subsections 4(b)(ii) and (iv), above, shall be considered to be additional obligations of the Parties under Sections 15.1(b) and 15.2(b) of this Agreement, as applicable, and, pursuant to Section 16.2(c)(ii) of this Agreement, the limitations set forth in Section 16.2(b) of this Agreement shall not apply to such indemnification obligations.

**EXHIBIT X-3**  
**DIGITAL CARD PRINT SERVICES PROVISIONS**

**1.1 General**

The provisions set forth in this Exhibit X-3 apply only to Section 4.6 of Schedule A to this Agreement regarding Digital Card Print Services.

**1.2 Digital Card Print Services Specific Provisions**

- (a) RCSI understands and agrees that RCSI is solely responsible for, and that First Data assumes no responsibility of any type or kind for, any images or marks submitted to First Data by RCSI, RCSI's Cardholders, or such third party contracted by RCSI for use in connection with the Digital Card Print Services, including but not limited to (i) reviewing such images and marks for appropriateness of content and (ii) securing and maintaining any required licenses or other usage rights from or with any third parties in any intellectual property incorporated into or related to such images or marks.
- (b) RCSI represents and warrants to First Data that RCSI has obtained all necessary rights for First Data to use, reproduce, distribute and prepare derivative works of the images and marks for purposes of performing the Digital Card Print Services. Furthermore, RCSI shall defend, indemnify and hold First Data harmless against any claim or action against First Data arising from or with respect to any breach of the foregoing representation and warranty, including but not limited to any claim or allegation that First Data's use, reproduction, distribution or preparation of derivative works of the images and marks in connection with the Digital Card Print Services (i) infringes any third party patent, copyright, trade secret, trademark or trade dress; (ii) violate third party rights of privacy, publicity, defamation, confidentiality or moral rights; or (iii) violate any other third party proprietary right; provided, however, that RCSI's obligations set forth in this sentence shall not apply to the extent that the claim or allegation is caused by (a) the reproduction by First Data of the digital images or marks in a way which varies from the images or marks submitted by RCSI or a third party contracted by RCSI for this purpose or (b) First Data's use of the software, systems or other resources necessary to implement the Digital Card Print Services or First Data's deviation from the detailed business or technical specifications required to implement the Digital Card Print Services.
- (c) For purposes of the Liability Restrictions set forth in Section 16.2 of this Agreement, RCSI's indemnification for a breach by RCSI of the foregoing representation and warranty shall be deemed to be included under the terms of Section 15.2(b) of this Agreement. Notwithstanding anything in this paragraph to the contrary, RCSI agrees that First Data shall have the right, upon mutual agreement of the Parties, to reject any images or marks submitted by RCSI, RCSI's Cardholders, or such third party contracted by RCSI in connection with the Digital Card Print Services which First Data reasonably believes to contain any inappropriate or infringing content.

- (d) RCSI and First Data hereby agree that, except as otherwise specified in this Exhibit X-3, the Digital Card Print Services set forth in this Agreement shall not affect First Data's obligation to meet all Service Levels. In the event that the volume of RCSI's plastics receiving Digital Card Print Services hereunder should, for any day, exceed eight thousand (8,000), then to the extent that a delay in First Data's ability to meet any affected Service Level results from such excess in the volume of plastics receiving Digital Card Print Services, such delay shall be deemed excused and no remedy (either monetary or otherwise) shall apply with respect to such delay for only those volumes, greater than 8,000 for any day (e.g., if the volume of plastics receiving Digital Card Print Services in a day is 10,000, First Data's failure to meet any affected Service Level would be deemed excused only as to the additional 2,000 plastics above the first 8,000). In addition, in the event the average daily volume of RCSI's plastics receiving Digital Card Print Services hereunder for any two consecutive months exceeds eight thousand (8,000), then First Data and RCSI agree to (a) review and discuss, in good faith, a reduction in the fees for billing elements 7642 and 7797 from the price schedule set forth in Schedule C and (b) negotiate, in good faith, a new threshold, higher than the eight thousand (8,000) cards per day set forth above, for purposes of determining implications of not meeting applicable Service Levels. Any mutually agreed upon change to the items in (a) and (b) of the preceding sentence will be made in writing by the Parties.

**EXHIBIT X-4**  
**\*\*\*PLASTICARD EXPEDITED TURNAROUND**

**1.1 General**

The provisions set forth in this Exhibit X-4 apply only to the Billing Element number 7640 for PlastiCard expedited turnaround services as set forth in Exhibit C-4 of Schedule C to this Agreement.

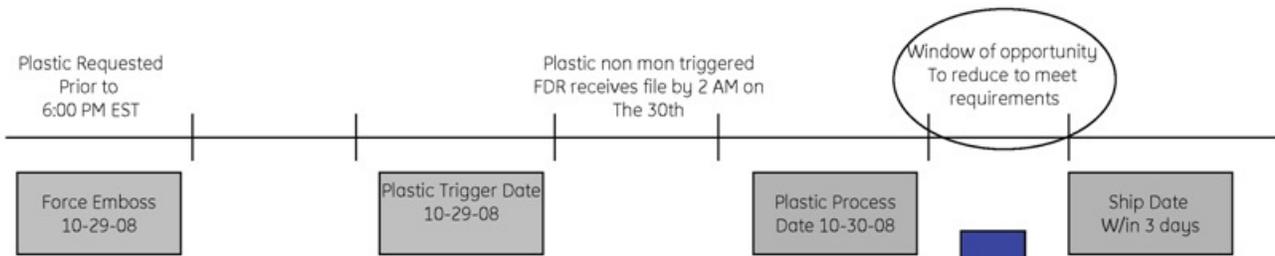
**1.2 PlastiCard Expedited Turnaround Specific Provisions**

- (a) As of the Effective Date, the PlastiCard expedited service applies only to the \*\*\* PLCC and Dual Card portfolios. If RCSI wants other portfolios to receive this service, First Data and RCSI will discuss and agree on terms.
- (b) RCSI may discontinue this billing element and service at its discretion, at any time for any or no reason, with thirty (30) days' written notice to First Data.
- (c) This PlastiCard expedited service and the related incremental fee do not apply to mass reissues and natural reissues.
- (d) For those \*\*\* Transaction Cards and Transaction Card Packages not mailed within one (1) Business Day, First Data will provide an explanation in writing defining why the \*\*\* Transaction Card or Transaction Card Package was not produced and mailed in accordance with this Service Level.
- (e) Any volume increase of greater than 125% of the rolling three month average of \*\*\*'s daily volume will require a 75 calendar day written notice from RCSI to First Data. If the notice is not provided, the Service Level Credit regarding timeliness for the volume greater than the 25% overage will be waived. By way of example, if the 90-day rolling average daily volume is 2,000 plastics per day and First Data receives embossing files from RCSI calling for 2,700 plastics on a specific day without the 75 calendar day notice, then the first 2,500 plastics are required to be embossed, inserted into complete card packages and mailed the same day that the embossing files were received by First Data. First Data would provide best efforts to emboss and mail the remaining 200 plastics (the overage), however, no Service Level Credit would apply if those 200 plastics were not embossed and mailed same day.
- (f) The Plastic Processing Timelines are attached to this Exhibit X-4 as Attachment X-4-1.

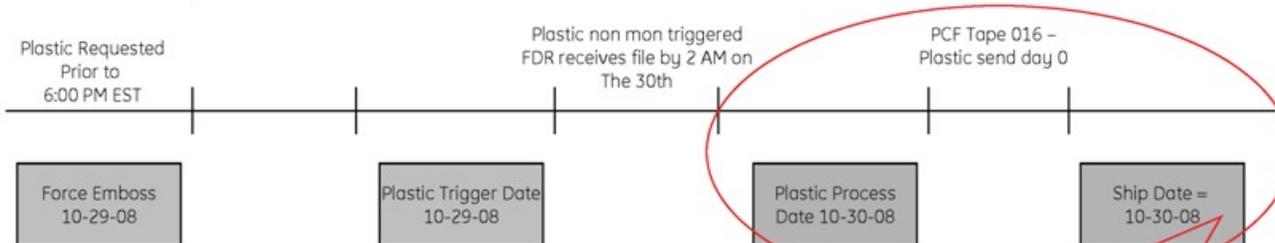
# \*\*\* – FDR Plastic Processing Timeline

## Exhibit X-4-1

### Current process – Replacement Cards (excludes Natural Reissue, MASS & Flips) \* Timeline Example



### New process – Replacements Cards (excludes Natural Reissue, MASS & Flips) \* Timeline Example



**\* Notes:**

- Saturday is a non-processing day. If day 2 is Saturday, it will move to Sunday.
- Output files received on Sunday or Holidays will be mailed the next business day.
- Process 100% of all \*\*\* volume under new tape id 016 - PCF Service subject Section CI FC DO.
- Based on transaction type and tape ID (will exclude natural reissue transaction type) will drive to the 0 day processing for plastic.

**Process Controls:**

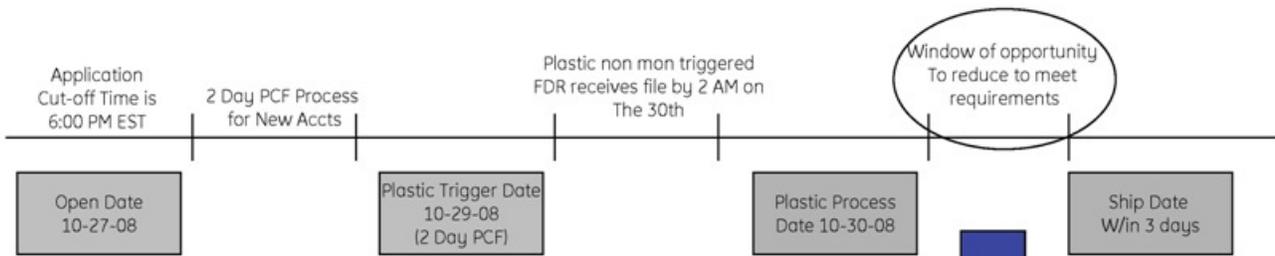
- GE Daily Embossing Pact Brio cycle time report and Month End Plastics Performance Report used to measure performance
- Site visits for process review to be scheduled through RCSI Contract Executive

# \*\*\* – FDR Plastic Processing Timeline

## Exhibit X-4-1

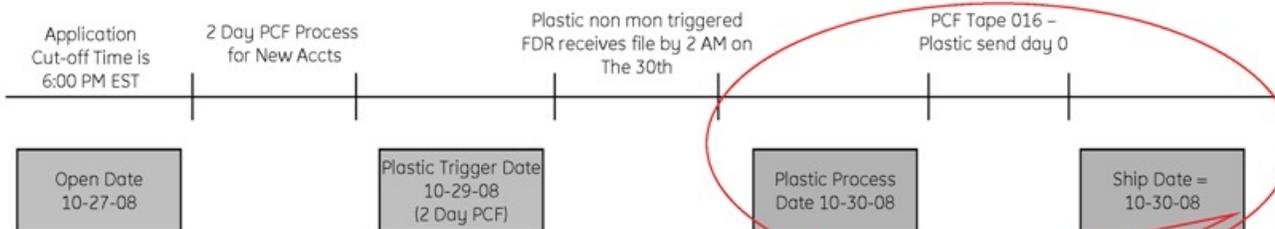
### Current process – New Accounts \*

Timeline Example



### New process – New Accounts \*

Timeline Example



**\* Notes:**

- Saturday is a non-processing day. If day 2 is Saturday, it will move to Sunday.
- Output files received on Sunday or Holidays will be mailed the next business day.
- Process 100% of all \*\*\* volume under new tape id 016 – PCF Service subject Section CI FC DO.
- Based on transaction type and tape ID (will exclude natural reissue transaction type) will drive to the 0 day processing for plastic.

**Process Controls:**

- GE Daily Embossing Pact Brio Cycle Time report and Month End Plastics Performance Report used to measure performance
- Site visits for process review to be scheduled through RCSI Contract Executive

**EXHIBIT X-5  
CERTIFIED MAIL PROVISION**

Regarding Certified Mail (billing element 7211), the Parties agree that:

1. To the extent that RCSI generates a minimum of \*\*\* certified collection Letters in any given calendar month, the price of billing element 7211 will be reduced from \*\*\*/letter to \*\*\*/letter. In the event volumes average less than \*\*\* per month, calculated during the entire calendar year, a true-up will be completed at the end of the calendar year by assessing a charge for the difference between \*\*\* Letters and the volumes actually billed at the rate of \*\*\*/letter. For purposes of example, if RCSI produces \*\*\* Letters for the calendar year (\*\*\*/mo), First Data will assess a charge of \*\*\* [(\*\*\* - \*\*\*) x \*\*\*/letter] on the next invoice following year-end.
2. At least \*\*\* of the daily certified letter volume will be produced and mailed the same day that the certified letter production file is received by First Data; and
3. \*\*\* of the daily certified letter volume will be produced and mailed within two (2) Business Days of the date the daily certified letter production file is received by First Data.

**EXHIBIT X-6**  
**CANADIAN REGULATORY AND DATA PRIVACY TERMS**

The following provisions shall apply only to the extent that Production Services are provided to, or for the benefit of, an Affiliate of RCSI that is regulated by Guideline B-10 (“B-10”) of Canada’s Office of the Superintendent of Financial Institutions (“OSFI”) (each such regulated entity, a “Regulated Affiliate”) and in such case, references to RCSI in the Agreement shall be interpreted to include the Regulated Affiliate.

I. Generally

- A. The Production Services provided to the Regulated Affiliate are provided as of the Execution Date by First Data primarily from the locations set forth in Schedule F to the Agreement.
- B. At any time during the Term, at RCSI’s request, First Data shall provide RCSI with access to any RCSI equipment, furnishings and fixtures, including routers, within First Data’s control, and when such property is no longer required for the performance of the Production Services, at RCSI’s request, First Data shall return such property to RCSI.”
- C. First Data shall promptly give RCSI notice of an event affecting First Data or any permitted Subcontractor which First Data reasonably believes may have a material adverse effect on First Data’s ability to comply with any of its obligations under this Agreement.
- D. For the purposes of this Section I.D, “Material Subcontractor” means a subcontractor that has been \*\*\* in accordance with this Agreement, and that: (i) is not a public company filing publicly available financial statements; (ii) is performing a material part of the Production Services; (iii) is performing such Production Services in respect of a Regulated Affiliate; and (iv) is performing Production Services which, should the Material Subcontractor become unable to perform, First Data would not be able to transfer to another Material Subcontractor \*\*\* in accordance with this Agreement, or provide itself, on a reasonably prompt basis and otherwise without a material adverse effect on the continuing operations of the Regulated Affiliate. First Data shall use commercially reasonable efforts to cause any Material Subcontractor, within 120 days of the last day of each financial year end of that Material Subcontractor that occurs during the term of this Agreement, to provide RCSI with (or with access to) audited consolidated financial statements consisting of a balance sheet, a statement of income and a statement of cash flows, prepared in accordance with U.S. GAAP (the “Financial Statements”). RCSI’s use of the Financial Statements shall be strictly limited to the fulfillment by it of its obligations pertaining to the annual monitoring of the Material Subcontractor’s financial strength as required by OSFI or any similar requirements by any other governmental or regulatory authority.
- E. The references to “regulators,” in Section 8 of the Agreement shall be deemed to include OSFI.

F. The following is hereby added to the end of Section 8.2(b) of the Agreement:

“First Data shall permit such auditors, inspectors, regulators (including OSFI) and representatives to access and make copies of any internal audit reports (and associated working papers and recommendations) prepared by or for First Data in respect of the Production Services being performed for RCSI, and to access findings in the external audit of First Data (and associated working papers and recommendations) that address the Production Services being performed for RCSI, all subject to confidentiality documentation being signed that is satisfactory in form and content to First Data, its external auditors, and the receiving party.”

G. The following is hereby added as Section 8.8 of the Agreement:

“RCSI may provide OSFI with access to records under this Agreement, including those records referred to in Sections 243 and 244 of the *Trust and Loan Companies Act (Canada)*, from facilities of RCSI or RCSI Affiliates in Canada.”

H. The following is hereby added as Section 18.8 of the Agreement:

“If OSFI takes control or possession of the Regulated Affiliate, First Data shall continue to provide the Production Services under and in accordance with this Agreement so long as RCSI shall continue to meet its obligations to pay under and in accordance with this Agreement.”

I. At RCSI’s request, First Data, at a reasonable time and in accordance with the disaster recovery plan, shall promptly provide to RCSI access to all records in First Data’s possession or control (or in the possession or control of its subcontractors) relating to this Agreement, including all RCSI Data, RCSI Information and RCSI Customer Information and all other data or records of RCSI or First Data reasonably necessary to allow RCSI to: (i) sustain business operations; or (ii) meet its statutory obligations. In addition, at the request of RCSI or OSFI, First Data shall immediately provide all information required by OSFI in accordance with OSFI’s legislative mandate, if First Data is unable to continue to provide any Service in the manner required pursuant to this Agreement.

## II. Canadian Privacy Law

If Production Services being provided by First Data are subject to Canada’s *Personal Information Protection and Electronic Documents Act* or other Canadian federal or provincial legislation deemed to be substantially similar (“Canadian Privacy Law”) applies, then this Section II shall apply in addition to and not in limitation of, First Data’s other obligations of confidentiality and non-disclosure under this Agreement. In the event of a conflict between the other provisions of this Agreement and this Section II, the requirements of this Section II will prevail. Where Section 12.7 of the Agreement is referred to in this Section II, obligations with respect to the GLB Act shall be interpreted as obligations in respect of Canadian Privacy Law.

A. First Data shall collect, use, store, disclose, dispose of and otherwise handle RCSI Customer Information in accordance with all RCSI regulations and policies described in this Section II of this Agreement and other mutually agreed upon information security practices, including those described in Sections 12.7 of this Agreement.

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- B. If RCSI is dependent on the performance by First Data of an obligation in order for RCSI to comply with any Canadian Privacy Law, then, at RCSI's reasonable request, First Data shall perform such obligation in a manner that shall enable RCSI to comply with such Canadian Privacy Law.
  - C. Without limiting Section 12, except as required by applicable law, First Data shall not disclose, provide access to, or otherwise make available to any person RCSI Customer Information under the care or control of, or accessible by, First Data, without RCSI's prior consent, except as permitted by Section 12 of this Agreement. If First Data is required to disclose RCSI Customer Information in connection with any judicial proceeding or government investigation, then First Data shall, to the extent permitted by applicable law, advise RCSI promptly and prior to making such disclosure in order that RCSI may interpose an objection to such disclosure, take action to assure confidential handling of the RCSI Customer Information, or take such other action as it deems appropriate to protect the RCSI Confidential Information. First Data shall also comply with the provisions of Section 12 of this Agreement, where applicable. Thereafter, First Data may disclose RCSI Customer Information but only to the extent required by applicable law and subject to any applicable protective order.
  - D. First Data shall collect, use, store, disclose, dispose of and otherwise handle RCSI Customer Information solely for the purpose of performing the Production Services.
  - E. First Data shall refer to RCSI all requests for access to RCSI Customer Information and shall respond to any such request only by making reference to such referral. If RCSI is required by any Canadian Privacy Law to provide RCSI Customer Information that is in First Data's possession or control to an individual, at RCSI's request, and provided that RCSI has provided First Data with reasonable prior notice, First Data shall provide (or provide a mechanism for RCSI to provide) such RCSI Customer Information and shall meet any reasonable deadlines imposed by RCSI for such provision required to enable RCSI to comply with any deadlines applicable under such Canadian Privacy Law to the provision of such RCSI Customer Information. In addition, at RCSI's request, First Data shall accept and process updates (including corrections or deletions) to RCSI Customer Information in the ordinary course of providing the Production Services as detailed in this Agreement, including Schedule A (Production Services) hereto, within ten days from the date upon which the request therefor is made by RCSI.

- F. First Data shall store and protect RCSI Customer Information from loss, theft, unauthorized access, copying, modification, use or disclosure during utilization, transmission and storage using technology, physical protection measures, processes and standards of practice that are consistent with industry accepted best practices used or observed by comparable suppliers of similar services for the financial services industry in North America, including those measures, processes or standards set forth in Section 12 of this Agreement. In the event any loss, theft or unauthorized access, copying, modification, use or disclosure occurs, First Data shall promptly notify RCSI of the nature and details of such loss, theft or unauthorized access, copying, modification, use or disclosure, and shall promptly take action and co-operate as set forth in Section 12 of this Agreement.
- G. First Data shall reasonably cooperate and comply with any requests or instructions issued by any privacy or data protection authority, including the Canadian Privacy Commissioner and any other governmental or regulatory authority applicable to RCSI or RCSI Customer Information.
- H. Upon completion of First Data's required use of RCSI Customer Information, or upon RCSI's written request, as further described in Section 12.1(b) and 12.5(d) (ii) of this Agreement, First Data shall return or destroy all RCSI Customer Information in accordance with RCSI's instructions. If RCSI requests the destruction of any RCSI Customer Information, then First Data shall complete the destruction as requested and provide RCSI with written confirmation of the actions taken within a reasonable period of time from receipt of RCSI's written instructions.
- I. First Data and RCSI shall mutually agree on a designated employee of First Data who shall be responsible for administering and ensuring compliance with all aspects of this Agreement, including compliance by First Data and its subcontractors with Canadian Privacy Law and this Schedule X-6.
- J. The definition of Non-Public Personal Information provided in Section 12.7 of the Agreement is hereby amended to add after the definition of GLB Act" the words "or information deemed to be personal information pursuant to Canadian Privacy Law".

**EXHIBIT X-7**  
**OBLIGATION TO MINIMIZE FINANCIAL REWARDS LOSSES**

The Parties will work together on process improvements to reduce and mitigate the risk of damages to RCSI's program clients and First Data from financial rewards including coupons, gift cards and certificates.

Exhibit X-7

X-7 - 1

RCSI / First Data Confidential

**SCHEDULE Y  
CONCORDANCE**

This concordance is provided for the convenience of the Parties and does not form a part of the Agreement.

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
2 Day SLA	Section 4.6(b)(i)	Schedule B
ABC/Offline Letter	Section 2.1(a)	Schedule B
Account	Section 1.2(a)(i)	Schedule A
Active Collateral	Section 1.2(a)(ii)	Schedule A
Affiliate	Section 2.1(a)	PSA
Aggregate RCSI Savings	Section 9.7(e)(ii)	Schedule C
Agreement	Preamble	PSA
***	Section 1.2(c)	Exhibit C-7
***	Section 1.2(b)	Exhibit C-7
Amount at Risk for Plastics Production Services	Section 2.1(c)	Schedule B
Amount at Risk for Print Production Services	Section 2.1(b)	Schedule B
Ancillary Services	Exhibit C-4	Exhibit C-4
Annual Plan	Section 7.3(a)(ii)(C)	PSA
Asset Purchase Agreement	Section 2.1(c)	PSA
Automatic Rush Embossing	Section 1.2(a)(iii)	Schedule A
B-10	Introduction	Exhibit X-6
Background Checks	Section 5.2(b)	PSA

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Basic Bundled SCS Statement and Letter Services	Section 3.2(e)	Schedule A
Basic Bundled SCS Statement Services	Section 3.2(d)	Schedule A
Basic Production Services for Embossing	Section 1.2(a)(v)	Schedule A
Basic Production Services for Statements and Letters	Section 1.2(a)(vi)	Schedule A
Basic Production Services	Section 1.2(a)(iv)	Schedule A
Best Practices	Section 7.7(a)	PSA
BRC	Section 2.1(d)	Schedule B
Business Day(s)	Section 2.1(e)	Schedule B
Canadian Privacy Law	Section II	Exhibit X-6
Card Carrier	Section 1.2(a)(viii)	Schedule A
Card Cycle Time	Section I(A)(1)	Exhibit B-1
Cardholder	Section 1.2(a)(ix)	Schedule A
Category Amount	Section 3.8(d)	Schedule C
Change	Section 7.5(b)(i)	PSA
Change Control Procedure	Section 2.1(e) and Section 7.5(b)(ii)	PSA
Change Order	Section 2.1(f)	PSA
Check	Section 1.2(a)(x)	Schedule A
Chip Personalization Services	Section 1.2(a)(xi)	Schedule A
Commingle	Section 1.2(a)(xii)	Schedule A

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Confidential Information	Section 12.5(a))	PSA
Consumable Category	Section 9.7(a)	Schedule C
Consumer	Section 2.1(f)	Schedule B
Control	Section 2.1(i)	PSA
Control Chart	Section 2.1(g)	Schedule B
Correspondence Director Services	Section 1.2(a)(xiii)	Schedule A
Coupons	Section 2.1(i)	PSA
CPR	Section 17.2(a)	PSA
CPI-U	Section 7	Schedule C
CPI-U Increase	Section 7	Schedule C
Critical Service Level or CSL	Section 2.1(h)	Schedule B
Critical Service Level Default	Section 2.1(i)	Schedule B
Critical To Quality or CTQ	Section 2.1(j)	Schedule B
Cryptography Services	Section 1.2(a)(xiv)	Schedule A
Customer	Section 7.9(a)	PSA
Custom Forms	Section 9.4	Schedule C
Cycle Schedules	Section 7.5(a)(iv)	PSA
Daily Letters	Section I(A)(2)	Exhibit B-1
Dashboard	Section 2.1(k)	Schedule B
Schedule Y	Y - 3	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Day 0	Section I(A)(3)	Exhibit B-1
Day 1	Section I(A)(4)	Exhibit B-1
Day 2	Section I(A)(5)	Exhibit B-1
Day 3	Section I(A)(6)	Exhibit B-1
Day 4	Section I(A)(7)	Exhibit B-1
Day 5	Section I(A)(8)	Exhibit B-1
Default Rate	Section 2.1(k)	PSA
Defect	Section 2.1(l)	Schedule B
Defective	Section 2.1(m)	Schedule B
Defects per Million Opportunities or DPMO	Section 2.1(n)	Schedule B
Digital Card Print Services	Section 4.6(a)	Schedule A
Digital Card	Section 1.2(a)(xv)	Schedule A
Discount Category	Section 3.8(b)	Schedule C
Direct Sourcing Election	Section 9.7(c)(ii)	Schedule C
Disputing Party	Section 17.2	PSA
Effective Date	Preamble	PSA

<b><u>Defined Term</u></b>	<b><u>Defined</u></b>	<b><u>Primary Use Location</u></b>
Electronic Statement	Section 1.2(a)(xvi)	Schedule A
eMessenger Services	Section 1.2(a)(xvii)	Schedule A
Execution Date	Preamble	PSA
External Defect	Section 2.1(o)	Schedule B
Financial Statements	Section I(D)	Exhibit X-6
First Data	Preamble	PSA
First Data Confidential Information	Section 12.5(c)	PSA
First Data Contract Administrator	Section 5.1(a)(ii)	PSA
First Data Current Charge	Section 9.7(c)(i)	Schedule C
First Data Data	Section 2.1(o)	PSA
First Data DecisionQuest Services	Section 1.2(a)(xviii)	Schedule A
First Data Directed	Section 9.7(c)(ii)(3)	Schedule C
First Data Equipment	Section 2.1(p)	PSA
First Data Holidays	Section 2.1(p)	Schedule B
First Data Information	Section 2.1(q)	PSA
First Data Personnel	Section 2.1(r)	PSA
First Data Selected	Section 9.7(c)(ii)(4)	Schedule C
First Data Software	Section 2.1(s)	PSA
First Data System	Section 2.1(t)	PSA
Form Type	Section 1.2(a)(xiv)	Schedule A
Schedule Y	Y - 5	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
FTE	Section 7.3(a)(1)(C)	PSA
Furnishing Party	Section 12.5(a)	PSA
GE Consumer Finance	Section 2.1(v)	PSA
GECC	Section 2.1(u)	PSA
GECOM/Prox/CARMS Portfolio and GECOM/Prox	Section 2.1(w)	PSA
General and Administrative Costs	Section 1.3(a)	Exhibit C-7
GLB Act	Section 2.1(z)	PSA
Hand Emboss Services	Section 1.2(a)(xx)	Schedule A
Hard Bounce	Section 3.2(i)(ii)(B)	Schedule A
Headroom	Section 16.2(d)	PSA
Holds	Section 2.1(q)	Schedule B
Impacted RCSI Customer Accounts	Section 4.6(b)(iii)(A)(1)	Schedule B
Imputed Cost	Section 9.7(b)	Schedule C
in writing	Section 19.17(c)	PSA
Inactive Collateral	Section 1.2(a)(xxi)	Schedule A
Including, include and includes	Section 2.1(y) and Section 19.17(c)	PSA
Indirect Sourcing	Section 9.7(c)(ii)(1)	
Initial Cure Period for 90% or Less Migration	Section II(B)(2)(b)	Exhibit A-2
Schedule Y	Y - 6	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Initial Cure Period for More than 90% Migration	Section II (B)(1)(a)	Exhibit A-2
Initial Term	Section 4.1	PSA
IntelliColor Services	Section 1.2(a)(xxii)	Schedule A
Internal Defect	Section 2.1(r)	Schedule B
Inventory Management	Section 3.4(a)(i)	Schedule A
***	Section I(A)(10)	Exhibit B-1
Key First Data Positions	Section 5.1(a)	PSA
Key Management Services	Section 4.3(b)(iii)	Schedule A
Legal Requirements	Section 6.5(b)	PSA
Letter Cycle Time	Section I(A)(9)	Exhibit B-1
Letter	Section 1.2(a)(xxiv)	Schedule A
License Agreement	Section 2.1(bb)	PSA
Losses	Section 2.1(cc)	PSA
Lost Fees and Interest	Section 4.6(b)(ii)(A)(2)	Schedule B
Major Competitor	Section 2.1(dd)	PSA
Major Release	Section 2.1(s)	Schedule B
Majority Owned Affiliate	Section 2.1(ee)	PSA
Manual Rush	Section 1.2(xxv)	Schedule A
Mass Re-Issue	Section 4.2(e)	Schedule A
Schedule Y	Y - 7	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
may	Section 19.17(c)	PSA
may not	Section 19.17(c)	PSA
Measurement Period	Section 2.1(t)	Schedule B
***	Section 1.2(xxvi)	Schedule A
MICR	Section 1.2(xxvii)	Schedule A
Monthly Performance Report	Section 7.3(a)(ii)(B)	PSA
New Cycle Schedules	Section 7.5(a)(iv)	PSA
New Production Service(s)	Section 3.7(a)	PSA
Non-Public Personal Information	Section 12.7(c)	PSA
Notice of Election	Section 15.5(a)	PSA
Original Agreement	Section 1.1(a)	PSA
Original Effective Date	Section 2.1(ii)	PSA
OSFI	Introduction	Exhibit X-6
Other Correspondence	Section 1.2(xxviii)	Schedule A
Other Non-USPS Mail Vendor Delivery	Section 2.1(u)	Schedule B
Outage Cure Period	Section 6.8(b)	Schedule A
Outage	Section 6.8(b)(ii)(A)	Schedule A
P.O. Returns	Section 1.2(xxxv)	Schedule A
PayPass Chip	Section 1.2(xli)	Schedule A
Schedule Y	Y - 8	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Paper Statement	Section 1.2(xxix)	Schedule A
Party and Parties	Section 2.1(jj)	PSA
Pass-Through Expenses	Section 2.1(kk)	PSA
PayPass Plastics Services	Section 1.2(xxx)	Schedule A
PayPass Specifications and Related Materials	Section 1.2(xxxi)	Schedule A
PEP	Section 1.2(xxxii)	Schedule A
Percentage Discount(s)	Section 6.3	Schedule C
Permitted Shared Resources	Section 1.2(a)	Exhibit C-7
Photocard Services	Section 1.2(xxxiii)	Schedule A
Pilot Program	Section 3.7(d)	PSA
Plasticard Purging	Section 1.2(xxxiv)	Schedule A
Plastics Production Services	Section 2.1(w)	Schedule B
Plastics Service Level(s)	Section 2.1(v)	Schedule B
Pool Percentage Available for Allocation for Plastics Production Services	Section 2.1(y)	Schedule B
Pool Percentage Available for Allocation for Print Production Services	Section 2.1(x)	Schedule B
Pre-bill	Section 2(a)	Exhibit A-1
Print Production Services	Section 2.1(z)	Schedule B
Print Service Level(s)	Section 2.1(aa)	Schedule B
Printing Ratio	Section 2.2(b)	Schedule C
Schedule Y	Y - 9	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Priority Daily Letters	Section I(A)(11)	Exhibit B-1
Problem Management	Section 6.7(a)	Schedule A
Problem Management Services	Section 6.7(a)	Schedule A
Procedures Manual	Section 2.1(ll)	PSA
Proceeding(s)	Section 10.4(g)	PSA
Process Management Status Call	Section 3.4(a)	Schedule B
Process Management Status Email	Section 3.4(b)	Schedule B
Product Category	Section 2.1(bb)	Schedule B
Product Composition for Statements and Letters	Section 8.1	Schedule C
Production Day	Section 2.1(cc)	Schedule B
Production Services	Section 3.1	PSA
Production Year	Section 4.1	PSA
Production Year 1	Section 4.1	PSA
***	Section 4.1	Schedule C
***	Section 4.3(a)	Schedule C
***	Section 4.1	Schedule C
Purchase Specifications	Section 9.7(c)(i)	Schedule C
Qualifying Percentage	Section 3.8(b)	Schedule C
Quarterly Plan	Section 7.3(a)(ii)(C)	PSA
Schedule Y	Y - 10	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
RCSI	Preamble	PSA
RCSF Portfolio	Section 1.2(xxxvi)	Schedule A
RCSI Acquires	Section 9.7(c)(ii)(2)	Schedule C
RCSI Chip Personalization Parameters	Section 1.2(xxxvii)	Schedule A
RCSI Confidential Information	Section 12.5(b)	PSA
RCSI Customer Contracts	Section 2.1(qq)	PSA
RCSI Customer Information	Section 12.7	PSA
RCSI Customers	Section 2.1(rr)	PSA
RCSI Data	Section 2.1(ss)	PSA
RCSI Discount Volume	Section 3.8(c)	Schedule C
RCSI Information	Section 2.1(tt)	PSA
RCSI Initiated System Enhancements	Section 3.8(b)	PSA
RCSI Onsite Employee	Section 1.2	Exhibit X-1
RCSI Operating Expense Productivity Offset	Section 4.3(a)	Schedule C
RCSI Relationship Executive	Section 9.1(a)	PSA
RCSI Requirements for Human Rights	Section 6.7	PSA
RCSI Rules	Section 1.2(xxxviii)	Schedule A
RCSI System	Section 1.2(xxxix)	Schedule A
Receiving Party	Section 12.5(a)	PSA
Schedule Y	Y - 11	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Recovery Letter	Section I(A)(12)	Exhibit B-1
Regulated Affiliate	Introduction	Exhibit X-6
Release into the USPS Mailstream	Section 2.1(dd)	Schedule B
Renewal Term	Section 4.2	PSA
Replacement Statement	Section 1.2(xlii)	Schedule A
Reprint	Section 1.2(xliii)	Schedule A
Rerun	Section 1.2(xliv)	Schedule A
Response Required Deadline Determined (R2D2) Letters	Section I(A)(13)	Exhibit B-1
RFID Card	Section 1.2(xli)	Schedule A
RFID	Section 1.2(xl)	Schedule A
Root Cause Analysis	Section 4.4(a)	Schedule B
Same-Day Plastics	Section 1.2(xlv)	Schedule A
SCS Services	Section 1.2(xlvi)	Schedule A
Service Level Credit	Section 4.4(b)	Schedule B
Service Level Default	Section 2.1(gg)	Schedule B
Service Level Plan	Section 4.4(a)	Schedule B
Service Levels	Section 2.1(ee)	Schedule B
Service Recipient	Section 3.3	PSA
Schedule Y	Y - 12	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Service Review Call	Section 7.3(b)(viii)	PSA
Set-up	Section 1.2(xlvii)	Schedule A
SF Portfolio	Section 1.2(xlviii)	Schedule A
Six Sigma	Section 2.1(xx)	PSA
Soft Bounce	Section 3.2(i)(ii)(A)	Schedule A
Special Letters	Section I(A)(14)	Exhibit B-1
Special Service Level Credit	Section 2.1(ii)	Schedule B
Special Service Level Default	Section 2.1(jj)	Schedule B
Special Service Level	Section 2.1(hh)	Schedule B
Statement Cycle Time	Section I(A)(15)	Exhibit B-1
Statement Package	Section 1.2(xlix)	Schedule A
Statement Production	Section 1.2(l)	Schedule A
Statements	Section 1.2(li)	Schedule A
Steering Committee	Section 7.2	PSA
Strategic Account Meeting	Section 7.3(b)(vii)	PSA
***	Section 2.1(kk)	Schedule B
Subcontracting	Section 7.6	PSA
Subcontractor	Section 7.6	PSA
Schedule Y	Y - 13	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Successor	Section 18.6(a)	PSA
Support Services	Section 1.2(lii)	Schedule A
System Enhancement	Section 2.1(zz)	PSA
Tap Test	Section 1.2(liii)	Schedule A
Technology	Section II(A)(1)	Exhibit A-2
Term	Section 4.1	PSA
Terminated Services	Section 18.6(a)	PSA
Termination for Cause	Section 10.1	Schedule C
Termination for Convenience	Section 10.2	Schedule C
Termination/Expiration Assistance Plan	Section 18.6(b)(i)	PSA
Termination/Expiration Assistance	Section 18.6(a)	PSA
the Dispute Notice	Section 17.2(a)	PSA
Tier 1 Postage Rate	Section 3.3(a)(i)	Schedule C
Tier 2 Postage Rate	Section 3.3(a)(ii)	Schedule C
Tracking Service Level	Section 2.1(ll)	Schedule B
Transaction Card	Section 1.2(liv)	Schedule A
Transaction Card Package	Section 1.2(lv)	Schedule A
Schedule Y	Y - 14	RCSI / First Data Confidential

<u>Defined Term</u>	<u>Defined</u>	<u>Primary Use Location</u>
Transaction Card Production	Section 1.2(lvi)	Schedule A
Trigger Event	Section 4.6(b)(i)(A)(2)	Schedule B
TSA Services	Section 2.1(ccc)	PSA
TSA	Section 1.1(b)	PSA
Unit Cost Increase	Section 7	Schedule C
Unit	Section 2.1(mm)	Schedule B
USPS	Section 2.1(nn)	Schedule B
Virus	Section 2.1(ddd)	PSA
Volume Discount Level(s)	Section 6.3	Schedule C
Weighting Factor for Plastics Production Services	Section 2.1(oo)	Schedule B
Weighting Factor for Print Production Services	Section 2.1(pp)	Schedule B
will	Section 19.17(c)	PSA
WMS and Warehouse Management System	Section 1.2(lvii)	Schedule A
Working Day	Section 2.1(rr)	Schedule B
written	Section 19.17(c)	PSA
Wrong Material	Section 2.1(qq)	Schedule B
Wrong Materials SLA	Section 4.6(c)(i)	Schedule B
Schedule Y	Y - 15	RCSI / First Data Confidential

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**1st AMENDMENT TO FIRST AMENDED AND RESTATED PRODUCTION SERVICES AGREEMENT**

This 1st Amendment (this "Amendment") to the First Amended and Restated Production Services Agreement dated as of December 1, 2009, as amended (the "Agreement") is made and entered into this 1 day of December, 2009 by and between Retailer Credit Services, Inc. ("Customer") and First Data Resources, LLC ("FDR"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Customer and FDR agree as follows:

1. All terms set forth in this Amendment are effective as of December 1, 2009.
2. Exhibit "B-4" of the Agreement is hereby amended by the replacement of Exhibit B-4, Customer Billing Groupings, with the following:

**EXHIBIT B-4  
CUSTOMER BILLING GROUPINGS**

RCSI Customer / Product Category Listing - For PSA Penalty Calculations - \*\*\*

<u>RCSI Customer</u>	<u>Client ID / System ID</u>	<u>Product Category</u>	<u>Portfolio Description</u>	<u>Billing PSA Party #</u>
***	5006 / 3941	Consumer	Visa Dual Card	24021
	5006 / 9369	Consumer	US PLCC	23223
***	5302 / 9079	Consumer	Sales Finance - Multi	20811
	Multi systems		Portfolios	
***	5404 / 6210	Consumer	Discover Dual Card	22481
	5404 / 9112	Consumer	US PLCC	20297
	5404 / 9273	BRC	US BRC and Community	22341
***	5433 / 1246	Consumer	MC Dual Card	22502
	5433 / 9119	Consumer	US PLCC	20704
	5433 / 9344	Consumer	Puerto Rico PLCC	23098
***	5484 / 9140	Consumer	US PLCC	20898
***	5484 / 9221	Consumer	US PLCC	20975
***	5484 / 9222	Consumer	US PLCC	21358
	8640 / 1320	Consumer	Dual Card	22446
***	5484 / 9249	Consumer	US PLCC	22016
	5956 / 7591	GECOM/PROX	Commercial	24019
***	5484 / 9254	Consumer	US PLCC	21970
	5957 / 7595	GECOMIPROX	Commercial	24824

***	5484 / 9255	Consumer	US PLCC	21972
***	5484 / 9263	Consumer	US PLCC	22390
	8640 / 1192	Consumer	Dual Card	22498
***	5484 / 9266	Consumer	US PLCC	22369
***	5484 / 9267	Consumer	US PLCC	22515
***	5484 / 9270	Consumer	US PLCC and BRC mixed	22581
***	5484 / 9275	Consumer	US PLCC	22336
	8640 / 5160	Consumer	Dual Card	24051
***	5484 / 9218	Consumer	US PLCC	22313
	8640 / 1310	Consumer	Dual Card	21869
***	5484 / 9279	Consumer	US PLCC	22326
***	5484 / 9285	Consumer	US PLCC	22334
***	5484 / 9286	Consumer	US PLCC	22317
***	5484 / 9339	Consumer	US PLCC	22504
***	5484 / 9341	Consumer	US PLCC	22493
	8640 / 1313	Consumer	Dual Card	23314
***	5484 / 9342	Consumer	US PLCC	22495
	7828 / 7692	GECOMIPROX	Commercial	24061
***	5484 / 9343	Consumer	US PLCC	22501
	8640 / 1199	Consumer	Dual Card	22500
***	5651 / 6330	Consumer	AMEX Dual Card	23145
	5651 / 9336	Consumer	US PLCC Platinum	22519
	5651 / 1182	Consumer		22519
***	6128 / 9356	Consumer	US PLCC	23067
***	6128 / 9357	Consumer	US PLCC	23639
GE Money	6496 / 1298	Consumer	Dual Card - Multi Portfolios	23189
	6496 / 1411	Consumer	Elfun	22463
	6496 / 1431	Consumer	Pacific Capital	23189
	6496 / 3935	Consumer	Hancock Bank	23189
	6496 / 9252	Consumer	F1ex	21994

***	6544 / 3179	Consumer	Dual Card	23516
	6544 / 9143	Consumer	USPLCC	21949
***	6544 / 3179	Consumer	Dual Card	23516
	6544 / 9143	Consumer	US PLCC	21949
***	6544 / 3179	Consumer	Dual Card	23516
	6544 / 9143	Consumer	US PLCC	21949
***	6709 / 6212	Consumer	Discover Dual Card	22542
	6709 / 9277	Consumer	US PLCC	22345
	6709 / 6213	BRC	Discover Dual Card	23446
	6709 / 9280	BRC	US PLCC	22343
	5966 / 7601	GECOMIPROX	Commercial	22525
***	7009 / 4543	Consumer	Dual Card	23623
	7009 / 9294	Consumer	US PLCC	22366
	7009 / 9286	BRC	US PLCC	22366
	5879 / 7950	GECOMIPROX	Commercial	24822
***	8640 / 1190	Consumer	Dual Card	22487
***	8640 / 1312	Consumer	Dual Card	23581
***	5958 / 7597	GECOM / PROX	Commercial	22546
Inactive 7001 / 9612	***	Consumer	US PLCC	22473

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Inactive 7001 / 9332	***	Consumer	US PLCC	22473
Inactive 7001 / 9147 7001 / 9142 7001 / 9616 7001 / 9144 7001 / 9141	***	Consumer	US PLCC	22473

3. As hereby amended and supplemented, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to First Amended and Restated Production Services Agreement the day and year first above written.

FIRST DATA RESOURCES, LLC

By: /s/ Karol Svoboda

Title: Client Services  
Vice President 10/18/2010

RETAILER CREDIT SERVICES, INC.

By: /s/ Carol Juel

Title: VP IT Services-Security 12/21/10

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**AMENDMENT NUMBER 2 TO  
FIRST AMENDED AND RESTATED  
PRODUCTION SERVICES AGREEMENT**

This Amendment Number 2 (this "Amendment") to the First Amended and Restated Production Services Agreement, dated as of December 1, 2009 (the "FAAR PSA") is made and entered into this 12th day of October, 2010 (the "Amendment Execution Date"), and, except as otherwise specified in this Amendment, effective as of March 1, 2010 (the "Amendment Effective Date") by and between RETAILER CREDIT SERVICES, INC. ("RCSI") and FIRST DATA RESOURCES, LLC ("First Data"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, RCSI and First Data agree as follows:

1. **Additional Postage Related Services.** Section 6.5 of Schedule A (Services) to the FAAR PSA is hereby amended by adding the following subsections (h), (i) and (j):

(h) Subject to the conditions set forth in Section 6.5(i) below, commencing on May 5, 2010, First Data may perform co-mingling across virtual form types (hereinafter referred to as "Virtual Sorting") at the client number level for RCSI's Sales Finance Portfolio. Also commencing on May 5, 2010, First Data may, for any RCSI portfolios, optimize postage by sorting at or within the virtual form level through the use of MailStream Plus, or alternative software that performs the same functionality, provided that such alternative software has no material negative impact to existing RCSI processes, performance, expenses and efficiency.

(i) Notwithstanding Section 6.5(h) above, First Data will not, for any RCSI portfolio, perform Virtual Sorting during the Friday cycle following a major First Data System release, nor will First Data perform Virtual Sorting during the Wednesday cycle following a minor First Data System release. In addition, First Data agrees to not perform Virtual Sorting for any RCSI portfolio during the first cycle following a scheduled First Data statement code release. Further, First Data will provide reasonable advance notification to RCSI of any instance in which statement code for a specific RCSI portfolio or portfolios is being modified or implemented as a result of a request by RCSI in connection with an IR or exception request, and RCSI may, at its discretion by giving reasonable advance notice to First Data, elect not to have First Data perform Virtual Sorting with respect to such portfolio or portfolios. In order to invoke such an election, RCSI must notify First Data in writing prior to 12:00 noon Central Time for the particular night's cycle; provided, that for a Sunday night cycle, such request must be received prior to 12:00 noon Central Time the Friday before the particular cycle.

The process set forth in this Section 6.5(i) will be reviewed not later than six (6) months following First Data's installation of the Divert Management Process described in Section 6.50) below, and every six (6)

months thereafter until RCSI, in its sole discretion, decides such process is no longer necessary. No changes to the terms set forth in the FAAR PSA (as amended herein) will be made based upon any such review without the mutual written agreement of RCSI and First Data.

(j) Upon the implementation by First Data of the Divert Management Process functionality, First Data may use Virtual Sorting for all RCSI portfolios serviced by First Data under the FAAR PSA RCSI, in its sole discretion, either remotely or on-site at the applicable First Data facility, will have the right to view a test or multiple tests of the Divert Management Process functionality and approve that the functionality works as described in the definition of the Divert Management Process prior to such roll out process. For purposes of this Section 6.5(j), the "Divert Management Process" means the ability to divert selected accounts that share the same virtual form type, within client numbers and across client numbers, from the print job prior to or during the inserting process, preventing the selected accounts that share the same virtual form type from entering the mail stream while allowing all non-selected accounts to process and mail normally.

**2. Changes to Postage Charges.** The following changes are made to Schedule C (Charges) to the FAAR PSA:

(a) Section 3.3(a)(i) is hereby deleted and replaced with the following:

"(i) \*\*\*, (A) for the period commencing on March 1, 2010 and ending on March 31, 2010, \*\*\* based upon First Data's average daily mail volumes during such month (i.e., the total number of RCSI and non-RCSI mail pieces produced by or on behalf of First Data in the United States divided by the number of mailing days)(hereinafter referred to as 'First Data's Average Daily Mail Volume'), (B) for the period commencing on April 1, 2010 and ending on August 31, 2010, \*\*\* based upon First Data's Average Daily Mail Volume during such month, \*\*\*, and (C) commencing on September 1, 2010 and thereafter, \*\*\* based upon First Data's Average Daily Mail Volume:

First Data's Average Daily	
<u>Mail Volume During the Month</u>	***
***	***
***	***
***	***
***	***

As reflected in Sections 3.3(a)(ii) and 3.5 of Schedule C to the FAAR PSA, a First Data's Average Daily Mail Volume during the month of \*\*\*, assuming RCSI's average daily mail volumes (i.e. - the total number of mail pieces divided by the number of mailing days) during such month are at least \*\*\* pieces of mail.

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Each of the fees in this Section 3.3(a)(i) are subject to Postage Rate Adjustment; and”

(b) Section 3.5(c) is hereby deleted and replaced with the following:

“First Data’s Average Daily Mail Volume during such month is at least \*\*\* pieces of mail.”

**3. Remaining Terms.** As hereby amended and supplemented, the FAAR PSA shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the FAAR PSA, the terms and conditions of this Amendment shall prevail.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to the First Amended and Restated Production Services Agreement the day and year first above written.

FIRST DATA RESOURCES, LLC

RETAILER CREDIT SERVICES, INC.

By: /s/ Karol Svoboda

By: /s/ Carol Juel

Title: Vice President 10/15/2010

Title: VP IT Services-Security 12/21/10

AMENDMENT NUMBER FOUR TO FIRST AMENDED AND RESTATED  
PRODUCTION SERVICES AGREEMENT

This Amendment Number Four (this "Amendment") to the First Amended and Restated Production Services Agreement dated as of December 1, 2009 (the "FAAR PSA") is made and entered into this 25th day of June, 2012 by and between Retailer Credit Services, Inc. ("RCSI") and First Data Resources, LLC ("First Data"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, RCSI and First Data agree as follows:

1. As of this 15<sup>th</sup> day of September, 2012 (the "Amendment Effective Date"), Subsections (v) and (vi) of subsection (a) (General) of Section 6.8 (Disaster and Business Recovery) of Schedule A (Services) to the FAAR PSA are hereby amended to state as follows:

"(v) In the event of a disaster event or Outage \*\*\*:

- (A) Within the Start-Up Time Period following a disaster declaration, First Data will begin to produce RCSI statements and Adverse Action Letters at an alternate First Data location \*\*\*. First Data will use commercially reasonable efforts to begin to produce statements and Adverse Action Letters at an alternate First Data location \*\*\* sooner than the Start-Up Period following a disaster declaration. These BCP support services are described in more detail on Exhibit A (attached hereto). \*\*\*. "Start-Up Time Period" means \*\*\* following a disaster declaration, "Adverse Action Letters" means that list of letters contained on Attachment B hereto, as such list may be modified or supplemented from time to time.
- (B) \*\*\*
- (C) Depending on the \*\*\*, it will take First Data up to the following number of additional days following the beginning of production of RCSI statements \*\*\* to begin \*\*\*:

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“Backlog” means (a) the work in process at First Data’s impacted facility at the time of the issue that caused the disaster declaration, (b) any additional work generated between the time of the issue that caused the disaster declaration and the beginning of production of RCSI statements \*\*\* and (c) any additional work generated after the beginning of production at the alternate location until the time when First Data is back to \*\*\* at the alternate location. RCSI may prioritize the order in which First Data performs RCSI’s work and First Data will work with RCSI to accommodate such prioritization (i.e. First-in-first-out, client considerations, etc.). First Data will advise RCSI of its available capacity at First Data’s alternate facility as it relates to RCSI work and RCSI may prioritize which work it wants performed at such facility based on this information.

- (D) While First Data is acting in accordance with its disaster recovery plan, First Data will \*\*\*.
- (E) While First Data is acting in accordance with its disaster recovery plan, First Data will \*\*\*. Thereafter, while First Data is acting in accordance with its disaster recovery plan, \*\*\*. This commitment regarding plastics is contingent on (a) \*\*\* (b) RCSI ensuring periodically refreshed plastics and other applicable materials are available at First Data BCP facilities in accordance with mutually agreed processes. “New Account Plastics” means plastics for new cardholders of RCSI and excludes reissues, replacements and masses.
- (F) The timing commitments described in (A), (B), (C), (D) and (E) above apply notwithstanding \*\*\* shall in no way supersede such timing commitments.
- (G) First Data will redirect the necessary print files to the alternate First Data location \*\*\*.

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- (H) First Data will substitute with generic materials if an adequate supply of custom stock is not immediately available at the alternate site from off-site storage, except that First Data will utilize envelopes with appropriate window placements for cardholder addresses specific to the applicable RCSI client.
  - (I) First Data will include regulatory inserts if they are available at the time of the insertion process.
  - (J) The commitments in this Section (v) are contingent on the Host System being able to produce print files or receipt of the print file from any other applicable systems (e.g. RCSI's Genesis system). "Host System" means the system of record on which the applicable card accounts are maintained and which generates the print files.
  - (K) \*\*\* will be solely responsible for \*\*\* of meeting First Data's BCP requirements under this Section (v) including \*\*\*. First Data will use its best efforts to \*\*\* allow for the inclusion of the \*\*\* processes as part of the comprehensive First Data disaster recovery test scheduled for September 2012. In the event First Data is unable to \*\*\* to meet First Data's BCP requirements under this Section (v), \*\*\* the applicable amounts provided for in (i) and (ii) above within ninety (90) days after \*\*\* receipt of formal request for said reimbursement by \*\*\*. In addition to the foregoing costs and expenses, \*\*\* will bear the costs of providing the \*\*\* to allow for the provision of the services covered by this Amendment.
  - (L) First Data will keep RCSI informed of conditions that may necessitate a disaster declaration and will promptly consult with RCSI on when a disaster may be declared. The ultimate decision on when to declare a disaster will remain with First Data. First Data's decision about whether to declare a disaster will be made as quickly as possible after an event that may necessitate a disaster declaration, but in no event longer than \*\*\* hours after such event. First Data will use the following criteria, among others, in making the disaster declaration decision: (1) whether the issue will prevent First Data from performing the applicable Production Services, and (2) whether First Data can reasonably expect to remedy the issue more quickly at the primary site or whether production could be ramped up more quickly at the alternate site.

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(vi) Reserved.”

2. As of the Amendment Effective Date, Section 5.1 of Schedule C (Pricing) to the FAAR PSA is hereby amended to state as follows:

“5.1. RCSI agrees to purchase minimum Production Services from First Data during the Term as Follows:

- (a) During Production Years 3 and 4, \*\*\* for the Production Services applicable to those RCSI client portfolios included as part of General Electric Capital Corporation’s \*\*\* business unit as of the Amendment Effective Date.
- (b) During Production Year 5, \*\*\* of the volume of Production Services purchased from First Data in the prior Production Year (measured by charges, normalized for \*\*\*.
- (c) Thereafter, there shall be \*\*\* minimum commitment.

3. As of the Amendment Effective Date, \*\*\* (Pricing) is hereby amended by the addition of the following new subsections at the end of the current text:

(d) \*\*\*;

[The following page was omitted pursuant to the confidential treatment request.]

4. Unless otherwise specified in this Amendment, any capitalized term used in this Amendment shall have the meaning set forth in the FAAR PSA.

5. Except as otherwise specified in this Amendment, the terms and conditions of the FAAR PSA shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the FAAR PSA, the terms and conditions of this Amendment shall prevail.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to the FAAR PSA the day and year first above written.

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FIRST DATA RESOURCES, LLC

By: /s/ W. Gay Rich  
Title: Senior Vice President

RETAILER CREDIT SERVICES, INC

By: /s/ Margaret M. Keane  
Title: Attorney In Fact

Section 1: BCP Volume Characteristics and Printing Specifics

- The \*\*\* is able to support up to \*\*\* RCSI statements (or \*\*\* pages) per month.
- RCSI statements, or letters \*\*\* will be handled by First Data at an alternate First Data print location in accordance with Section 6.8(v) (A), (B) and (C) of Schedule A, \*\*\*.
- On an annual basis, First Data and RCSI will meet to review prior year's volumes, on-going volume estimates and necessary changes to BCP \*\*\* requirements. RCSI will provide First Data with the estimated future volumes. First Data will determine and communicate to RCSI what it considers to be the appropriate plan to support the \*\*\* in its good faith judgment, and thereafter will implement such plan. First Data will handle the expected RCSI volumes at \*\*\* an alternate First Data location.
- Includes Special Handling. "Special Handling" means statements greater than 4 pages or statements that require a special distribution (e.g. bulk packaging, Fed Ex, foreign mail).
- Does not include plastics other than New Account Plastics or inactive statements.
- Paper stock will be white in
- Monochrome (Toner- non color)
- Duplex
- 300 • 600 DPI
- Selective inserting
  - 1 return envelope
  - 5 selective mandatory only inserts
- Statements or letters printed \*\*\* will be processed through \*\*\*.
- Following the beginning of production at the \*\*\* facility, \*\*\* will facilitate pickup of mail by the USPS \*\*\* days per week, except \*\*\* will not have \*\*\* pickup until \*\*\* days following a disaster declaration.

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*Section II: Other Terms and Provisions*

- Inventory delivery and schedules will be worked out between \*\*\*.
- Materials used will be \*\*\* forms and \*\*\* envelopes, and such envelopes will contain the appropriate window placements for cardholder addresses specific to the applicable RCSI client.
- First Data will have \*\*\* and use of \*\*\* for the \*\*\* described in Section I.
- On an annual basis, \*\*\* will provide \*\*\* with a SSAE No. 16, SOC 2, Type II audit prepared by a third party auditor.
- During the period in which the \*\*\*, RCSI will have the right to perform quarterly operational audits and one additional annual audit of the \*\*\* in accordance with Section 8.1 of the FAAR PSA (none of which will not count toward the 2 audits described in Section 8.1(b) of the FAAR PSA). RCSI may participate in quarterly on-site testing at the \*\*\* location.
- The \*\*\* processes and preparedness will be included as part of the annual First Data disaster recovery test to ensure the soundness of First Data's comprehensive disaster recovery plan.
- RCSI will pay First Data for postage at the rates described in Section 3 of Schedule C to this Agreement for all items mailed \*\*\*. RCSI will receive the IMB discount as required by the FAAR PSA for volume mailed \*\*\*. Section 13.2 (b) of Schedule C will not apply to volume mailed \*\*\*.
- \*\*\*.

























































## GE Capital Executive Incentive Compensation Plan

### **I. Plan Objective**

The GE Capital Corporation (“GECC” or “the Company”) Executive Incentive Compensation Plan (“EIC” or “the “Plan”) is an annual variable compensation plan that rewards eligible Executive Band and above participants for their contributions to the overall success of GECC and its individual business segments. The objective of the Plan is to incentivize executive leaders to deliver on their assigned annual goals and objectives and, in so doing, help GECC achieve its annual strategic operating goals while simultaneously ensuring the Company’s long-term safety and soundness.

This longer-term focus is ensured by rewarding consistent performance over time. The Plan accomplishes this by providing the greatest pay opportunity to those who deliver superior performance over sustained periods. The highest paid participants are typically those who have served the Company for many years in diverse positions with increasing levels of responsibility. The quantum of their EIC reflects the fact that they have consistently contributed, and are expected to continue to contribute, to GECC’s overall success. As a result of this plan design, year-over-year percentage increases or decreases in EIC tend to be more gradual than in a framework focused solely on current year performance and therefore has the effect of encouraging both the longer-term focus and retention of GECC’s leadership team.

### **II. Plan Design**

Pool funding is calculated and expressed as a percentage variance (“V%”), either positive or negative, to the sum of all prior year EIC awards for “Continuing” Plan participants. Continuing EIC Plan participants are those who have and will receive a full-year EIC award (non-prorated) for both the prior and current performance years. Participants receiving either their first full-year award or a pro rata award for the current performance year are not included in the Continuing EIC V% calculation and are funded separately based on estimated spend.

Each year, the GE Chairman & CEO and GE Senior Vice President - Human Resources determine the Continuing EIC V% awarded to each GE business within the funding limits of the overall GE EIC pool, as approved by the Management Development and Compensation Committee (“MDCC”) of the GE Board of Directors. For GECC, the Continuing EIC V% is based on a quantitative and qualitative assessment of GECC’s overall business performance relative to its strategic operating goals in the context of economic market factors and competitive landscape. Consideration is also given to GECC’s governance, and in particular adverse outcomes, in the areas of audit, compliance and risk.

Once the GECC Continuing EIC V% is known, the GECC Compensation Committee (“the Committee”) allocates a portion to each GECC business unit (BU) based on an assessment of BU performance similar to that outlined above. To avoid any potential conflict of interest and ensure the appropriate level of independence, each Control Function is allocated their own Continuing EIC V% separate and apart from those assigned to the BUs. While overall BU performance is a factor, significant emphasis is placed on the performance of each Control Function in the execution of their respective functional mandate. Once a Continuing EIC V% has been allocated to a given GECC BU or Control Function, the senior most leader of that organization may then further allocate his/her assigned Continuing EIC V% across their respective sub-organizations. The allocation process continues until ultimately the managers of all Plan participants are given a Continuing EIC V% guideline for use in determining individual awards.

Managers are responsible for recommending individual EIC award amounts within the funding limits of their Continuing EIC V% allocation. Individual award recommendations are based on each participant’s achievement of his/her annual goals and objectives, the participant’s demonstration of the GE Growth Values, and other relevant factors. Based on this assessment, managers apply a V%, either positive or negative, to each continuing participant’s prior year EIC payment to determine his/her recommended award. Managers may take into account other relevant factors (e.g. the participant’s total compensation level relative to external market) and are given broad latitude to strongly differentiate awards among their direct reports. Participants are not guaranteed to receive an award or an award of any particular amount.

All individual EIC award recommendations are subject to review and amendment by successively higher levels of senior management up to and including the GECC Chairman & CEO. EIC award recommendations for all Company Officers and Senior Executive Band employees are reviewed by the GE Chairman & CEO. To ensure proper functional independence, the senior most functional leader at GECC Headquarters has the final say on EIC award recommendation for all Control Function employees prior to GE Chairman review.

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### **III. Risk Alignment**

It is the Committee's view that the Plan is well balanced and does not incentivize excessive risk taking that may expose GECC to material risk or financial loss. However, in accordance with regulatory requirements and to ensure that awards under the Plan are appropriately balanced with risk, the Committee may, in its sole discretion, adjust pool funding based on risk, compliance and audit findings or other such reasons as the Committee deems appropriate.

Also, as outlined in the GECC Compensation Policy, incentive compensation awards provided to any current or former employee may be reduced prospectively and/or retrospectively in the event that; 1.) it is determined that an employee has engaged in conduct detrimental to GECC either through direct action or failure to act in carrying out his/her responsibilities, or 2.) there is evidence of a serious breach of internal risk management or compliance procedures on the part of the employee.\* Should this occur, action may include, but is not limited to, the reimbursement of any portion of the incentive award payment that is determined to be greater than would have been awarded had the Company been fully aware of the conduct or actual performance at the time the incentive decision was made. Thus, EIC awards are not earned until all of the above criteria have been satisfied, as determined by the Company in its sole discretion. The terms and conditions of awards under the Plan, including the reimbursement requirement in this paragraph, shall survive the payment of the award.

\* Additional award adjustment criteria may apply to those select individuals who have been designated by the Company (either in accordance with local law, regulation or policy) as a Covered Employee. Refer to the GECC Compensation Policy for additional information.

### **IV. Terms and Conditions**

#### **Control Functions**

In accordance with the GECC Compensation Policy, Control Functions are defined as Finance, Human Resources, Internal Audit, Legal, Regulatory & Compliance, and Risk Management. To ensure their objective independence, the Committee funds Control Function pools independent of other functions covered by the Plan and with significant consideration given to the Control Functions performance and execution of their functional mandates.

#### **Incentive Compensation Deferrals**

Where required by local law, regulation, or policy, GECC may defer some, or all, of an individual participant's award under the Plan for up to three years from the end of a given Plan Year. Any such deferred amount shall not be deemed earned until vested and paid in accordance with the terms and conditions of the given deferral plan. Plan participants subject to deferral shall be notified accordingly and provided with the terms and conditions of the deferral plan.

#### **Plan Effective Date and Plan Year**

The Plan is effective as of January 1, 2013, and will run January 1<sup>st</sup> through December 31<sup>st</sup> of each year (the "Plan Year") until such time that the Plan is modified, superseded or otherwise terminated.

#### **Plan Award Date**

Awards will be reviewed and approved in the first quarter, following the end of the Plan Year. Awards will then be communicated and paid as soon thereafter as is practical. Awards, net of any deferred amounts, will be issued via payroll and are subject to all applicable payroll deductions.

#### **Plan Eligibility**

To be eligible for participation in the Plan, an employee must be actively working in an eligible position for no less than three consecutive months during the Plan Year, must not have given notice of resignation, and must be actively employed on the date the award is paid unless otherwise specified under the section of the Plan entitled "Leaving the Plan". In order to successfully attract external candidates, exceptions may be granted on a case-by-case basis to external new hires who would otherwise forfeit a portion of their annual incentive award upon resignation from their former employer. Eligibility will be communicated to new Plan participants via offer letter, promotion letter, or other written notification.

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**Eligible Positions**

The Plan covers all Executive Band and above employees of GECC who do not otherwise participate in another incentive compensation plan. Below Executive Band employees are not eligible to participate in the Plan.

**New Hires, Promotions and Transfers into Eligible Positions**

Employees hired or promoted into an eligible position before October 1<sup>st</sup> of the Plan Year will be eligible to receive a pro rata award based on the number of days actively at work in the eligible position during the Plan Year, provided they meet all other conditions of the Plan.

**Company Initiated Change in Incentive Compensation Eligibility or Individual Award Level**

The Company may, from time to time, modify incentive compensation eligibility requirements and/or individual award levels to ensure internal parity and/or market competitiveness. In so doing, the Company, at its sole discretion, may fully implement such changes either at the beginning of a Plan Year or introduce them over a period of time. Employees impacted by such changes shall be notified in writing.

**Overpayment**

In the event that a Plan participant receives an overpayment or otherwise owes the Company money which has not been repaid during the course of or at the conclusion of employment with the Company; the Company reserves the right to adjust any incentive compensation awarded under the Plan by the amount of the overpayment or to otherwise recover the overpayment by any lawful means. If such deductions are insufficient, the employee agrees to reimburse the Company for the balance.

**Transfers Out of Eligible Positions**

Plan participants who transfer to a non-incentive compensation eligible position or an alternative plan during the Plan Year will be eligible to receive a pro rata award under the Plan based on the number of active days worked in an eligible position provided they meet all other conditions of the Plan. For the ease of administration, any such award may be combined with amounts earned under other incentive compensation plans within GE during the same Plan Year.

**Leave of Absence**

Participants absent from work due to an approved Leave of Absence during the Plan Year may still be eligible for an award under the Plan. Such award shall be paid on the Plan Award Date, and the amount of any such award will be based on the number of days actively at work in an eligible position during the Plan Year.

**Leaving the Plan**

If a Plan participant gives notice of resignation, or if their employment with the Company ends prior to receiving a payment under the Plan for any reason other than those described hereafter, he/she shall no longer be eligible for any payment under the Plan. Under no circumstances shall an award under the Plan be considered earned unless and until it is calculated, determined, and paid to the Participant, and all other conditions are satisfied, including any terms and conditions applicable to deferred or restricted awards.

- Participants impacted by layoff/redundancy will be treated in accordance with their local layoff/redundancy practice. If eligible under local practice, the award will be pro rata based on the number of days actively at work in an eligible position during the Plan Year provided they sign a release provided by the Company and meet all other conditions of the Plan.
- Participants who are eligible to retire from the Company under the terms of the U.S.-based GE Pension Plan (or retire from an affiliate under the terms of that affiliate's active pension plan) and do so during the Plan Year will be eligible for a pro rata award based on the number of active days worked in an eligible position provided they sign a release provided by the Company and meet all other conditions of the Plan.
- In the event a Plan participant leaves the Plan due to his or her own death or long-term disability, a pro rata award will be paid to the employee or the employee's estate based on the number of days actively at work in an eligible position during the Plan Year.

Former Plan participants who qualify for an award under the terms described in this section will receive their award in the normal course as described in the Plan Award section above, provided they sign a release provided by the Company and meet all other conditions of the Plan including having actively worked in an eligible position for no less than three consecutive months during the Plan Year.

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**Plan Interpretation, Modification and Termination**

The Plan is offered at the sole discretion of the Company, which reserves the right to modify, adjust, change, or terminate the Plan at any time. Additionally, award amounts under the Plan may be modified, reduced and/or withheld in whole or in part if the Company determines that the eligible employee has violated the Company's written policies or procedures, including but not limited to adherence to Compliance Goals and Objectives set forth by the participating businesses, The Spirit & The Letter, the Employee Innovation and Proprietary Information Agreement, the Acceptable Use and Company Data Security Policy and/or the Employment Data Protection Standards. Any changes to the Plan will be provided to eligible employees in writing, and any such changes may not be made orally.

Authority and responsibility for interpretation and application of the Plan (including calculation of all amounts due or alleged to be due hereunder), rests solely with the Company. In the event of a disagreement, the Company is entitled to make the final and binding decision. The Company has full authority to amend, modify or alter the terms of and/or terminate the Plan at any time subject to the review and approval by the Committee.

The Plan represents the full and complete understanding between Plan-eligible employees with regard to the Plan and incentive compensation. Excluding signed offer letters, the Plan supersedes all prior agreements and understandings concerning the subject matter of the Plan, and neither Plan-eligible employees nor the Company has relied on any prior discussions or negotiations pertaining to the subject matter of the Plan.

If a final determination is made by a court of competent jurisdiction that any provision contained in the Plan is unlawful, the Plan shall be considered amended in that instance to apply to such extent as the court may determine to be enforceable, but only to the extent consistent with the original intent of the drafter. Alternatively, if such a court finds that any provision contained in this Agreement is unlawful, and that provision cannot be amended, consistent with the original intent of the drafter, so as to make it lawful, such finding shall not affect the effectiveness of any other provision of this Agreement.

**Discrepancy Procedures**

Plan participants have 30 days from the date of payment to raise any disputes with awards delivered under the Plan. Disputes should be submitted in writing to the attention of the participant's Human Resources Manager. The Human Resources Manager (or his or her designee) will research the dispute and report back to the Plan participant within 30 days of receiving all relevant documentation. Any dispute relative to the Plan will be addressed pursuant to the Company's current alternative dispute resolution program, including any final and binding arbitration procedure.

**Disclaimer**

Nothing contained in the Plan should be construed as a promise of employment for the entire Plan Year, or any other specific time period, or a guarantee of payment. The Plan supersedes any prior agreements/understandings whether written or verbal. The Company, subject to the Committee's approval, reserves the right to amend, suspend, interpret, terminate and/or, replace any program, plan or incentive payment described herein at its sole discretion.

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT, dated as of June 20, 2014 (this "Agreement"), by and between General Electric Capital Corporation, a Delaware corporation ("GECC") and Synchrony Financial, a Delaware corporation ("Synchrony"). Capitalized terms used but not defined herein shall have the meaning described in the GECC Cash Pooling Master Terms and Conditions and the related USD Cash Pooling Confirmation by and between GECC, as Pool Leader and GE Capital International Holdings Corporation, as Participant ("GECIH"), dated June 17, 2010 (collectively, the "Cash Pooling Agreement").

W I T N E S S E T H:

WHEREAS, GECC historically has allocated certain amounts of its debt to Synchrony for management accounting purposes; and

WHEREAS, in anticipation of a potential initial public offering by Synchrony of its common stock, the parties desire to provide for Synchrony's liability, as between the parties hereto, for the payment of obligations relating to certain debt as set forth in the Cash Pooling Agreement; and

WHEREAS Synchrony agrees herein, solely as between the parties hereto, to be liable for and to pay all of the payment obligations of GECC with respect to \$7,335,000,000 aggregate principal amount of debt owed by GECC to GECIH pursuant to the Cash Pooling Agreement (the "Assumed Debt"); and

WHEREAS, the Assumed Debt is payable on demand and bears interest at a floating rate of interest per quarter (assuming no acceleration thereof in accordance with its terms) as set forth in the terms of the Cash Pooling Agreement; and

WHEREAS, the Assumed Debt represents a portion of the total principal amount of debt (and interest thereon) owed by GECC to GECIH pursuant to the Cash Pooling Agreement (such amount, the "Total Debt"); and

WHEREAS, Synchrony shall have no obligations, and as between GECC and Synchrony GECC shall remain fully liable, with regard to the portion of the Total Debt that is not included in the Assumed Debt (the "Unassumed Debt").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Assumption of the Assumed Debt. Effective as of the date and time of execution and delivery by each party hereto of this Agreement (the "Effective Time"). Synchrony hereby expressly, unconditionally and irrevocably agrees, solely as between the parties hereto, to be liable for and to pay all of the payment obligations of GECC with respect to the Assumed Debt (including, without limitation, all interest due with regard to the Assumed Debt subject to the terms and conditions of the Cash Pooling Agreement (reflecting any changes in the Spread (as defined in the Cash Pooling Agreement) applicable to the Assumed Debt) and confirms and agrees, as between the parties hereto, to perform and observe all of the payment obligations with respect to the Assumed Debt as fully as if Synchrony were originally the obligor in respect thereof (the "Assumption"). After the Effective Time and after giving effect to the Assumption, solely as between GECC and Synchrony, Synchrony shall be deemed a "primary obligor" (and not merely as a "surety") in respect of GECC's obligations under the Assumed Debt. In furtherance of the foregoing, Synchrony hereby indemnifies and holds harmless GECC from and against all liabilities attributable to any payment or other obligations under the Assumed Debt.

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2. Allocation of the Total Debt. The obligations of Synchrony set forth in Section 1 hereof shall be subject to the following terms and conditions:

- a. At no time will the payment obligation of Synchrony under this Agreement exceed the sum of the Assumed Debt plus the amount of any accrued but unpaid interest thereon. In furtherance of the foregoing, GECC hereby indemnifies and holds harmless Synchrony from and against all liabilities attributable to any payment or other obligations under the Unassumed Debt.
- b. The entire balance of, and any interest on, any increase in the Total Debt after the Effective Time shall be deemed to be Unassumed Debt for purposes of this Agreement, regardless of the then outstanding balance of the Assumed Debt.
- c. Any decrease in the Total Debt after the Effective Time (other than as a result of a payment by Synchrony to GECIH with regard to the Assumed Debt) shall be allocated first, to the Unassumed Debt until the balance of Unassumed Debt shall equal \$0, and then, second, to the Assumed Debt.
- d. Any payment by Synchrony to GECIH with regard to the Assumed Debt shall be allocated to reduce the outstanding balance of the Assumed Debt on a dollar for dollar basis.
- e. Upon the repayment or other elimination in full of the Assumed Debt, Synchrony's obligations under this Agreement shall cease.

3. Method of Payment. Synchrony shall make principal and interest payments on the Assumed Debt when due in accordance with instructions provided by GECC to Synchrony.

4. Further Assurances. Synchrony hereby agrees, from time to time as and when requested by GECC, to execute and deliver or cause to be executed and delivered, all such documents, instruments and agreements and to take or cause to be taken such further or other action as GECC may reasonably deem necessary in order to carry out the intent and purposes of this Agreement.

**5. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF DELAWARE. EACH OF THE PARTIES HERETO AGREES THAT THIS AGREEMENT INVOLVES AT LEAST \$100,000.00, AND HAS BEEN ENTERED INTO BY THE PARTIES HERETO IN EXPRESS RELIANCE UPON 6 DEL. C. § 2708.**

6. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile (or other electronic) transmission (including in ".pdf" or ".tif" format) shall be effective as delivery of a manually executed counterpart hereof.

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7. Section Headings. The section headings in this Agreement are for convenience of reference only and are not to affect the construction hereof or to be taken into consideration in the interpretation hereof.

8. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9. No Third Party Beneficiaries or Change in Rights or Obligations under the Debt. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall: (a) change, modify or release in any way GECC's obligations to GECIH with regard to the Total Debt, (b) create any obligation by Synchrony to GECIH with regard to the Total Debtor any obligation by GECIH to Synchrony or (c) confer on any other Person (including GECIH) any legal or equitable benefit or remedy under or by reason of this Agreement.

10. **WAIVERS OF JURY TRIAL**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

*[The Remainder of This Page is Left Intentionally Blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective proper and duly authorized officers as of the date first set forth above with the intent that this Agreement be executed and delivered as a sealed instrument.

**SYNCHRONY FINANCIAL**

By: Margaret M. Keane (SEAL)  
Name: Margaret M. Keane  
Title: Authorized Signatory

**GENERAL ELECTRIC CAPITAL CORPORATION**

By: \_\_\_\_\_ (SEAL)  
Name:  
Its: Authorized Signatory

[Debt Assumption Agreement (Successor)]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective proper and duly authorized officers as of the date first set forth above with the intent that this Agreement be executed and delivered as a sealed instrument.

**SYNCHRONY FINANCIAL**

By: \_\_\_\_\_ (SEAL)  
Name:  
Title: Authorized Signatory

**GENERAL ELECTRIC CAPITAL CORPORATION**

By: Matthew Susser (SEAL)  
Name: Matthew Susser  
Its: Authorized Signatory

[Debt Assumption Agreement (Successor)]

**FORM OF INDEMNIFICATION AGREEMENT**

**THIS INDEMNIFICATION AGREEMENT** (this "Agreement") is entered into, effective as of [EFFECTIVE DATE], between SYNCHRONY FINANCIAL, a Delaware corporation (the "Company") and [NAME OF DIRECTOR/OFFICER/KEY EMPLOYEE] ("Indemnitee").

**WHEREAS**, it is essential to the Company to retain and attract as directors, officers and key employees the most capable persons available;

**WHEREAS**, Indemnitee is a director, officer or key employee of the Company;

**WHEREAS**, both the Company and Indemnitee recognize the risk of litigation and other claims being asserted against directors, officers and key employees of corporations;

**WHEREAS**, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide continued services to the Company as a director, officer or employee, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement and for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies; and

**WHEREAS**, this Agreement is intended to be supplemental to and in furtherance of the indemnification and advancement rights provided to the Company's directors or officers under the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitution therefor, nor to diminish any rights of Indemnitee thereunder.

**NOW, THEREFORE**, in consideration of the above premises and of Indemnitee's service or continuing to serve as a director, officer or employee of the Company and intending to be legally bound hereby, the parties agree as follows:

**1. Certain Definitions:**

(a) Board: The Board of Directors of the Company.

(b) Change in Control:

(i) the acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Common Stock") or (B) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (1)

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any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company), (2) any acquisition by the Company, (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this Section; provided further, that for purposes of clause (2), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of 25% or more of the Outstanding Common Stock or 25% or more of the Outstanding Voting Securities by reason of an acquisition by the Company, and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control; or

(ii) the cessation of individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") to constitute at least a majority of such Board; provided that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of the Company as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board; or

(iii) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which (A) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns, directly or indirectly, the Company or all or substantially all of the Company's assets) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (B) no Person (other than: the Company; any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; the corporation resulting from such Corporate Transaction; and any Person which

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beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 25% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 25% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(iv) the consummation of a plan of complete liquidation or dissolution of the Company.

Notwithstanding anything to the contrary in the foregoing, (A) for so long as General Electric Company and its affiliates beneficially own a majority of the Outstanding Common Stock, no Change in Control shall be deemed to have occurred, (B) any transaction pursuant to which common stock of the Company is transferred from one wholly-owned subsidiary of General Electric Company to another wholly-owned subsidiary of General Electric Company shall not be deemed to be a Change in Control and (C) the transactions pursuant to which General Electric Company and its affiliates reduce their ownership of common stock of the Company shall not constitute a Change in Control, provided that in connection with any such transaction no other Person acquires beneficial ownership of common stock of the Company in an amount that would constitute a Change in Control pursuant to Section 1(b)(i).

(c) Disinterested Director: A director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) Expenses: Any expense broadly construed, including without limitation, attorneys' fees, retainers, court costs, transcript costs, fees and expenses of experts, including accountants and other advisors, travel expenses, duplicating costs, postage, delivery service fees, filing fees, and all other disbursements or expenses of the types typically paid or incurred in connection with investigating, defending, being a witness in, or participating (including on appeal), or preparing for any of the foregoing, in any Proceeding relating to any Indemnifiable Event, and any expenses of establishing a right to indemnification under any of Sections 2, 4 or 5 of this Agreement.

(e) Indemnifiable Costs: Any and all Expenses reasonably incurred, liabilities, losses, judgments, fines (including any excise taxes assessed on a person with respect to any employee benefit plan) and amounts paid in settlement and any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement.

(f) Indemnifiable Event: Any event or occurrence that takes place either prior to or after the execution of this Agreement, by reason of the fact that Indemnitee is or was a director, officer or employee of the Company or any of its subsidiaries, or has or had agreed to become a director, officer or employee of the Company or any of its subsidiaries, or, while a director, officer or employee of the Company or any of its subsidiaries, is or was serving at the

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request of the Company as a director, officer, employee or agent of another corporation or of a limited liability company, partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer or employee of the Company, or in any other capacity, as described above.

(g) **Independent Counsel:** means a law firm, or a member of a law firm, that is experienced in matters of corporation law and banking regulation, and neither presently is, nor in the past three years has been, retained to represent: (i) the Company or any of its subsidiaries or affiliates, (ii) the Indemnitee or (iii) any other party to the Proceeding giving rise to a claim for indemnification or Expense Advances hereunder, in any matter material to such law firm or member of a law firm (other than with respect to matters relating to indemnification and advancement of expenses). No law firm or lawyer shall qualify to serve as Independent Counsel if that law firm or lawyer would, under the applicable standards of professional conduct then prevailing, have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Board shall select a law firm or lawyer to serve as Independent Counsel, subject to the consent of the Indemnitee, which consent shall be withheld only if the Independent Counsel selected by the Board does not meet the requirements of the foregoing definition of Independent Counsel, and the Indemnitee sets forth with particularity, in writing, the factual basis of such assertion. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

(h) **Proceeding:** Any action, suit or proceeding, whether civil, criminal, administrative or investigative that relates to an Indemnifiable Event.

(i) **Reviewing Party:** Reviewing Party shall have the meaning ascribed to such term in Section 3.

## **2. Agreement to Indemnify.**

(a) **General Agreement Regarding Indemnification.** In the event Indemnitee was, is, or is threatened to be made a party to or is otherwise involved in a Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against Indemnifiable Costs, to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended; provided that the Company's commitment set forth in this Section 2(a) to indemnify the Indemnitee shall be subject to the limitations and procedural requirements set forth in this Agreement.

(b) **Partial Indemnification.** If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Indemnifiable Costs, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(c) Advancement of Expenses. If so requested by Indemnitee, the Company shall advance to Indemnitee, to the fullest extent not prohibited by applicable law, as the same exists or may hereafter be amended or interpreted, any and all Expenses incurred by Indemnitee (an “Expense Advance” or an “Advance”) in defending any Proceeding in advance of its final disposition within 30 calendar days after the receipt by the Company of a request from Indemnitee for an Advance, whether prior to or after final disposition of any Proceeding; provided, that the Company shall not advance any expenses to Indemnitee unless and until it shall have received a request and undertaking substantially in the form attached hereto as Exhibit A. Any request for an Expense Advance shall be accompanied by an itemization, in reasonable detail, of the Expenses for which advancement is sought; provided, however, that Indemnitee need not submit to the Company any information that counsel for Indemnitee deems is privileged and exempt from compulsory disclosure in any proceeding. Subject to applicable law, Advances shall be made without regard to Indemnitee’s ability to repay the Expenses and without regard to Indemnitee’s ultimate entitlement to indemnification under the other provisions of this Agreement. If Indemnitee has commenced legal proceedings in a court of competent jurisdiction in the State of Delaware to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee’s obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. This Section 2(c) shall not apply to any claim by Indemnitee for which indemnity is excluded pursuant to Section 2(d).

(d) Exception to Obligation to Indemnify. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated under this Agreement to make any indemnification payment in connection with any claim made against Indemnitee:

(i) except as otherwise provided in Section 5, in connection with any Proceeding commenced by Indemnitee, unless the commencement of such Proceeding by the Indemnitee was authorized in the specific case by the Board; or

(ii) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision.

### **3. Reviewing Party.**

(a) Definition of Reviewing Party. Other than as contemplated by Section 3(b) or as ordered by a court, the person, persons or entity who shall determine whether Indemnitee is entitled to indemnification (the “Reviewing Party”), (i) if Indemnitee is a director, officer or employee at the time of such determination, shall be (A) the Board acting by a majority vote of Disinterested Directors, even though less than a quorum, (B) a committee of Disinterested Directors designated by a majority vote of Disinterested Directors on the Board, even though less than a quorum, (C) if there are no Disinterested Directors, or if the

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Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) by the stockholders of the Company and (ii) if Indemnitee is a former director, officer or employee at the time of such determination, shall be any person, persons or entity having the authority to act on the matter on behalf of the Company.

(b) Reviewing Party Following Change in Control. After a Change in Control (other than a Change in Control approved by a majority of the Incumbent Board), the Reviewing Party shall be Independent Counsel. With respect to all matters arising from such a Change in Control concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel. Such counsel, among other things, shall render its written opinion to the Board and Indemnitee as to whether and to what extent the Indemnitee should be indemnified under applicable law.

(c) Successful Proceeding or Defense. Notwithstanding anything contained herein to the contrary, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding by reason of (or arising in part out of) an Indemnifiable Event or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against Expenses actually and reasonably incurred by Indemnitee in connection therewith, without the necessity of authorization or determination by the Reviewing Party as to whether Indemnitee is entitled to indemnification in the specific case.

#### **4. Indemnification Process and Appeal.**

##### **(a) Indemnification Payment.**

(i) Subject to the last sentence of Section 5, the determination with respect to Indemnitee's entitlement to indemnification shall be made by the Reviewing Party not later than 30 calendar days after receipt by the Company of a written demand on the Company for indemnification (which written demand shall include such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification). The Reviewing Party making the determination with respect to Indemnitee's entitlement to indemnification shall notify Indemnitee of such written determination no later than two business days thereafter.

(ii) Unless the Reviewing Party has provided a written determination to the Company that Indemnitee is not entitled to indemnification under this Agreement, Indemnitee shall be entitled to indemnification of Indemnifiable Costs, and shall receive payment thereof, from the Company in accordance with this Agreement within 10 business days after the Reviewing Party has made its determination with respect to Indemnitee's entitlement to indemnification or, if the Reviewing Party has not made such determination, within 30 calendar days after the date by which it was required to do so pursuant to Section 4(a)(i) of this Agreement.

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(b) Suit to Enforce Rights. If (i) payment of indemnification pursuant to Section 4(a)(ii) is not made within the period permitted for such payment by such section, (ii) the Reviewing Party determines pursuant to Section 4(a) that Indemnitee is not entitled to indemnification under this Agreement, (iii) Indemnitee has not received advancement of Expenses within the time period permitted for such advancement by Section 2(c), or (iv) the Company or any other Person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, then Indemnitee shall have the right to enforce the indemnification and advancement rights granted under this Agreement by commencing litigation in any court of competent jurisdiction in the State of Delaware seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee in law or equity.

(c) Defense to Indemnification, Burden of Proof, and Presumptions.

(i) To the maximum extent permitted by applicable law in making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party shall presume that an Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 4(a), and the Company shall have the burden of proof to overcome that presumption in connection with the making by the Reviewing Party of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(ii) It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement that it is not permissible under applicable law for the Company to indemnify or to make an Advance of Expenses to Indemnitee for the amount claimed.

(iii) For purposes of this Agreement, the termination of any claim, action, suit, proceeding or matter therein, by judgment, order, settlement (whether with or without court approval and whether with or without an admission of liability on the part of the Indemnitee), conviction, or upon a plea of nolo contendere or its equivalent, shall not create of itself a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

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(iv) For purposes of any determination under this Agreement, Indemnitee shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal Proceeding, to have had no reasonable cause to believe Indemnitee's conduct was unlawful, if Indemnitee's action was based on good faith reliance on the records or books of account of the Company or another enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company or another enterprise in the course of their duties, or on the advice of legal counsel for the Company or another enterprise or on information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term "another enterprise" as used in this Section 4(c)(iv), shall mean any other corporation or any partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent. For purposes of this Agreement, references to "serving at the request of the Company," shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries, and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company." The provisions of this Section 4(c)(iv) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(v) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

**5. Indemnification for Expenses Incurred in Enforcing Rights.** The Company shall indemnify Indemnitee against any and all Expenses to the fullest extent permitted by law as the same exists or may hereafter be amended and, if requested by Indemnitee pursuant to the procedures set forth in Section 2(c), shall advance such Expenses to Indemnitee, that are incurred by Indemnitee in connection with any claim asserted against or action brought by Indemnitee for:

(i) interpretation, enforcement or defense of Indemnitee's rights under this Agreement;

(ii) indemnification of Indemnifiable Costs or payment of Expense Advances by the Company under this Agreement or any other agreement or under applicable law or the Company's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events; and/or

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(iii) recovery under directors' and officers' liability insurance policies maintained by the Company.

Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

**6. Notification and Defense of Proceeding.**

(a) Notice. Promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company thereof. The failure to notify or promptly notify the Company shall not relieve the Company from any liability which it may have to the Indemnitee otherwise than under this Agreement, and shall not relieve the Company from liability hereunder except to the extent the Company has been prejudiced or as further provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel selected by the Company. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company will not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than as provided below. Indemnitee shall have the right to employ separate counsel in such Proceeding, but, notwithstanding any other provision of this Agreement, all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control, the employment of counsel by Indemnitee has been approved by Independent Counsel, or (iv) the Company shall not within 60 calendar days in fact have employed counsel to assume the defense of such Proceeding, in each of which case, all Expenses of the Proceeding shall be borne by the Company. If the Company has selected counsel to represent Indemnitee and other current and former directors, officers or employees of the Company in the defense of a Proceeding, and a majority of such persons, including Indemnitee, reasonably object to such counsel selected by the Company pursuant to the first sentence of this Section 6(b), then such persons, including Indemnitee, shall be permitted to employ one additional counsel of their choice and the reasonable fees and expenses of such counsel shall be at the expense of the Company; provided, however, that such counsel shall be chosen from amongst the list of counsel, if any, approved by any company with which the Company obtains or maintains directors and officers insurance. In the event separate counsel is retained by a

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group of persons including Indemnitee pursuant to this Section 6(b), the Company shall cooperate with such counsel with respect to the defense of the Proceeding, including making documents, witnesses and other reasonable information related to the defense available to such separate counsel pursuant to joint-defense agreements or confidentiality agreements, as appropriate. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have made the determination provided for in clause (ii) in the third sentence of this Section 6(b).

(c) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's prior written consent. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's prior written consent. Neither the Company nor the Indemnitee will unreasonably withhold their consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

**7. Non-Exclusivity.** The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the laws of the State of Delaware, the Company's Amended and Restated Certificate of Incorporation, the Company's Amended and Restated Bylaws, applicable law, any agreement, a resolution of the Board or otherwise; provided that in no event will Indemnitee be permitted to receive indemnification or advancement of expenses more than once for the same Expenses and Indemnifiable Costs. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by Indemnitee in Indemnitee's capacity as a director, officer, employee or agent of the Company or of any other corporation, limited liability company, partnership or joint venture, trust or other enterprise which such person is or was serving at the request of the Company, prior to such amendment, alteration or repeal. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

**8. Liability Insurance.** To the extent the Company maintains an insurance policy or policies providing directors' or officers' liability insurance, Indemnitee, if a director or officer of the Company, shall be covered by such policy or policies, in accordance with its or their terms.

**9. Amendment of this Agreement.** No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

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**10. Subrogation.** In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

**11. No Duplication of Payments.** The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (whether under the Company's Amended and Restated Certificate of Incorporation, the Company's Amended and Restated Bylaws, any insurance policy, by law, or otherwise) of the amounts otherwise indemnifiable hereunder.

**12. Duration and Binding Effect.** This Agreement shall continue until and terminate upon the later of: (a) ten years after the date that Indemnitee shall have ceased to serve as a director, officer or employee of the Company or at the request of the Company, as a director, officer, employee, agent, or fiduciary, of another corporation, partnership, joint venture, trust or other enterprise, as applicable, or (b) one year after the later of the final disposition of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and the final disposition of any proceeding commenced by Indemnitee pursuant to Section 5 of this Agreement relating thereto. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, executors, administrators and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, officer or employee of the Company or of any other enterprise at the Company's request.

**13. Enforcement.**

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as a director, officer or employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director, officer or employee of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, any resolutions adopted pursuant thereto and applicable law, and shall not be deemed a substitute therefor, nor to diminish any rights of Indemnitee thereunder.

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**14. Severability.** If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

**15. Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Court of Chancery of the State of Delaware, and not in any other state or federal court in the United States of America or in the courts of any other country.

**16. Notices.** All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed

to the Company at:

777 Long Ridge Road  
Stamford, Connecticut 06902  
Attn: General Counsel

and

to Indemnitee at:

[INDEMNITEE]  
[ADDRESS]

Notice of change of address shall be effective only when done in accordance with this Section 16. All notices complying with this Section 16 shall be deemed to have been received on the date of delivery or on the third business day after mailing.

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**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

**COMPANY:**

**SYNCHRONY FINANCIAL,  
a Delaware corporation**

By: \_\_\_\_\_  
Name:  
Title:

**INDEMNITEE:**

**[INDEMNITEE]**  
\_\_\_\_\_

REQUEST AND UNDERTAKING

SYNCHRONY FINANCIAL  
777 Long Ridge Road  
Stamford, Connecticut 06902  
Attn: General Counsel

To Whom It May Concern:

I request, pursuant to Section 2(c) of the Indemnification Agreement, dated as of \_\_\_\_\_, 2014 (the "Indemnification Agreement"), between SYNCHRONY FINANCIAL (the "Company") and me, that the Company advance Expenses (as such term is defined in the Indemnification Agreement) incurred in connection with [describe Proceeding] (the "Proceeding"). I have attached an itemization, in reasonable detail, of the Expenses for which advancement is sought.

I undertake and agree to repay to the Company any funds advanced to me or paid on my behalf if it shall ultimately be determined that I am not entitled to indemnification. I shall make any such repayment promptly following written notice of any such determination.

\_\_\_\_\_  
[Name]

Date: \_\_\_\_\_

**SUB-SERVICING AGREEMENT**

**Between**

**SYNCHRONY FINANCIAL**

**and**

**GENERAL ELECTRIC CAPITAL CORPORATION**

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### LIST OF SCHEDULES

1. Schedule 1 Services & Additional Terms
2. Schedule 2 The Fee
3. Schedule 3 Additional Provisions Required By Local Regulations
4. Schedule 4 Form of Statement of Work

### LIST OF EXHIBITS

- EXHIBIT A      Form of Performance Report  
EXHIBIT B      Form of Yearly Officer's Certificate

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This Sub-Servicing Agreement (this “**Agreement**”) is effective as of [        ] [    ], 2014 (the “**Effective Date**”) and is entered into by **Synchrony Financial**, a company incorporated under the laws of State of Delaware, United States of America, with offices at 777 Long Ridge Road, Building B, Stamford, CT 06927 (the “**Service Provider**”) and **General Electric Capital Corporation**, a company incorporated under the laws of the State of Delaware, United States of America with offices at 901 Main Avenue, Norwalk, Connecticut 06851 (the “**Service Recipient**”). Service Provider and Service Recipient are collectively referred to as the “**Parties**” and each a “**Party**”.

## RECITALS

WHEREAS, Service Recipient provides services to GE Capital Credit Card Master Note Trust (the “**Securitization Trust**”) pursuant to a Servicing Agreement, dated as of June 27, 2003, between the Securitization Trust and Service Recipient, as amended by the First Amendment to Servicing Agreement, dated as of May 22, 2006, the Second Amendment to Servicing Agreement, dated as of June 28, 2007, and the Third Amendment to Servicing Agreement, dated as of May 22, 2008 (as amended, the “**Securitization Servicing Agreement**”), and Service Recipient desires to subcontract all duties and obligations under the Securitization Servicing Agreement, other than those duties and obligations specifically excluded in Schedule 1 hereto.

WHEREAS, Service Provider desires to provide such services in accordance with the provisions of this Agreement and any statement of work entered into hereunder, and Service Provider is staffed with experienced personnel who can provide the Services in the areas covered by this Agreement.

The provisions included in this Recitals section are intended to be a general introduction to this Agreement and are not intended to expand or narrow the scope of the Parties’ obligations under this Agreement or to alter the plain meaning of the terms of this Agreement.

### 1. Definitions

#### 1.1 Certain Definitions.

- 1.1.1 “**Affiliate**” means any entity of which the relevant Party Controls in excess of twenty percent (20%) of the Equity Interests or voting rights or which is under direct or indirect Control of the relevant Party or under common Control with the relevant Party, whether now existing or subsequently created or acquired during the Term of this Agreement; or any Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with one of the Parties.
- 1.1.2 “**Agreement**” has the meaning provided in the preamble.
- 1.1.3 “**Bank Regulatory Authority**” means the Federal Reserve Board, the OCC, the Federal Deposit Insurance Corporation and any other relevant bank regulatory authority having jurisdiction over Synchrony Financial or Synchrony Bank, as applicable.

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- 1.1.4 “**Basel I**” means the minimum bank capital requirements developed in 1988 by the Basel Committee on Bank Supervision for enactment by the Group of Ten (G-10) industrialized countries with respect to the large internationally active banks that operate within such countries, as implemented by the applicable United States Bank Regulatory Authority.
- 1.1.5 “**Basel III**” means the comprehensive set of bank regulatory and supervisory measures focusing on capital adequacy, stress testing and liquidity which were developed in 2010 and 2011 by the Basel Committee on Bank Supervision for enactment by the Group of 20 (G-20) major economies with respect to the internationally active banks that operate within those economies, as implemented by the applicable United States Bank Regulatory Authority.
- 1.1.6 “**Basel III Implementation Date**” means, with respect to Synchrony Financial, the date on which is required to comply with Basel III as implemented by the applicable United States Bank Regulatory Authority.
- 1.1.7 “**Business Continuity Plan**” has the meaning provided in Section 2.6.1.
- 1.1.8 “**Cash Equivalents**” means, as at any date of determination, (i) marketable securities and repurchase agreements for marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States government, or (b) issued by any agency of the United States, the obligations of which are backed by the full faith and credit of the United States, in each case, maturing within one year after such date; (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case, maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (iii) commercial paper maturing no more than one year from the date of issuance thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody’s; (iv) time deposits or bankers’ acceptances maturing within one year after such date and issued or accepted by any commercial bank (including any branch of a commercial bank) that (a) in the case of a commercial bank organized under the laws of the United States of America, any state thereof or the District of Columbia is at least “adequately capitalized” (as defined in the regulations of its primary Federal banking regulator), and has Tier 1 capital (as defined in such regulations) of not less than \$1,000,000,000 or (b) in the case of any other commercial bank has a short-term commercial paper rating from S&P of at least A-1 or from Moody’s of at least P-1; and (v) shares of any money market mutual fund that has (a) net assets of not less than \$500,000,000, and (b) ratings of at least AA or Aa from S&P or Moody’s, respectively.

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- 1.1.9 “**Change of Control**” means, after the consummation of the IPO, the ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act, as in effect on the date hereof), other than GE, of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests. For purposes of the foregoing, references to GE shall include its Subsidiaries.
- 1.1.10 “**Contractor**” has the meaning provided in Section 20.1.
- 1.1.11 “**Controls**” means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlled by” and “under common Control with” will have correlative meanings.
- 1.1.12 “**Data Protection Laws**” has the meaning provided in Section 11.1.4.
- 1.1.13 “**Data Subject**” has the meaning provided in Section 11.1.6.
- 1.1.14 “**Deliverables**” has the meaning provided in Section 21.1.
- 1.1.15 “**Directive**” has the meaning provided in Section 11.1.4.
- 1.1.16 “**Disaster Recovery Plan**” has the meaning provided in Section 2.6.2.
- 1.1.17 “**Dispute**” has the meaning provided in Section 16.1.
- 1.1.18 “**Effective Date**” has the meaning provided in the preamble.
- 1.1.19 “**Employment Data**” has the meaning provided in Section 11.1.3.
- 1.1.20 “**Equity Interests**” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.
- 1.1.21 “**Federal Reserve Board**” means the Board of Governors of the Federal Reserve System of the United States of America (or any successor).
- 1.1.22 “**Fee**” has the meaning provided in Section 3.1.
- 1.1.23 “**GE**” means General Electric Company.
- 1.1.24 “**Governmental Entity**” means any domestic or foreign federal, national, state, provincial, local, county or municipal government or supra-national, governmental, judicial, regulatory or administrative agency, department, commission board, bureau, court or other authority, including the Federal Reserve Board and any other regulatory agency.

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- 1.1.25 “**Including**” and its derivatives (such as “**include**” and “**includes**”) mean “including, without limitation”. This term is as defined, whether or not capitalized in this Agreement.
- 1.1.26 “**Indemnitees**” has the meaning provided in Section 9.1.
- 1.1.27 “**Intellectual Property Rights**” shall mean, as provided or construed in any jurisdiction, any and all: (i) rights associated with works of authorship, including copyrights, moral rights and mask-work rights; (ii) trademarks, service marks, trade or business names, trade dress, symbols, logos, designs, design rights (whether registrable or otherwise), and other source identifiers, whether registered, and the goodwill associated there; (iii) rights relating to know-how or trade secrets, including ideas, concepts, methods, techniques, inventions (whether developed or reduced to practice); (iv) patents, designs, algorithms and other industrial property rights; (v) other intellectual and industrial property rights of every kind and nature, however designated, whether arising by operation of law, contract, license or otherwise; and (vi) registrations, initial applications (including intent to use applications), renewals, extensions, continuations, divisions or reissues now or after in force (including any rights in any of the foregoing).
- 1.1.28 “**Insolvency Event**” means Service Provider shall fail generally to, or admit in writing its inability to, pay its debts as they become due; or a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Service Provider in an involuntary case under any Debtor Relief Law, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or for the winding-up or liquidation of its affairs and, if instituted against Service Provider, any such proceeding shall continue undismissed or unstayed and in effect, for a period of 60 consecutive days, or any of the actions sought in such proceeding shall occur; or the commencement by Service Provider, of a voluntary case under any Debtor Relief Law, or such Person’s consent to the entry of an order for relief in an involuntary case under any Debtor Relief Law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or any general assignment for the benefit of creditors; or such Person or any Subsidiary of such Person shall have taken any corporate action in furtherance of any of the foregoing actions.

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- 1.1.29 “**Investment Securities**” means any instrument qualifying as a level 1, level 2A or level 2B high-quality liquid asset under Basel III; provided, that to the extent no criteria for a level 1, level 2A or level 2B liquid asset is finally promulgated under Basel III, “Investment Securities” shall mean any instrument that would qualify as a level 1, level 2A or level 2B high-quality liquid asset proposed by the appropriate Bank Regulatory Authority at page 71860 of volume 78 of the United States Federal Register published on November 29, 2013.
- 1.1.30 “**IPO**” means the initial public offering of Service Provider.
- 1.1.31 “**Law**” means any domestic or foreign federal, state, provincial or local statute, law (including common law), ordinance, regulation, rule, code, or governmental order or decree, or any other requirement or rule of law.
- 1.1.32 “**Material**” means all systems, software, technology, documentation, reports, notes, tools, methods, methodologies, processes, procedures, workflows, inventions, forms, data, data formats, data compilations, program names, designs, drawings, videos, object code, source code and other material, work product or deliverables created, furnished, or made available in connection with this Agreement.
- 1.1.33 “**Minimum Liquidity Hot Trigger Event**” means, on the last day of any fiscal quarter beginning with the fiscal quarter ending in September 2014, either (i) the aggregate amount of Synchrony Financial’s Short Term Investments is less than \$3,000,000,000 or (ii) the aggregate amount of Synchrony Bank’s Short Term Investments is less than \$1,500,000,000.
- 1.1.34 “**Minimum Liquidity Warm Trigger Event**” means, on the last day of any fiscal quarter beginning with the fiscal quarter ending in September 2014, either (i) the aggregate amount of Synchrony Financial’s Short Term Investments is less than \$4,000,000,000 or (ii) the aggregate amount of Synchrony Bank’s Short Term Investments is less than \$2,000,000,000.
- 1.1.35 “**Minimum Tier 1 Common Ratio**” means, with respect to Synchrony Financial, as of any date of determination, (a) prior to the Basel III Implementation Date (or such earlier date that Synchrony Financial’s public disclosures with respect to tier 1 capital are calculated in accordance with Basel III), the ratio of Tier 1 Common Capital of Synchrony Financial to Total Risk-Weighted Assets (calculated in accordance with Basel I) of Synchrony Financial and (b) on or after the Basel III Implementation Date (or such earlier date that Synchrony Financial’s public disclosures with respect to tier 1 capital are calculated in accordance with Basel III), the ratio of common equity tier 1 capital of Synchrony Financial to Total Risk-Weighted Assets (in each case, for the purposes of this clause (b), calculated in accordance with Basel III) of Synchrony Financial.

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- 1.1.36 “**Moody’s**” means Moody’s Investors Service, Inc., or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities ratings agency, such other nationally recognized securities rating agency agreed upon by Service Provider and Service Recipient.
- 1.1.37 “**Notice**” has the meaning provided in Section 12.1.1.
- 1.1.38 “**OCC**” means the Office of the Comptroller of the Currency within the United States Department of the Treasury.
- 1.1.39 “**Party**” or “**Parties**” has the meaning provided in the preamble.
- 1.1.40 “**Performance Report**” means a report substantially in the form of Exhibit A, as such exhibit may be amended from time to time with the mutual agreement of the Parties.
- 1.1.41 “**Person**” means any natural person or entity including but not limited to any association, branch, corporation, company, partnership, body corporate, limited liability company or group, and that person’s or entity’s personal representatives, successors or permitted assigns.
- 1.1.42 “**Personal Data**” has the meaning provided in Section 11.1.6.
- 1.1.43 “**Processing**” has the meaning provided in Section 11.1.7.
- 1.1.44 “**Records**” has the meaning provided in Section 4.1.
- 1.1.45 “**Regulation AB**” means 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Securities and Exchange Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1506 (Jan. 7, 2005)) or by the staff of the Securities and Exchange Commission, or as may be provided by the Securities and Exchange Commission or its staff from time to time.
- 1.1.46 “**S&P**” means Standard & Poor’s Ratings Services a division of McGraw Hill Financial Inc., or its successor, or if it is dissolved or liquidated or no longer performs the functions of a securities rating agency, such other nationally recognized securities rating agency agreed upon by Service Provider and Service Recipient.
- 1.1.47 “**Securities Act**” means the provisions of the Securities Act of 1933, 15 U.S.C. Sections 77a et seq., and any regulations promulgated thereunder.
- 1.1.48 “**Securities Exchange Act**” means the provisions of the Securities Exchange Act of 1934 15 U.S.C. Sections 78a et seq., and any regulations promulgated thereunder.

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- 1.1.49 “**Securitization Payment Date**” means the 15<sup>th</sup> day of each calendar month, of, if the 15<sup>th</sup> day is not a Business Day, then the next Business Day.
- 1.1.50 “**Securitization Servicing Agreement**” has the meaning provided in the preamble.
- 1.1.51 “**Securitization Trust**” has the meaning provided in the preamble.
- 1.1.52 “**Security Breach**” has the meaning provided in Section 11.1.8.
- 1.1.53 “**Security Notices**” has the meaning provided in Section 11.1.5.
- 1.1.54 “**Service Provider**” has the meaning provided in the preamble.
- 1.1.55 “**Service Provider Data**” has the meaning provided in Section 11.1.2.
- 1.1.56 “**Service Provider Materials**” has the meaning provided in Section 21.2.
- 1.1.57 “**Service Recipient**” has the meaning provided in the preamble.
- 1.1.58 “**Service Recipient Data**” has the meaning provided in Section 11.1.1.
- 1.1.59 “**Service Recipient Materials**” has the meaning provided in Section 21.3.
- 1.1.60 “**Services**” means the particular services listed in Schedule 1 to this Agreement (as amended from time to time in accordance with Section 18).
- 1.1.61 “**Short Term Investments**” means, for any Person as of any date of determination, the sum of all unrestricted (i) cash, (ii) Cash Equivalents and (iii) Investment Securities, in each case, held by such Person on such date of determination.
- 1.1.62 “**SOW**” has the meaning provided in Section 2.1.
- 1.1.63 “**Subsidiary**” of a Person means a corporation, partnership, joint venture, limited liability company, trust or other business entity of which more than 50% of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, directly or indirectly, through one or more intermediaries, or both, by such Person.
- 1.1.64 “**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or delay in paying any of the same).
- 1.1.65 “**Term**” has the meaning provided in Section 7.1.

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- 1.1.66 “**Termination Event**” has the meaning provided in Section 7.3.
  - 1.1.67 “**Third Party**” means any Person who is not a Party hereunder or an Affiliate of a Party.
  - 1.1.68 “**Third Party Materials**” has the meaning provided in Section 21.2
  - 1.1.69 “**Tier 1 Capital Hot Trigger Event**” means, on the last day of any fiscal quarter beginning with the fiscal quarter ending in September 2014, the Minimum Tier 1 Common Ratio is less than 8.5%.
  - 1.1.70 “**Tier 1 Capital Warm Trigger Event**” means, on the last day of any fiscal quarter beginning with the fiscal quarter ending in September 2014, the Minimum Tier 1 Common Ratio is less than 10.0%.
  - 1.1.71 “**Tier 1 Common Capital**” means with respect to Synchrony Financial, as of any date of determination, tier 1 capital (as calculated in accordance with Basel I) less the non-common equity elements of tier 1 capital, including any perpetual preferred stock and related surplus, minority interest in subsidiaries, trust preferred securities and mandatory convertible preferred securities.
  - 1.1.72 “**Total Risk-Weighted Assets**” means, with respect to Synchrony Financial, as of any date of determination, the aggregate balance sheet and off-balance sheet assets of Synchrony Financial after giving effect to the assignment of different risk weightings to the various balance sheet and off-balance sheet assets and calculated in accordance with Basel I or Basel III, as applicable.
  - 1.1.73 “**Trigger Event**” means the Minimum Liquidity Warm Trigger Event, Tier I Capital Warm Trigger Event, Minimum Liquidity Hot Trigger Event or Tier I Capital Hot Trigger Event.
  - 1.1.74 “**VAT**” shall mean any value added Tax, services, sales, use, consumption, goods and services Tax or similar Tax, including such Tax as may be levied in accordance with (but subject to derogation from) EC Directive 2006/112/EC (and other EC directives relating to VAT) and/or local legislation imposing value added tax in the relevant jurisdiction.

1.2 **Other Terms.**

- 1.2.1 Capitalized terms used in this Agreement but not defined here have the meanings given elsewhere in this Agreement, or, if not defined in this Agreement, in the Securitization Servicing Agreement.
- 1.2.2 Any reference in this Agreement to a section, clause or schedule shall be deemed to be a reference to a section, clause or schedule of this Agreement.
- 1.2.3 Words denoting the singular herein shall be construed so as to include the plural also and vice versa as the context so requires.

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**2. Services**

- 2.1 Service Provider shall provide the Services provided in Schedule 1 pursuant to the terms set out in this Agreement. In addition, the Parties may (but are not required to) enter into additional separate statements of work (Schedule 1 and such additional statements of work hereinafter referred to as a “SOW”), which may (a) specify additional Services to be provided, (b) identify changes and/or amendments to the description of the Services hereunder and/or (c) reference specific local operational and/or commercial requirements not contemplated in this Agreement together with specified service levels. Each such SOW will be deemed to incorporate by reference the terms and conditions of this Agreement unless the applicable SOW expressly states otherwise. Any future amendment to or modification of the terms and conditions of this Agreement shall be deemed incorporated into each SOW hereunder without the necessity of further action by either Party. Each SOW will be deemed a separate contract between Service Provider and Service Recipient. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of a SOW, the terms and conditions of this Agreement shall prevail; provided however, that (i) particular terms of a SOW shall prevail (but with respect to conflicts between this Agreement and that particular SOW only) if the term is included in a section of the SOW titled “TERMS OF THIS SOW THAT TAKE PRECEDENCE OVER THE TERMS OF THE AGREEMENT” and (ii) notwithstanding item (i), in the case of any conflict or inconsistency between the terms and conditions of a SOW and the terms and conditions of Schedule 3, the terms and conditions of Schedule 3 will prevail. All SOWs will be substantially in the form of Schedule 4 to this Agreement.
- 2.2 Service Provider will provide the Services at the requisite standard as provided in this Agreement and each SOW.
- 2.3 Special terms (as applicable) apply in relation to Service Recipient as set out in Schedule 3. In the case of any conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of Schedule 3, the terms and conditions of Schedule 3 will prevail.
- 2.4 [RESERVED]
- 2.5 Service Recipient’s and Service Provider’s responsibilities and obligations under this Agreement are as follows:
- 2.5.1 For the successful completion of the Services, each Party shall:
- comply with applicable Laws;

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- provide reasonable access to knowledgeable personnel (functional experts) if needed and requested by the other Party;
  - cooperate with the other Party, including by making available management decisions, information, approvals and acceptances, as reasonably requested by a Party so that such Party may accomplish its obligations and responsibilities hereunder;
  - resolve issues in a timely fashion to ensure that Service Provider can meet its obligations and meet specified service levels (if any) as provided in this Agreement and each SOW; and
  - participate in scheduled meetings to review status.

2.5.2 For the successful completion of the Services, Service Provider shall:

- comply with applicable Laws governing performance of its obligations under this Agreement and each SOW hereunder;
- participate in scheduled meetings with Service Recipient to discuss the Services provided under this Agreement and each SOW;
- prioritize and co-ordinate tasks in discussion with Service Recipient;
- report to Service Recipient any issues that affect (or may potentially affect) the delivery and/or performance of Services as soon as reasonably practicable and work to address such issues in a timely manner;
- promptly notify Service Recipient in the event that Service Provider becomes aware of any error in a monthly noteholder statement and consult with Service Recipient as to the need to amend any previously delivered noteholder statement;
- provide the Services with reasonable care and diligence, consistent with the level of quality that Service Provider provides to itself and its customers and in accordance with the Contracts, the Credit Card Program Agreements and the Credit and Collection Policies;
- promptly report to Service Recipient any known material breach of its obligations hereunder or the occurrence of a Trigger Event;
- calculate the Minimum Tier 1 Common Ratio and the other calculations described in the definitions of Minimum Liquidity Warm Trigger Event, Tier 1 Capital Warm Trigger Event, Minimum Liquidity Hot Trigger Event and Tier 1 Capital Hot Trigger Event; and

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- perform the Services in accordance with the terms of this Agreement and any applicable SOW; and
  - permit Service Recipient to participate in a monthly meeting to discuss the results of the previous month's Performance Report.
- 2.5.3 During the Term, Service Recipient agrees not to amend the Securitization Servicing Agreement without the prior written consent of Service Provider, which consent shall not be unreasonably withheld or delayed.
- 2.6 **Business Continuity and Disaster Recovery**
- 2.6.1 “**Business Continuity Plan**” means an applicable comprehensive business continuation program, supporting certain existing Disaster Recovery Plans, that defines the recovery process to be followed by Service Provider to maintain critical business functions (including critical service providers and processes) with respect to the Services during an unexpected business interruption.
- 2.6.2 “**Disaster Recovery Plan**” means an applicable plan that describes the process and procedures required to be performed with respect to certain information technology in order to recover data in the event of a disaster.
- 2.6.3 Service Provider shall have in place during the Term of this Agreement a Business Continuity Plan and/or Disaster Recovery Plan applicable to each service or piece of information technology as the context may require, and at a minimum, in accordance with commercially reasonable standards and in accordance with such further terms and/or standards (if any) provided in (i) an applicable SOW hereunder and/or (ii) Schedule 3. Service Provider agrees that it will test the Business Continuity Plans and Disaster Recovery Plans as appropriate based on Service Provider's risk-based priority testing requirements, [but in any event at least annually].
- 2.7 Service Provider shall maintain fidelity bond or other appropriate insurance coverage insuring against losses through wrongdoing of its officers and employees who are involved in the servicing of credit card receivables covering such actions and in such amounts as Service Provider and Service Recipient mutually agree to be reasonable from time to time; provided that such amount shall not be in excess of the amount maintained by Service Recipient in accordance with the Securitization Servicing Agreement.
- 2.8 Service Recipient and Service Provider will each appoint an equal number of members to an oversight panel having such number of members as the Parties shall mutually agree and meeting periodically with such frequency as the Parties shall mutually agree (but in any event, at least quarterly) to review the performance by the Parties under this Agreement. Absent an agreement by the Parties as to the composition oversight panel, each Party shall appoint three members to such oversight panel.

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**3. Compensation**

- 3.1 In consideration for the provision of the Services, Service Recipient shall make payment on a monthly basis to Service Provider on each Securitization Payment Date, unless otherwise determined in accordance with Schedule 1, of an amount equal to a fee (the “Fee”) determined in accordance with Schedule 2. Service Recipient shall instruct the Indenture Trustee to pay a portion of the Monthly Servicing Fee payable under the Securitization Servicing Agreement in an amount equal to the Fee directly to Service Provider.
- 3.2 Except as otherwise explicitly provided in this Agreement, Service Provider shall be required to pay for all expenses incurred by it in connection with providing the Services (including any payments to accountants, counsel or any other Person) and shall not be entitled to any payment or reimbursement of those expenses other than the Fee.
- 3.3 Prior to the Second Business Day preceding each Securitization Payment Date, Service Provider shall issue an invoice to Service Recipient that lists the Fee payable for the preceding Monthly Period, together with available supporting documentation as requested by Service Recipient.

**4. Records and Reports**

- 4.1 Service Provider shall keep full and true books and records in respect of Services provided pursuant to this Agreement and any SOW (hereinafter the “Records”) and maintain the Records for the purposes of inspections for a period sufficient for Service Recipient to comply with its obligations under Applicable Law and its applicable document retention policies (which obligations, laws, and policies have been disclosed to Service Provider), unless otherwise specified in Schedule 3. In the alternative, if no such period is specified, Service Provider shall keep and maintain the Records for a period of ten (10) years.
- 4.2 A Party shall comply with all reasonable advance written requests of the other Party (and/or the Party’s internal or external auditors or Governmental Entities) to review the Records of the Party consistent with applicable Law, such review to be at the expense of the requesting Party. Subject to applicable Law, the requesting Party and/or its internal or external auditors or Governmental Entities shall be entitled to make copies and extracts from the Records at the requesting Party’s own expense. If the audited Party’s compliance with, cooperation with and/or support of any such Records review related to such audited Party will cause the audited Party to expend additional resources that it otherwise would not spend in the normal course of providing the Services, the audited Party will notify the requesting Party of such requirement for additional resources (and the hourly rate associated with each). Upon the requesting Party’s authorization, the audited Party will provide such assistance, the requesting Party will be charged at such

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associated hourly rates for person hours expended by the audited Party personnel in supporting the requesting Party in connection with such Records review; provided that after the occurrence of a Termination Event, any reasonable out of pocket expenses incurred by Service Recipient in connection with a review of the Records of Service Provider shall be borne by Service Provider and Service Provider shall not be entitled to charge Service Recipient for its costs and expenses in connection with assisting in such review.

- 4.3 [Service Provider's transfer pricing material directly relating to the Services (it being understood that Service Provider may redact or reformat portions of such material to protect any data not directly related to the Services or otherwise sensitive data) shall be available upon request for an independent review by Service Recipient's internal or external local statutory and/or tax auditor or Governmental Entities.]
- 4.4 Each Party, at its own expense, agrees to permit an audit to be undertaken upon advance written notice and as reasonably necessary, when it is requested by the other Party or its representatives in order to comply with applicable Laws related to banking, financial, or data privacy rules or regulations.
- 4.5 In addition to audit rights as described in the previous section, Service Recipient and its auditors, agents and regulators shall have the right, upon reasonable prior notice and during normal business hours, to conduct on-site and off-site reviews and audits of Service Provider's operations and performance with respect to the provision of the Services and compliance with the terms of this Agreement and laws applicable to Service Provider. Prior to the occurrence of a Termination Event, Service Provider shall pay the costs and expenses of delivery of a yearly public accounting firm's attestation report in connection with the Services as required by Item 1122 of Regulation AB, and Service Recipient's reasonable out of pocket costs and expenses of one additional audit per calendar year. The costs and expenses associated with any additional audits shall be the responsibility of Service Recipient, except upon the occurrence of a Termination Event, in which case the reasonable out of pocket costs and expenses of any additional audits shall be borne by Service Provider. Service Provider shall promptly take action to remediate any deficiencies discovered in the course of the attestation report work or any other audit and shall implement any reasonably required remediation plans, which shall be developed in consultation with Service Recipient.
- 4.6 Service Provider shall provide the reports set forth in a SOW, or as may be requested by a Governmental Entity (e.g. performance reports, control audits, financial statements, security, and business resumption testing reports). Additionally, Service Provider shall use commercially reasonable efforts to provide additional reports as reasonably requested by Service Recipient. To the extent a report requested in accordance with the preceding sentence cannot be provided with commercially reasonable effort and expense, Service Provider will notify Service Recipient and shall provide the additional reports at the expense of Service Recipient.

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**5. VAT**

The amounts determined in accordance with Schedule 2 are exclusive of any VAT that is assessed on the provision of the Services as a whole or on any particular Service, and it is the responsibility of both Service Provider and Service Recipient to ensure that the correct VAT is applied to any charge and/or Fee in respect of any Services provided. For the avoidance of doubt in the event that VAT is chargeable, including when in addition to the amounts determined in accordance with Schedule 2, Service Recipient shall pay all VAT amounts to Service Provider (including in addition to those amounts on provision of a valid VAT invoice to Service Recipient). If applicable, the parties shall reasonably cooperate with respect to preparing any statements, forms, documentation or other necessary information to establish an exemption or reduction in any such taxes.

**6. Withholding For Tax**

- 6.1 All payments under this Agreement will be made without any deduction or withholding for, or on account of, any Tax unless such deduction or withholding is required by any applicable Law in effect at the time that the Tax is due to be paid.
- 6.2 To the extent Service Recipient (the “**payor**”) is not required to deduct or withhold Tax by virtue of Service Provider’s (the “**payee**”) exempt status under a specific treaty or Law, payee will provide payor with all necessary documents to support payor’s exempt status.
- 6.3 If payor is so required to deduct or withhold Tax, then payor will:
  - 6.3.1 promptly notify payee of such requirement;
  - 6.3.2 pay to the relevant authorities the full amount required to be deducted or withheld; and
  - 6.3.3 promptly forward to the payee an official receipt (or a certified copy), or other documentation reasonably acceptable to the payee, evidencing such payment to the authorities.
- 6.4 If payor is a “United States person” (as that term is defined in section 7701(a)(30) of the United States Internal Revenue Code), the above withheld amounts shall be treated as paid to the payee for purposes of this Agreement. If the payor is not a “United States person” (as that term is defined in section 7701(a)(30) of the United States Internal Revenue Code), payor shall pay and bear such withholding, such that payee shall receive (after all such applicable withholding) an amount equal to the amount it would have received under this Agreement in the absence of such withholding.

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7. **Term and Termination; Remedies**

- 7.1 The “**Term**” of this Agreement shall begin on the Effective Date and end on the earlier of (i) termination of this Agreement by Service Recipient or Service Provider in accordance with Section 7.2, 7.3 or 13 and (ii) the date on which Service Recipient shall transfer servicing under the Securitization Servicing Agreement to Service Provider or an Affiliate thereof or to a successor Servicer in accordance with Section 7.6. Other than as set forth in Section 7.10, Service Provider shall have the sole right to perform the Services during the Term and Service Recipient shall not have the right to engage others to perform any portion of the Services or to perform the Services internally during the Term.
- 7.2 Service Provider may terminate this Agreement and its obligations to provide the Services, in whole, for cause, if (i) Service Recipient fails to pay any material amount owing under this Agreement on a timely basis or (ii) Service Provider’s ability to provide a material portion of the Services is prohibited by any law, rule or regulatory requirement.
- 7.3 Service Recipient may terminate the Services, in whole or in part upon the occurrence of one of the following events (each, a “**Termination Event**”): (i) a Change of Control; (ii) the occurrence of an Insolvency Event of Service Provider; (iii) Service Provider or an Affiliate thereof shall be qualified to accept an assignment of Service Recipient’s rights and obligations under the Securitization Servicing Agreement and shall fail to accept such assignment from Service Recipient within 120 days after the earlier of (x) the date on which Service Provider meets the rating requirements in Section 6.2 of the Securitization Servicing Agreement and the Rating Agency Condition is satisfied with respect to such assignment and (y) the date on which the Notes of all Series that are Outstanding on the date hereof shall have either been paid in full or shall have consented to such assignment and, if required by the Securitization Servicing Agreement, the Rating Agency Condition is satisfied with respect to such assignment; provided that no Termination Event shall result if the failure to accept such assignment shall result from Service Recipient’s failure to cooperate in good faith with Service Provider to accomplish such assignment or (iv) the failure of Service Provider to perform any Service in accordance with this Agreement that, with giving of notice or lapse of time, would constitute a Servicer Default, which such failure continues unremedied for 53 days (or, if the Termination Event is a result of Service Provider’s failure to make any payment, transfer or deposit, 4 business days) after the date of written notice thereof shall have been received by Service Provider; provided that if Service Provider’s failure was caused by an act of God or other similar occurrence then a Termination Event shall not be deemed to have occurred until 7 days prior to the date on which a Servicer Default would result from such failure.
- 7.4 Service Provider shall promptly, and in any event within 2 Business Days, notify Service Recipient of the occurrence of a Termination Event.

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- 7.5 Termination or expiration of this Agreement or any SOW shall not terminate the obligation of the Parties to pay fees and expenses that may be due and unpaid on the date of termination or expiration or for Services that have been provided but which have not yet been invoiced on the date of termination or expiration.
- 7.6 Upon the termination of Service Provider's appointment or the termination or expiration of this Agreement, Service Provider agrees to reasonably facilitate the transition of all or the terminated portion of the Services, as applicable, from Service Provider to one or more alternate subservicers or to Service Recipient and shall pay commercially reasonable costs and expenses related to the transition of Services. At the request of Service Recipient, Service Provider will continue to provide the Services for a transition period not to exceed 12 months following the expiration or termination of this Agreement in order to ensure a smooth transition. During such transition period, Service Provider shall continue to be paid the Fee. Thereafter, Service Provider will provide reasonable post-termination assistance, on a time and materials basis, with respect to transactions occurring prior to the end of such transition period. If requested by Service Provider, prior to provision of termination or expiration assistance to any designee of Service Recipient, Service Recipient will ensure that such designee has first signed a confidentiality agreement with Service Provider, which contains terms and conditions reasonably acceptable to Service Provider.
- 7.7 Service Recipient covenants and agrees that it shall not resign as Servicer under the Securitization Servicing Agreement during the Term of this Agreement unless (i) permitted to resign in accordance with the Securitization Servicing Agreement and (ii) any successor Servicer has entered into a subservicing agreement with Service Provider to perform the Services on substantially the same terms provided in this Agreement, with such subservicing agreement to be in form and substance reasonably satisfactory to Service Provider. Service Provider and Service Recipient agree to cooperate to take all actions reasonably necessary to cause the transition of servicing under the Securitization Servicing Agreement to Service Provider or an Affiliate thereof as soon as reasonably practicable after the assignment of servicing to Service Provider would become permissible under the Securitization Servicing Agreement, but in no event later than 120 days after the latest maturity date of any Series of Notes outstanding on the Effective Date.
- 7.8 If, as of the last day of any fiscal quarter beginning with the fiscal quarter ending September 2014, either a Minimum Liquidity Warm Trigger Event or a Tier 1 Capital Warm Trigger Event occurs, Service Recipient may require Service Provider to take the following actions:
- (1) permit Service Recipient to conduct additional inspections and/or audits, not more frequently than once during any 90-day period and to reimburse Service Recipient for any reasonable out of pocket expenses in connection therewith; and

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- (2) at Service Provider's expense, enter into a backup subservicing agreement with a backup servicer to perform the obligations of a "warm" backup servicer, which obligations shall include:
    - a. an agreement by the backup servicer to perform the Services and the obligations of the Servicer Provider under this Agreement within 90 days of receiving written notice of the occurrence of a Termination Event; and
    - b. receiving copies of a computer file from Service Provider no later than 30 days following the end of each Monthly Period, confirming that the information contained therein is readable and contains the information necessary to permit the backup servicer to prepare all monthly noteholder statements required to be delivered in accordance with the Securitization Servicing Agreement.

7.9 If, as of the last day of any fiscal quarter beginning with the fiscal quarter ending September 2014, either a Minimum Liquidity Hot Trigger Event or a Tier 1 Capital Hot Trigger Event occurs, Service Recipient may require Service Provider to take the following actions:

- (1) permit Service Recipient to conduct additional inspections and/or audits, not more frequently than once during any 30-day period and to reimburse Service Recipient for any reasonable out of pocket expenses in connection therewith; and
- (2) at Service Provider's expense, enter into a backup subservicing agreement with a backup servicer to perform the obligations of a "hot" backup servicer, which obligations shall include:
  - a. an agreement by the backup servicer to perform the Services and the obligations of the Servicer Provider under this Agreement within 45 days of receiving written notice of the occurrence of a Termination Event;
  - b. receiving copies of a computer file from Service Provider no later than 7 days following the end of each calendar month, confirming that the information contained therein is readable and contains the information necessary to permit the backup servicer to prepare all monthly noteholder statements required to be delivered in accordance with the Securitization Servicing Agreement;
  - c. completing trial conversions to transfer the data contained in the computer file described above to the backup servicer's servicing system; and
  - d. recalculating all monthly noteholder statements that Service Provider is required to deliver pursuant to the Securitization Servicing Agreement.

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7.10 If Service Provider fails to perform any of its obligations under this Agreement, and such failure has a material adverse effect on either the Securitization Trust or Service Recipient's ability to satisfy its obligations under the Securitization Servicing Agreement and such failure has not been cured after seven Business Days (or two Business Days with respect to Service Provider's failure to make any payment, transfer or deposit when required) after the date written notice thereof shall have been received by Service Provider, Service Recipient shall be entitled to conduct not more than two additional inspections and/or audits per calendar year and Service Provider shall reimburse Service Recipient for any invoiced reasonable out of pocket costs and expenses in connection therewith. Additionally, if Service Provider's failure to perform any part of the Services results in a material adverse effect on either the Securitization Trust or Service Recipient's ability to satisfy its obligations under the Securitization Servicing Agreement and Service Provider has not resumed providing such services within 30 days (or three Business Days with respect to Service Provider's failure to make any payment, transfer or deposit when required) after the date written notice thereof shall have been received by Service Provider, Service Recipient may, at its option, take control of the related Services that Service Provider has failed to perform and, in doing so, may take such other action as Service Recipient deems reasonably necessary to prevent a "Servicer Default" (as defined in the Securitization Servicing Agreement) resulting from such failure to perform, including engaging a Third Party service provider. Such step-in rights will continue until Service Provider establishes to Service Recipient's reasonable satisfaction that Service Provider is capable of providing the Services and can resume providing the Services. Service Provider shall promptly and duly execute and deliver any and all further instruments and documents, and take such further action, that may be necessary or desirable or that Service Recipient may request to enable the Service Recipient to exercise and enforce its step-in rights under this Section 7.10. Service Provider shall reimburse Service Recipient for any invoiced reasonable out-of-pocket costs and expenses in connection with exercising step-in rights as described in this Section 7.10.

## **8. Confidentiality**

8.1 Each Party shall keep secret and maintain in strict confidence the other Party's Confidential Information (as defined below) and shall protect such information with at least the same degree of care as such Party exercises with its own information, but in no event less than a reasonable degree of care, provided that, consistent with applicable Law, Service Provider may disclose such information, to properly authorized entities as and to the extent necessary for performance of the Services and enforcement of this Agreement, and Service Recipient may disclose such information, consistent with applicable Law, to Affiliates and Third Parties as and to the extent necessary for the conduct of its business, where in

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each such case, the receiving entity first agrees in writing to obligations substantially similar to those described in this Section 8, and subject to applicable Law, as and to the extent necessary for enforcement of this Agreement. Both Parties agree to limit disclosure of the other Party's Confidential Information to individuals who have a legitimate "need to know" the same. "**Confidential Information**" shall mean all information, in any form: (i) that is furnished to, obtained from, or disclosed to, directly or indirectly, the other Party under this Agreement or disclosed to Service Recipient under the Securitization Servicing Agreement (whether prior to or on and after the Effective Date) and (ii) that is (A) marked or designated in writing in a manner to indicate it is confidential, restricted, or with a similar designation or (B) of a nature that a reasonable person would understand it to be confidential. In connection with the disclosure of any Confidential Information in a Dispute or proceeding to enforce this Agreement, the disclosing Party will in doing so make every effort to secure confidential treatment of any materials disclosed.

8.2 Confidential Information of a Party shall not:

- 8.2.1 be used by the other Party for any purpose other than that of provision or receipt of the Services under this Agreement or the Securitization Servicing Agreement or the enforcement of this Agreement; and
- 8.2.2 be used except to the extent necessary to satisfy that Party's obligations under this Agreement or the Securitization Servicing Agreement or the enforcement of its rights hereunder.

No portion of a Party's Confidential Information shall be sold, assigned, leased, commercially exploited, or otherwise disposed of by or on behalf of the other Party, its Affiliates, authorized representatives, employees or agents.

8.3 Consistent with applicable Law, this obligation of secrecy and confidentiality shall not apply to information which:

- 8.3.1 at the time of disclosure to the receiving Party is in the public knowledge as evidenced by printed publication or otherwise; or
- 8.3.2 after disclosure to the receiving Party becomes part of the public knowledge through no fault of a Party;
- 8.3.3 was in the possession of the receiving Party at the time of disclosure to it, without obligation of confidentiality; it being understood that Confidential Information received by Service Recipient as Servicer under the Securitization Servicing Agreement, whether prior to or on and after the Effective Date, shall be deemed to have been received subject to an obligation of confidentiality;

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- 8.3.4 after its disclosure to the receiving Party, was legally received from a Third Party who had a lawful right to disclose such information to it without any obligation to restrict its further use or disclosure;
- 8.3.5 was independently developed by the receiving Party without reference to, reliance on, or knowledge of Confidential Information of the disclosing Party; or
- 8.3.6 the receiving Party has received permission in writing from the disclosing Party to disclose.
- 8.4 A Party shall not be considered to have breached its obligations by disclosing Confidential Information of the disclosing Party as required to satisfy any legal requirement of a competent Government Entity (including a court order, subpoena, or other valid administrative or judicial notice), in a manner consistent with applicable Law, provided that, immediately upon receiving any such request and to the extent that it may legally do so, the receiving Party promptly advises the disclosing Party of the request prior to making such disclosure. If (absent a protective order, the receipt of a waiver hereunder, or for any reason) the receiving Party is nonetheless legally compelled to disclose such Confidential Information, the receiving Party may disclose such Confidential Information without liability hereunder, but will in doing so make every effort to secure confidential treatment of any materials disclosed. In addition, a Party shall not be considered to have breached its obligations by disclosing Confidential Information (other than data that is personally identifiable to a particular person) to its attorneys, auditors, and other professional advisors, consistent with applicable Law, in connection with services rendered by such advisors, provided that such Party has confidentiality agreements with such professional advisors or such advisors owe professional confidentiality obligations to the Party.
- 8.5 In the event of any actual or suspected misuse, disclosure or loss of, or inability to account for, any Confidential Information of the disclosing Party, the receiving Party promptly shall (i) notify the disclosing Party upon becoming aware thereof; (ii) promptly furnish to the other Party full details of the unauthorized possession, use, or knowledge, or attempt thereof, and use reasonable efforts to assist the other Party in investigating or preventing the reoccurrence of any unauthorized possession, use, or knowledge, or attempt thereof, of Confidential Information; (iii) take such actions as may be necessary or reasonably requested by the disclosing Party to minimize the violation; (iv) reimburse the disclosing Party for all costs, losses and expenses actually incurred by the disclosing Party; and (v) cooperate in all reasonable respects with the disclosing Party to minimize the violation and any damage resulting therefrom.
- 8.6 The Parties acknowledge and agree that all such Confidential Information in any form, and any copies and/or extracts thereof, are and shall remain the sole and exclusive property of the disclosing Party. Upon the termination of this Agreement or as requested by the disclosing Party during the term of this

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Agreement, the receiving Party shall promptly destroy or deliver to the disclosing Party all Confidential Information of the disclosing Party, provided that each Party may keep such Confidential Information if and as long as required by any applicable Law or court or Governmental Entity order (or as a result of any automatic electronic archive and back-up procedures) and provided further that a Party shall have no obligation to destroy any Confidential Information that is subject to a claim, dispute, lawsuit, or subpoena or in any other circumstances in which such Party reasonably believes that destruction of such Confidential Information would be unethical or unlawful. Subject to the previous, if Confidential Information is destroyed by the receiving Party rather than returned to the disclosing Party, an officer duly authorized to bind the receiving Party will provide a written certification of same to the disclosing Party.

8.7 This Section 8 shall remain in full force and effect notwithstanding any termination of this Agreement.

## 9. Liability

9.1 Either Party will indemnify, defend and hold harmless the other Party, its Affiliates and their respective officers, directors, employees, agents and representatives (collectively, “**Indemnitees**”), for all claims, losses or damages suffered by the other Party that result from such Party’s failure to observe or perform any of its duties, obligations or covenants, any acts or omissions of such Party or its agents, any breach of such Party’s representations and warranties, unauthorized cessation of the Services, infringement of any third parties intellectual property rights or other breach of provisions relating to intellectual property or any bad faith, gross negligence or willful misconduct in the performance of its duties, including, without limitation:

- Any claim that, if true, would arise from or be attributable to a breach of such Party’s obligations under Section 8 (Confidentiality) and/or Section 11 (Data Privacy and Security);
- Any claim that, if true, would arise from or be attributable to an intentional tort, willful misconduct (including intentional breach of contract), unlawful conduct, or gross negligence of a Party (or any Person for which that Party is responsible).

9.2 NOTWITHSTANDING ANYTHING TO THE CONTRARY, NO PARTY TO THIS AGREEMENT SHALL BE RESPONSIBLE OR LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL LOSS, DAMAGE OR EXPENSE THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTIONS CONTEMPLATED HEREUNDER.

9.3 A Party’s non-performance of its obligations under this Agreement or a SOW hereunder shall be excused if and to the extent such non-performance results from

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the other Party's failure to perform its responsibilities hereunder; provided that such Party (i) has notified the other Party of the effect of that other Party's failure on such Party promptly after such Party becomes aware of it, and (ii) uses commercially reasonable efforts to perform notwithstanding the other Party's failure.

- 9.4 EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SERVICE PROVIDER EXPRESSLY DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS WITH RESPECT TO THE SERVICES.
- 9.5 In no event shall Service Provider or Service Recipient have any responsibility or liability under this Agreement for or with respect to the origination or underwriting of the Transferred Receivables, determining eligibility of the Receivables for inclusion in the Securitization Trust, the credit performance of the Transferred Receivables, the ability of the Securitization Trust to generate the payments to be distributed to the noteholders or the solvency of the Securitization Trust; it being understood that certain Affiliates of Service Provider may be responsible for the aforementioned duties under the agreements governing the Securitization Trust's securitization program and nothing in this Agreement shall impact that duties and obligations of such parties under the agreements relating to the Securitization Trust's securitization program.

## **10. Representations and Warranties of the Parties**

- 10.1 Service Recipient hereby represents and warrants to Service Provider, as of the date hereof:
- (a) It is a Delaware corporation, duly organized, and validly existing in good standing under the laws of the State of Delaware and has full corporate power and authority to execute, deliver, and perform its obligations under this Agreement; the execution, delivery, and performance of this Agreement have been duly authorized, and are not in conflict with and do not violate any law or regulation applicable to Service Recipient, or the terms of the articles or bylaws of Service Recipient and will not result in a breach of or constitute a default under or require any consent under any indenture, loan, or agreement to which Service Recipient is a party;
  - (b) All approvals, authorizations, licensees, registrations, consents, and other actions by, and notices to, and filings with any Person that may be required in connection with the execution, delivery, and performance of this Agreement by Service Recipient, have been obtained;
  - (c) There is no material claim nor any material litigation, proceeding, arbitration, investigation, or controversy pending, to which Service

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Recipient is a party, that would adversely affect this Agreement; no such claim, litigation, proceeding arbitration, investigation, or controversy has, to Service Recipient's knowledge, been threatened or is contemplated; to Service Recipient's knowledge, no facts exist which would provide a basis for any such claim, litigation, proceeding, arbitration, investigation, or controversy; and Service Recipient is not subject to any agreement with any regulatory authority with respect to its operations adversely affecting this Agreement; and

(d) Service Recipient is not insolvent.

10.2 Representations and Warranties of Service Provider. Service Provider hereby represents and warrants to Service Recipient, as of the date hereof:

- (a) Service Provider is a corporation, duly organized, and validly existing in good standing under the laws of the State of Delaware and has full power and authority to execute, deliver, and perform its obligations under this Agreement; the execution, delivery, and performance of this Agreement have been duly authorized, and are not in conflict with and do not violate any law or regulation applicable to Service Provider, or the terms of the articles of organization, operating agreement or bylaws of Service Provider and will not result in a breach of or constitute a default under or require any consent under any indenture, loan, or agreement to which Service Provider is a party;
- (b) All approvals, authorizations, licensees, registrations, consents, and other actions by, and notices to, and filings with, any Person that may be required in connection with the execution, delivery, and performance of this Agreement by Service Provider, have been obtained;
- (c) There is no material claim nor any material litigation, proceeding, arbitration, investigation, or controversy pending to which Service Provider is a party, that would adversely affect this Agreement; no such claim, litigation, proceeding arbitration, investigation, or controversy has, to Service Provider's knowledge, been threatened or is contemplated; to Service Provider's knowledge, no facts exist which would provide a basis for any such claim, litigation, proceeding, arbitration, investigation, or controversy; and Service Provider is not subject to any agreement with any regulatory authority with respect to its operations adversely affecting this Agreement; and
- (d) Service Provider is not insolvent.

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## 11. Data Privacy and Security

### 11.1 Definitions.

- 11.1.1 “**Service Recipient Data**” means Personal Data, Employment Data, financial data, and all other information concerning Service Recipient or any Affiliate, or its personnel, clients or customers, provided to Service Provider by or on behalf of Service Recipient, or created by Service Provider based on information provided by or on behalf of Service Recipient.
- 11.1.2 “**Service Provider Data**” means Personal Data, Employment Data, financial data, and all other information concerning Service Provider or any Affiliate, or its personnel, clients or customers, provided to Service Recipient by or on behalf of Service Provider, or created by Service Recipient based on information provided by or on behalf of Service Provider.
- 11.1.3 “**Employment Data**” means any information about an identified or identifiable individual that is obtained in the context of such person’s working relationship with Service Recipient, Service Provider or any Affiliate. Such persons include, for example, job applicants, employees (whether temporary or permanent), contingent workers, retirees, and former employees, as well as any dependents or others whose Personal Data have been given to Service Recipient or Service Provider or any Affiliate by such persons.
- 11.1.4 “**Data Protection Laws**” means Laws relating to data privacy, trans-border data flows or data protection, such as: (i) with respect to European Union applicant or member countries, the subordinate legislation implementing the European Union Data Protection Directive 95/46/EC (and any amendments thereto) (the “**Directive**”), and any additional European Union applicant or member country data protection, information security and privacy Laws, in the country where the Services are to be delivered; (ii) Title V of the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 and regulations promulgated under that Act; (iii) the Health Insurance Portability and Accountability Act of 1996, and regulations promulgated under that Act and (iv) with respect to all countries other than those governed by the laws in this Section, all Laws similar to or addressing the same subject matter covered in this Section 11.1.4.
- 11.1.5 “**Security Notices**” means all filings, communications, notices, press releases or reports related to any Security Breach.
- 11.1.6 “**Personal Data**” means any information relating to an identified or identifiable natural person (which includes legal entities in certain EU jurisdictions) (each, a “**Data Subject**”), including, a Data Subject’s name, address, telephone number, e-mail address, business contact information, social security number, driver’s license number, financial account number or other financial information, or medical or health-related information.

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- 11.1.7 “**Processing**” (and its derivatives, such as “**Process**”) means any operation or set of operations performed upon Service Recipient Data by Service Provider or upon Service Provider Data by Service Recipient, whether or not by automatic means, such as collection, recording, organization, storage, adaptation or alteration, retrieval, accessing, consultation, use, disclosure by transmission, dissemination, or otherwise making available, alignment or combination, blocking, erasure, or destruction.
- 11.1.8 “**Security Breach**” means any event involving an actual compromise of the security, confidentiality or integrity of Service Recipient Data or Service Provider Data, including any unauthorized access or use, or loss or theft, of equipment containing Service Recipient Data or Service Provider Data.
- 11.2 Data Processing by Service Provider. Service Provider shall, at its own cost, Process Service Recipient Data only to the extent necessary to provide the Services or as otherwise instructed by Service Recipient in writing. Service Provider agrees to comply with all applicable Data Protection Laws, and to protect and maintain the privacy of such Service Recipient Data accordingly. Such compliance shall include, Service Provider (i) not disclosing any Service Recipient Data to any Third Party except as expressly provided in this Agreement or otherwise directed or authorized in writing by Service Recipient; (ii) ensuring that its employees and subcontractors who obtain or have access to Service Recipient Data comply at all times with the Data Protection Laws and the applicable provisions of this Agreement; and (iii) protecting and maintaining the security of all Service Recipient Data in Service Provider’s custody or under Service Recipient’s control. Service Provider shall immediately report to Service Recipient any unauthorized disclosure or use of or any unauthorized access to any Service Recipient Data in Service Provider’s custody or under Service Provider’s control. Where Service Recipient Data consists of Employment Data, Service Provider shall comply, subject to applicable Law, with any of Service Recipient’s data protection policies to the extent a copy of such policies and standards has been provided to Service Provider with such advance notice as shall be commercially reasonable to allow Service Provider to implement such policies.
- 11.3 Data Processing by Service Recipient. Service Recipient shall Process Service Provider Data only to the extent necessary to receive the Services for itself or for its Affiliates or as otherwise instructed by Service Provider in writing. Service Recipient agrees to comply with all applicable Data Protection Laws, and to protect and maintain the privacy of such Service Provider Data accordingly. Such compliance shall include, Service Recipient (i) not disclosing any Service Provider Data to any Third Party except as expressly provided in this Agreement or otherwise directed or authorized in writing by Service Provider; (ii) ensuring that its employees and subcontractors who obtain or have access to Service Provider Data comply at all times with the Data Protection Laws and the applicable provisions of this Agreement; and (iii) protecting and maintaining the security of all Service Provider Data in Service Recipient’s custody or under

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Service Recipient's control. Service Recipient shall immediately report to Service Provider any unauthorized disclosure or use of or any unauthorized access to any Service Provider Data in Service Recipient's custody or under Service Recipient's control. Where Service Provider Data consists of Employment Data, Service Recipient shall comply, subject to applicable Law, with any of Service Provider's data protection policies to the extent a copy of such policies and standards has been provided to Service Recipient with such advance notice as shall be commercially reasonable to allow Service Recipient to implement such policies.

11.4 **Data Security.**

11.4.1 Either Party shall, upon the other Party's request, provide the requesting Party with all information pertaining to its data security systems and procedures (physical, technological and organizational) reasonably required by the requesting Party to assess the adequacy (in the requesting Party's sole discretion) of such systems and procedures with respect to the Services.

11.4.2 To the extent applicable to the Services, each Party shall comply, subject to applicable Law, with the data protection policies of the other Party to the extent a copy of such policies has been provided to such Party with such advance notice as shall be commercially reasonable to allow such Party to implement such policies.

11.4.3 Without limiting the foregoing, each Party shall implement and maintain physical, technical and organizational measures to ensure the security and confidentiality of Service Recipient Data and Service Provider Data in order to prevent, among other things, accidental, unauthorized or unlawful access, use, modification, disclosure, loss, or destruction of Service Recipient Data or Service Provider Data. The security measures taken shall be in compliance with applicable Data Protection Laws and any applicable local data or IT security requirements, and shall be adapted to the risks represented by the Processing and the nature of Service Recipient Data or Service Provider Data to be Processed, having regard to the state of the art and the cost of implementation.

11.5 European Union. If in the course of the Parties' performance of this Agreement, any Personal Data will be transferred from a member state of the European Union to a jurisdiction outside the EU that has not been declared "adequate" for personal data protection by the European Commission, the Party becoming aware of this situation will inform the other unless it is already specified under a SOW, and Service Recipient and Service Provider (or other party who Processes data, if approved by both Parties) agree each Party shall comply with all Data Protection Laws applicable to its role in connection with such data transfer on its behalf and on behalf of the other Party, and shall comply with and, where needed, assist the other Party to comply with, all formalities required to be met, including the need to (a) execute the Standard Contractual Clauses for Controller-to-Processor

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Transfers, which each Party acknowledges it has received as part of a separate data file, or such other data transfer agreement as agreed to by the Parties in writing; (b) if required by law, notify a data transfer to the local data protection authorities; (c) inform the other Party to such Processing unless otherwise specified in the relevant SOW; and (d) to provide without any delay a copy or access to a copy of such data transfer agreement (identified under (a) above) to any Party upon signature. Service Provider is authorized to transfer data to third parties for the purposes of the Services provided that the above conditions under this Section 11 are met. Service Provider shall also make sure all standard contractual clauses for controller to Processor transfers are available to Service Recipient when signed by Service Provider.

11.6 Agreements with Third Parties. Each Party represents and warrants that to the extent it provides any of the other Party's Service Recipient Data or Service Provider Data (as applicable) to any of its suppliers, subcontractors and/or agents (such provision being necessary to Service Provider's performance of (or Service Recipient's receipt of) the Services), it shall maintain with such suppliers, subcontractors and/or agents during the Term contractual arrangements obligating such Third Parties to implement and maintain physical, technical and organizational data security measures consistent with the obligations placed on the Parties in Section 11.4.

11.7 **Security Breach Notification and Communications.**

11.7.1 A Party shall notify the other Party in the most expedient time possible and without unreasonable delay of any Security Breach involving any Service Recipient Data or Service Provider Data. The notifying Party shall also provide the other Party with a detailed description of the Security Breach, the type of data that was the subject of the Security Breach, the identity of each affected person, and any other information the other Party may request concerning such affected persons and the details of the Security Breach, as promptly as such information can be collected or otherwise becomes available.

11.7.2 The notifying Party shall take action immediately to investigate the Security Breach and to identify, prevent and mitigate the effects of any such Security Breach, and to carry out any recovery necessary to remedy the impact.

11.7.3 The Parties shall agree on which of them shall send out all Security Notices, provide all credit monitoring or other fraud alert services, and effect all other remedies to the extent any of the foregoing are required by applicable Law in relation to any Security Breach. To the extent such responsible Party takes any action in relation to any Security Breach experienced by Service Provider that is not required by any Governmental Entity or applicable Law, but is nonetheless customary in the industry or required under the other Party's existing policies or contractual

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commitments, Service Recipient and Service Provider shall cooperate, in good faith, to equitably allocate the cost of such voluntary efforts between themselves.

11.7.4 To the extent permitted by applicable Law, the Party responsible under Section 11.7.3 shall provide the other Party with reasonable notice of, and the opportunity to comment on and approve, the content of all Security Notices prior to any publication or communication thereof to any Third Party, except the non-responsible Party shall not have the right to reject any content in a Security Notice that the responsible Party must include in order to comply with applicable Law.

11.7.5 Notwithstanding anything in this Section 11 or this Agreement to the contrary, Service Recipient and Service Provider shall cooperate with each other to ensure that Service Recipient provides Service Provider with only as much Service Recipient Data as is required for Service Provider to provide the Services hereunder. If Service Recipient intends to deliver to Service Provider more Service Recipient Data than is necessary for Service Provider to perform the Services and Service Provider, in light of this Section 11.7, does not wish to receive such Service Recipient Data, Service Recipient and Service Provider shall escalate the matter to their respective relationship managers who shall, in good faith, attempt to resolve the issue, including, if appropriate, by modification to this Section 11.7 solely for the specific Services for which the issue arose.

11.8 The Parties understand and agree that each may require the other to provide certain Personal Data such as the name, address, telephone number, and e-mail address of representatives in transactions, and that each may store such data in databases located and accessible globally by their personnel and use it for purposes reasonably related to the performance of this Agreement. Each Party agrees that it will comply with all legal requirements associated with transferring any Personal Data, will not share the other's Personal Data beyond itself, its affiliates and its contractors, and shall use reasonable technical and organizational measures to ensure that the other's Personal Data is processed in conformity with applicable data protection Laws. Each Party may obtain a copy of its Personal Data from the other and may submit updates and corrections to it by sending written notice in accordance with the "notice" provision in this Agreement.

## 12. Notices

### 12.1 Notices.

12.1.1 All notices, demands, consents or other communications made under or in connection with the matters contemplated by this Agreement by any of the Parties to another Party (collectively, "**Notice**") shall be sent by either (a) hand delivery (against a signed receipt), (b) express overnight courier with a reliable system for tracking delivery, or (c) electronic mail (so long as an automated return receipt is received by the sender).

12.1.2 Notices received by the recipient at its address below will be deemed given (i) on delivery, if delivered personally or sent by overnight courier or (ii) when the sender receives an automated message confirming delivery, if sent by email, it being agreed that the sender shall retain proof of transmission or delivery, as the case may be.

**Party & Title of Individual**

**Address**

**Service Recipient:**

The registered office of General Electric Capital Corporation, from time to time

General Electric Capital Corporation  
201 High Ridge Road  
Stamford, Connecticut 06927  
Attention: Legal Department  
[Fred.Robustelli@ge.com](mailto:Fred.Robustelli@ge.com)  
[vikas.anand@ge.com](mailto:vikas.anand@ge.com)

with a copy to

General Electric Capital Corporation  
201 Merrit 7  
Norwalk, Connecticut 06851  
Attention: Capital Markets - Securitization  
[tom.davidson@ge.com](mailto:tom.davidson@ge.com)  
[Michael.Paolillo@ge.com](mailto:Michael.Paolillo@ge.com)

**Service Provider:**

The registered office of Synchrony Financial, from time to time

Synchrony Financial  
777 Long Ridge Road, Building B  
Stamford, CT 06927  
Attention: Treasurer

with a copy to

Synchrony Financial  
777 Long Ridge Road, Building B  
Stamford, CT 06927  
Attention: Lead Counsel

12.1.3 A Party named above may change its Notice details upon giving Notice to the other Parties named above of the change in accordance with this Section 12.1. That Notice shall only be effective on the third (3<sup>rd</sup>) business day after the date that the Notice has been received in accordance with Section 12.1.4 below or such later date as may be specified in the Notice.

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- 12.1.4 Duly Given. Any Notice shall, in the absence of earlier receipt, be deemed to have been duly given as follows:
- (i) if delivered personally, on delivery;
  - (ii) if sent by courier, on delivery; or
  - (iii) if emailed, when the sender receives an automated message confirming delivery.
- 12.1.5 Outside Working Hours. Any Notice given outside working hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of working hours in such place.

**13. Force Majeure**

- 13.1 No Party shall be held in breach of its obligation hereunder to the extent the performance or observance of such obligation (except payment of Fees hereunder) is prevented or delayed by reason of act of God, war and other hostilities, civil commotion, accident, strikes, lock-outs, trade disputes acts or restraints of governments, restrictions of imports or exports or any other cause not within the control of the Party concerned. However, this Section 13 shall not limit the rights of termination referred to in Section 7.
- 13.2 Where a Party is unable to comply with an obligation hereunder due to an event or circumstances referred to in Section 13.1 above, it shall forthwith notify the other Party of the nature and effect of such event or circumstance, and the Parties, where the same is practicable, shall use every reasonable endeavor to minimize such effect and to comply with their respective obligations herein contained, as nearly as may be practicable in their original form.

**14. Agency**

Except as otherwise provided, nothing in this Agreement shall be construed to place a Party or its employees in the position of a partner, agent or employee of another Party and no Party or its employees shall have the power to bind the other Party with respect to Third Parties. Each Party covenants and agrees not to hold itself or its employees out as a partner, agent or employee of another Party with respect to this Agreement.

**15. Assignment**

This Agreement shall not be assignable in whole or in part by either Party without the other Party's written consent, which shall not be unreasonably withheld, and any attempted assignment without such consent shall be void; except that Service Provider may assign this Agreement or transfer any of its rights or obligations under this Agreement to Synchrony Bank without the consent of Service Recipient. Nothing in this Section 15 shall restrict the ability of Service Provider to delegate or subcontract its obligations in accordance with Section 20.

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**16. Dispute Resolution**

16.1 General Provisions.

- 16.1.1 Any dispute, controversy or claim arising out of or relating to this Agreement, or the validity, interpretation, breach or termination thereof (a “Dispute”), shall be resolved in accordance with the procedures set forth in this Section 16, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.
- 16.1.2 Commencing with a request contemplated by Section 16.2 set forth below, all communications between the Parties or their representatives in connection with the attempted resolution of any Dispute, including any mediator’s evaluation referred to in Section 16.3 set forth below, shall be deemed to have been delivered in furtherance of a Dispute settlement and shall be exempt from discovery and production, and shall not be admissible in evidence for any reason (whether as an admission or otherwise), in any arbitral or other proceeding for the resolution of the Dispute.
- 16.1.3 In connection with any Dispute, the Parties expressly waive and forego any right to (i) special, indirect, incidental, punitive, consequential, exemplary, statutorily-enhanced or similar damages in excess of compensatory damages (provided that liability for any such damages with respect to a third-party claim shall be considered direct damages) and (ii) trial by jury.
- 16.1.4 The specific procedures set forth below, including but not limited to the time limits referenced therein, may be modified by agreement of the Parties in writing.
- 16.1.5 All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Section 16 are pending. The Parties will take such action, if any, required to effectuate such tolling.

- 16.2 Consideration by Senior Executives. If a Dispute is not resolved in the normal course of business at the operational level, the Parties shall attempt in good faith to resolve such Dispute by negotiation between executives who hold, at a minimum, the office of President and CEO of the respective business entities (or their respective designees) involved in such Dispute. Either Party may initiate the executive negotiation process by providing a written notice to the other (the “Initial Notice”). Fifteen (15) days after delivery of the Initial Notice, the receiving Party shall submit to the other a written response (the “Response”). The Initial Notice and the Response shall include (i) a statement of the Dispute and of

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each Party's position, and (ii) the name and title of the executive who will represent that Party and of any other person who will accompany the executive. Such executives will meet in person or by telephone within thirty (30) days of the date of the Initial Notice to seek a resolution of the Dispute.

16.3 Mediation. If a Dispute is not resolved by negotiation as provided in Section 16.2 within forty-five (45) days from the delivery of the Initial Notice, then either Party may submit the Dispute for resolution by mediation pursuant to the CPR Institute for Dispute Resolution (the "CPR") Model Mediation Procedure as then in effect. The Parties will select a mediator from the CPR Panels of Distinguished Neutrals. Either Party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the Parties' relative positions.

16.4 Arbitration.

16.4.1 If a Dispute is not resolved by mediation as provided in Section 16.3 within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either Party may submit the Dispute to be finally resolved by arbitration pursuant to the CPR Rules for Non-Administered Arbitration as then in effect (the "CPR Arbitration Rules"). The Parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

16.4.2 The neutral organization for purposes of the CPR Arbitration Rules will be the CPR. The arbitral tribunal shall be composed of three arbitrators, of whom each Party shall appoint one in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Arbitration Rules. The third arbitrator shall be appointed by the arbitrators selected by each Party in accordance with Rules 5.2 and 6 of the CPR Arbitration Rules. The arbitration shall be conducted in New York City. Each Party shall be permitted to present its case, witnesses and evidence, if any, in the presence of the other Party. A written transcript of the proceedings shall be made and furnished to the Parties. The arbitrators shall determine the Dispute in accordance with the law of the State of New York, without giving effect to any conflict of law rules or other rules that might render such law inapplicable or unavailable, and shall apply this Agreement; provided, however, that the provisions of this Agreement relating to arbitration shall in any event be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq.

16.4.3 The Parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this Section 16.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 16.4 may be entered and enforced in any court having jurisdiction thereof.

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- 16.4.4 Except as expressly permitted by this Agreement, no Party will commence or voluntarily participate in any court action or proceeding concerning a Dispute, except (i) for enforcement as contemplated by Section 16.4.3 above, (ii) to restrict or vacate an arbitral decision based on the grounds specified under applicable law, or (iii) for interim relief as provided in paragraph (e) below. For purposes of the foregoing, the Parties hereto submit to the non-exclusive jurisdiction of the courts of the State of New York.
- 16.4.5 In addition to the authority otherwise conferred on the arbitral tribunal, the tribunal shall have the authority to make such orders for interim relief, including injunctive relief, as it may deem just and equitable. Notwithstanding Section 16.4.4 above, each Party acknowledges that in the event of any actual or threatened breach of the provisions of Section 8, Section 11 or Section 21, the remedy at law would not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. If the tribunal shall not have been appointed, either Party may seek interim relief from a court having jurisdiction if the award to which the applicant may be entitled may be rendered ineffectual without such interim relief. Upon appointment of the tribunal following any grant of interim relief by a court, the tribunal may affirm or disaffirm such relief, and the Parties will seek modification or rescission of the court action as necessary to accord with the tribunal's decision.
- 16.4.6 Each Party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Section 16.

**17. Miscellaneous**

- 17.1 This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to any provision that would require or permit the application of a different jurisdiction's law.
- 17.2 Except to the extent expressly provided herein, this Agreement (and each SOW hereunder) shall not be deemed to create any rights in Third Parties, or to create any obligations of a Party to any such Third Parties. There are no Third Party beneficiaries of this Agreement, whether intended, incidental, or otherwise. For the avoidance of doubt, this Agreement is between Service Provider and Service Recipient alone, and the Securitization Trust shall not be deemed to be a party hereto, and the Securitization Trust shall have no obligations, duties or liabilities with respect to Service Provider.
- 17.3 Each Party shall, at the request of the other Party, perform those actions, including executing additional documents and instruments, reasonably necessary to give full effect to the terms of this Agreement or any SOW.

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- 17.4 The invalidity, illegality or unenforceability of any one or more of the provisions of this Agreement will in no way affect any other provision which will remain in full force and effect.
- 17.5 Language. Regardless of any language into which this Agreement may be translated and/or thereafter executed, the official, controlling and governing version of this Agreement shall be exclusively the English language version. The headings as to the contents of particular sections of this Agreement are inserted for convenience of reference only and shall in no way define, limit, expand, or otherwise affect the construction or interpretation of any provision of this Agreement. The language of all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either of the parties.
- 17.6 Severability. Each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses of this Agreement. Moreover, if any provision contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject, or otherwise unenforceable, such provision shall be construed by the appropriate judicial body by limiting or reducing it or them so as to be enforceable to the maximum extent compatible with the applicable law.
- 17.7 Survival. All provisions of this Agreement related to confidentiality, data privacy or security; indemnification; intellectual property rights; representations, warranties and/or covenants; non-solicitation; limitations on liability; record retention; inspection or audit rights; and transition servicing shall expressly survive any termination or expiration of this Agreement.
- 17.8 With effect from the Effective Date, this Agreement, including any schedules and exhibits referred to herein and attached hereto and any SOWs executed hereunder, each of which is incorporated herein for all purposes, constitutes the full and entire understanding and agreement between the Parties with regard to the subject matter hereof and supersedes any prior agreements currently in force between the Parties governing the Services, unless otherwise agreed between the Parties.

#### **18. Amendments and Execution**

This Agreement may be modified or amended by an agreement in writing executed by an authorized representative of each Party.

#### **19. Counterparts**

This Agreement may be executed by the different Parties hereto on separate counterparts and by facsimile or scanned (.pdf) signature, each of which when so executed and delivered shall be an original, but all of which together constitute one and the same Agreement with the same effect as if all the signatures were upon the same instrument. A facsimile, scanned or telecopy signature shall be as legally effective as an original signature.

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**20. Delegation of Responsibilities**

- 20.1 Unless otherwise provided in Section 20.2 below, Schedule 3 or a SOW, Service Provider shall be permitted to subcontract any or all of its obligations under this Agreement to an Affiliate or a Third Party, so long as such entity is contractually obligated to provide services to Service Provider (such entity, a “**Contractor**”). Such subcontracting to a Contractor pursuant to this Section 20 shall in no way release Service Provider from its obligations under this Agreement, and Service Provider shall remain liable for any failure of Contractor to comply with this Agreement.
- 20.2 In addition to any terms set forth in Schedule 3 or a SOW, Service Provider’s ability to delegate or subcontract its obligations under this Agreement is subject to the following:
- 20.2.1 If Service Provider intends to subcontract to a Third Party, Service Provider shall so notify Service Recipient of such intent.
- 20.2.2 Service Provider will manage, supervise and provide direction to Service Provider personnel and Contractors and cause them to comply with the obligations and restrictions applicable to Service Provider under this Agreement. Service Provider shall monitor and is responsible for the acts and omissions of Service Provider personnel and Contractors under or relating to this Agreement.
- 20.3 With respect to any Services that are subcontracted to a Third Party, Service Provider will remain responsible for the performance of such Services and will cause any Contractor to comply with the provisions of this Agreement. If a Contractor fails to comply with its obligations relating to this Agreement in any material respect, and such failure has not been cured within 45 days after Service Provider receives notice from Service Recipient, Service Recipient may direct Service Provider to use commercially reasonable efforts to discontinue use of the Contractor’s products and/or services for Service Recipient and provide substitutes as soon as reasonably practicable.

**21. Intellectual Property**

- 21.1 The Parties acknowledge and agree that the Services will not typically include the creation of Materials containing Intellectual Property Rights. However, if and to the extent Materials containing Intellectual Property Rights may be created pursuant to the provision of the Services, the Parties acknowledge and understand that, as between Service Provider and Service Recipient, such Material generated or created as an output of a Service whether solely by a Party or jointly between the Parties and/or Third Parties, including Contractors hereunder (collectively, “**Deliverables**”), shall belong to Service Provider, which will possess all ownership rights and all Intellectual Property Rights associated therewith. To the extent necessary to facilitate the preceding obligation, Service Recipient hereby

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irrevocably assigns, transfers and conveys to Service Provider, without further consideration, all of its right, title and interest (including all Intellectual Property Rights) in and to such Deliverables, except as Service Provider and Service Recipient may otherwise agree in writing or as provided in Section 21.3 below. Each Party agrees to execute such other documents or take such other actions as the other Party may reasonably request to perfect its ownership of any Deliverable (including Intellectual Property Rights associated therewith).

- 21.2 Service Provider Materials. All proprietary Materials the Intellectual Property Rights for which are owned, developed or licensed by or on behalf of Service Provider or an applicable Service Provider Affiliate (other than Service Recipient), including all Materials that are owned by Third Parties (“**Third Party Materials**”) licensed by Service Provider or an applicable Service Provider Affiliate (other than Service Recipient): (i) prior to the Effective Date; and/or (ii) subsequent to the Effective Date but independent of and separate from this Agreement (collectively, the “**Service Provider Materials**”) are, and all Intellectual Property Rights in and to them and all of their derivative works & improvements by whomever developed or created shall continue to be, as between Service Provider and Service Recipient, owned by Service Provider. No ownership of Service Provider Materials or the Intellectual Property Rights in and to them shall be transferred to Service Recipient except for the following license: Service Provider hereby grants to Service Recipient a restricted, non-exclusive, revocable, license to make those limited uses of Service Provider Materials as are reasonably required to use the Services and Deliverables as contemplated by this Agreement.
- 21.3 Service Recipient Materials. All proprietary Materials the Intellectual Property Rights for which are owned, developed or licensed by or on behalf of Service Recipient: (a) prior to the Effective Date; and/or (b) subsequent to the Effective Date but independent of and separate from this Agreement (collectively, the “**Service Recipient Materials**”) are, and all Intellectual Property Rights in and to them shall continue to be, as between Service Provider and Service Recipient, owned by Service Recipient. No ownership of Service Recipient Materials or the Intellectual Property Rights in and to them is or shall be transferred to Service Provider except as provided in this section.

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IN WITNESS WHEREOF the Parties have caused their duly authorized officers or representatives to sign this Agreement effective as stated herein.

**Synchrony Financial (Service Provider)**

Signed by \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

**General Electric Capital Corporation (Service Recipient)**

Signed by \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

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**Schedule 1**

**SERVICES & ADDITIONAL TERMS**

**SERVICES:**

A. Service Provider shall provide the following Services in accordance with this Agreement:

(1) Service Provider shall perform all duties and obligations of Service Recipient in its capacity as Servicer pursuant to the Securitization Servicing Agreement, the Indenture and each Indenture Supplement as in effect from time to time, except as provided in Section B. below.

(2) Service Provider shall perform all of its duties and obligations under this Agreement and shall perform such duties and obligations with reasonable care and diligence and in accordance with the Contracts, the Credit Card Program Agreements, the Credit and Collection Policies and the applicable servicing criteria in Item 1122 of Regulation AB.

(3) For the avoidance of doubt, Services shall include identifying and remitting collections to the Securitization Trust on credit card receivables within two business days of the Date of Processing thereof in accordance with the provisions of the Securitization Servicing Agreement. During the Term of this Agreement, Collections are not expected to be held or commingled at Service Recipient.

(4) Service Provider shall provide to Service Recipient the following information on an ongoing basis in order to permit Service Recipient to fulfill its duties hereunder and under the Securitization Servicing Agreement:

- On each Business Day, a report regarding (i) the amount of Collections received by Service Recipient and remitted to the Securitization Trust and (ii) the amount of new Receivables purchased by the Securitization Trust;
- Promptly after the execution thereof, final executed copies of documents relating to account additions, account removals, amendments of securitization program documents and existing Series of Notes, and new issuances of Notes by the Securitization Trust;
- Copies of the monthly noteholder statements;
- Reconciliations of the Securitization Trust's bank accounts on a monthly basis;
- On a monthly basis, a Performance Report;
- Prior to the occurrence of a Trigger Event or Termination Event, not more than once per calendar quarter, and after the occurrence and continuance of a Trigger Event or Termination Event, at any time, all information reasonably requested by Service Recipient that supports the production of the monthly noteholder statements, including, without limitation, the following items: FDR (or any successor vendor performing similar services) generated daily and monthly files; ABS suite screen prints or scripting; evidence of cash movements and cash reconciliations; information relating to additions and removals of accounts; control reports and models; process maps and SOPs;

- 
- Yearly, a representation letter substantially in the form attached hereto as Exhibit B from an executive officer of Service Provider that supports, among other things, the assessment of compliance with servicing criteria completed by Service Provider in connection with Item 1122 of Regulation AB;
  - Yearly, copies of the annual opinion of outside counsel delivered pursuant to Section 3.6 of the Indenture; and
  - Promptly upon Service Recipient's request, any and all reports, certifications, records, attestations and any other information necessary in the good faith determination of Service Recipient to permit Service Recipient to comply with its obligations under Section B. below and Sections 2.8 and 2.9 of the Securitization Servicing Agreement and the provisions of Regulation AB under the Securities Act and the Securities Exchange Act, including such reports, assessments and attestations required to be delivered in accordance with Rules 13a-18 and 15d-18 of the Securities Exchange Act and Items 1122 and 1123 of Regulation AB.

B. Notwithstanding the foregoing, Service Provider and Service Recipient agree that the Service Recipient shall:

- Maintain fidelity bond or other appropriate insurance coverage to satisfy the requirements of Section 2.2(e) of the Securitization Servicing Agreement;
- Execute any officer's certificate or report required to be delivered pursuant to Section 2.8 or 2.9 of the Securitization Servicing Agreement;
- Deliver, or cause to be delivered, to Service Provider all notices delivered to Service Recipient pursuant to the Securitization Servicing Agreement, unless such notice shall have been delivered by an Affiliate of Service Provider; and
- Execute any other officer's certificate or take any other action that, in accordance with the Securitization Servicing Agreement or Applicable Law, is required to be executed by the Servicer (unless such duty is subject to delegation to Service Provider or another subservicer under the Securitization Servicing Agreement and in accordance with Applicable Law).

C. Without limiting Service Recipient's rights to seek indemnity from Service Provider pursuant to the terms of Section 9 of this Agreement, Service Provider shall have no obligation to indemnify any party to the Related Documents other than the Service Recipient, including pursuant to Section 7.1 of the Securitization Servicing Agreement.

**ADDITIONAL TERMS:**

The following terms are incorporated into this Agreement and shall be applicable to the Services provided under this Agreement.

Service Provider shall cause Service Recipient to be an addressee of each true sale/ non-consolidation or other applicable legal isolation opinion with respect to the Transferred Receivables delivered upon issuance by the Securitization Trust of any Series of Notes during the Term.

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**Schedule 2**

**THE FEE**

The Fee due and owing to Service Provider on each Securitization Payment Date shall equal (i) one-twelfth of the product of (a) the total outstanding balance of Transferred Receivables (excluding Finance Charge Receivables) as of the end of the prior Monthly Period and (b) 2%, minus (ii) \$41,750.

Schedule 2-1

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**Schedule 3**

**ADDITIONAL PROVISIONS REQUIRED BY LOCAL REGULATIONS**

None.

Schedule 3-1

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**Schedule 4**

**FORM OF STATEMENT OF WORK**

[Service Provider name here] (“Service Provider”)

and

Service Recipient (as defined herein)

(collectively referred to as the “Parties” and each a “Party”).

This Statement of Work (this “**SOW**”), effective as of [date to be inserted] (the “**SOW Effective Date**”) is made by and between Synchrony Financial (“**Service Provider**”) and General Electric Capital Corporation (collectively, “**Service Recipient**”). This SOW shall be subject to (and governed by) the terms and conditions of the Sub-Servicing Agreement effective as of [insert date here] by and between Synchrony Financial and General Electric Capital Corporation, as amended from time to time in accordance with the terms therein (the “**Agreement**”), and the terms of the Agreement are hereby incorporated herein by reference, subject to Section 6 of this SOW. This SOW sets forth the details for the Services described herein. Capitalized terms not defined in this SOW shall have the meanings ascribed to them in the Agreement. All obligations set forth herein shall be for the benefit of Service Recipient and can be enforced by Service Recipient against Service Provider.

1. Term. This SOW shall be effective as of the SOW Effective Date and shall renew automatically between the parties unless otherwise terminated in accordance with the express terms of the Agreement.
2. Services. Service Provider agrees to and shall perform, upon request, any of the Services described in the Agreement, including:
  - 2.1 [Service Title].
    - 2.1.1 Description of Services.  
[Insert description of services.]
    - 2.1.2 Performance Standards for the Services (“Service Level Agreement”).  
[Insert performance standards. Include a detailed description of the quality standards, service level requirements, specifications and acceptance criteria of the Service.]
    - 2.1.3 Reports. Service Recipient may request that Service Provider provide reasonable reports relating to the Services, including ad hoc reports. The following reports shall be provided by Service Provider at the identified frequency as part of the Services:  
[Insert Report List]

- 
3. Location. Service may be performed at the premises of Service Provider or the Service Recipient or such other location mutually agreed to by both Parties.
  4. Payment. Payment shall be in accordance with the provisions of section 3 of the Agreement (as amended).
  5. Amendments. By mutual agreement in writing, the Parties may amend this SOW to include or delete Services to be governed hereunder or for any other matter material to the execution of this SOW. All Amendments must be consistent with the terms and conditions of the governing Agreement.

6. TERMS OF THIS SOW THAT TAKE PRECEDENCE OVER THE TERMS OF THE AGREEMENT.

[Note: Pursuant to Section 2.1 of the Agreement, if any provision of this SOW conflicts with the terms in the Agreement, that provision in this SOW will control only if this Section 6 expressly states that both Parties intend that the conflicting provision in the Agreement not apply. Thus, all applicable terms of this SOW that conflict with a provision in the Agreement (including terms already identified above in the other sections of this SOW) must be expressly identified in this Section 6. If such terms are not also listed in this Section 6, they will not prevail over the conflicting terms in the Agreement.]

Section 3 of Schedule 1 (Services & Additional Terms) of the Agreement is incorporated herein by this reference and shall have the same force and effect as though each of its terms and provisions were fully set forth herein.

7. Additional Information Required by Local Laws & Regulations.

[Note: Add as appropriate.]

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IN WITNESS WHEREOF, the Parties hereto have caused this SOW to be executed, effective as of the SOW Effective Date.

**[List Official Name] (SERVICE PROVIDER)**  
**[Add Office Address of Service Recipient Here – Address & Street]**  
**[City, State/Province, Zip Code/Post Code] [Country]**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[List Official Name] (SERVICE RECIPIENT)**  
**[Add Office Address of Service Recipient Here – Address & Street]**  
**[City, State/Province, Zip Code/Post Code] [Country]**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[List Official Name] (SERVICE RECIPIENT)**  
**[Add Office Address of Service Recipient Here – Address & Street]**  
**[City, State/Province, Zip Code/Post Code] [Country]**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[Note: For each Service Recipient under this SOW, list their official name above, along with their office address. Add additional signature lines, if there are more than 2 Service Recipients.]**

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**EXHIBIT A**

**Form of Monthly Report**

Exhibit A-1

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**EXHIBIT B**

**Form of Yearly Officer's Certificate**

FORM OF ANNUAL BACKUP REP LETTER TO GECC

Synchrony Financial Letterhead

March , 20XX

[Mr. Stewart Koenigsberg  
Vice President and Capital Markets Leader  
General Electric Capital Corporation  
201 Merritt 7  
Norwalk, CT 06927]

RE: Performance of Synchrony Financial under Sub-Servicing Agreement relating to GE Capital Credit Card Master Note Trust (the "Trust") – 20XX Annual Deliverables

Dear [Mr. Koenigsberg]:

Reference is made to (i) the Servicing Agreement dated as of June 27, 2003 (as amended through the date hereof, the "Servicing Agreement") by and among RFS Funding Trust, GE Capital Credit Card Master Note Trust ("Trust"), and General Electric Capital Corporation ("Servicer"); (ii) the Sub-Servicing Agreement dated as of June , 2014 (as amended through the date hereof, the "Sub-Servicing Agreement") between Synchrony Financial ("SF") and the Servicer; and (iii) the Master Indenture dated as of September 25, 2003 (as amended through the date hereof, the "Indenture") between the Trust, as Issuer, and Deutsche Bank Trust Companies Americas, as Indenture Trustee.

In order to provide support for (i) the Servicer's preparation of various representation letters, officer's certificates and management assertions that the Servicer must deliver in order to comply with its obligations under Sections 2.8 and 2.9 of the Servicing Agreement and the relevant provisions of Regulation AB under the Securities Act and the Securities Exchange Act, and (ii) KPMG LLP's audit of the various materials to be filed for the Trust with the Securities Exchange Commission ("SEC") on Form 10-K relating to the period beginning January 1, 20XX and ending December 31, 20XX (the "Reporting Period"), we confirm, to the best of our knowledge and belief, the following representations:

**SF and Synchrony Banks's Management Assertions:**

1. We acknowledge that SF is responsible for compliance with the Sub-Servicing Agreement, the management of the Trust and the accurate presentation of certain information required to be filed on Form 10-K with the SEC pursuant to Regulation AB and/or pursuant to the terms of the Trust's transaction documents;

Exhibit B-1

- 
2. We are responsible for determining the appropriateness of the Platform used in our assessment of compliance with the applicable Servicing Criteria, and for assessing compliance with the servicing criteria applicable to the Trust under paragraph (d) of Item 1122 of Regulation AB, as of December 31, 20XX and for the Reporting Period, as set forth in the appendices to the Management Assertions to be filed as Exhibits to the Form 10-K;
  3. We used the criteria set forth in paragraph (d) of Item 1122 of Regulation AB to perform an assessment of SF's and Synchrony Bank's compliance with the applicable servicing criteria;
  4. Certain criteria marked as "Inapplicable Servicing Criteria" in the appendices to the Management Assertions to be filed as Exhibits 33.1 and 33.2 of the Form 10-K are not applicable to SF and Synchrony Bank, as indicated on such appendices and based on the activities each of SF and Synchrony Bank, as applicable, perform with respect to the Trust;
  5. SF and Synchrony Bank have complied, in all material respects, with the applicable servicing criteria as of December 31, 20XX and for the Reporting Period with respect to the Trust taken as a whole;
  6. SF and Synchrony Bank [have not identified and are not aware of any material instance of noncompliance with the applicable servicing criteria/ have disclosed any instances of noncompliance with the applicable servicing criteria of which they are respectively aware] as of December 31, 20XX and for the Reporting Period with respect to the Trust taken as a whole;

**Servicing Compliance:**

7. We have reviewed, for the Reporting Period: (a) the activities of SF in its capacity as Sub-Servicer and (b) SF's performance under the Sub-Servicing Agreement. Such review of SF's activities and the performance by SF of its obligations under the Sub-Servicing Agreement has been made by me or by persons under my supervision.
8. Based on our review of SF's performance under the Sub-Servicing Agreement, SF [has fulfilled all of its obligations under the Sub-Servicing Agreement in all material respects for the Reporting Period/ has reported to you any material breaches of its obligations under the Sub-Servicing Agreement during the Reporting Period].
9. SF has [complied in all material respects/reported to you any material instances of non-compliance] with the servicing criteria set forth in Items [1122(d)(1)(i), 1122(d)(2)(ii), 1122(d)(2)(iv), 1122(d)(3)(i), 1122(d)(3)(ii), 1122(d)(3)(iii), 1122(d)(3)(iv), 1122(d)(4)(i), 1122(d)(4)(ii), 1122(d)(4)(iii), 1122(d)(4)(iv), 1122(d)(4)(v), 1122(d)(4)(xiv) and 1122(d)(4)(xv)] of Regulation AB. We have determined that all other servicing criteria set forth in Item 1122(d) are not applicable to the activities SF performs with respect to the Trust, as of and for the twelve months ended December 31, 20XX.

Exhibit B-2

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10. We have reviewed, for the Reporting Period: (a) the activities of Synchrony Bank as they related to the Subservicing Agreement, dated as of [ ], 2014, between SF and Synchrony Bank (as amended through the date hereof, the “Synchrony Bank Subservicing Agreement”) and (b) Synchrony Bank’s performance under the Synchrony Bank Subservicing Agreement. Such review of the activities of Synchrony Bank’s activities and the performance by Synchrony Bank of its obligations under the Synchrony Bank Subservicing Agreement has been made by us or by persons under our supervision.
  11. Based on our review of Synchrony Bank’s performance under the SYNCHRONY BANK Subservicing Agreement, Synchrony Bank has fulfilled all of its obligations under the Subservicing Agreement in all material respects throughout the Reporting Period.
  12. Synchrony Bank has [complied in all material respects/reported to you any material instances of non-compliance] with the servicing criteria set forth in Items 1122(d)(1)(ii), 1122(d)(2)(i), 1122(d)(2)(v), 1122(d)(2)(vii), 1122(d)(4)(vi), 1122(d)(4)(vii), 1122(d)(4)(viii) and 1122(d)(4)(ix) of Regulation AB. We have determined that all other servicing criteria set forth in Item 1122(d) are not applicable to the activities Synchrony Bank performs with respect to the Trust, as of and for the twelve months ended December 31, 20XX.
  13. With respect to the servicing activities of SF and SYNCHRONY BANK for the Trust, we have disclosed to you and KPMG all known instances of noncompliance with the applicable servicing criteria as of and for the twelve months ended December 31, 20XX. In addition, we have disclosed to you and KPMG any known noncompliance occurring subsequent to December 31, 20XX, up to and including the date of this letter.
  14. We have made available to you and KPMG all documentation related to our evaluation of SF’s and Synchrony Bank’s compliance with the servicing criteria applicable to each such entity in its capacity as a servicer pursuant to Regulation AB.
  15. We have disclosed to you and KPMG all communications from regulatory agencies, internal auditors, and other practitioners concerning possible instances of noncompliance by SF and Synchrony Bank with the applicable servicing criteria as of and for the twelve months ended December 31, 20XX, including communications received between December 31, 20XX and the subsequent period up to and including the date of this letter.
  16. We have responded fully to all inquiries made to us by you and KPMG during KPMG’s engagement.

Exhibit B-3

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Sincerely,

SYNCHRONY FINANCIAL

By: \_\_\_\_\_  
Name:  
Title: [CFO/Treasurer]

SYNCHRONY BANK

By: \_\_\_\_\_  
Name:  
Title: [CFO/Treasurer]

Exhibit B-4

**Consent of Independent Registered Public Accounting Firm**

To the Board of Directors of  
Synchrony Financial:

We consent to the use of our report included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Stamford, Connecticut  
June 27, 2014

**Consent to be Named as a Director Nominee**

SYNCHRONY FINANCIAL (the "Company") has filed a Registration Statement on Form S-1 (File No. 333-194528) with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"). In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of the Company in the Registration Statement and any and all amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: June 27, 2014

/s/ Roy A. Guthrie  
Roy A. Guthrie

**Consent to be Named as a Director Nominee**

SYNCHRONY FINANCIAL (the "Company") has filed a Registration Statement on Form S-1 (File No. 333-194528) with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"). In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of the Company in the Registration Statement and any and all amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: June 26, 2014

/s/ Richard C. Hartnack

Richard C. Hartnack

**Consent to be Named as a Director Nominee**

SYNCHRONY FINANCIAL (the "Company") has filed a Registration Statement on Form S-1 (File No. 333-194528) with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"). In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of the Company in the Registration Statement and any and all amendments and supplements thereto. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

Dated: June 27, 2014

/s/ Jeffrey G. Naylor  
Jeffrey G. Naylor



Synchrony Financial  
777 Long Ridge Road  
Stamford, CT 06902  
(203) 585-2400

jonathan.mothner@ge.com  
(203) 585-6250

June 27, 2014

**VIA EDGAR TRANSMISSION**

Michael R. Clampitt  
Securities and Exchange Commission (the "Commission")  
Division of Corporation Finance  
100 F Street NE  
Washington, D.C. 20549-3561

**Re: SYNCHRONY FINANCIAL Amendment No. 4 to Registration Statement on Form S-1 Filed June 27, 2014 (File No. 333-194528)**

Dear Mr. Clampitt:

SYNCHRONY FINANCIAL, a Delaware corporation (the "Company"), has filed today Amendment No. 4 ("Amendment No. 4") to its Registration Statement on Form S-1 (Registration No. 333-194528) (the "Registration Statement").

In connection with the filing, set forth below are the Company's responses to the comments from the Commission staff (the "Staff") communicated in its letter addressed to the Company, dated June 18, 2014. The Company is sending to the Staff under separate cover courtesy copies of Amendment No. 4, including copies marked to show the changes effected by Amendment No. 4.

For ease of reference, each of the Staff's comments is reproduced below in bold and is followed by the Company's response. In addition, unless otherwise indicated, all references to page numbers in such responses are to page numbers in Amendment No. 4.

Management's Discussion and Analysis, page 79

Loan Receivables, page 110

**1. We note your disclosure on page 111 stating the increase in allowance for loan losses during the three month period ended March 31, 2014 was mostly driven by an increase in your expected losses "driven by growth in loan receivables." While we noted the growth in loan receivables from \$52.3 billion at December 31, 2012 to \$57.3 billion at December 31, 2013, loan receivables actually decreased to \$54.3 billion at March 31, 2014. Please revise your disclosure accordingly.**

The Company has revised its disclosure on pages 112 to 113 in response to the Staff's comment. The modified disclosure also refers to the disclosure on page 84 under the heading "Seasonality," which has been modified in response to Staff comment #2 below.

**2. We note the increase in allowance for loan losses from December 31, 2013 to March 31, 2014. We further note that the allowance for loan losses as a percentage of total loan receivables increased from December 31, 2013 to March 31, 2014 while past due accounts as a percentage of total loans decreased. We also note your disclosure on page 84 related to the seasonality of your loan receivables. Please revise your filing to more clearly discuss the reasons for the increase in the allowance for loan losses as a percentage of loan receivables in comparison to the apparent positive trends in the credit quality of your loan portfolio.**

**Please be as specific and detailed as needed to provide an investor with a clear understanding of the observed change in the credit quality of your loan portfolio and how this change, as well as any other key drivers, impacted your allowance for loan loss. For instance, you may discuss trends in the active accounts and purchase volume per account, any trends in the FICO scores of the active accounts, the impact of seasonality on your allowance for loan loss, and other trends observed in specific qualitative factors.**

The Company has revised its disclosure on page 84 and pages 112 to 113 in response to the Staff's comment.

Should any questions arise in connection with the filing or this response letter, please contact the undersigned at (203) 585-2400.

Sincerely yours,

/s/ Jonathan S. Mothner

Jonathan S. Mothner, Esq.  
SYNCHRONY FINANCIAL

cc: David S. Lefkowitz, Esq., Weil, Gotshal & Manges LLP  
Corey R. Chivers, Esq., Weil, Gotshal & Manges LLP