

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

**AMENDMENT No. 3  
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)

777 Long Ridge Road  
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 6, 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 the right to purchase up to an additional \_\_\_\_\_ shares of our common stock at the initial public offering price less the underwriting discount.

We will apply to list our shares of common stock 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 <sup>(1)</sup>	\$ _____	\$ _____
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*

<p style="text-align: center;"><i>Global Coordinator</i></p> <p><b>Goldman, Sachs &amp; Co.</b></p> <p><b>Barclays</b></p>	<p style="text-align: center;"><i>Global Coordinator</i></p> <p><b>J.P. Morgan</b></p> <p><b>BofA Merrill Lynch</b></p>	<p><b>Citigroup</b></p> <p><b>Credit Suisse</b></p>	<p><b>Morgan Stanley</b></p> <p><b>Deutsche Bank Securities</b></p>
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, 2014

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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;
- “GEFCF” are to GE Consumer Finance, Inc. (a subsidiary of GECC that currently owns Synchrony) and its subsidiaries; and
- the “Bank” are to GE Capital Retail Bank (a subsidiary of Synchrony), which is to be renamed Synchrony Bank in connection with this offering.

“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<sup>+</sup>plus<sup>™</sup>, Optimizer<sup>+</sup>plus Perks<sup>™</sup>, CareCredit<sup>®</sup>, Quickscreen<sup>®</sup> and eQuickscreen<sup>™</sup> belong to us. Solely for convenience, we refer to our trademarks in this prospectus without the <sup>™</sup> and <sup>®</sup> 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—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, GE Capital Retail Bank, which is to be renamed Synchrony Bank in connection with this offering (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<sup>+</sup>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:

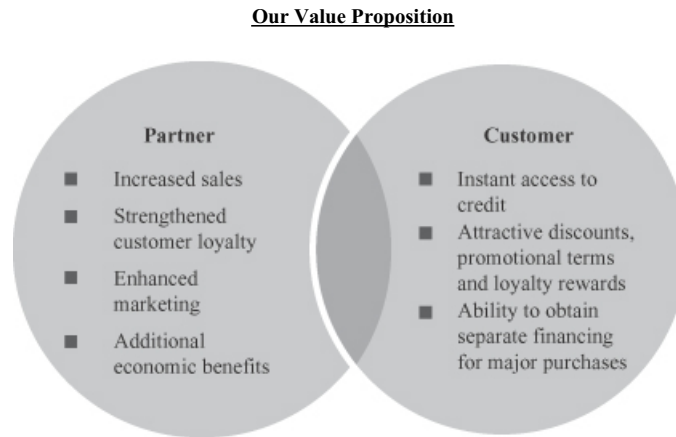
<i>(\$ in millions, except for average loan receivable balances)</i>	<u>Retail Card</u>	<u>Payment Solutions</u>	<u>CareCredit</u>
Partner locations (at December 31, 2013)	34,000	118,000	177,000
Period end active accounts (in millions)	46.2	6.7	4.4
Average loan receivable balance	\$ 794	\$ 1,599	\$ 1,464
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

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.



### ***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 September 30, 2013 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 \$77.3 trillion at September 30, 2013.
- **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.

## 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 drive marketing strategy and execution. 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 2013 platform revenue, is 15 years. From these same 40 programs, 55.6% of our 2013 platform revenue 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 2013 platform revenue.

- **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) and approximately \$5.6 billion of undrawn committed capacity under our securitization programs. 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.
- **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 products and enhancements to our existing products. These new and enhanced products include the introduction of checking accounts, overdraft protection lines of credit, a bill payment account feature and debit 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 a Consent Order relating to our CareCredit platform that we entered into with the CFPB on December 10, 2013 (the "Consent Order") and a related Assurance of Discontinuance that we entered into with the Attorney General for the State of New York on June 3, 2013 (the "Assurance"), 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 GEFCI and GEFCI 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.

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- *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) and 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," "Use of Proceeds" 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."

At the completion of this offering, we expect to 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.

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.



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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,” “—Securitized Financings” 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;

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- *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 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.synchronyfinancial.com](http://www.synchronyfinancial.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	We will apply to list our common stock 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. 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

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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.”

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 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.”

Risk factors

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.

Debt financings

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.

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.

At the completion of this offering, we expect to 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.

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.”

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

- is based on an assumption of \_\_\_\_\_ shares of common stock outstanding at March 31, 2014, 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 Forma	Historical		Pro Forma	Historical		
	Three Months Ended	Three Months Ended		Year Ended	Years Ended December 31,		
	March 31, 2014	2014	2013	December 31, 2013	2013	2012	2011
<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>	<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>
Retailer share arrangements	(594)	(594)	(484)	(2,373)	(2,373)	(1,984)	(1,428)
<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>
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>	<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>
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>	<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>
Provision for income taxes	(308)	(332)	(214)	(1,055)	(1,163)	(1,257)	(1,120)
<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>
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>At March 31,</b>	<b>At March 31,</b>	<b>At December 31,</b>	
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<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**

	<u>Pro Forma(1)</u> At and for the Three Months Ended March 31,	<u>Historical</u>  At and for the Three Months Ended March 31,		<u>Pro Forma(1)</u> At and for the Year Ended December 31,	<u>Historical</u>  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(2)	\$ 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)(3)	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(4)		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(5)	5.5%	5.5%	5.4%	5.1%	5.1%	4.3%	4.3%
Return on assets(6)	%	3.9%	2.6%	%	3.5%	4.2%	4.1%
Return on equity(7)	%	35.3%	26.2%	%	38.6%	44.5%	47.1%
Equity to assets(8)	%	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(9)	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)(3)	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(10):</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<sup>(11)</sup></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.”

## 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 us and 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, if we change certain key cardholder terms or, in some cases, certain of our credit criteria, if we fail to achieve certain targets with respect to approvals of new customers as a result of the credit criteria we use, if we elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds, if we are not adequately capitalized or if certain force majeure events 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. 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 other party 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 termination of a substantial number of smaller partner relationships, could have a material adverse effect on our results of operations and financial condition to the extent not offset by the addition of new partners of similar size and profitability. 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 revenues we receive from their customers could have a material adverse effect on our business, 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 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 income 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 income 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 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, at the completion of this offering, we expect to 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 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. However, 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 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 arrangements 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, 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. Moreover, our regulators, as part of their supervisory function, periodically review our 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 or models, increase our allowance for loan losses and/or recognize further losses.

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. 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

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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. As a result, we recognized incremental provisions of \$343 million and \$642 million in 2012 and 2013, respectively. We continuously review and evaluate our methodology and models, 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 credit 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 also highly competitive, and we will 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 and mobile and point of sale technologies. 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, 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 on 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 and production 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 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 will remain in effect until 2016, and during that time we will rely on GE to provide these services. The complexities of these arrangements and the services

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provided will 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 income 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 governmental actions 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 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 may be imposed, which 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). 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, we entered into the 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.” 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 addition, 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 the CFPB. 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. There is no assurance that the resolution of these matters will not have a material adverse effect on our business and results of operations.



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Future actions by the CFPB (or other regulators) 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 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 Consent Order which we entered into with the CFPB 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 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 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 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. Although at this time we do not believe that the 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 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

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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, 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, as appropriate, in the future may consider stock repurchases. 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.

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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.

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. The Federal Reserve Board could also prevent or restrict us with respect to paying dividends or repurchasing our stock during its consideration of our application.

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

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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.”

### ***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 and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation and our brand.

### ***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

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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 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, adversely affect us, including restricting our ability to pay dividends or repurchase our stock, initiate or continue various business activities or practices, or complete the Separation (including the distribution of our capital stock up to GE in order to effect the Split-off).

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 or financial condition.

## **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 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 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 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

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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.

***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;



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- 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," 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 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.

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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 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;

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- 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 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 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."

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### ***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.

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

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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.

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. We will apply to list our common stock on the NYSE and our application may not be approved or 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 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;

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- 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. You should also be aware that 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 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.

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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).

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.



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***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 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	<u>\$</u>	Total uses of funds	<u>\$</u>

(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. We cannot assure you that the Planned Debt Offering 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. 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 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	—	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 \$5.6 billion of undrawn committed capacity 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. We cannot assure you that the Planned Debt Offering 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 \$0.01 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 <sup>(2)</sup>	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)	Pro Forma	Historical	Historical				
	At March 31, 2014	At March 31, 2014	2013	2012	At December 31,		
					2011(1)	2010(2)	2009
<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>		<u>59,245</u>	<u>59,085</u>	<u>53,462</u>	<u>50,115</u>	<u>50,653</u>	<u>40,680</u>
<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>	<u>57,488</u>	<u>53,203</u>	<u>53,125</u>	<u>48,880</u>	<u>45,787</u>	<u>46,347</u>	<u>35,876</u>
<b>Total equity</b>		<u>6,042</u>	<u>5,960</u>	<u>4,582</u>	<u>4,328</u>	<u>4,306</u>	<u>4,804</u>
<b>Total liabilities and equity</b>	<u>\$</u>	<u>\$ 59,245</u>	<u>\$ 59,085</u>	<u>\$ 53,462</u>	<u>\$ 50,115</u>	<u>\$ 50,653</u>	<u>\$ 40,680</u>

- (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(1)	Historical		Pro Forma(1)	Historical		
	At and for the	At and for the		At and for the	At and for the Years		
	Three Months	Three Months Ended		Year Ended	Ended December 31,		
	Ended	March 31,		December 31,			
	March 31,	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(2)	\$ 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)(3)	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(4)		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(5)	5.5%	5.5%	5.4%	5.1%	5.1%	4.3%	4.3%
Return on assets(6)	%	3.9%	2.6%	%	3.5%	4.2%	4.1%
Return on equity(7)	%	35.3%	26.2%	%	38.6%	44.5%	47.1%
Equity to assets(8)	%	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(9)	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)(3)	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(10):</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<sup>(11)</sup></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			
	Historical	Pro Forma Adjustments	Notes	Pro Forma
<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	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	(c) 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			
<i>(\$ in millions, except per share data)</i>	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
<b>Assets:</b>				
Cash and equivalents(a)(b)	\$ 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>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) Prior to the completion of this offering, we expect to 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 approximately \$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 \$0.01 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>	Three Months Ended March 31, 2014		Year Ended December 31, 2013	
	Basic	Diluted	Basic	Diluted
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.

Credit Product	Standard Terms	Promotional Offer	Total
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.* 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. 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 changing 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.”

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- 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 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 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 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 our retailer share arrangements, in the aggregate are likely to increase both in absolute terms and as a percentage of our net earnings.

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, which we estimate will result in an increase in other expense of approximately \$ million to \$ million per year.

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.

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- **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 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 continuously 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 \$      million to \$      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 over a two-year period after giving effect to anticipated savings from the reductions in corporate allocations by GE and transitional service payments to GE following the Separation.

In addition to the increase in other expense described above, and unrelated to the Separation we also expect the variable component of our other expense to increase in absolute terms in line with the growth of our business.

- **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, including \$34.1 million related to the CareCredit CFPB settlement). For a discussion of ongoing discussions with the CFPB concerning certain other regulatory matters, see “Risk Factors—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” and “Risk Factors—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.”
- **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, as appropriate, in the future may consider stock repurchases. We are targeting capital ratios 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



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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.

### 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 October 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. The seasonal impact to transaction volumes and the levels of loan receivables results in fluctuations in our results of operations and credit quality metrics between quarterly periods. 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.

### 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 these 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.

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 <sup>(1)</sup>	\$ 64	\$ 47	\$ 207	\$ 184	\$ 181
Indirect costs <sup>(1)</sup>	61	53	230	206	183
Interest expense <sup>(2)</sup>	47	43	157	155	333
<b>Total expenses for services and funding provided by GE</b>	<b>\$ 172</b>	<b>\$ 143</b>	<b>\$ 594</b>	<b>\$ 545</b>	<b>\$ 697</b>

(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.

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*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 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.

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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 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.

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During the periods presented herein, 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.

### ***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

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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 continuously review and evaluate our methodology and models, and we will implement further enhancements or changes to them, as needed.

### ***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.

*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.

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*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.

*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 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.

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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%.
- 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

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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.

### Summary Earnings

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

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



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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.

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

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>	<b>2014</b>	<b>2013</b>
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>	<b><u>\$ 610</u></b>	<b><u>\$ 539</u></b>

(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>	<b>2014</b>	<b>2013</b>
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 program 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>	<b>2014</b>	<b>2013</b>
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>	<b>2014</b>	<b>2013</b>
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 (inclusive of CareCredit's \$34.1 million CFPB settlement), \$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>			18.5%			19.4%			18.2%
<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>			18.8%			19.7%			18.4%

(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.

Years ended December 31 (\$ in millions)	2013	2012	2011
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>	<b>\$2,484</b>	<b>\$2,123</b>	<b>\$2,010</b>

(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 ongoing 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	<u>(2,373)</u>	<u>(1,984)</u>	<u>(1,428)</u>
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>	<b>2013</b>	<b>2012</b>	<b>2011</b>
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>	<b>2013</b>	<b>2012</b>	<b>2011</b>
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>	<b>2013</b>	<b>2012</b>	<b>2011</b>
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		At December 31,					
	Amortized Cost	Fair Value	2013		2012		2011	
			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.

<i>(\$ in millions)</i>	<b>Due in 1 Year or Less</b>	<b>Due After 1 through 5 Years</b>	<b>Due After 5 through 10 Years</b>	<b>Due after 10 years</b>	<b>Total</b>
<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.

<i>(\$ in millions)</i>	<b>At March 31, 2014</b>	<b>(%)</b>	<b>At December 31, 2013</b>	<b>(%)</b>
<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.

<i>At December 31 (\$ in millions)</i>	<b>2013</b>	<b>(%)</b>	<b>2012</b>	<b>(%)</b>	<b>2011</b>	<b>(%)</b>	<b>2010<sup>(1)</sup></b>	<b>(%)</b>	<b>2009</b>	<b>(%)</b>
<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>	<b>Within 1 Year(1)</b>	<b>1-5 Years</b>	<b>After 5 Years</b>	<b>Total</b>
<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>	<b>Loan Receivables Outstanding</b>	<b>% of Total Loan Receivables Outstanding</b>
<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 <sup>(1)</sup>	\$ 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 <sup>(2)</sup>	719	741	866	1,082	—	—
Non-accrual past due and restructured loan receivables	<u>\$ 1,765</u>	<u>\$1,862</u>	<u>\$1,923</u>	<u>\$2,121</u>	<u>\$1,269</u>	<u>\$900</u>

(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	March 31, 2013	December 31, 2013	December 31, 2012
Gross amount of interest income that would have been recorded in accordance with the original contractual terms	\$ 36	\$ 15	\$ 180	\$ 81
Interest income actually recognized	15	15	81	81
Total interest income foregone	<u>\$ 21</u>	<u>\$ 0</u>	<u>\$ 99</u>	<u>\$ 0</u>

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, representing our best estimate of probable losses inherent in the portfolio. The increase in allowance for loan losses was primarily driven by an increase in our expected losses driven by growth in loan receivables. 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.

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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>

	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>	<u>\$ 2,362</u>	<u>\$ 2,258</u>	<u>\$ (8)</u>	<u>\$ (3,100)</u>	<u>\$ 540</u>	<u>\$ 2,052</u>

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	Balance at January 1, 2010 <sup>(3)</sup>	Provision Charged to Operations	Other <sup>(1)</sup>	Gross Charge- Offs <sup>(2)</sup>	Recoveries <sup>(2)</sup>	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 <sup>(4)</sup>	Gross Charge- Offs <sup>(2)</sup>	Recoveries <sup>(2)</sup>	Balance at December 31, 2009 <sup>(3)</sup>
<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.

## 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.

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### 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, at the completion of this offering, we expect to have 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>	<u>\$49,433</u>	<u>100%</u>	<u>1.6%</u>	<u>\$47,399</u>	<u>100%</u>	<u>1.7%</u>

(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>	<u>\$47,614</u>	<u>100%</u>	<u>1.6%</u>	<u>\$42,343</u>	<u>100%</u>	<u>1.8%</u>	<u>\$39,712</u>	<u>100%</u>	<u>2.3%</u>

(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.

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+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.

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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.

	2014			2013		
	Average Balance(1)	% of Total	Average Rate	Average Balance(1)	% of Total	Average Rate
<i>Three months ended March 31 (\$ in millions)</i>						
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>

	2013			2012			2011		
	Average Balance(1)	% of Total	Average Yield	Average Balance(1)	% of Total	Average Yield	Average Balance(1)	% of Total	Average Yield
<i>Years ended December 31 (\$ in millions)</i>									
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 2001. 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 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.

	<u>Note Principal Balance</u> <u>(\$ in millions)</u>	<u># of Series</u> <u>Outstanding</u>	<u>3-Month Rolling</u> <u>Average Excess</u> <u>Spread<sup>(1)</sup></u>
MNT	\$ 13,595	19	14.6% to 18.6%
SFT	2,000	4	12.9%
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% at 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. At the completion of this offering, we expect to 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

The terms of certain credit facilities and real estate leases include 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, the maturity of amounts outstanding thereunder may be accelerated and other amounts may become payable. 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 these 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, at the completion of this offering, we expect to 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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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	\$ _____
<b>Total liquidity portfolio</b>	<b>\$ _____</b>
<b>Undrawn credit facilities</b>	
Undrawn committed securitization financings	_____
<b>Total liquidity portfolio and undrawn credit facilities</b>	<b>\$ _____</b>

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, as appropriate, in the future may consider stock repurchases. We are targeting Tier 1 common ratios 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.

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.

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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 %.

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

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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."

### 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

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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.

*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.



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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 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

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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. 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.

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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.

*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

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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.

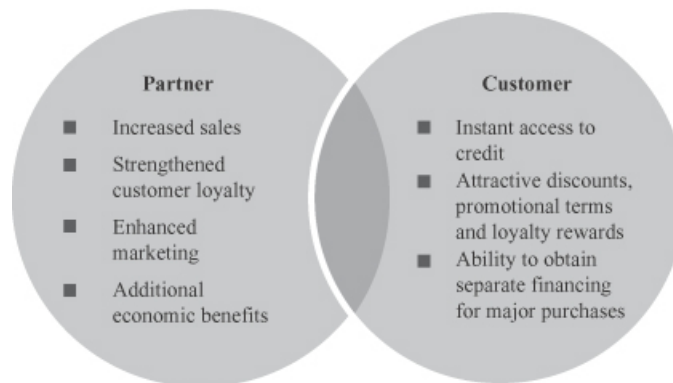
We offer our credit products primarily through our wholly-owned subsidiary, the Bank. Through the Bank, we offer, directly to retail and commercial customers, a range of deposit products insured by the FDIC, including certificates of deposit, IRAs, money market accounts and savings accounts, under our Optimizer<sup>+</sup>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 September 30, 2013 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 \$77.3 trillion at September 30, 2013.
- **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.

## 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 drive marketing strategy and execution. 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 2013 platform revenue, is 15 years. From these same 40 programs, 55.6% of our 2013 platform revenue 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 2013 platform revenue.
- **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

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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) and approximately \$5.6 billion of undrawn committed capacity under our securitization programs. 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.
- **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

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 products and enhancements to our existing products. These new and enhanced products include the introduction of checking accounts, overdraft protection lines of credit, a bill payment account feature and debit 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(1)</u>
Amazon	Online retailer	6
American Eagle	Specialty retailer—apparel	17
Belk	Department store	8
Brooks Brothers(2)	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(2)	Department store	9
Ebates	Online retailer	1
Gap (including Old Navy and Banana Republic)	Specialty retailer—apparel	16
JCPenney	Department store	14
Lord & Taylor(2)	Department store	6
Lowe's	Mass merchandiser—home improvement	35
Meijer(2)	Mass merchandiser	11
Men's Wearhouse	Specialty retailer—apparel	16
Modell's(2)	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 <sup>(1)</sup>	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 reflect 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, if we change certain key cardholder terms, if we fail to achieve certain approval rate targets with respect to approvals of new customers, if we elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds, if we are not adequately capitalized or if certain force majeure events 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, accountholder 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<sup>(1)</sup></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 Retailer Partners 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. 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 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. Many of the 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. 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.

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*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 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.

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### **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.

### ***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

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promotional credit. According to a 2014 survey of our CareCredit customers, 47% indicated that they would have postponed or deferred 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</b>		<b>Total</b>
	<b>Only</b>	<b>Promotional Offer</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**

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 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.

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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 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 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.

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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.

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.

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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 products and enhancements to our existing products. These new and enhanced products include the introduction of checking accounts, overdraft protection lines of credit, a bill payment account feature and debit 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.

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.



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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.

### *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

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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(1)</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 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 organized around five major risk categories: credit risk, market risk, liquidity risk, operational risk and strategic risk. We 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 is managed through our ALCO processes, and is subject to policy and risk appetite limits for both earnings at risk and the economic value of equity sensitivity analysis. The ALCO reviews market risk scenario results on a monthly basis, and interest rate risk appetite metrics are reviewed on a quarterly basis by the ERMC 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 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 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 reviews liquidity exposures continuously in the context of approved policy and risk appetite limits and reports results quarterly to the ERMC 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 is 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 conducts a formal strategic risk assessment at least annually, and establishes risk mitigation plans for top strategic risks. The Bank’s New Product Innovation Council assesses the strategic viability and consistency of each new Bank product or service. New initiatives require the approval of the ERMC 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 the evolution of an effective risk presence across the Company. Set forth below is a description of the roles and responsibilities of 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*

Upon completion of this offering, our board of directors will establish four committees that will assist the board in its oversight of our risk management. These committees and their 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, scope and audit findings of our internal audit function and (iv) our disclosure and internal controls.

*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 risks related to corporate governance structure and practices and (iv) identify and discuss with management the risks 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 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 (such as approval of the enterprise-wide risk appetite framework), as well as the guidelines, policies and processes for monitoring and mitigating such risks, (ii) review and recommend to our board of directors for approval the Company's enterprise-wide risk appetite and strategy relating to managing key risks, (iii) receive reports from our internal audit function on the results of risk management reviews and assessments, (iv) review the status of financial services regulatory examinations, (v) review disclosure regarding risk contained in our annual and quarterly reports, (vi) review and approve the Company's enterprise-wide capital and liquidity framework and, in coordination with the Bank's Risk Committee, review the Bank's allowance for loan losses, annual capital, recovery and resolution items, liquidity policy and risk appetite, regulatory capital policy and ratios, and internal capital adequacy assessment processes, (vii) review, at least semi-annually, information from senior management regarding whether we are operating within our established risk appetite and (viii) review the independence, authority and effectiveness of our risk management function and independent liquidity review function.

### *Management Committees*

Upon completion of this offering, we will establish two management committees with important roles and responsibilities in our risk management function: the ERMC (of which ALCO will be a subcommittee) and the Investment Committee.



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*ERMC.* A management committee that will be under the oversight of the Risk Committee, the ERMC will be comprised of our senior executives and chaired by the CRO. The ERMC 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 ERMC will include the day-to-day management of risks impacting the Company and ensuring compliance across the Company with the overall risk appetite. The ERMC 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 ERMC, the ALCO will be comprised of our senior executives and chaired by the CFO. 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 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 our risk management team and, as chairperson of the ERMC, is 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 develops an appropriate risk appetite with corresponding limits which is approved by our board of directors and aligns with supervisory expectations. The CRO regularly reports to our board of directors and the Risk Committee on risk management matters.

Our senior executive officers are 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 ERMC, they are also 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 are responsible for deploying sufficient financial resources and qualified personnel to manage the risks inherent in the Company's business activities.

### *Risk Management Team*

Our risk management team is led by the CRO and provides oversight of our risk profile and the risk profiles of our subsidiaries. This provides a "second line of defense" to the functional organizations' primary role in creating an appropriate control environment at each functional process.

### *Compliance Team*

Our compliance team is responsible for establishing and maintaining a compliance program that includes compliance risk identification, assessment, policy development, and monitoring, testing, training and reporting activities.

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### *Internal Audit Team*

The internal audit team is 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 also assesses 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 conduct assessments at least annually for each risk category and update those assessments periodically. The risk leader for each risk category directs 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 is tracked and reported to the ERM.

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 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 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 ERM, the Risk Committee and our board of directors, with delegated authority to the Chief Risk Officer 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 GEFCI, 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. Starting in December 2012 and continuing into 2013, the CFPB

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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. See "Risk Factors—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."

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 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 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 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 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. At this time, we do not believe that the Consent Order or the Assurance will have a material impact on our net earnings going forward. In addition, 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.

### **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, 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

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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 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.

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**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:

<b>Name</b>	<b>Age</b>	<b>Positions</b>
Margaret M. Keane	54	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	57	Executive Vice President and Chief Executive Officer—Payment Solutions and Chief Commercial Officer
David Fasoli	55	Executive Vice President and Chief Executive Officer—CareCredit
William H. Cary	54	Director
Daniel O. Colao	47	Director
Alexander Dimitrief	55	Director
Anne Kennelly Kratky	52	Director
Dmitri L. Stockton	50	Director
Roy A. Guthrie	60	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 Payment Solutions 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 January 2009 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.A. 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 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 Finance Corporation, 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 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.

## **Independent Director Compensation**

Our compensation program for independent directors is designed to achieve the following goals: (a) fairly pay directors for work required at a company of Synchrony's size and scope; (b) align directors' interests with the long-term interests of Synchrony's 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 independent 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 ratable three-year vesting period and will be credited with amounts equivalent to regular quarterly dividends on our common stock, which amounts will be reinvested in additional RSUs. In light of the workload and broad responsibilities of their positions, the Chairman

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of our board of directors will receive an additional \$90,000 in annual cash compensation, and the chairs of the Audit Committee and Risk Committee will each receive an additional \$35,000 in annual cash compensation. Separately, for each board committee meeting attended in person, an independent director will receive \$2,000 in cash. Directors can defer some or all of their cash compensation in RSUs, which will not be subject to vesting and will be paid out after they leave the Synchrony board.

We intend to require each independent director to own at least \$250,000 in Synchrony common stock while a member of our board. Each independent director will have four years from the date on which GE ceases to own at least 50% of our outstanding common stock to satisfy this requirement. Individual and joint holdings of our common stock with immediate family members, including unvested time-based restricted stock or RSUs, 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 and 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;
- in coordination with the Risk Committee, reviewing our major financial risk exposures (and the steps management has taken to monitor and control these risks) and reviewing the Company's risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management;
- 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;
- establishing and overseeing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters;
- reviewing the organization, performance and audit findings of our internal audit function and our disclosure and internal controls; and
- overseeing the Company's compliance with applicable legal, ethical and regulatory requirements.

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.

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*Nominating and Corporate Governance Committee.* The primary responsibilities of this committee will include:

- 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 making recommendations to our board of directors concerning the board's leadership structure and the structure and membership of board 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 risks related to corporate governance structure and practices; and
- identifying and discussing with management the risks 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:

- establishing, reviewing and approving Chief Executive Officer compensation, and reviewing and approving other senior executive compensation;
- monitoring our management resources, structure, succession planning, development and selection process as well as the performance of the Chief Executive Officer and other senior executives;
- 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 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.

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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. 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, as well as the guidelines and policies for monitoring and mitigating such 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 our strategy relating to managing key 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 reports from our internal audit function on the results of risk management reviews and assessments;
- reviewing and approving the Company’s enterprise-wide capital and liquidity framework and, in coordination with the Bank’s Risk Committee, reviewing the Bank’s allowance for loan losses, annual capital, recovery and resolution items, liquidity policy and risk appetite, regulatory capital policy and ratios, and internal capital adequacy assessment processes;
- reviewing, at least semi-annually, information from senior management regarding whether we are operating within our established risk appetite;
- 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;
- reviewing the status of financial services regulatory examinations; 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 party, 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.

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The policy will call for the related person transactions to be 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 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 directors or executive officers and (ii) indebtedness to the Bank 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 Bank and not presenting more than the normal risk of collectability or other unfavorable features.

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 new agreements, amendments and modifications to existing agreements, terminations, disputes and extensions, in each case involving amounts in excess of \$120,000. Any executive officer of the Company who is also an officer, director or employee of GE may participate in discussions concerning these matters provided that they do 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 an affiliate of GE may participate in discussions concerning these matters provided that they do so solely on behalf of GE and 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



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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. 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

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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 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

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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 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

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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, 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.

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### *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 shareholder 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 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.

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- *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.

#### *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

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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.

## ***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

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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 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.



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**2013 Summary Compensation**

The following table contains 2013 compensation information for our NEOs.

*2013 Summary Compensation Table*

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Option Awards<sup>(1)</sup></b>	<b>Change in Pension Value and Nonqualified Deferred Compensation Earnings<sup>(2)</sup></b>	<b>All Other Compensation<sup>(3)</sup></b>	<b>Total</b>
<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 <sup>(4)</sup>	\$ 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, 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.

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*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)		Value of Supplementary Life Insurance Premium(3)	Payments Relating to Employer Savings Plan(4)	Total
		Leased Cars(2)			
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(1)			All Other Option Awards: Number of Securities Underlying Options(2)	Exercise or Base Price of Option Awards	Grant Date Fair Value of Option Awards(3)
		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				11/4/11	15,000	420,450
	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>						<b>23,000</b>	<b>\$ 644,690</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*

<b>Name</b>	<b>Option Awards</b>		<b>Stock Awards</b>	
	<b>Number of Shares Acquired on Exercise (#)</b>	<b>Value Realized on Exercise (\$)</b>	<b>Number of Shares Acquired on Vesting (#)</b>	<b>Value Realized on Vesting (\$)</b>
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 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

Name of Executive	Type of Deferred Compensation Plan	Executive Contributions in Last Fiscal Year <sup>(1)</sup>	Aggregate Earnings in Last Fiscal Year <sup>(2)</sup>	Aggregate Balance at Last Fiscal Year-End
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	\$ 105,113
Brian D. Doubles	\$ 1,412,050	\$ 644,690	\$ 1,093,300	—	\$ 1,412,050	\$ 644,690
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	\$ 35,038
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

Name of Executive	Lump Sum upon Death <sup>(1)</sup>	Annual Annuity upon Death	Annual Annuity upon Disability <sup>(2)</sup>	Annual Annuity Payable at Age 60 after Voluntary Termination
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 invested 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, subject to approval by our Management Development and Compensation Committee, 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 \$105 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 rate in effect on the date on which GE ceases to own at least 50% of our outstanding common stock. Our officers will have five years from that date 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 executive officer has engaged in conduct detrimental to our Company or the Bank, our Management and Development 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 our financial statements or performance metrics that affects the executive officer'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 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 (which policies must not be inconsistent with GE policies applicable to the Company as of the date of this offering), (y) with certain policies of the Bank if our board of directors has not adopted or authorized a corresponding policy or (z) if the Bank is not executing the relevant activities on our behalf or if the Bank does not have a corresponding policy, with the corresponding GE policies 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 GE beneficially owns less than 20% of our outstanding common stock, 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, and GECC and the Company will discuss in good faith whether such policy requirements should be applicable to the Company. GECC and the Company will either agree on applicability, or refer the matter to our board of directors for a decision.

### *Expenses of the Separation and 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 this offering (other than underwriting discounts) 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 to GE or its subsidiaries (on an arms’ length basis) 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 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 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, 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 and GECC may identify during the term of the agreement. We and GECC will pay to each other fees for the services rendered under the Transitional Services Agreement, which fees differ depending upon the services.

Under the Transitional Services Agreement, we 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.

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 the 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;
- a demand registration within 180 days after the effective date of the registration statement of which this prospectus is a part;

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- 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.

### ***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.

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### *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.

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.

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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.

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).

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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 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.

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### ***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 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.

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### **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., Retail Finance International Holdings, Inc., 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. Of the amounts outstanding under these arrangements upon the completion of this offering (the Outstanding Related Party Debt), \$ billion 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 have consented to the release 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 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 expect to terminate 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

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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, but 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—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.



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### ***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.

### ***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

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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 withdraw this deposit, and we will replace the deposited funds with a deposit in a similar amount from Synchrony. The GECC 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 GEFCF. 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***

We will apply to have the common stock listed 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 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 and transfers of all or substantially all of our assets). The New Term Loan Facility will also contain financial covenants (to be tested on a quarterly basis) that require (i) Synchrony to maintain a minimum Tier 1 common ratio of not less than 10%, (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 this offering or the Split-off) and the occurrence of certain material adverse regulatory events.

All 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 loans outstanding under the New GECC Term Loan Facility (the “New GECC Loan”) based on the principal amounts outstanding at the time of such prepayment. There are no required amortization/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 certain proceeds of specified debt offerings.

### **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 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 applicable to the lenders under the New Bank Term Loan Facility.

All voluntary prepayments of the New GECC Term Loan (other than with the net debt proceeds of certain excluded debt issuances) 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.”

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### **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 \$        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, at the completion of this offering, 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 will be 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.

#### ***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).

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### *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, LLC, which is a subsidiary of 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 at the earlier of: (i) when all asset-backed securities that were outstanding as of the date of the amendment to the MNT program documents that enables the transfer of servicing to us is executed have been paid in full (which is expected to occur no later than 2019), or have been prepaid or redeemed, and (ii) the Expected GECC Servicer Assignment Date. Until the Expected GECC Servicer Assignment Date, 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 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 consented to the release of 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.

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### *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. We will apply to list our shares of common stock 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 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.

	<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.

We intend to apply to list our shares of common stock 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 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 and we expect that certain underwriters in this offering will participate in the Planned Debt Offering shortly after the completion of this 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

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### Synchrony Financial and combined affiliates

#### Combined Statements of Earnings

For the years ended December 31 (\$ in millions)

	2013	2012	2011
<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>
Earnings before provision for income taxes	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**

<i>For the years ended December 31 (\$ in millions)</i>	<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)

	2013	2012
<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	26,071	25,375
Total loan receivables	57,254	52,313
Less: Allowance for loan losses	(2,892)	(2,274)
Loan receivables, net	54,362	50,039
Goodwill (Note 7)	949	936
Intangible assets, net (Note 7)	300	255
Other assets <sup>(a)</sup>	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	25,719	18,804
Borrowings: (Notes 6 and 8)		
Borrowings of consolidated securitization entities	15,362	17,208
Related party debt (Note 14)	8,959	10,607
Total borrowings	24,321	27,815
Accrued expenses and other liabilities	3,085	2,261
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)

	2013	2012	2011
<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:

	2013				2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
<i>At December 31 (\$ in millions)</i>								
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
Total	\$ 251	\$ 1	\$ (16)	\$ 236	\$ 191	\$ 6	\$ (4)	\$ 193

(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:

At December 31 (\$ 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>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)

At December 31, 2013 (\$ in millions)	Amortized cost	Estimated fair value
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
<b>Total loan receivables, before allowance for losses(a)</b>	<b><u>\$57,254</u></b>	<b><u>\$52,313</u></b>

(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>	<b>Balance at January 1, 2013</b>	<b>Provision charged to operations</b>	<b>Other(a)</b>	<b>Gross charge-offs(b)</b>	<b>Recoveries(b)</b>	<b>Balance at December 31, 2013</b>
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>	<b><u>\$ 2,274</u></b>	<b><u>\$ 3,072</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (3,011)</u></b>	<b><u>\$ 557</u></b>	<b><u>\$ 2,892</u></b>

<i>(\$ in millions)</i>	<b>Balance at January 1, 2012</b>	<b>Provision charged to operations</b>	<b>Other(a)</b>	<b>Gross charge-offs(b)</b>	<b>Recoveries(b)</b>	<b>Balance at December 31, 2012</b>
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>	<b><u>\$ 2,052</u></b>	<b><u>\$ 2,565</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (2,890)</u></b>	<b><u>\$ 547</u></b>	<b><u>\$ 2,274</u></b>

<i>(\$ in millions)</i>	<b>Balance at January 1, 2011</b>	<b>Provision charged to operations</b>	<b>Other(a)</b>	<b>Gross charge-offs(b)</b>	<b>Recoveries(b)</b>	<b>Balance at December 31, 2011</b>
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><u>\$ 2,362</u></b>	<b><u>\$ 2,258</u></b>	<b><u>\$ (8)</u></b>	<b><u>\$ (3,100)</u></b>	<b><u>\$ 540</u></b>	<b><u>\$ 2,052</u></b>

(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>	<b>30-89 days delinquent</b>	<b>90 or more days delinquent</b>	<b>Total past due</b>	<b>90 or more days delinquent and accruing(a)</b>	<b>Total non-accruing(a)</b>
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>	<b>\$ 1,367</b>	<b>\$ 1,121</b>	<b>\$ 2,488</b>	<b>\$ 1,119</b>	<b>\$ 2</b>
Percentage of total loan receivables(b)	2.4%	2.0%	4.3%	2.0%	0.0%

<i>At December 31, 2012 (\$ in millions)</i>	<b>30-89 days delinquent</b>	<b>90 or more days delinquent</b>	<b>Total past due</b>	<b>90 or more days delinquent and accruing(a)</b>	<b>Total non-accruing(a)</b>
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>	<b>\$ 1,339</b>	<b>\$ 1,057</b>	<b>\$ 2,396</b>	<b>\$ 15</b>	<b>\$ 1,042</b>
Percentage of total loan receivables(b)	2.6%	2.0%	4.6%	0.0%	2.0%

- (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
<i>(\$ in millions)</i>						
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>	<u>\$ 81</u>	<u>\$ 180</u>	<u>\$ 77</u>	<u>\$ 180</u>	<u>\$ 90</u>	<u>\$ 207</u>

### 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>	<u>30,780</u>	<u>\$ 59</u>	<u>43,833</u>	<u>\$ 86</u>	<u>75,907</u>	<u>\$ 160</u>

### 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:

For the years ended December 31 (\$ in millions)	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	<u>20</u>	<u>29</u>
Total	<u>\$ 24,786</u>	<u>\$ 24,209</u>
<b>Liabilities</b>		
Borrowings	\$ 15,362	\$ 17,208
Other liabilities	<u>228</u>	<u>157</u>
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(b)(e)	\$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>				
<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>	<b>Balance at January 1, 2013</b>	<b>Net realized/unrealized gains (losses) included in earnings</b>	<b>Net realized/unrealized gains (losses) included in accumulated other comprehensive income</b>	<b>Purchases</b>	<b>Sales</b>	<b>Settlements</b>	<b>Transfers into Level 3</b>	<b>Transfers out of Level 3</b>	<b>Balance at December 31, 2013</b>	<b>Net change in unrealized gains (losses) relating to instruments still held at December 31, 2013</b>
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(a)	—	—
<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

At December 31, 2013 (\$ in millions)	Carrying value	Corresponding fair value amount			
		Total	Level 1	Level 2	Level 3
<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(a)	\$ 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(b)	\$ 8,959	\$ 209	\$ —	\$ 209	\$ —
At December 31, 2012 (\$ in millions)					
<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(a)	\$ 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(b)	\$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	0.1	—	—
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>	<b>2013</b>	<b>2012</b>
<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>	<b>2013</b>	<b>2012</b>
Balance at January 1	<u>\$167</u>	<u>\$118</u>
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.

**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 <sup>(a)</sup>	\$207	\$184	\$181
Indirect costs <sup>(a)</sup>	230	206	183
Interest expense <sup>(b)</sup>	<u>157</u>	<u>155</u>	<u>333</u>
<b>Total expenses for services and funding provided by GE</b>	\$594	\$545	\$697

(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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### Condensed Statements of Financial Position

<i>At December 31 (\$ in millions)</i>	<b>2013</b>	<b>2012</b>
<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	8,778	10,217
Equity:		
Total equity	5,960	4,582
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.

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### Condensed Statements of Cash Flows

For the years ended December 31 (\$ in millions)

	2013	2012	2011
<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 Access 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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### Synchrony Financial and combined affiliates

#### Condensed Combined Statements of Earnings (Unaudited)

For the three months ended March 31 (\$ in millions)

	2014	2013
<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	<u>\$558</u>	<u>\$359</u>
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 <sup>(a)</sup>	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	3,141	3,085
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)**

*(\$ in millions)*

	<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)*

	<b>2014</b>	<b>2013</b>
<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
<b>Total</b>	<b>\$ 277</b>	<b>\$ 1</b>	<b>\$ (13)</b>	<b>\$ 265</b>	<b>\$ 251</b>	<b>\$ 1</b>	<b>\$ (16)</b>	<b>\$ 236</b>

(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 <sup>(a)(b)</sup>	<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 <sup>(a)</sup>	<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>	<b>30-89 days delinquent</b>	<b>90 or more days delinquent</b>	<b>Total past due</b>	<b>90 or more days delinquent and accruing</b>	<b>Total non-accruing</b>
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>	<b>\$ 1,367</b>	<b>\$ 1,121</b>	<b>\$ 2,488</b>	<b>\$ 1,119</b>	<b>\$ 2</b>
Percentage of total loan receivables <sup>(a)</sup>	2.4%	2.0%	4.3%	2.0%	0.0%

(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>	<b>2014</b>	<b>2013</b>
Credit cards	\$107	\$167
Consumer installment loans	—	11
Commercial credit products	2	3
<b>Total</b>	<b>\$109</b>	<b>\$181</b>

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.

<i>At March 31, 2014 (\$ in millions)</i>	Total recorded investment	Related allowance	Net recorded investment	Unpaid principal balance
Credit cards	\$ 775	\$ (232)	\$ 543	\$ 672
Consumer installment loans	—	—	—	—
Commercial credit products	11	(4)	7	11
Total	<u>\$ 786</u>	<u>\$ (236)</u>	<u>\$ 550</u>	<u>\$ 683</u>

<i>At December 31, 2013 (\$ in millions)</i>	Total recorded investment	Related allowance	Net recorded investment	Unpaid principal balance
Credit cards	\$ 799	\$ (246)	\$ 553	\$ 692
Consumer installment loans	—	—	—	—
Commercial credit products	12	(5)	7	12
Total	<u>\$ 811</u>	<u>\$ (251)</u>	<u>\$ 560</u>	<u>\$ 704</u>

## 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	<u>\$ 15</u>	<u>\$ 36</u>	<u>\$ 799</u>	<u>\$ 22</u>	<u>\$ 45</u>	<u>\$ 939</u>

## 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.

<i>For the three months ended March 31 (\$ in millions)</i>	2014		2013	
	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted
Credit cards	15,180	\$ 29	20,765	\$ 37
Consumer installment loans	—	—	63	2
Commercial credit products	61	—	76	1
Total	<u>15,241</u>	<u>\$ 29</u>	<u>20,904</u>	<u>\$ 40</u>



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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>	<b>At March 31, 2014</b>	<b>At December 31, 2013</b>
<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	\$ 830	\$ (366)	\$464	\$ 641	\$ (341)	\$300

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)
<i>(\$ in millions)</i>				
Interest bearing deposits <sup>(b)(c)</sup>	\$27,123	1.5%	\$25,360	1.7%
Non-interest bearing deposits	235	—	359	—
Total deposits	<u>\$27,358</u>		<u>\$25,719</u>	

Borrowings	March 31, 2014		December 31, 2013	
	Amount	Average rate (a)	Amount	Average rate (a)
<i>(\$ in millions)</i>				
Borrowings of consolidated securitization entities <sup>(d)</sup>	\$14,642	1.3%	\$15,362	1.3%
Related party debt <sup>(e)</sup>	8,062	2.3%	8,959	1.7%
Total borrowings	<u>\$22,704</u>		<u>\$24,321</u>	

**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:

<i>(\$ in millions)</i>	2014	2015	2016	2017	2018
Deposits <sup>(f)</sup>	\$7,490	\$6,422	\$2,023	\$2,230	\$1,756
Borrowings of consolidated securitization entities <sup>(d)</sup>	\$2,655	\$5,317	\$1,624	\$3,084	\$ 800
Related party debt <sup>(e)</sup>	\$ 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 servicers, 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**

*For the three months ended March 31 (\$ in millions)*

	<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

At March 31, 2014 (\$ in millions)	Carrying value	Corresponding fair value amount			
		Total	Level 1	Level 2	Level 3
<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	\$ —

At December 31, 2013 (\$ in millions)	Carrying value	Corresponding fair value amount			
		Total	Level 1	Level 2	Level 3
<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:

	Actual		Minimum for capital adequacy purposes <sup>(b)</sup>		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio <sup>(a)</sup>	Amount	Ratio <sup>(a)</sup>	Amount	Ratio <sup>(a)</sup>
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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	Actual		Minimum for capital adequacy purposes <sup>(b)</sup>		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio <sup>(a)</sup>	Amount	Ratio <sup>(a)</sup>	Amount	Ratio <sup>(a)</sup>
	<i>At December 31, 2013 (\$ in millions)</i>					
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%

(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:

	At March 31, 2014		At December 31, 2013	
	Amount	Ratio	Amount	Ratio
<i>(\$ in millions)</i>				
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>	<u>47</u>	<u>43</u>
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 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.

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 Access 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 Access 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 of 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 of 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 of 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)
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.

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**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.

**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 6, 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 6, 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
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))
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)



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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)
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))
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 of 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 of 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 of 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)
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.

MASTER AGREEMENT

AMONG

GENERAL ELECTRIC CAPITAL CORPORATION,

SYNCHRONY FINANCIAL,

AND

SOLELY FOR PURPOSES OF CERTAIN SECTIONS AND ARTICLES SET FORTH HEREIN

GENERAL ELECTRIC COMPANY

Dated [ ], 2014

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- B Form of Registration Rights Agreement
- C Form of Tax Sharing and Separation Agreement
- D Form of Employee Matters Agreement
- E Form of Transitional Trademark License Agreement
- F Form of Intellectual Property Cross License Agreement
- G Form of Amended and Restated Certificate of Incorporation
- H Form of Amended and Restated Bylaws
- I Form of Company Term Loan Agreement
- J Form of GECC Term Loan Agreement
- K Form of MNT Subservicing Agreement

## SCHEDULES

- Schedule 1.1(a) — Supply and Vendor Contracts
- Schedule 1.1(d) — Company Contracts
- Schedule 2.2(a)(i) — Company Assets
- Schedule 2.2(a)(ii)(B) — Capital Stock of Subsidiaries
- Schedule 2.2(a)(iii) — Intellectual Property and Software
- Schedule 2.2(b)(i) — Excluded Assets
- Schedule 2.2(b)(ii) — Excluded Contracts
- Schedule 2.3(a)(i) — Company Liabilities
- Schedule 2.4(b)(ii) — Continuing Agreements
- Schedule 2.4(b)(iii) — Guarantees
- Schedule 2.4(b)(iv) — Continuing Agreements
- Schedule 5.1 — Annual Corporate Reporting Data
- Schedule 5.2 — Quarterly Corporate Reporting Data
- Schedule 5.3 — FP&A Reports
- Schedule 5.10(a) — Regulatory Requirements and Information
- Schedule 6.2(d) — Transaction Documents – Company Indemnification
- Schedule 6.3(c) — Transaction Documents – GECC Indemnification
- Schedule 7.3 — Company Insurance Arrangements
- Schedule 7.5(b) — GECC Contracts
- Schedule 7.5(c) — Affiliate Contracts
- Schedule 7.7 — Litigation and Settlement Cooperation
- Schedule 7.13 — GE Policies
- Schedule 9.1 — Transaction Documents – Dispute Resolution

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**MASTER AGREEMENT**

MASTER AGREEMENT, dated [ ], 2014 (this "Agreement"), among General Electric Capital Corporation, a Delaware corporation ("GECC"), General Electric Company, a New York corporation ("GE") (solely for purposes of the GE Executory Sections), and Synchrony Financial, a Delaware corporation (the "Company"). Certain terms used in this Agreement are defined in Section 1.1.

W I T N E S S E T H:

WHEREAS, the Company is a direct, wholly-owned Subsidiary of GE Consumer Finance Inc., a Delaware corporation ("GECFI") which is a direct, wholly-owned Subsidiary of GECC;

WHEREAS, the boards of directors of GE, GECC and GECFI have approved the separation of the Company Group into a separate business (the "Separation");

WHEREAS, during the period from April 1, 2013 to September 30, 2013, as part of a regulatory restructuring, the Company acquired substantially all of the assets and operations of GE's North American retail finance business, including all of the Stock of GE Capital Retail Bank (the "Corporate Reorganization");

WHEREAS, since September 30, 2013, the Company has acquired additional assets of GE's North American retail finance business;

WHEREAS, the boards of directors of GECC, GECFI and the Company have approved the acquisition of all Company Assets not previously transferred in the Corporate Reorganization (or otherwise) by the Company and its Subsidiaries and the assumption of the Company Liabilities not previously assumed, all as more fully described in this Agreement and the Transaction Documents;

WHEREAS, the boards of directors of GECC and GECFI have further determined it is appropriate and advisable, on the terms and conditions contemplated hereby, to cause the Company to offer and sell for its own account in the Initial Public Offering a limited number of shares of Company Common Stock;

WHEREAS, after the Initial Public Offering, (i) GECC may transfer shares of GECFI Stock to GE and GECFI may transfer shares of Company Common Stock to GE (or such other permitted transferees) and (ii) GE may transfer shares of Company Common Stock to holders of shares of GE Common Stock by means of one or more distributions by GE to holders of GE Common Stock of shares of Company Common Stock, one or more offers to holders of GE Common Stock to exchange their GE Common Stock for shares of Company Common Stock, or any combination thereof (the "Distribution"). Alternatively, GECFI may effect a disposition of its Company Common Stock pursuant to one or more public or private offerings or other similar transactions ("Other Disposition") or GECFI (or other permitted transferees) may continue to hold its interest in shares of Company Common Stock;

WHEREAS, for U.S. federal income tax purposes, the Distribution, if effected, is intended to qualify as a tax-free split-off under Section 355 of the Code; and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and certain other agreements that will, following the consummation of the Initial Public Offering, govern certain matters relating to the Separation, the Distribution or Other Disposition and the relationship of GE, GECC, the Company and their respective Subsidiaries.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

## ARTICLE I

### DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

“Action” means any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” (and, with a correlative meaning, “affiliated”) means, with respect to any Person, any direct or indirect subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person; provided, however, that from and after the Closing Date, no member of the Company Group shall be deemed an Affiliate of any member of the GE Group for purposes of this Agreement and the Transaction Documents and no member of the GE Group shall be deemed an Affiliate of any member of the Company Group for purposes of this Agreement and the Transaction Documents. As used in this definition, “control” (including with correlative meanings, “controlled by” and “under common control with”) means possession, directly or indirectly, of power to direct or cause the direction of management or policies or the power to appoint and remove a majority of directors (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

“Applicable Accounting Method” means the applicable accounting method by which GE or GECC is required, in accordance with GAAP, to account for its investment in the Company (namely, on a consolidated basis, under the equity method or under the cost method).

“Assets” means, with respect to any Person, the assets, properties and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

- (a) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

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(b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;

(c) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(d) all interests in any capital stock or other equity interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;

(e) all license agreements, leases of personal property, open purchase orders for supplies, parts or services and other contracts, agreements or commitments;

(f) all deposits, letters of credit and performance and surety bonds;

(g) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;

(h) all domestic and foreign intangible personal property, patents, copyrights, trade names, trademarks, service marks and registrations and applications for any of the foregoing, mask works, trade secrets, inventions, designs, ideas, improvements, works of authorship, recordings, other proprietary and confidential information and licenses from third Persons granting the right to use any of the foregoing;

(i) all computer applications, programs and other Software, including operating Software, network Software firmware, middleware, design Software, design tools, systems documentation and instructions;

(j) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(k) all prepaid expenses, trade accounts and other accounts and notes receivables;

(l) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

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(m) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;

(n) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(o) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

“Bank Board” means the board of directors of GE Capital Retail Bank.

“Board” means the Board of Governors of the Federal Reserve System.

“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.

“CALMA” means the Capital Assurance and Liquidity Maintenance Agreement entered into by and among GEGRB, GECC, and each Immediate Parent Company (as “Immediate Parent Company” is defined in the Operating Agreement entered into on or about January 11, 2013, by and between GEGRB and the Office of the Comptroller of the Currency).

“Capital Markets and Treasury Activity” means any activity undertaken in connection with efforts by any Person to raise for or on behalf of any Person capital from any public or private source, and other treasury functions conducted by the GE treasury unit of the GE Group, including obtaining or arranging debt issuance and other external or intercompany funding transactions, providing for or arranging cash management banking activities, carrying out investments in excess cash, carrying out hedging or derivative transactions and providing or arranging for credit support, each primarily for the benefit of any member of the GE Group.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Balance Sheet” means the Company’s Combined Statement of Financial Position as of December 31, 2013 included in the IPO Registration Statement.

“Company Business” means (a) the current businesses of the members of the Company Group; and (b) those terminated, divested or discontinued businesses which are or should be included as historical operations of the Company Group consistent with the methodology applied in the basis of presentation of the Company Carve-Out Financial Statements.

“Company Carve-Out Financial Statements” means the audited combined statements of earnings for the years ended December 31, 2013, 2012 and 2011, the combined statements of financial position as of December 31, 2013 and 2012 and the combined statements of cash flows for the years ended December 31, 2013, 2012 and 2011.

“Company Common Stock” means the common stock, \$0.01 par value per share, of the Company.

“Company Contracts” means the following contracts and agreements, whether or not in writing, except for any such contract or agreement that is contemplated to be retained by GECC or any member of the GE Group pursuant to any provision of this Agreement or any Transaction Document:

(a) any supply or vendor contracts or agreements to which GE or any of its Affiliates is a party or by which GE or any of its Affiliates or any of their respective Assets is bound and listed or described on Schedule 1.1(a) (or the applicable licenses, leases, addendums and similar arrangements thereunder as described on Schedule 1.1(a));

(b) any contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Company Group;

(c) [Reserved];

(d) the contracts, agreements and other documents to which GE or any of its Affiliates is a party or by which GE or any of its Affiliates or any of their respective Assets is bound and listed or described on Schedule 1.1(d) (or the applicable licenses, leases, addendums and similar arrangements thereunder as described on Schedule 1.1(d));

(e) any guarantee, indemnity, representation or warranty of any member of the Company Group or the GE Group in respect of (i) any other Company Contract, (ii) any Company Liability or (iii) the Company Business; and

(f) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Transaction Documents to be assigned to the Company or any member of the Company Group.

“Company Group” means the Company, each Subsidiary of the Company immediately after the Closing (in each case so long as such Subsidiary remains a Subsidiary of the Company) and each other Person that is controlled either directly or indirectly by the Company immediately after the Closing in each case so long as such Person continues to be controlled either directly or indirectly by the Company).

“Company Insurance Arrangements” means the insurance policy listed on Schedule 7.3 hereto and all policies of or agreements for insurance and interests in insurance pools and programs acquired after the Closing by and exclusively for the benefit of any member of the Company Group.

“Company IP Transfer Standard” means all Intellectual Property and Software that is used primarily in the Company Business.

“Company Senior Notes” means approximately \$[ ] aggregate principal amount of senior unsecured notes to be issued by the Company.

“Company Term Loan Agreement” means the Credit Agreement to be entered into by and among the Company, as borrower, [ ], as administrative agent and as a lender, and the additional lenders party thereto, as set forth on Exhibit I.

“Competing Business” means the business of providing credit to consumers through (i) private label credit cards or dual cards (credit cards that function as both private label credit card and general purpose credit card) in conjunction with programs with retailers, merchants or health care providers primarily for the purchase of goods and services from the applicable retailer, merchant or health care provider or (ii) general purpose credit cards (defined as a credit card that is widely accepted by merchants for the purchase of products or services issued in conjunction with a credit card association network, such as Visa, MasterCard, and American Express). “Consumer” for purposes of this definition refers to an individual who incurs an obligation primarily for personal, family, or household purposes.

“Consents” means any consent, waiver or approval from, or notification requirement to, any third parties.

“Consolidation Threshold” means the members of the GE Group’s beneficial ownership, in the aggregate, (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal year at least fifty percent (50%) of the then outstanding Company Common Stock, or, notwithstanding such percentage, if any member of the GE Group is required during any fiscal year, in accordance with GAAP, to consolidate the Company’s financial statements with its financial statements, then in respect of such fiscal year.

“Corporate Reorganization Agreements” means the definitive agreements which govern or relate to the Corporate Reorganization.

“Corporate Reporting Data” means the Corporate Data Repository (CDR) submissions and data requirements, the Data Request (DR) and Web Reporting Interface (WRI) submissions and data requirements, and the Management’s Discussion and Analysis (MD&A) and Annual Report (A/R) submissions and data requirements, as set forth in detail on Schedules 5.1 and 5.2.

“De Minimis Business” means (a) any minority equity investment by a member of the GE Group in any Person (i) in which the GE Group collectively holds not more than 25% of the outstanding voting securities or similar equity interests, to the extent such equity interests do not give the GE Group the right to designate a majority, or such higher amount constituting a controlling number, of the members of the board of directors (or similar governing body) of such entity, or (ii) in which the amount invested by the GE Group collectively is less than \$100 million, in each case excluding any ownership of Company Common Stock, or (b) any business activity that would otherwise violate Section 7.15(a) that is carried on by an After-Acquired Business or an After-Acquired Company, but only if, at the time of such acquisition, the revenues derived from the Covered Business by such After-Acquired Business or After-Acquired Company constitute less than 10% of the gross revenues of such After-Acquired Business or After-Acquired Company for the most recently completed fiscal year preceding such acquisition.

“Debt Registration Statement” means the registration statement on Form S-1 filed under the Securities Act pursuant to which the Company Senior Notes will be registered.



“Default Recovery Activities” means the exercise of any rights or remedies in connection with any Capital Markets, Financing, Insurance, Leasing, Other Financial Services or Securities Activity (whether such rights or remedies arise under any agreement relating to such activity, under applicable Law or otherwise) including any foreclosure, realization or repossession or ownership of any collateral, business assets or other security for any Financing (including the equity in any entity or business), Insurance or Other Financial Services Activity or any property subject to Leasing.

“Employee Liabilities” shall have the meaning set forth in the Employee Matters Agreement.

“Employee Matters Agreement” means the Employee Matters Agreement in substantially the form attached hereto as Exhibit D, to be entered into by and among GE, GECC and the Company.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time that reference is made thereto.

“Excluded Employee Liabilities” shall have the meaning set forth in the Employee Matters Agreement.

“Existing Business Activities” means any existing business conducted or investment held by GE or its Subsidiaries (other than the business currently solely conducted through the members of the Company Group), or contemplated by any existing third party contractual arrangements applicable to any member of the GE Group (other than the business currently solely conducted through the members of the Company Group), on the date of this Agreement.

“Financial Services Business” means any activities undertaken principally in connection with or in furtherance of (i) any Capital Markets Activity, (ii) Financing, (iii) Leasing, (iv) Default Recovery Activities, (v) Other Financial Services Activities, (vi) any Securities Activity or (vii) the sale of Insurance, the conduct of any Insurance brokerage activities or services or the provision of Insurance advisory services, business processes or Software. Financial Services Business also includes any investment or ownership interest in a Person through an employee benefit or pension plan.

“Financing” means the making, entering into, purchase of, or participation in (including syndication or servicing activities) (i) secured or unsecured loans, conditional sales agreements, debt instruments or transactions of a similar nature or for similar purposes, (ii) non-voting preferred equity investments, and (iii) investments as a limited partner in a partnership or as a member of a limited liability company in which another person who is not an Affiliate is a management member, but for the avoidance of doubt excluding, in the case of (i), engaging in activities that would constitute a Competing Business; provided, that in the event that the requirements of Section 7.15(b) would otherwise be applicable to an activity that falls within clauses (ii) or (iii) of this definition, GECC or the applicable Subsidiary must comply with the requirements of Section 7.15(b).

“Force Majeure” means, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not have been foreseen by such Party (or such Person), or, if it could have been foreseen, was unavoidable, and includes, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources.

“FP&A Reports” means the SRO data requirements, the Session I and Session II data requirements and the Op Plan data requirements, as set forth in detail on Schedule 5.3.

“GAAP” means United States generally accepted accounting principles.

“GE Common Stock” means the common stock, par value \$0.06 per share, of GE.

“GE Executory Sections” means Sections 2.1(a)(i), 2.1(b), 2.2(a)(iii), 2.2(a)(vi), 2.4, 2.6, 2.7(b), 2.8(a), 4.4, 4.5(c), 5.5(d), 5.5(f), 5.7(b), 5.15, 6.1(b), 6.1(e), 7.1, 7.2, 7.3, 7.5(c), 7.6, 7.7, 7.11, 7.14 and 7.15 and Articles IX and X.

“GE Group” means GE and each Person (other than any member of the Company Group) that is an Affiliate of GE immediately after the Closing.

“GE Insurance Arrangements” means all policies of or agreements for insurance and interests in insurance pools and programs held in the name of GE or any of its Affiliates and any rights thereunder, in each case other than any Company Insurance Arrangements.

“GE IP Transfer Standard” means all Intellectual Property and Software that is not used primarily in the Company Business.

“GE Name and Mark” means any and all Marks owned by GE and its Affiliates (other than those set forth, or required to be set forth, on Schedule 2.2(a)(iii)) as of the Closing Date or any derivations thereof, in each case whether alone or in combination with other words, and including the Licensed Marks and all Marks embodying any of the foregoing.

“GECC Term Loan Agreement” means the Credit Agreement to be entered into by and between the Company, as borrower, and GECC or its designee, as administrative agent and as lender, as set forth on Exhibit J.

“Governmental Approvals” means any notice, report or other filing to be made with, or any consent, registration, approval, permit or authorization to be obtained from, any Governmental Authority.

“Governmental Authority” means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the government, including any governmental authority, agency, department, board, commission or instrumentality whether federal, state, local or foreign (or any political subdivision thereof), and any tribunal, court or arbitrator(s) of competent jurisdiction.

“Group” means the GE Group or the Company Group, as the context requires.

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“HOLA” means the Home Owners’ Loan Act of 1933, as amended.

“Indebtedness” means, with respect to any Person, any Liability of such Person in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments and shall also include (a) any Liability of such Person under any agreement related to the fixing of interest rates on any Indebtedness and (b) any capitalized lease obligations of such Person (if and to the extent the same would appear on a balance sheet of such Person prepared in accordance with GAAP).

“Information” means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other Software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“Initial Public Offering” means the initial public offering of the Company Common Stock.

“Insurance” means any product or service determined to constitute insurance, assurance or reinsurance by the Laws in effect in any jurisdiction in which the restriction set forth in Section 7.15(a) applies.

“Insurance Proceeds” means those monies: (a) received by an insured from an insurance carrier; (b) paid by an insurance carrier on behalf of the insured; or (c) received (including by way of set off) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability; in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

“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) 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) trademarks, service marks, trade names, service names, taglines, slogans, industrial designs, brand names, brand marks, trade dress, identifying symbols, logos, emblems, signs or insignia, monograms, domain names, domain name locators, meta tags, website search terms and key words, 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 (collectively, “Marks”); (iii) 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; (iv) trade secrets; and (v) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) - (iv) above.

“Intellectual Property Cross License Agreement” means the Intellectual Property Cross License Agreement in substantially the form attached hereto as Exhibit F, to be entered into by and between GECC and the Company.

“IP Application” means any application for the registration, acquisition or perfection of intellectual property rights, including patent applications, copyright applications and trademark applications.

“IPO Registration Statement” means the registration statement on Form S-1 filed under the Securities Act (No. 333-194528) pursuant to which the offering of Company Common Stock to be sold by the Company in the Initial Public Offering will be registered.

“Law” means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement enacted, promulgated, issued, communicated or entered by a Governmental Authority.

“Leasing” means the rental, leasing, or financing under operating leases, finance leases or hire purchase or rental agreements, of property, whether real, personal, tangible or intangible.

“Liabilities” means any debt, loss, damage, adverse claim, liability or obligation of any Person (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto.

“Licensed Marks” shall have the meaning specified in the Transitional Trademark License Agreement.

“Marks” has the meaning set forth in the definition of “Intellectual Property”.

“Mizuho Guarantee” means the Guarantee dated as of June 23, 2012 by GECC in favor of Mizuho Corporate Bank, Ltd.

“MNT Subservicing Agreement” means the MNT Subservicing Agreement substantially in the form of Exhibit K.

“Other Financial Services Activities” means the offering, sale, distribution or provision, directly or through any distribution system or channel, of any financial products, financial services, deposits and other banking products, fuel cards and similar cards used in the commercial fleet management business to purchase fuel or other transportation-related purchases, asset management services, including investments on behalf of GE’s financial services affiliates purely for financial investment purposes, investments for the benefit of third party and client accounts, vendor financing and trade payables services, back-office billing, processing, collection and administrative services or products or services related or ancillary to

any of the foregoing, but for the avoidance of doubt excluding, in the case of the offering, sale, distribution or provision of financial products, financial services and other banking products, engaging in activities that would constitute a Competing Business.

“Parties” means GECC, the Company and, solely for purposes of the GE Executory Sections, GE.

“Patents” has the meaning set forth in the definition of “Intellectual Property”.

“Permitted Acquisition” means any direct or indirect acquisition by the Company or any of its Subsidiaries of Stock, Stock Equivalents or assets, or control, of any Person not requiring the prior written approval of GECC pursuant to Section 8.1(a)(iii).

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Prospectus” means the prospectus or prospectuses included in any of the Registration Statements, as amended or supplemented by any prospectus supplement and by all other amendments and supplements to any such prospectus, including post-effective amendments and all material incorporated by reference in such prospectus or prospectuses.

“Registration Rights Agreement” means the Registration Rights Agreement in substantially the form attached hereto as Exhibit B, to be entered into by and between GECC and the Company.

“Registration Statements” means the IPO Registration Statement, the Debt Registration Statement and any registration statement in connection with the Distribution or Other Disposition, including in each case the Prospectus related thereto, amendments and supplements to any such Registration Statement and/or Prospectus, including post-effective amendments, all exhibits thereto and all materials incorporated by reference in any such Registration Statement or Prospectus.

“Regulation LL” means Regulation LL of the Board (12 C.F.R. Pt. 238).

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Activity” means any activity, function or service (without regard to where such activity function or service actually occurs) which, if undertaken or performed (i) in the United States would be subject to the United States federal securities Laws or the securities Laws of any state of the United States or (ii) outside of the United States within any other jurisdiction in which the restrictions set forth in Section 7.15(a) apply, would be subject to any Law in any such jurisdiction governing, regulating or pertaining to the sale, distribution or underwriting of securities or the provision of investment management, financial advisory or similar services.

“Securitization Note Sale and Assignment Agreements” means the various agreements effectuating the sale of certain asset-backed securities issued by the GE Capital Credit Card Master Note Trust from GECC and two of its subsidiaries, Employers’ Reassurance Corporation and Union Fidelity Life Insurance Company, in each case, to the Company.

“Security Interest” means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

“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.

“Stock” means shares of capital stock (whether denominated as common stock or preferred stock), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or business trust, whether voting or non-voting.

“Stock Equivalents” means all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable, and all voting debt.

“Subsidiary” or “subsidiary” means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“Sumitomo Guarantee” means the Guarantee dated as of February 26, 2012 by GECC in favor of Sumitomo Mitsui Banking Corporation.

“Tax” has the meaning ascribed thereto in the Tax Sharing and Separation Agreement.

“Tax Sharing and Separation Agreement” means the Tax Sharing and Separation Agreement, substantially in the form attached hereto as Exhibit C, to be entered into by and between GE and the Company.

“Transactions” means, collectively, (i) the Separation, (ii) the Initial Public Offering, (iii) the Distribution or Other Disposition, if effected and (iv) all other transactions contemplated by this Agreement or any Transaction Document.

“Transitional Services Agreement” means the Transitional Services Agreement in substantially the form attached hereto as Exhibit A, to be entered into by and between GECC and the Company.

“Transitional Trademark License Agreement” means the Transitional Trademark License Agreement in substantially the form attached hereto as Exhibit E, to be entered into by and between GE Capital Registry, Inc. and the Company.

“**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.

“**Underwriters**” means the managing underwriters for the Initial Public Offering.

“**Underwriting Agreement**” means the Underwriting Agreement entered into on the date hereof by and among the Company and the Underwriters in connection with the offering of the Company Common Stock by the Company in the Initial Public Offering.

“**Undrawn Committed Securitization Documents**” means the loan agreements, notes, indenture supplements, fee letters and related documentation to be entered into by certain Company subsidiaries, private lenders and other transaction parties in connection with the Undrawn Committed Securitizations.

“**Undrawn Committed Securitizations**” means the issuance of asset-backed securitization notes that will provide the Company with an aggregate of approximately \$[] of undrawn committed borrowing capacity from various private lenders through two of the Company’s subsidiary securitization master note trusts.

“**Wholly-Owned Subsidiary**” means each Subsidiary in which the Company owns (directly or indirectly) all of the outstanding voting Stock, voting power, partnership interests or similar ownership interests, except for director’s qualifying shares in nominal amount.

1.2 **Other Terms.** For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated.

<b>Term</b>	<b>Section</b>
After-Acquired Business	7.15(c)
After-Acquired Company	7.15(c)
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## ARTICLE II

### THE SEPARATION

#### 2.1 Transfer of Assets; Assumption of Liabilities; Consideration.

(a) Subject to Section 3.2, to the extent not already transferred or assumed prior to the date hereof, following the execution and delivery of this Agreement by each of the Parties hereto (and in any event no later than the Closing):

(i) GE and GECC shall, and shall cause their applicable Subsidiaries to, contribute, assign, transfer, convey and deliver to the Company or certain of its Subsidiaries designated by the Company, and the Company or such Subsidiaries shall accept from GE and GECC and their applicable Subsidiaries, all of GE's and GECC's and such Subsidiaries' respective rights, titles and interests in and to all Company Assets; and

(ii) The Company and certain of its Subsidiaries designated by the Company shall accept, assume and agree faithfully to perform, discharge when due and fulfill all the Company Liabilities, in accordance with their respective terms. The Company and such Subsidiaries shall be responsible for all Company Liabilities, regardless of when or where such Company Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Closing Date, regardless of where or against whom such Company Liabilities are asserted or determined (including, subject to Section 6.1(b), any Company Liabilities arising out of claims made by GE's, GECC's or the Company's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the GE Group or the Company Group) or whether asserted or determined prior to the date hereof, and, except as set forth in Section 2.3(b)(iv), regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the GE Group or the Company Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) If at any time or from time to time (whether prior to or after the Closing Date), any Party hereto (or any member of such Party's respective Group), shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any Transaction Document, such Party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person.

## 2.2 Company Assets.

(a) For purposes of this Agreement, "Company Assets" shall mean (without duplication):

(i) the Assets listed or described on Schedule 2.2(a)(i) and all other Assets that were transferred to the Company or to any member of the Company Group by the Corporate Reorganization Agreements, or designated by this Agreement or any Transaction Document as Assets to be transferred to the Company or any other member of the Company Group;

(ii) (A) all Company Contracts and (B) all issued and outstanding capital stock or membership or partnership interests of the entities listed on Schedule 2.2(a)(ii)(B);

(iii) (A) all Intellectual Property registrations, applications for Intellectual Property registration, domain names and Software listed or described on Schedule 2.2(a)(iii); (B) excluding any Intellectual Property and Software required to be listed or described on Schedule 2.2(a)(iii), all Intellectual Property and Software owned or held by any member of the Company Group that is used primarily in the Company Business; provided that the Parties hereto agree that they intend that, as between the GE Group and the Company Group, (x) all Intellectual Property and Software owned or held immediately prior to the Closing Date by GECC or any of its Subsidiaries that meets the Company IP Transfer Standard is to be transferred to the Company or its designee and (y) all Intellectual Property and Software that meets the GE IP Transfer Standard is to be transferred to GECC or its designee; and (C) any Intellectual Property and Software transferred to the Company or its designee pursuant to Section 7.11(a);

(iv) any rights under GE Insurance Arrangements provided to any member of the Company Group pursuant to Section 7.3, in each case to the extent provided by and subject to the terms of Section 7.3;

(v) all Assets reflected as Assets of the Company and its Subsidiaries in the Company Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Company Balance Sheet; and

(vi) any and all Assets (other than Intellectual Property and Software) owned or held immediately prior to the Closing Date by GE or any of its Subsidiaries that are used primarily in the Company Business. The intention of this clause (vi) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the Parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Company Asset. In addition, no Asset shall be deemed a Company Asset solely as a result of this clause (vi) unless a claim with respect thereto is made by the Company on or prior to the later of (A) the Trigger Date and (B) the first anniversary of the Closing Date.

Notwithstanding the foregoing, the Company Assets shall not in any event include the Excluded Assets referred to in Section 2.2(b).

(b) For the purposes of this Agreement, “Excluded Assets” shall mean:

(i) the Assets listed or described on Schedule 2.2(b)(i);

(ii) the contracts and agreements listed or described on Schedule 2.2(b)(ii); and

(iii) any and all Assets that are expressly contemplated by the Corporate Reorganization Agreements, this Agreement or any Transaction Document as Assets to be retained by GECC or any other member of the GE Group, or that are not otherwise expressly contemplated as being included as Company Assets.

### 2.3 Company Liabilities.

(a) For the purposes of this Agreement, “Company Liabilities” shall mean (without duplication):

(i) the Liabilities listed or described on Schedule 2.3(a)(i) and all other Liabilities that are expressly provided by this Agreement or any Transaction Document as Liabilities assumed or to be assumed by the Company or any other member of the Company Group, and all agreements, obligations and Liabilities of the Company or any other member of the Company Group under this Agreement or any of the Transaction Documents;

(ii) all Liabilities, including Employee Liabilities but excluding the Excluded Employee Liabilities, to the extent relating to, arising out of or resulting from:

(A) the operation of the Company Business, as conducted at any time before, on or after the Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority));

(B) the operation of any business conducted by any member of the Company Group at any time after the Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority)); or

(C) any Company Assets (including any Company Contracts and any real property and leasehold interests);

in any such case whether arising before, on or after the Closing Date;

(iii) all Liabilities reflected as liabilities or obligations of the Company or its Subsidiaries in the Company Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Company Balance Sheet; and

(iv) subject to Section 6.1(b), all Liabilities arising out of claims made by GE’s or the Company’s respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the GE Group or the Company Group with respect to the Company Business.

(b) For the purposes of this Agreement, “Excluded Liabilities” shall mean (without duplication):

(i) (A) any and all Liabilities that (x) are expressly contemplated by this Agreement, any Transaction Document or the basis of presentation underlying the Company Carve-Out Financial Statements as Liabilities to be retained or assumed by GE or any other member of the GE Group or as operations to be excluded from the historic financial reporting of the Company or (y) should be excluded from the historic financial reporting of the Company consistent with the methodology applied in the basis of presentation of the Company Carve-Out Financial Statements, and (B) all agreements and obligations of any member of the GE Group under this Agreement or any of the Transaction Documents;

(ii) any and all Liabilities of a member of the GE Group relating to, arising out of or resulting from any Excluded Assets;

(iii) the Excluded Employee Liabilities; and

(iv) any and all liabilities arising from a knowing violation of Law, fraud or misrepresentation by any member of the GE Group or any of their respective directors, officers, employees or agents (other than any individual who at the time of such act was acting in his or her capacity as a director, officer, employee or agent of any member of the Company Group).

(c) Any Liabilities of any member of the GE Group not expressly referenced in Section 2.3(a) above are Excluded Liabilities and all Excluded Liabilities shall not be Company Liabilities.

#### 2.4 Termination of Agreements.

(a) Except as set forth in Section 2.4(b), the Company, on behalf of itself and each member of the Company Group, on the one hand, and GE and GECC on behalf of themselves and each member of the GE Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among the Company or any member of the Company Group, on the one hand, and GE, GECC or any member of the GE Group, on the other hand, effective as of the Closing Date. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Closing Date. Each Party shall, at the reasonable request of any other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.4(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof):

(i) this Agreement and the Transaction Documents (and each other agreement or instrument expressly contemplated by this Agreement or any Transaction Document to be entered into or continued by either of GECC or the Company or any of the members of their respective Groups);

(ii) except to the extent redundant with any provision of or service provided under this Agreement or any of the Transaction Documents (including any exhibits or schedules thereto), the agreements, arrangements, commitments and understandings listed or described on Schedule 2.4(b)(ii);

(iii) the guarantees, indemnification obligations, surety bonds and other credit support agreements, arrangements, commitments or understandings listed or described on Schedule 2.4(b)(iii) (the “Guarantees”);

(iv) any agreements, arrangements, commitments or understandings to which any Person other than GECC and the Company and their respective Affiliates is a party listed or described on Schedule 2.4(b)(iv) (it being understood that to the extent that the rights and obligations of the Parties and the members of their respective Groups under any such agreements, arrangements, commitments or understandings constitute Company Assets or Company Liabilities, they shall be assigned pursuant to Section 2.1);

(v) any accounts payable or accounts receivable between a member of the GE Group, on the one hand, and a member of the Company Group, on the other hand, accrued as of the Closing Date and reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices; provided, however, that all trade accounts payable, trade accounts receivable and intercompany loans must be settled within ninety (90) days after the Closing Date, except as otherwise provided for in the Transaction Documents;

(vi) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of GE or the Company, as the case may be, is a party (it being understood that directors’ qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); and

(vii) any other agreements, arrangements, commitments or understandings that this Agreement or any Transaction Document expressly contemplates will survive the Closing Date.

2.5 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES. GECC (ON BEHALF OF ITSELF AND EACH MEMBER OF THE GE GROUP) AND THE COMPANY (ON BEHALF OF ITSELF AND EACH MEMBER OF THE COMPANY GROUP) EACH UNDERSTAND AND AGREE THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, IN ANY TRANSACTION DOCUMENT OR IN ANY CORPORATE REORGANIZATION AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY TRANSACTION DOCUMENT, ANY CORPORATE REORGANIZATION AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY TRANSACTION DOCUMENT, ANY CORPORATE REORGANIZATION AGREEMENT OR OTHERWISE,

IS REPRESENTING OR WARRANTING OR HAS MADE ANY REPRESENTATION OR WARRANTY IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION HERewith OR THEREWITH, AS TO THE VALUE OF OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS, BUSINESSES OR LIABILITIES OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER OR THEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN, IN ANY TRANSACTION DOCUMENT OR ANY CORPORATE REORGANIZATION AGREEMENT, ALL SUCH ASSETS ARE BEING OR HAVE BEEN TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.6 Governmental Approvals and Consents. To the extent that the Separation or the Distribution requires any Governmental Approvals or Consents, the Parties will use their reasonable best efforts to obtain such Governmental Approvals and Consents, including by preparing all documentation and making all filings necessary to obtain such Governmental Approvals and Consents. Each Party shall promptly furnish to the others copies of any notices or written communications received by it or any of its Affiliates from any Governmental Authority with respect to the transactions contemplated by the Corporate Reorganization Agreements, this Agreement or any Transaction Document, and subject to applicable Laws, each Party, as applicable, shall, to the extent practicable, permit counsel to the others an opportunity to review in advance, and shall consider in good faith the views of such counsel in connection with, any proposed written communications by it or its Affiliates to any Governmental Authority concerning the transactions contemplated by the Corporate Reorganization Agreements, this Agreement or any Transaction Document. Subject to applicable Laws, each Party agrees to reasonably cooperate with the others in connection with any communications with any Governmental Authorities concerning or in connection with the transactions contemplated by the Corporate Reorganization Agreements, this Agreement or any Transaction Document and, to the extent it deems appropriate under the circumstances in its sole discretion, each Party shall provide the other Parties and their respective counsel the opportunity, with reasonable advance notice, to participate in substantive meetings or discussions, either in person or by telephone, between such Party or any of its Affiliates, agents or advisors, on the one hand, and any Governmental Authority, on the other hand, concerning or in connection with the transactions contemplated by the Corporate Reorganization Agreements, this Agreement or any Transaction Document, and each Party further agrees that, to the extent consistent with applicable Laws, it

will use its reasonable best efforts to share with the other Parties information received from Governmental Authorities, in substantive meetings or discussions in which such other Parties did not participate, that would reasonably be expected to be of interest to the other Parties.

#### 2.7 Novation of Assumed Company Liabilities.

(a) Each of GECC and the Company, at the request of the other, shall use its reasonable best efforts to obtain, or to cause to be obtained, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Company Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Company Group, so that, in any such case, the Company and its Subsidiaries will be solely responsible for such Liabilities; provided, however, that neither GECC nor the Company shall be obligated to pay any consideration therefor to any third party from whom any such consent, approval, substitution or amendment is requested.

(b) If GECC or the Company is unable to obtain, or to cause to be obtained, any such required consent, approval, release, substitution or amendment, the applicable member of the GE Group shall continue to be bound by such agreement, lease, license or other obligation and, unless not permitted by Law or the terms thereof, the Company shall, as agent or subcontractor for GECC or such other Person, as the case may be, pay, perform and discharge fully all the obligations or other Liabilities of GECC or such other Person that constitute Company Liabilities, as the case may be, thereunder from and after the Closing Date. The Company shall indemnify each GE Indemnified Party, and hold each of them harmless against any Liabilities arising in connection therewith, in accordance with the provisions of Article VI. GE shall, without further consideration, pay and remit, or cause to be paid or remitted, to the Company, promptly, all money, rights and other consideration received by it or any member of the GE Group in respect of such performance (unless any such consideration is an Excluded Asset). If and when any such consent, approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, GE shall thereafter assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of the GE Group to the Company without payment of further consideration and the Company shall, without the payment of any further consideration, assume such rights and obligations.

#### 2.8 Novation of Liabilities other than Company Liabilities.

(a) Each of GE, GECC and the Company, at the request of another Party, shall use its reasonable best efforts to obtain, or to cause to be obtained, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities for which a member of the GE Group and a member of the Company Group are jointly or severally liable and that do not constitute Company Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the GE Group, so that, in any such case, the members of the GE Group will be solely responsible for such Liabilities; provided, however, that none of GE, GECC or the Company shall be obligated to pay any consideration therefor to any third party from whom any such consent, approval, substitution or amendment is requested.

(b) If GE, GECC or the Company is unable to obtain, or to cause to be obtained, any such required consent, approval, release, substitution or amendment, the applicable member of the Company Group shall continue to be bound by such agreement, lease, license or other obligation and, unless not permitted by Law or the terms thereof, GECC shall cause a member of the GE Group, as agent or subcontractor for such member of the Company Group, to pay, perform and discharge fully all the obligations or other Liabilities of such member of the Company Group thereunder from and after the Closing Date. GECC shall indemnify each Company Indemnified Party and hold each of them harmless against any Liabilities (other than Company Liabilities) arising in connection therewith, in accordance with the provisions of Article VI. The Company shall cause each member of the Company Group, without further consideration, to pay and remit, or cause to be paid or remitted, to GECC or to another member of the GE Group specified by GECC, promptly, all money, rights and other consideration received by it or any member of the Company Group in respect of such performance (unless any such consideration is a Company Asset). If and when any such consent, approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, the Company shall promptly assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of the Company Group to GECC or to another member of the GE Group specified by GECC without payment of further consideration and GECC, without the payment of any further consideration shall, or shall cause such other member of the GE Group to, assume such rights and obligations.

### ARTICLE III

#### THE INITIAL PUBLIC OFFERING AND ACTIONS PENDING THE INITIAL PUBLIC OFFERING; OTHER TRANSACTIONS

3.1 The Initial Public Offering. The Company shall (i) consult with, and cooperate in all respects with and take all actions reasonably requested by, GECC in connection with the Initial Public Offering and (ii) at the direction of GECC, promptly take any and all actions necessary or desirable to consummate the Initial Public Offering as contemplated by the IPO Registration Statement and the Underwriting Agreement.

3.2 The Distribution or Other Disposition.

(a) Subject to applicable Law, GECC shall, in its sole and absolute discretion, determine (i) whether and when to proceed with all or part of the Distribution or Other Disposition and (ii) all terms of the Distribution or Other Disposition, as applicable, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution or Other Disposition and the timing of and conditions to the consummation of the Distribution or Other Disposition. In addition, in the event that GECC determines to proceed with the Distribution or Other Disposition, GECC may, subject to applicable Law, at any time and from time to time until the completion of the Distribution or Other Disposition abandon, modify or change any or all of the terms of the Distribution or Other Disposition, including, by accelerating or delaying the timing of the consummation of all or part of the Distribution or Other Disposition.



(b) The Company shall cooperate with GECC and any member of the GE Group in all respects to accomplish the Distribution or Other Disposition and shall, at GECC's direction, promptly take any and all actions necessary or desirable to effect the Distribution or Other Disposition, including, the registration under the Securities Act of the offering of the Company Common Stock on an appropriate registration form as reasonably designated by GECC and the filing of any necessary documents pursuant to the Exchange Act. Subject to applicable Law and contractual requirements among the Parties, GECC shall select any investment bank, manager, underwriter or dealer manager in connection with the Distribution or Other Disposition, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting, tax and other advisors and service providers in connection with the Distribution or Other Disposition, as applicable. GECC and the Company, as the case may be, will provide to the exchange agent, if any, all share certificates and any information required in order to complete the Distribution or Other Disposition.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Registration Rights Agreement shall control the terms and conditions of any Other Disposition to the extent contemplated therein.

#### ARTICLE IV

##### INTERCOMPANY TRANSACTIONS AS OF THE CLOSING DATE

4.1 Time and Place of Closing Subject to the terms and conditions of this Agreement, all transactions contemplated by this Agreement shall be consummated at a closing (the "Closing") to be held at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, at 10:00 a.m. EDT, on the date on which the Initial Public Offering closes or at such other place or at such other time or on such other date as GECC and the Company may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date").

4.2 Closing Transactions At or prior to the Closing:

(a) The Separation contemplated by Article II shall be effected.

(b) The appropriate Parties hereto shall enter into, and (as necessary) shall cause their respective Subsidiaries to enter into, the agreements set forth below (collectively, the "Transaction Documents"):

- (i) the Transitional Services Agreement;
- (ii) the Registration Rights Agreement;
- (iii) the Tax Sharing and Separation Agreement;
- (iv) the Employee Matters Agreement;
- (v) the Transitional Trademark License Agreement;

- (vi) the Intellectual Property Cross License Agreement;
- (vii) the GECC Term Loan Agreement;
- (viii) the MNT Subservicing Agreement;
- (ix) the Undrawn Committed Securitization Documents;
- (x) the Securitization Note Sale and Assignment Agreements; and
- (xi) the Transfer Documents.

4.3 Amended and Restated Certificates of Incorporation and Amended and Restated Bylaws. At or prior to the Closing, GECC and the Company shall each take all necessary action that may be required to provide for the adoption by the Company of the Amended and Restated Certificate of Incorporation of the Company in the form attached hereto as Exhibit G (the “Charter”), and the Amended and Restated Bylaws of the Company in the form attached hereto as Exhibit H (the “Amended and Restated Bylaws”) and the filing of the Charter with the Secretary of State of the State of Delaware. At or prior to the Closing, the Company shall take and shall cause GECC to take all necessary action that may be required to provide for the adoption by GECC of the Amended and Restated Certificate of Incorporation of GECC in form and substance reasonably satisfactory to GECC (the “Bank Charter”), and the Amended and Restated Bylaws of GECC in form and substance reasonably satisfactory to GECC (the “Amended and Restated Bank Bylaws”).

4.4 Transfers of Assets and Assumption of Liabilities. In furtherance of the assignment, transfer and conveyance of Company Assets and the assumption of Company Liabilities provided for in Section 2.1(a)(i) and Section 2.1(a)(ii), on the Closing Date (i) GE or GECC shall execute and deliver, and shall cause its respective Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of GE’s and its Subsidiaries’ (other than the Company and its Subsidiaries) right, title and interest in and to the Company Assets to the Company and its Subsidiaries, and (ii) the Company shall execute and deliver such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Company Liabilities by the Company. All of the foregoing documents contemplated by this Section 4.4 shall be referred to collectively herein as the “GECC Transfer Documents.”

4.5 Transfer of Excluded Assets; Assumption of Excluded Liabilities.

(a) To the extent any Excluded Asset or Excluded Liability is transferred to a member of the Company Group at the Closing or is owned or held by a member of the Company Group after the Closing, from and after the Closing:

(i) the Company shall, and shall cause its applicable Subsidiaries to, promptly assign, transfer, convey and deliver to GECC or certain of its Subsidiaries designated by GECC, and GECC or such Subsidiaries shall accept from the Company and its applicable Subsidiaries, all of the Company’s and such Subsidiaries’ respective rights, titles and interests in and to such Excluded Assets; and

(ii) GECC and certain of its Subsidiaries designated by GECC shall promptly accept, assume and agree faithfully to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms.

(b) In furtherance of the assignment, transfer and conveyance of Excluded Assets and the assumption of Excluded Liabilities set forth in Section 4.5(a)(i) and Section 4.5(a)(ii): (i) the Company shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of the Company's and its Subsidiaries' right, title and interest in and to the Excluded Assets to GECC and its Subsidiaries, and (ii) GECC shall execute and deliver such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Excluded Liabilities by GECC. All of the foregoing documents contemplated by this Section 4.5(b) shall be referred to collectively herein as the "Company Transfer Documents" and, together with the GECC Transfer Documents, the "Transfer Documents."

(c) To the extent that the transfer of such Excluded Assets and the assumption of such Excluded Liabilities require any Governmental Approvals or Consents, the Parties shall use their reasonable best efforts to obtain such Governmental Approvals and Consents.

(d) If and to the extent that the valid, complete and perfected transfer or assignment to the GE Group of any Excluded Assets or the assumption by the GE Group of any Excluded Liabilities would be a violation of applicable Law or require any Consent or Governmental Approval, then, unless GECC and the Company mutually shall otherwise determine, the transfer or assignment to the GE Group of such Excluded Assets or the assumption by the GE Group of such Excluded Liabilities shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consents or Governmental Approvals have been obtained.

(e) If any transfer or assignment of any Excluded Asset intended to be transferred or assigned hereunder or any assumption of any Excluded Liability intended to be assumed by GECC hereunder is not consummated on the Closing Date, whether as a result of the failure to obtain any required Governmental Approvals or Consents under Section 4.5(c) or for any other reason, then, insofar as reasonably possible, (i) the member of the Company Group retaining such Excluded Asset shall thereafter hold such Excluded Asset for the use and benefit of GECC (at GECC's expense) and (ii) GECC shall, or shall cause its applicable Subsidiary to, pay or reimburse the member of the Company Group retaining such Excluded Liability for all amounts paid or incurred in connection with such Excluded Liability. In addition, the member of the Company Group retaining such Excluded Asset shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Excluded Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by GECC in order to place GECC in the same position as if such Excluded Asset had

been transferred as contemplated hereby and so that all the benefits and burdens relating to such Excluded Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Excluded Asset, is to inure from and after the Closing Date to the GE Group.

4.6 Tax Matters. At the Closing, GE and the Company shall enter into the Tax Sharing and Separation Agreement. To the extent that any representations, warranties, covenants and agreements between the parties with respect to Tax matters are set forth in the Tax Sharing and Separation Agreement, such Tax matters shall be governed exclusively by the Tax Sharing and Separation Agreement and not by this Agreement.

## ARTICLE V

### FINANCIAL AND OTHER INFORMATION

#### 5.1 Annual Financial Information.

(a) The Company agrees that, so long as any member of the GE Group meets the Consolidation Threshold at any time during any fiscal year, the Company shall deliver to GE or GECC, as applicable, the Corporate Reporting Data set forth on Schedule 5.1 for such year. The Company shall deliver the financial data and schedules comprising such Corporate Reporting Data within the reasonable time periods specified by GECC, which time periods shall be specified by GECC in writing by no later than fifteen (15) days prior to the end of each fiscal year. All annual consolidated financial statements of the Company and its Subsidiaries delivered to GE and GECC shall set forth in each case in comparative form the consolidated figures for the previous fiscal year prepared in accordance with Article 10 of Regulation S-X and consistent with the level of detail provided in comparable financial statements furnished by the Company Business to GE or GECC prior to the Closing Date. The Corporate Reporting Data shall include all statistical information reasonably necessary for inclusion in any GE Group member's annual earnings press release, along with reasonably appropriate supporting documentation. The Corporate Reporting Data shall include (i) a discussion and analysis by management of the Company's and its Subsidiaries' consolidated financial condition and results of operations for the requisite years, including, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303(a) of Regulation S-K and (ii) a discussion and analysis of the Company's and its Subsidiaries' consolidated financial condition and results of operations for the requisite years, including, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303(a) of Regulation S-K, prepared for inclusion in the annual report to stockholders of any member of the GE Group.

(b) The Company agrees that, if members of the GE Group beneficially own, in the aggregate, (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal year at least five percent (5%) of the then outstanding Company Common Stock, the Company shall deliver to GE or GECC, as applicable, the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of each fiscal year and the

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unaudited consolidated statements of earnings of the Company and its Subsidiaries for each fiscal year within the reasonable time periods specified by GECC, which time periods shall be specified by GECC in writing by no later than fifteen (15) days prior to the end of each fiscal year. All annual consolidated financial statements of the Company and its Subsidiaries delivered to GE and GECC shall set forth in each case in comparative form the consolidated figures for the previous fiscal year prepared in accordance with Article 10 of Regulation S-X and consistent with the level of detail provided in comparable financial statements furnished by the Company Business to GE or GECC prior to the Closing Date.

(c) The Company agrees that, so long as any member of the GE Group meets the Consolidation Threshold at any time during any fiscal year, (i) no later than the day prior to the day the Company publicly files its Annual Report on Form 10-K with the SEC or otherwise, the Company shall deliver to GE and GECC the final form of its Annual Report on Form 10-K, together with all certifications required by applicable Law by each of the chief executive officer and chief financial officer of the Company and the form of opinion the Company's independent certified public accountants expect to provide thereon, and (ii) the Company shall, if requested by GECC, also deliver to GE or GECC, as applicable, all of the information required to be delivered in Schedule 5.1 with respect to each Subsidiary of the Company which is itself required to file Annual Reports on Form 10-K with the SEC, with such information to be provided in the same manner and detail and on the same time schedule as the information with respect to the Company required to be delivered to GE and GECC pursuant to Schedule 5.1.

#### 5.2 Quarterly Financial Information.

(a) The Company agrees that, so long as any member of the GE Group meets the Consolidation Threshold at any time during any fiscal year, the Company shall deliver to GE or GECC, as applicable, the Corporate Reporting Data set forth on Schedule 5.2 for the first, second and third quarter of each year. The Company shall deliver the financial data and schedules comprising such Corporate Reporting Data within the reasonable time periods specified by GECC, which time periods shall be specified by GECC in writing by no later than fifteen (15) days prior to the end of each fiscal quarter. All quarterly consolidated financial statements of the Company and its Subsidiaries delivered to GE and GECC shall include financial statements for such quarterly periods and for the period from the beginning of the current fiscal year to the end of such quarter, setting forth in each case in comparative form for each such fiscal quarter of the Company the consolidated figures for the corresponding quarter and period of the previous fiscal year prepared in accordance with Article 10 of Regulation S-X and consistent with the level of detail provided in comparable financial statements furnished by the Company Business to GE and GECC prior to the Closing Date. The Corporate Reporting Data shall include all statistical information reasonably necessary for inclusion in any GE Group member's quarterly earnings press release, along with reasonably appropriate supporting documentation. The Corporate Reporting Data shall include a discussion and analysis by management of the Company's and its Subsidiaries' consolidated financial condition and results of operations for the requisite quarterly periods, including, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303(b) of Regulation S-K.

(b) The Company agrees that, if members of the GE Group beneficially own, in the aggregate, (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal year at least five percent (5%) of the then outstanding Company Common Stock, the Company shall deliver to GE or GECC, as applicable, the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of each fiscal quarter and the unaudited consolidated statements of earnings of the Company and its Subsidiaries for each fiscal quarter within the reasonable time periods specified by GECC, which time periods shall be specified by GECC in writing by no later than fifteen (15) days prior to the end of each fiscal quarter. All quarterly consolidated financial statements of the Company and its Subsidiaries delivered to GE and GECC shall include financial statements for such quarterly periods and for the period from the beginning of the current fiscal year to the end of such quarter, setting forth in each case in comparative form for each such fiscal quarter of the Company the consolidated figures for the corresponding quarter and period of the previous fiscal year prepared in accordance with Article 10 of Regulation S-X and consistent with the level of detail provided in comparable financial statements furnished by the Company Business to GE and GECC prior to the Closing Date.

(c) The Company agrees that, so long as any member of the GE Group meets the Consolidation Threshold at any time during any fiscal year, (i) no later than the day prior to the day the Company publicly files a Quarterly Report on Form 10-Q with the SEC or otherwise, the Company shall deliver to GE and GECC the final form of its Quarterly Report on Form 10-Q, together with all certifications required by applicable Law by each of the chief executive officer and chief financial officer of the Company, and (ii) the Company shall, if requested by GECC, also deliver to GE or GECC, as applicable, all of the information required to be delivered in Schedule 5.2 with respect to each Subsidiary of the Company which is itself required to file Quarterly Reports on Form 10-Q with the SEC, with such information to be provided in the same manner and detail and on the same time schedule as the information with respect to the Company required to be delivered to GE and GECC pursuant to Schedules 5.2.

**5.3 GECC's Operating Reviews.** The Company agrees that, if members of the GE Group beneficially own, in the aggregate, (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal quarterly or annual period at least five percent (5%) of the then outstanding Company Common Stock, the Company shall deliver to GE and GECC the FP&A Reports set forth on Schedule 5.3 for such quarterly or annual period in respect of the Applicable Accounting Method in effect as of the first day of such period. The Company shall deliver the financial data and schedules comprising such FP&A Reports during each fiscal year within the reasonable time periods specified by GECC in writing by no later than fifteen (15) days prior to the end of the preceding fiscal year, or within any other reasonable time periods specified by GECC in writing thereafter, but in any event prior to fifteen (15) days before the date such FP&A Report is required to be delivered to GE and GECC. The Company shall provide GE and GECC an opportunity to meet with management of the Company to discuss such FP&A Reports upon reasonable notice during normal business hours.

5.4 General Financial Statement Requirements. All information provided by the Company or any of its Subsidiaries to any member of the GE Group pursuant to this Article V shall be consistent in terms of format and detail and otherwise with the procedures and practices in effect prior to the Closing Date with respect to the provision of such financial and other information by the Company to any member of the GE Group (and where appropriate, as presently presented in financial and other reports delivered to the board of directors of GE or GECC), with such changes therein as may be reasonably requested by GECC from time to time, and any changes in such procedures or practices that are required in order to comply with the rules and regulations of the SEC, as applicable.

5.5 Twenty-Percent Threshold. The Company agrees that, if members of the GE Group beneficially own, in the aggregate, (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal year more than twenty percent (20%) of the then outstanding Company Common Stock, or, notwithstanding such percentage, if any member of the GE Group is required during any fiscal year, in accordance with GAAP, to account for its investment in the Company on a consolidated basis or under the equity method of accounting, then in respect of such fiscal year:

(a) Maintenance of Books and Records. The Company shall, and shall cause each of its consolidated Subsidiaries to, (i) make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and such Subsidiaries, (ii) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (x) transactions are executed in accordance with management's general or specific authorization, (y) transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with GAAP or any other criteria applicable to such statements and (2) to maintain accountability for assets and (z) access to assets is permitted only in accordance with management's general or specific authorization and (iii) comply with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, so long as in effect.

(b) Fiscal Year. The Company shall, and shall cause each of its consolidated Subsidiaries to, maintain a fiscal year which commences on January 1 and ends on December 31 of each calendar year; provided that, if on the Closing Date any consolidated Subsidiary of the Company has a fiscal year which ends on a date other than December 31, the Company shall use its reasonable best efforts to cause such Subsidiary to change its fiscal year to one which ends on December 31 if such change is reasonably practicable.

(c) Other Financial Information. The Company shall provide to GE and GECC upon reasonable request of GECC such other financial information and analyses of the Company and its Subsidiaries that may be necessary for any member of the GE Group to (1) comply with applicable financial reporting requirements or its customary financial reporting

practices or (2) respond in a timely manner to any reasonable requests for information regarding the Company and its Subsidiaries received by GE or GECC from investors or financial analysts; provided, however, that neither GECC nor any member of the GE Group shall disclose any material, non-public information of the Company except pursuant to policies and procedures mutually agreed upon by GECC and the Company for the disclosure of such information and except as required by applicable Law. In connection therewith, the Company shall also permit GE, GECC, the GE Auditors and other Representatives of GE or GECC to discuss the affairs, finances and accounts of any member of the Company Group with the officers of the Company and the Company Auditors, all at such times and as often as GECC may reasonably request upon reasonable notice during normal business hours.

(d) Public Information and SEC Reports. The Company and each of its Subsidiaries that files information with the SEC shall cooperate with GE and GECC in preparing reports, notices and proxy and information statements to be sent or made available by the Company or such Subsidiaries to their security holders, all regular, periodic and other reports filed under Sections 13, 14 and 15 of the Exchange Act by the Company or such Subsidiaries and all registration statements and prospectuses to be filed by the Company or such Subsidiaries with the SEC or any securities exchange pursuant to the listed company manual (or similar requirements) of such exchange (collectively, "Company Public Documents") and deliver to GE (to the attention of its Senior Securities Counsel), no later than the date the same are printed for distribution to its shareholders, sent to its shareholders or filed with the SEC, whichever is earliest, final copies of all Company Public Documents. Upon reasonable advance notice from GE, the Company shall file its Quarterly Reports on Form 10-Q and its Annual Reports on Form 10-K with the SEC immediately (and in no event later than one hour) following GE's filing of its quarterly and annual reports with the SEC for the corresponding period. The Parties shall cooperate in preparing all press releases and other statements to be made available by the Company or any of its Subsidiaries to the public, including, information concerning material developments in the business, properties, results of operations, financial condition or prospects of the Company or any of its Subsidiaries. GE and GECC shall have the right to review, reasonably in advance of public release or release to financial analysts or investors and in a manner consistent with the procedures and practices in effect prior to the Closing Date with respect to press releases issued by the Company (1) all press releases and other statements to be made available by the Company or any of its Subsidiaries to the public and (2) all reports and other information prepared by the Company or any of its Subsidiaries for release to financial analysts or investors; provided, however, that neither GE nor any member of the GE Group shall disclose any material, non-public information of the Company except pursuant to policies and procedures mutually agreed upon by GE or GECC and the Company for the disclosure of such information and except as required by applicable Law; provided, further, that at any time when members of the GE Group beneficially own, in the aggregate, (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) fifty percent (50%) or less of the then outstanding Company Common Stock, GE or GECC shall only have the right to review such press releases, public statements, reports and other information in advance if necessary for any member of the GE Group to (1) comply with applicable financial reporting requirements or its customary financial reporting practices or (2) respond to any reasonable requests for information regarding



the Company and its Subsidiaries received by GE or GECC from investors or financial analysts. No press release, report, registration, information or proxy statement, prospectus or other document which refers, or contains information with respect, to any member of the GE Group shall be filed with the SEC or otherwise made public or released to any financial analyst or investor by the Company or any of its Subsidiaries without the prior written consent of GECC (which consent shall not be unreasonably withheld, conditioned or delayed) with respect to those portions of such document that contain information with respect to any member of the GE Group, except as may be required by Law (in such cases the Company shall use its reasonable best efforts to notify the relevant member of the GE Group and to obtain such member's consent before making such a filing with the SEC or otherwise making any such information public).

(e) Meetings with Financial Analysts The Company shall notify GE and GECC reasonably in advance of the date of all scheduled meetings and conference calls to be held between the Company and members of the investment community (including any financial analysts), and of any conferences to be attended by management of the Company with members of the investment community, and shall consult with GE and GECC as to the appropriate timing for all such meetings, calls and conferences. With respect to any such meeting, call or conference to be held at a time when members of the GE Group beneficially own, in the aggregate, (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC 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 then outstanding Company Common Stock, the Company shall not schedule such meeting or call or attend such conference on any date to which GECC reasonably objects. The foregoing shall not require the Company to notify GE and GECC of one-on-one discussions between management of the Company and members of the investment community (including any financial analysts).

(f) Earnings Releases. GE agrees that, unless required by Law or unless the Company shall have consented thereto, no member of the GE Group will publicly release any quarterly, annual or other financial information of the Company or any of its Subsidiaries ("Company Information") delivered to GE or GECC pursuant to this Article V prior to the time that GE publicly releases financial information of GE, for the relevant period. GE will consult with the Company on the timing of their annual and quarterly earnings releases and GE and the Company will give each other an opportunity to review the information therein relating to the Company and its Subsidiaries and to comment thereon; provided, that GE shall have the sole right to determine the timing of all such releases if GE and the Company disagree. Upon reasonable advance notice from GE, the Company shall publicly release its financial results for each annual and quarterly period on the day of GE's earnings release within a reasonable time following GE's release. If any member of the GE Group is required by Law to publicly release such Company Information prior to the public release of GE's or GECC's financial information, GE will give the Company notice of such release of Company Information as soon as practicable but no later than two (2) days prior to such release of Company Information.

5.6 GE Public Filings. The Company shall cooperate, and cause its accountants to cooperate, with GE and GECC to the extent reasonably requested by GECC in the preparation of GE's or GECC's, as applicable, press releases, public earnings releases, Quarterly Reports on

Form 10-Q, Annual Reports to Shareholders, Annual Reports on Form 10-K, any Current Reports on Form 8-K and any amendments thereto and any other proxy, information and registration statements, reports, notices, prospectuses and any other filings made by GE or any of its Subsidiaries with the SEC, any national securities exchange or otherwise made publicly available (collectively, "GE Public Filings"). The Company agrees to provide to GE and GECC all information that GE or GECC reasonably requests in connection with any such GE Public Filings or that, in the judgment of GE's or GECC's legal department, is required to be disclosed therein under any Law. The Company agrees to use reasonable efforts to provide such information in a timely manner to enable GE or GECC, as applicable, to prepare, print and release such GE Public Filings on such date as GE or GECC shall determine. If and to the extent reasonably requested by GE or GECC, the Company shall diligently and promptly review all drafts of such GE Public Filings and prepare in a diligent and timely fashion any portion of such GE Public Filing pertaining to the Company or its Subsidiaries. Prior to any printing or public release of any GE Public Filing, an appropriate executive officer of the Company, shall, if requested by GE or GECC, continue the existing practice of certifying and representing that the information provided by the Company relating to the Company, in such GE Public Filing is accurate, true and correct in all material respects. Unless required by Law, without the prior consent of GECC, the Company shall not publicly release any financial or other information that conflicts with the information with respect to the Company, any Affiliate of the Company or the Company Group that is provided by the Company for any GE Public Filing.

5.7 GE Annual Statements. In connection with any GE Group member's preparation of its audited annual financial statements and its Annual Reports to Shareholders (collectively the "GE Annual Statements"), during any fiscal year in which the members of the GE Group own, in the aggregate, (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 twenty percent (20%) of the then outstanding Company Common Stock, (or such lesser percentage during any fiscal year that any member of the GE Group is required, in accordance with GAAP, to account for its investment in the Company on a consolidated basis or under the equity method of accounting), the Company agrees as follows:

(a) Coordination of Auditors' Opinions. The Company will use its reasonable best efforts to enable its independent certified public accountants (the "Company Auditors") to complete their audit such that they will date their opinion on the Company's audited annual financial statements on the same date that GE independent certified public accountants (the "GE Auditors") date their opinion on the GE Annual Statements, and to enable GE to meet its timetable for the printing, filing and public dissemination of the GE Annual Statements.

(b) Access to Personnel and Working Papers. The Company will request the Company Auditors to make available to the GE Auditors both the personnel who performed or are performing the annual audit of the Company and, consistent with customary professional practice and courtesy of such auditors with respect to the furnishing of work papers, work papers related to the annual audit of the Company, in all cases within a reasonable time after the Company Auditors' opinion date, so that the GE Auditors are able to perform the procedures they consider necessary to take responsibility for the work of the Company Auditors as it relates

to the GE Auditors' report on the GE Annual Statements, all within sufficient time to enable GE to meet its timetable for the printing, filing and public dissemination of the GE Annual Statements. Until the Trigger Date, if the GE Auditors identify, in any management letter or other correspondence in connection with the annual audit of GE, any issue with the accounting principles, any proposed adjustment or any similar area of concern with respect to the Company Group, GE shall promptly inform the Company and provide the Company with an excerpt of the applicable portions of such management letter or correspondence.

5.8 Fifty-Percent Threshold. The Company agrees that if members of the GE Group beneficially own, in the aggregate (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal year more than fifty percent (50%) of the then outstanding Company Common Stock, or, notwithstanding such percentage, if any member of the GE Group is required during any fiscal year, in accordance with GAAP, to consolidate the Company's financial statements with its financial statements, then in respect of such fiscal year:

(a) Internal Auditors. The Company shall provide GECC, GE, the GE Auditors or other Representatives of GE or GECC reasonable access upon reasonable notice during normal business hours to the Company's and its Subsidiaries' books and records so that GECC may conduct reasonable audits relating to the financial statements provided by the Company pursuant to this Article V, as well as to the internal accounting controls and operations of the Company and its Subsidiaries; provided, however, that any such audits will be conducted in the same manner and using the same procedures as conducted on the date hereof for audits of the Company including, but not limited to, reporting audit findings to management of the business or unit subject to the audit.

(b) Accounting Estimates and Principles. The Company will give GECC reasonable notice of any proposed material change in accounting estimates or material changes in accounting principles from those in effect with respect to the Company, its Subsidiaries and the Affiliates of GE that comprise the Company Group immediately prior to the Closing Date, and will give GECC notice immediately following adoption of any such changes that are mandated or required by the SEC, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board. In connection therewith, the Company will consult with GE or GECC, and, if requested by GECC, the Company will consult with the GE Auditors with respect thereto. As to material changes in accounting principles that could affect any member of the GE Group, the Company will not make any such changes without GECC's prior written consent (which consent will not unreasonably withheld, conditioned or delayed), excluding changes that are mandated or required by the SEC, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board, if such a change would be sufficiently material to be required to be disclosed in the Company's financial statements as filed with the SEC or otherwise publicly disclosed therein. If GECC so requests, the Company will be required to obtain the concurrence of the Company Auditors as to such material change prior to its implementation. GECC will use its reasonable best efforts to promptly respond to any request by the Company to make a change in accounting principles and, in any event, in sufficient time to enable the Company to comply with its obligations under Section 5.1.

(c) Management Certification. The Company's chief executive officer and the Company's chief financial or accounting officer shall submit quarterly representations substantially in the form attached hereto as Schedule 5.8(c) (with such changes thereto prescribed by GE consistent with representations furnished to GE by other Subsidiaries of GE or as otherwise required by changes to applicable Law or stock exchange requirements) attesting to the accuracy and completeness of the financial and accounting records referred to therein in all material respects.

(d) Operating Review Process. The Company shall conduct its strategic and operational review process on a schedule that is consistent with that of GECC's. GECC acknowledges that, as a supplement to the information furnished by the Company to GECC pursuant to Section 5.3, GECC shall conduct its strategic and operational reviews of the Company through participation in meetings or other activities of the Company board of directors (the "Company Board") by the members of the Company Board that are designated for nomination by GECC. To facilitate GECC's participation in the process in this manner, the Company shall hold all of its regularly scheduled board meetings at which its strategic and operational reviews are discussed within a time frame consistent with GECC's strategic and operational review process. GECC shall make a good faith attempt to conduct all other reviews of the Company's operations, affairs, finances or results (other than those required to comply with applicable financial reporting requirements or its customary financial reporting practices) through participation in meetings or other activities of the Company Board by the members of the Company Board that are designated for nomination by GECC. In connection with strategic, operational or other reviews, relevant GECC personnel other than the members of the Company Board designated for nomination by GECC may participate at GECC's invitation. GECC will notify the Company in advance of any such additional attendees.

5.9 Accountants' Reports. The Company agrees that if members of the GE Group beneficially own any shares of Company Common Stock (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal year the Company will promptly upon receipt of written notice from GECC, but in no event later than five (5) Business Days following the receipt thereof, deliver to GE and GECC copies of all reports submitted to the Company or any of its Subsidiaries by their independent certified public accountants, including, each report submitted to the Company or any of its subsidiaries concerning its accounting practices and systems and any comment letter submitted to management in connection with their annual audit and all responses by management to such reports and letters.

5.10 Regulatory Requirements and Information. Until the date on which no member of the GE Group is, as a result of its relationship with any member of the Company Group, a registered savings and loan holding company subject to regulation by the Board, under section 10 of HOLA and Regulation LL ("Deregistration"),

(a) the Company shall provide to the applicable member of the GE Group all financial, risk-related and other information that such member of the GE Group requires to prepare and provide any report or other submission to the Board or any other federal or state

bank regulatory agency or authority, including the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Consumer Financial Protection Bureau, (collectively, the “Bank Regulatory Agencies”), requires to comply with any other supervisory or regulatory requirement to which such member of the GE Group is subject under any federal or state banking Laws, including but not limited to section 10 of HOLA or Regulation LL, or reasonably requires for its own internal risk reporting and risk management requirements, including (for illustrative purposes only) the reports set forth on Schedule 5.10(a); provided, however, that if members of the GE Group beneficially own, in the aggregate (excluding for such purposes shares of Company Common Stock beneficially owned by GECC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an Affiliate of GECC being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of Company Common Stock) on any date during a fiscal year less than ten percent (10%) of the then outstanding Company Common Stock, the Company shall only be required to provide the applicable member of the GE Group financial, risk-related and other information reasonably requested by such member of the GE Group (it being understood that a request for information required by the GE Group under any applicable Law or to comply with any supervisory or regulatory requirement shall be deemed reasonable for purposes of this provision);

(b) subject to applicable Law, the Company shall provide to GECC copies of (i) all reports of examinations or other supervisory visitations prepared by any Bank Regulatory Agency regarding the Company or any Subsidiaries of the Company and (ii) any other supervisory communications from any Bank Regulatory Agency identifying any matter requiring attention or correction by the Company or any of its Subsidiaries or regarding any existing or potential investigation or enforcement action by any Bank Regulatory Agency relating to the Company or any of its Subsidiaries;

(c) to the extent not inconsistent with applicable Law, the prior written consent of GECC shall be required in connection with any arrangements, agreements or settlements to be entered into by the Company or any Subsidiary of the Company with any Governmental Authority (including any Bank Regulatory Agencies) which would reasonably be expected to have a material financial, reputational, regulatory or operational impact on GECC, such consent not to be unreasonably withheld, conditioned or delayed (it being understood that the need of any member of the GE Group to comply with applicable Law shall be deemed reasonable for purposes of this provision), including, any material form of informal or formal enforcement action (including informal written commitments, a written agreement or a consent cease and desist order), prompt corrective action directive, safety and soundness order, deferred prosecution agreement, or other material settlement agreement with any Bank Regulatory Agency, the Financial Crimes Enforcement Network, the Department of Justice, or any other federal, state or foreign regulatory or law enforcement agency;

(d) the Company shall provide to GECC copies of (i) all risk-related materials to be provided to the Company Board (or a committee thereof) or to the Bank Board (or a committee thereof) for approval by either such Board (or committee thereof) and (ii) all reports provided to the Company Board (or a committee thereof) or to the Bank Board (or a committee thereof) regarding material risks, concentrations, or emerging risks to the Company or GECC, in each case at the same time as such materials are provided to each such Board (or committee thereof);

(e) the Company shall allow GECC, or any of its Subsidiaries, on reasonable notice and in a reasonable manner, to conduct audits of the Company, including (but not limited to) with respect to the Company's activities, operations and compliance with applicable Law; and

(f) the Company shall (i) enforce Article IV, Section (B)(2)(b) of the Charter, which prevents any person or entity (other than any "Exempt Person" (as defined therein)), whether acting individually or in concert with others, from voting shares of Company Common Stock representing more than 4.99 percent of outstanding Company Common Stock and (ii) not engage, or attempt to engage, in any activity that is not permissible for a savings and loan holding company under section 10(c)(9)(B) of HOLA (12 U.S.C. § 1467a(c)(9)(B)) and the provisions of Regulation LL implementing section 10(c)(9)(B).

Any information or materials obtained from the Company by any member of the GE Group pursuant to this Section 5.10 shall be used solely for the purpose of complying with the reporting requirement or other supervisory or regulatory requirement for which GE or the Subsidiary of GE obtained such information, and for no other purpose. The provisions of this Section 5.10 shall cease to be effective upon Deregistration (subject to the right of GE unilaterally to waive all or any part of this Section 5.10 prior to such date). For clarity, all references to the Company in this Section 5.10 include all Subsidiaries of the Company, including GEGRB, except in subclause (f)(ii) in which the reference to the Company includes all Subsidiaries of the Company other than GEGRB.

#### 5.11 Agreement for Exchange of Information: Archives.

(a) Each of GECC and the Company, on behalf of itself and its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Closing Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party or a member of its Group (including under applicable securities or tax Laws) under the CALMA or by a Governmental Authority having jurisdiction over the requesting Party or such member of its Group, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, in each case other than claims or allegations that one Party to this Agreement has against the other, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement or any Transaction Document; provided, however, that in the event that any Party determines that any such provision of Information could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Closing Date, the Company shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic

significance that relate to the Company Business that are located in archives retained or maintained by any member of the GE Group. The Company may obtain copies (but not originals unless it is a Company Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes, provided that the Company shall cause any such objects to be returned promptly in the same condition in which they were delivered to the Company and the Company shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to GECC. The Company shall pay the applicable fee or rate per hour for archives research services (subject to increase from time to time to reflect rates then in effect for GECC generally). Nothing herein shall be deemed to restrict the access of any member of the GE Group to any such documents or objects or to impose any liability on any member of the GE Group if any such documents or objects are not maintained or preserved by GECC.

(c) After the Closing Date, GECC shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the businesses of any member of the GE Group that are located in archives retained or maintained by any member of the Company Group. Any member of the GE Group may obtain copies (but not originals unless it is a Company Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes, provided that such member of the GE Group shall cause any such objects to be returned promptly in the same condition in which they were delivered to such member of the GE Group and the members of the GE Group shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to the Company. GECC shall pay the applicable fee or rate per hour for archives research services (subject to increase from time to time to reflect rates then in effect for the Company generally). Nothing herein shall be deemed to restrict the access of any member of the Company Group to any such documents or objects or to impose any liability on any member of the Company Group if any such documents or objects are not maintained or preserved by the Company.

5.12 Ownership of Information. Any Information owned by one Group that is provided to a requesting Party pursuant to Section 5.11 shall be deemed to remain the property of the providing Group. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

5.13 Compensation for Providing Information. In connection with information exchanged pursuant to Section 5.11, the Party requesting Information agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting Party. Except as may be otherwise specifically provided elsewhere in this Agreement or in any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

5.14 Record Retention. To facilitate the possible exchange of Information pursuant to this Article V and other provisions of this Agreement after the Closing Date, GECC and the

Company agree to use their reasonable best efforts to retain all Information in their respective possession or control in accordance with the policies of GE as in effect on the Closing Date or such other policies as may be reasonably adopted by the appropriate party after the Closing Date. No Party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other Party may have the right to obtain pursuant to this Agreement prior to the fifth anniversary of the date hereof without first using its reasonable efforts to notify the other Party of the proposed destruction and giving the other Party the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to Taxes or employee benefits, such period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof); provided further, however, no Party will destroy, or permit any of its Subsidiaries to destroy, any Information required to be retained by applicable Law.

5.15 Liability. No Party shall have any liability to any other Party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the Party providing such Information. No Party shall have any liability to any other Party if any Information is destroyed after reasonable best efforts by such Party to comply with the provisions of Section 5.14.

5.16 Other Agreements Providing for Exchange of Information

(a) The rights and obligations granted under this Article V are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Transaction Document.

(b) When any Information provided by one Group to the other (other than Information provided pursuant to Section 5.14) is no longer needed for the purposes contemplated by this Agreement or any other Transaction Document or is no longer required to be retained by applicable Law, the receiving party will promptly after request of the other party either return to the other party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

5.17 Production of Witnesses; Records; Cooperation

(a) After the Closing Date, except in the case of an adversarial Action by one Party against another Party, each of GECC and the Company shall use its reasonable efforts to make available to each other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action or IP Application in which the requesting Party may from time to time be involved, regardless of whether such Action or IP Application is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.



(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other parties shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or the prosecution, evaluation or pursuit thereof, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, GECC and the Company shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 5.17, each of GECC and the Company agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect any intellectual property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim except as required by Law.

(e) The obligation of GECC and the Company to provide witnesses pursuant to this Section 5.17 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 5.17(a)).

(f) In connection with any matter contemplated by this Section 5.17, GECC and the Company will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege, work product immunity or other applicable privileges or immunities of any member of any Group.

5.18 Privilege. The provision of any information pursuant to this Article V shall not be deemed a waiver of any privilege, including privileges arising under or related to the attorney-client privilege or any other applicable privilege (a "Privilege"). Following the Closing Date, neither the Company or any member of the Company Group nor GECC or any member of the GE Group will be required to provide any information pursuant to this Article V if the provision of such information would serve as a waiver of any Privilege afforded such information.

5.19 Reasonable. For the purposes of this Article V, any request for information shall be deemed reasonable in content or timing if such request is consistent with past practices.

ARTICLE VI

RELEASE; INDEMNIFICATION

6.1 Release of Pre-Closing Claims

(a) Except as provided in (i) Section 6.1(c), (ii) any exceptions to the indemnification provisions of Sections 6.2, 6.3 and 6.4 set forth in those Sections and (iii) any Transaction Document and this Agreement, effective as of the Closing Date, the Company does hereby, for itself and each other member of the Company Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been directors, officers, agents or employees of any member of the Company Group (in each case, in their respective capacities as such), remise, release and forever discharge GECC and the other members of the GE Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been stockholders, directors, officers, agents or employees of any member of the GE Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Closing Date, including in connection with the transactions and all other activities to implement the Separation, the Initial Public Offering, the Distribution and any of the other transactions contemplated hereunder and under the Transaction Documents.

(b) Except as provided in (i) Section 6.1(c), (ii) any exceptions to the indemnification provisions of Sections 6.2, 6.3 and 6.4 set forth in those Sections and (iii) any Transaction Document and this Agreement, effective as of the Closing Date, GE and GECC do hereby, for themselves and each other member of the GE Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been stockholders, directors, officers, agents or employees of any member of the GE Group (in each case, in their respective capacities as such), remise, release and forever discharge the Company, the respective members of the Company Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been stockholders, directors, officers, agents or employees of any member of the Company Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Closing Date, including in connection with the transactions and all other activities to implement the Separation, the Initial Public Offering, the Distribution and any of the other transactions contemplated hereunder and under the Transaction Documents.

(c) Nothing contained in Section 6.1(a) or Section 6.1(b) shall impair any right of any Person to enforce this Agreement, any Transaction Document or any agreements, arrangements, commitments or understandings that are specified in Section 2.4(b) or the applicable Schedules thereto not to terminate as of the Closing Date, in each case in accordance with its terms. Nothing contained in Section 6.1(a) or Section 6.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the GE Group or the Company Group that is specified in Section 2.4(b) or the applicable Schedules thereto not to terminate as of the Closing Date, or any other Liability specified in such Section 2.4(b) not to terminate as of the Closing Date;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Transaction Document;

(iii) any Liability for the sale, lease, construction or receipt of property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Closing Date;

(iv) any Liability for unpaid amounts for services or refunds owing on services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of the other Group; or

(v) any Liability that GECC and the Company may have with respect to indemnification or contribution pursuant to this Agreement or otherwise, including for claims brought against GECC and the Company by third Persons (which third person claims shall be governed by the provisions of this Article VI and, if applicable, the appropriate provisions of the Transaction Documents).

In addition, nothing contained in Section 6.1(a) shall release GECC and any member of the GE Group from indemnifying and advancing expenses to any director, officer or employee of the Company who was a director, officer or employee of any member of the GE Group or any of their Affiliates on or prior to the Closing Date (including, for the avoidance of doubt, any indemnification or advancement of expenses obligations in respect of the Initial Public Offering), to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification or advancement of expenses pursuant to then existing obligations.

(d) The Company shall not make, and shall not permit any member of the Company Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against GECC or any member of the GE Group, or any other Person released pursuant to Section 6.1(a), with respect to any Liabilities released pursuant to Section 6.1(a). GECC shall not, and shall not permit any member of the GE Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against the Company or any member of the Company Group, or any other Person released pursuant to Section 6.1(b), with respect to any Liabilities released pursuant to Section 6.1(b).

(e) It is the intent of each of GE, GECC and the Company, by virtue of the provisions of this Section 6.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on

or before the Closing Date, between or among the Company or any member of the Company Group, on the one hand, and GE, GECC or any member of the GE Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Closing Date), except as expressly set forth in Sections 6.1(a), (b) and (c). At any time, at the request of any other Party, each Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

6.2 General Indemnification by the Company. Except (i) as provided in Section 6.5 or (ii) as required by applicable Law, the Company shall, and shall cause the other members of the Company Group to, indemnify, defend and hold harmless on an After-Tax Basis each member of the GE Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "GE Indemnified Parties"), from and against any and all Liabilities of the GE Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of the Company or any other member of the Company Group or any other Person to pay, perform or otherwise promptly discharge any Company Liabilities or Company Contract in accordance with its respective terms, whether prior to or after the Closing Date;

(b) any Company Liability or any Company Contract;

(c) the Guarantees and, except to the extent it relates to an Excluded Liability, any other guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding by any member of the GE Group for the benefit of any member of the Company Group that survives the Closing;

(d) any breach by any member of the Company Group of this Agreement or any of the Transaction Documents (other than the Transaction Documents set forth on Schedule 6.2(d)) or any action by the Company in contravention of its Charter or Amended and Restated Bylaws; and

(e) any untrue statement or alleged untrue statement of a material fact contained in any GE Public Filing or any other document filed with the SEC by any member of the GE Group pursuant to the Securities Act or the Exchange Act, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any of the GE Indemnified Parties by any member of the Company Group or incorporated by reference by any GE Indemnified Party from any filings made by any member of the Company Group with the SEC pursuant to the Securities Act or the Exchange Act, and then only if that statement or omission was made or occurred after the Closing Date.

6.3 General Indemnification by GECC. Except (i) as provided in Section 6.5 or (ii) as required by applicable Law, GECC shall indemnify, defend and hold harmless on an After-Tax

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Basis each member of the Company Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “Company Indemnified Parties”), from and against any and all Liabilities of the Company Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of any member of the GE Group or any other Person to pay, perform or otherwise promptly discharge any Liabilities of the GE Group other than the Company Liabilities, whether prior to or after the Closing Date or the date hereof;

(b) any Excluded Liability or any Liability of a member of the GE Group other than the Company Liabilities;

(c) any breach by any member of the GE Group of this Agreement or any of the Transaction Documents (other than the Transaction Documents set forth on Schedule 6.3(c)); and

(d) any untrue statement or alleged untrue statement of a material fact contained in any document filed with the SEC by any member of the Company Group pursuant to the Securities Act or the Exchange Act other than the Registration Statements, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any member of the Company Indemnified Parties by any member of the GE Group or incorporated by reference by any Company Indemnified Party from any GE Public Filings or any other document filed with the SEC by any member of the GE Group pursuant to the Securities Act or the Exchange Act.

#### 6.4 Registration Statement Indemnification.

(a) The Company agrees to indemnify and hold harmless on an After-Tax Basis the GE Indemnified Parties and each Person, if any, who controls any member of the GE Group within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “Registration Indemnified Parties”) from and against any and all Liabilities arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such Liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission which has been made therein or omitted therefrom in reliance upon and in conformity with (i) the information set forth in the IPO Registration Statement, that GECC agrees in writing was furnished by a member of the GE Group, (ii) the information set forth in any other Registration Statement that GECC agrees in writing was furnished by a member of the GE Group and (iii) information relating to any underwriter furnished in writing to the Company by or on behalf of such underwriter expressly for use in the Registration Statement or Prospectus.

(b) Each Registration Indemnified Party agrees, severally and not jointly, to indemnify and hold harmless on an After-Tax Basis the Company and its Subsidiaries and any of their respective directors or officers who sign any Registration Statement, and any person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Registration Indemnified Party, but only with respect to the information set forth in a Registration Statement, that is described on Schedule 6.4 or as agreed in writing by GECC as provided by Section 6.4(a)(ii). For purposes of this Section 6.4(b), any information relating to any underwriter that is contained in a Registration Statement or Prospectus shall not be deemed to be information relating to a Registration Indemnified Party. If any Action shall be brought against the Company or its Subsidiaries, any of their respective directors or officers, or any such controlling person based on any Registration Statement or Prospectus and in respect of which indemnity may be sought against a Registration Indemnified Party pursuant to this paragraph (b), such Registration Indemnified Party shall have the rights and duties given to the Company by Section 6.5 hereof (except that if the Company shall have assumed the defense thereof, such Registration Indemnified Party shall not be required to, but may, employ separate counsel therein and participate in the defense thereof, but the fees and expenses of such counsel shall be at such Registration Indemnified Party's expense), and the Company, its directors or officers and any such controlling person shall have the rights and duties given to such Registration Indemnified Party by Section 6.5 hereof.

#### 6.5 Contribution.

(a) If the indemnification provided for in this Article VI is unavailable to, or insufficient to hold harmless on an After-Tax Basis, an indemnified party under Section 6.2(e), Section 6.3(d) or Section 6.4 hereof in respect of any Liabilities referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the actions which resulted in Liabilities as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. For the purposes of this Section 6.5(a), the information set forth in the IPO Registration Statement or any other Registration Statement that is described on Schedule 6.4 or as agreed in writing as provided by Section 6.4(a)(ii), as applicable, shall be the only "information supplied by" such Registration Indemnified Parties.

(b) GECC and the Company agree that it would not be just and equitable if contribution pursuant to this Section 6.5 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (a) above. The amount paid or payable by an indemnified party as a result of the Liabilities referred to in paragraph (a) above shall be deemed to include, subject to the limitations set forth above, any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating any claim or defending any Action.

Notwithstanding the provisions of this Section 6.5, a Registration Indemnified Party shall not be required to contribute any amount in excess of the amount by which the proceeds to such Registration Indemnified Party exceeds the amount of any damages which such Registration Indemnified Party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

6.6 Indemnification Obligations Net of Insurance Proceeds and Other Amounts, On an After-Tax Basis.

(a) Any Liability subject to indemnification or contribution pursuant to this Article VI will be net of Insurance Proceeds that actually reduce the amount of the Liability and will be determined on an After-Tax Basis. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnified Party") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnified Party in respect of the related Liability. If an Indemnified Party receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto. The Indemnified Party shall use its commercially reasonable efforts to seek to collect or recover any third-party Insurance Proceeds to which the Indemnified Party is entitled in connection with any Liability for which the Indemnified Party seeks indemnification pursuant to this Article VI; provided that the Indemnified Party's inability to collect or recover any such Insurance Proceeds shall not limit the Indemnifying Party's obligations hereunder.

(c) The term "After-Tax Basis" as used in this Article VI shall have the meaning set forth in the Tax Sharing and Separation Agreement.

6.7 Procedures for Indemnification of Third-Party Claims

(a) If an Indemnified Party shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the GE Group or the Company Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnified Party pursuant to Section 6.2, Section 6.3 or Section 6.4, or any other Section of this Agreement or any Transaction Document, such Indemnified Party shall give such Indemnifying Party written notice thereof within twenty (20) days after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnified

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Party or other Person to give notice as provided in this Section 6.7(a) shall not relieve the Indemnifying Party of its obligations under this Article VI, except to the extent that such Indemnifying Party is actually and materially prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend (and to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third-Party Claim. Within thirty (30) days after the receipt of notice from an Indemnified Party in accordance with Section 6.7(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnified Party of its election whether the Indemnifying Party will assume responsibility for defending such Third-Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnified Party of its election to assume the defense of a Third-Party Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnified Party except as set forth in the next sentence. If the Indemnifying Party has elected to assume the defense of the Third-Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnified Parties shall be borne by the Indemnifying Party, but the Indemnifying Party shall be entitled to reimbursement by the Indemnified Party for payment of any such fees and expenses to the extent that it establishes that such reservations and exceptions were proper.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third-Party Claim, or fails to notify an Indemnified Party of its election as provided in Section 6.7(b), such Indemnified Party may defend such Third-Party Claim at the cost and expense of the Indemnifying Party.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third-Party Claim in accordance with the terms of this Agreement, no Indemnified Party may settle or compromise any Third-Party Claim without the consent of the Indemnifying Party. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any pending or threatened Third-Party Claim in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party without the consent of the Indemnified Party if (i) the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly against such Indemnified Party and (ii) such settlement does not include an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Third-Party Claim.

(e) The provisions of this Section 6.7 shall not apply to Taxes (which are covered by the Tax Sharing and Separation Agreement).

#### 6.8 Additional Matters.

(a) Indemnification or contribution payments in respect of any Liabilities for which an Indemnified Party is entitled to indemnification or contribution under this Article VI shall be paid by the Indemnifying Party to the Indemnified Party as such Liabilities are incurred



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upon demand by the Indemnified Party, including an obligation to provide reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made on an After-Tax Basis and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution agreements contained in this Article VI shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnified Party; (ii) the knowledge by the Indemnified Party of Liabilities for which it might be entitled to indemnification or contribution hereunder; and (iii) any termination of this Agreement.

(b) Any claim on account of a Liability which does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnified Party to the applicable Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Transaction Documents without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) If payment is made by or on behalf of any Indemnifying Party to any Indemnified Party in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In an Action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant if they conclude that substitution is desirable and practical. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.

(e) The provisions of this Section 6.8 shall not apply to Taxes and related matters covered under the Tax Sharing and Separation Agreement.

6.9 Remedies Cumulative; Limitations of Liability. The rights provided in this Article VI shall be cumulative and, subject to the provisions of Article IX, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party. Notwithstanding the foregoing, neither the Company

or its Affiliates, on the one hand, nor GECC or its Affiliates, on the other hand, shall be liable to the other for any special, indirect, incidental, punitive, consequential, exemplary, statutorily-enhanced or similar damages in excess of compensatory damages (provided that any such liability with respect to a Third-Party Claim shall be considered direct damages) of the other arising in connection with the Transactions or any of the other Transaction Documents.

6.10 Survival of Indemnities. The rights and obligations of each of GECC and the Company and their respective Indemnified Parties under this Article VI shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities.

## ARTICLE VII

### OTHER AGREEMENTS

#### 7.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of GE, GECC and the Company will cooperate with each other and use (and will cause their respective Subsidiaries and Affiliates to use) reasonable best efforts, prior to, on and after the Closing Date, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents.

(b) Without limiting the foregoing, prior to, on and after the Closing Date, each of GE, GECC and the Company shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party from and after the Closing Date, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party hereto from time to time, consistent with the terms of this Agreement and the Transaction Documents, in order to effectuate the provisions and purposes of this Agreement and the Transaction Documents and the transfers of the Company Assets and the assignment and assumption of the Company Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Transaction Documents, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Closing Date, GE, GECC and the Company in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by GE, GECC, the Company or any other Subsidiary of GE, GECC or the Company, as the case may be, to effectuate the transactions contemplated by this Agreement. On or prior to the Closing Date,

GECC shall cause GEFCI and the Company shall take all actions as may be necessary to approve the stock-based employee benefit plans of the Company in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of The New York Stock Exchange.

#### 7.2 Confidentiality.

(a) From and after the Closing, subject to Section 7.2(c) and except as contemplated by this Agreement or any Transaction Document, GE and GECC shall not, and shall cause 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 (collectively, “Representatives”), not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than Representatives of such Party or of its Affiliates who reasonably need to know such information in providing services to any member of the GE Group or use or otherwise exploit for its own benefit or for the benefit of any third party, any Company Confidential Information. If any uses or disclosures are made in connection with providing services to any member of the GE Group under this Agreement or any Transaction Document, then the Company Confidential Information so used or disclosed shall be used only as required to perform the services. The GE Group shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the Company Confidential Information by any of their Representatives as they currently use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. For purposes of this Section 7.2, any Information, material or documents relating to the Company Business currently or formerly conducted, or proposed to be conducted, by any member of the Company Group furnished to or in possession of any member of the GE Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by any member of the GE Group or their respective officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents is hereinafter referred to as “Company Confidential Information.” “Company Confidential Information” does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a use or disclosure by any member of the GE Group not otherwise permissible hereunder, (ii) GE or GECC can demonstrate was or became available to such Party or such member of the GE Group from a source other than the Company or its Affiliates or (iii) is developed independently by such member of the GE Group without reference to the Company Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by such member of the GE Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Company or any member of the Company Group with respect to such information.

(b) From and after the Closing, subject to Section 7.2(c) and except as contemplated by this Agreement or any Transaction Document, the Company shall not, and shall cause its Affiliates and their respective Representatives, not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than Representatives of such Party or of its Affiliates who reasonably need to know such information in providing services to the Company or any member of the Company Group or use or otherwise exploit for its own benefit or for the

benefit of any third party, any GE Confidential Information. If any uses or disclosures are made in connection with providing services to any member of the Company Group under this Agreement or any Transaction Document, then the GE Confidential Information so used or disclosed shall be used only as required to perform the services. The Company Group shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the GE Confidential Information by any of their Representatives as they currently use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. For purposes of this Section 7.2, any Information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by GECC or any of its Affiliates (other than any member of the Company Group) furnished to or in possession of any member of the Company Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by the Company, any member of the Company Group or their respective officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents is hereinafter referred to as “GE Confidential Information.” “GE Confidential Information” does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a use or disclosure by any member of the Company Group not otherwise permissible hereunder, (ii) the Company can demonstrate was or became available to the Company from a source other than GE and its Affiliates or (iii) is developed independently by such member of the Company Group without reference to the GE Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by such member of the Company Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, any such member of the GE Group or their respective Affiliates with respect to such information.

(c) If GE or its Affiliates, on the one hand, or the Company or its Affiliates, on the other hand, are requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any Company Confidential Information or GE Confidential Information (other than with respect to any such information furnished pursuant to the provisions of Article V of this Agreement), as applicable, the entity or person receiving such request or demand shall use all reasonable efforts to provide the other Party with written notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order. The Party receiving such request or demand agrees to take, and cause its representatives to take, at the requesting Party’s expense, all other reasonable steps necessary to obtain confidential treatment by the recipient. Subject to the foregoing, the Party that received such request or demand may thereafter disclose or provide any Company Confidential Information or GE Confidential Information, as the case may be, to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

### 7.3 Insurance Matters.

(a) Prior to the Trigger Date, members of the Company Group shall be insured by, have direct access or availability to, be entitled to make direct claims on or be entitled to claim benefits directly from or under GE Insurance Arrangements, in each case solely

to the extent provided by the terms of the GE Insurance Arrangements, as the same may be modified, terminated or otherwise changed from time to time in accordance with Section 7.3(e) below. Members of the Company Group will pay premiums and other costs under each such GE Insurance Arrangement in accordance with GE's allocation methodologies (consistently applied) for its other Subsidiaries, as the same may be in effect from time to time.

(b) From and after the Trigger Date, members of the Company Group shall cease to be insured by, have access or availability to, be entitled to make claims on, be entitled to claim benefits from or seek coverage under any GE Insurance Arrangement, other than with respect to any claim, act, omission, event, circumstance, occurrence or loss that occurred or existed prior to the Trigger Date (and then only to the extent that such claim, act, omission, event, circumstance, occurrence or loss occurred or existed on or prior to the Trigger Date) (a "Pre-Trigger Date Event") and was reported to the applicable insurer in accordance with the provisions of the applicable GE Insurance Arrangement prior to the Trigger Date, subject in each case to the terms and conditions of the applicable GE Insurance Arrangement and the requirements of subparagraph (d) below. Upon receipt of a written request from the Company, GE shall use its commercially reasonable efforts to reduce or cancel the Company Group's coverage under any GE Insurance Arrangement, effective no earlier than sixty (60) days after GE's receipt of such request, provided, however that (i) any costs associated with or incurred in connection with such reduction or cancellation shall be borne exclusively by the Company Group, (ii) the Company Group understands that there may be no premium refund or credit provided by the relevant insurers as a result of such reduction or cancellation, and (iii) if and to the extent that GE actually receives a premium refund or credit from the relevant insurers for the term of the coverage so reduced or cancelled as a direct result of such reduction or cancellation, GE shall only be obligated to credit or pay over to the Company Group the lesser of (x) the amount of any such credit or refund or (y) the amount last charged to the Company Group by GE for such coverage during such term.

(c) Notwithstanding subparagraph (b) above, with respect to any Pre-Trigger Date Event relating to Company Assets, Company Liabilities or the members of the Company Group that would be covered by GE's occurrence-based insurance policies (for avoidance of doubt, such policies shall not include any of GE's claims-made or occurrence-reported liability policies, GE's transit and construction all risk insurance policies, and/or GE's aviation liability policies), the members of the Company Group may directly access, make direct claims on, claim benefits directly from or under such policies for a one-year period concluding on first anniversary of the Trigger Date, subject in each case to the terms and conditions of such policies and the requirements of subparagraph (d) below. For purposes of this Section 7.3, the term "GE" shall include, where appropriate to the context, GE's Subsidiaries and/or Affiliates.

(d) In connection with any pursuit by or on behalf of any member of the Company Group of insurance benefits or coverage permitted by this Section 7.3:

(i) the Company shall as promptly as reasonably practicable notify GE's Corporate Insurance department of all such claims and/or efforts to seek benefits or coverage and GE and the Company shall reasonably cooperate with one another in pursuing all such claims, provided that the Company shall be solely responsible for notifying the relevant insurance companies of such claims and complying with all

conditions for such claims. In addition, the applicable member of the Company Group shall (A) pursue or (B) to the extent assignable and permitted under the applicable GE Insurance Arrangement, assign to GE or the applicable insurer, any rights of recovery against third parties with respect to Pre-Trigger Date Events for which a claim is made and shall cooperate with GE with respect to pursuit of such rights. The order of priority of any such recoveries shall inure first to GE to reimburse any and all costs incurred by GE directly or indirectly as a result of such claims or losses, second to pay or satisfy any applicable deductibles and retentions under the relevant GE Insurance Arrangements and third to the relevant member of the Company Group;

(ii) GE shall have the right but not the duty to monitor and/or provide input with respect to coverage claims or requests for benefits asserted by the members of the Company Group under the relevant GE Insurance Arrangements, including the coverage positions and arguments asserted therein, provided that the Company (A) shall be liable for any fees, costs and expenses incurred by GE relating to any unsuccessful coverage claim, (B) shall provide the notice contemplated in Section 7.3(d)(i), (C) shall not, without the written consent of GE, erode, settle, release, commute or otherwise resolve disputes with respect to the relevant GE Insurance Arrangements nor amend, modify or waive any rights thereunder, and (D) shall not assign any GE Insurance Arrangements or any rights or claims thereunder; and

(iii) the Company shall exclusively bear and be liable (and GE shall have no obligation to repay or reimburse the applicable member of the Company Group) for all deductibles and retentions and uninsured, uncovered, unavailable or uncollectible amounts relating to or associated with such claims, whether made by any member of the Company Group, its employees or third parties.

(e) Notwithstanding anything contained herein, GE shall retain exclusive right to control all of its insurance policies and programs, including the GE Insurance Arrangements referenced in subparagraphs (a) through (c) above, and the benefits and amounts payable thereunder, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its insurance policies and programs and to amend, modify or waive any rights under any such insurance policies and programs, notwithstanding whether any such policies or programs apply to any Liabilities and/or claims any member of the Company Group has made or could make in the future, including coverage claims with respect to Pre-Trigger Date Events. The Company Group shall cooperate with GE and share such information as is reasonably necessary in order to permit GE to manage and conduct its insurance matters as GE deems appropriate and that the Company, on behalf of itself and each member of the Company Group, hereby gives consent for GE to inform any affected insurer of this agreement and to provide such insurer with a copy hereof.

(f) With respect to all open, closed and re-opened claims covered under GE's workers' compensation, international employers' liability insurance policies and/or comparable workers' compensation self-insurance, state or country programs relating to employees (whether present or former, active or inactive) of any member of the Company Group arising from occurrences prior to the Trigger Date, the Company shall promptly reimburse GE for all claim payments, costs and expenses relating to such claims, as well as any, catastrophic coverage

charges, overhead, claim handling and administrative costs, taxes, surcharges, state assessments, other related costs, whether such claims are made by any member of the Company Group, its employees or third parties.

(g) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance, and nothing in this Agreement is intended to waive or abrogate in any way GE's or the Company's own rights to insurance coverage for any liability, whether relating to GE or any of its Affiliates or the Company Group or otherwise.

7.4 Allocation of Costs and Expenses. The Company shall pay all underwriting fees, discounts and commissions incurred in connection with the Initial Public Offering. Except as otherwise provided in this Agreement, the Transaction Documents, any other agreement between the Parties relating to the Separation, the Initial Public Offering or the Distribution, or as otherwise agreed between the Parties, all other out-of-pocket costs and expenses of the Parties in connection with the preparation of this Agreement and the Transaction Documents (other than the GECC Term Loan Agreement, the MNT Subservicing Agreement, the Undrawn Committed Securitization Documents and the Securitization Note Sale and Assignment Agreements), the Initial Public Offering and the Distribution shall be paid by GECC. Except as otherwise provided in this Agreement, the Transaction Documents, any other agreement between the Parties relating to the Separation, the Initial Public Offering or the Distribution or as otherwise agreed between the Parties, all 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, the Debt Registration Statement, the Company Term Loan Agreement, the GECC Term Loan Agreement, the Undrawn Committed Securitizations, the MNT Subservicing Agreement, the Undrawn Committed Securitization Documents and the Securitization Note Sale and Assignment Agreements shall be paid by the Company.

#### 7.5 Covenants Against Taking Certain Actions Affecting the GE Group

(a) Except to the extent otherwise contemplated by this Agreement or any Transaction Document, the Company hereby covenants and agrees that it shall not, without the prior written consent of GECC (which it may withhold in its sole and absolute discretion) take, or cause to be taken, directly or indirectly, any action, including making or failing to make any election under the Law of any state, which has the effect, directly or indirectly, of restricting or limiting the ability of GECC or any of its Affiliates to freely sell, transfer, assign, pledge or otherwise dispose of shares of Company Common Stock. Without limiting the generality of the foregoing, the Company shall not, without the prior written consent of GECC (which it may withhold in its sole and absolute discretion), take any action, or recommend to its stockholders any action, which would among other things, limit the legal rights of, or deny any benefit to, GECC or its Affiliates as a Company stockholder in a manner not applicable to Company stockholders generally.

(b) So long as the Company is an Affiliate (disregarding the proviso in the definition in Section 1.1) of GE, to the extent that any member of the GE Group is a party to any contract or agreement with a third party (i) that provides that certain actions of GE's Subsidiaries may result in any member of the GE Group being in breach of or in default under such agreement and any member of the GE Group has advised the Company, or the Company is

otherwise aware, of the existence of such contract or agreement (or the relevant portions thereof), (ii) to which any member of the Company Group is a party or (iii) under which any member of the Company Group has performed any obligations on or before the date hereof, the Company shall not take or fail to take, and shall cause each other member of the Company Group not to take or fail to take, any actions that reasonably could result in any member of the GE Group being in breach of or in default under any such contract or agreement; provided, that, except as set forth in any Transaction Document or otherwise agreed to in writing by any member of the Company Group, the foregoing shall not obligate any member of the Company Group to satisfy any volume assumptions or targets in any such contracts or agreements that are not specifically applicable to such member of the Company Group in such contracts or agreements. As of the date hereof, the contracts and agreements described in clause (i) above are set forth or generally described on Schedule 7.5(b). The Company hereby acknowledges and agrees that GECC has made available to the Company copies of each contract or agreement (or the relevant portion thereof) described on Schedule 7.5(b). GE shall not, and shall cause the other members of the GE Group not to, without the Company's prior written consent (which may be provided by electronic mail to the electronic mail address set forth in Section 10.5), enter into any agreement or arrangement that, directly or indirectly, binds or purports to bind any member of the Company Group. In the event the Company provides such prior written consent, Schedule 7.5(b) shall be deemed to be automatically amended to reflect the addition of such other contracts or agreements (or relevant portions thereof).

(c) So long as GE is an Affiliate (disregarding the proviso in the definition in Section 1.1) of the Company, to the extent that any member of the Company Group is a party to any contract or agreement with a third party (i) that provides that certain actions of the Company's Affiliates may result in any member of the Company Group being in breach of or in default under such agreement and any member of the Company Group has advised GE, or GE is otherwise aware, of the existence of such contract or agreement (or the relevant portions thereof), (ii) to which any member of the GE Group is a party or (iii) under which any member of the GE Group has performed any obligations on or before the date hereof, GE shall not take or fail to take, and shall cause each other member of the GE Group not to take or fail to take, any actions that reasonably could result in any member of the Company Group being in breach of or in default under any such contract or agreement; provided, that, except as set forth in any Transaction Document or otherwise agreed to in writing by any member of the GE Group, the foregoing shall not obligate any member of the GE Group to satisfy any volume assumptions or targets in any such contracts or agreements that are not specifically applicable to such member of the GE Group in such contracts or agreements. As of the date hereof, the contracts and agreements described in clause (i) above are set forth or generally described on Schedule 7.5(c). GE hereby acknowledges and agrees that the Company has made available to GE copies of each contract or agreement (or the relevant portion thereof) described on Schedule 7.5(c). The Company shall not, and shall cause the other members of the Company Group not to, without GECC's prior written consent (which may be provided by electronic mail to the electronic mail address set forth in Section 10.5), enter into any agreement or arrangement that, directly or indirectly, binds or purports to bind any member of the GE Group. In the event GECC provides such prior written consent, Schedule 7.5(c) shall be deemed to be automatically amended to reflect the addition of such other contracts or agreements (or relevant portions thereof).



## 7.6 No Violations.

(a) The Company covenants and agrees that it shall not, and shall cause its Subsidiaries not to, take any action or enter into any commitment or agreement which, to the Company's Knowledge, may reasonably be anticipated to result, with or without notice and with or without lapse of time or otherwise, in a contravention or event of default by any member of the GE Group of: (i) any provisions of applicable Law; (ii) any provision of the organizational documents of any member of the GE Group; or (iii) any judgment, order or decree of any Governmental Authority having jurisdiction over any member of the GE Group or any of its respective assets. For purposes of this Section 7.6(a), the "Company's Knowledge" means the actual knowledge, without inquiry, of the executive officers of the Company and GECFI (as identified in the IPO Registration Statement), provided that the Company shall be deemed to have knowledge of the provisions of the organizational documents of GE and GECC.

(b) GE covenants and agrees that it shall not, and shall cause its Subsidiaries not to take any action or enter into any commitment or agreement which, to GE's Knowledge, may reasonably be anticipated to result, with or without notice and with or without lapse of time or otherwise, in a contravention or event of default by any member of the Company Group of: (i) any provisions of applicable Law; (ii) any provision of the organizational documents of the Company; or (iii) any judgment, order or decree of any Governmental Authority having jurisdiction over the Company or any of its Assets. For purposes of this Section 7.6(b), "GE's Knowledge" means the actual knowledge, without inquiry, of the executive officers of GE.

(c) GE and the Company agree to provide to the other any information and documentation reasonably requested by the other for the purpose of evaluating and ensuring compliance with Sections 7.6(a) and Section 7.6(b) hereof.

(d) Notwithstanding Section 7.6(b), nothing in this Agreement is intended to limit or restrict in any way any of GE's or its Affiliates' rights as stockholders of the Company.

7.7 Litigation and Settlement Cooperation. GE or the Company, as applicable (the "Settling Party") will, respectively, use its commercially reasonable efforts to include the Company and its Subsidiaries or GE and its Subsidiaries, as applicable (the "Non-Settling Party"), in the settlement of any Third-Party Claim arising prior to the Deregistration which jointly involves a member of the GE Group and a member of the Company Group, but for which no member of the GE Group or the Company Group is an Indemnified Party (the "Joint Claims"); provided, however, that the Non-Settling Party shall be responsible for its share of any such settlement obligation and any incremental cost (as reasonably determined by Settling Party) to the Settling Party of including the Non-Settling Party in such settlement; provided, further, that the Non-Settling Party shall be permitted in good faith to opt out of any settlement if the Non-Settling Party agrees to be responsible for defending its share of such Joint Claim. Set forth on Schedule 7.7 is a list of (a) Joint Claims as of the date hereof, and (b) the Party that shall have the primary responsibility for defending each such Joint Claim. After the date hereof, the Party that is primarily affected by a Joint Claim shall have the primary responsibility for defending such Joint Claim. The Parties agree to cooperate in the defense and settlement of any Joint Claim that primarily relates to matters, actions, events or occurrences taking place prior to the Deregistration. In addition, both GE and the Company will use their reasonable best efforts to make the necessary filings to permit each Party to defend its own interests in any Joint Claim as of the Deregistration, or as soon as practicable thereafter.

7.8 [Reserved]

7.9 Future Intercompany Transactions. All proposed intercompany transactions between the Company and any member of the GE Group after the Closing Date, including any material amendments to the Transaction Documents, and any consent or approval proposed to be granted by the Company for any member of the GE Group's benefit, in each case that would ordinarily be submitted for approval by the Company Board will be subject to the approval of a majority of the independent directors (as defined under the applicable rules of any securities exchange on which shares of Company Common Stock are listed) of the Company Board or a committee of the Company Board comprised solely of such independent directors.

7.10 Use of GE Name and Marks

(a) As of the Closing Date and except as otherwise provided in the Transitional Trademark License Agreement, the Company will not, and will cause its Subsidiaries not to, use any GE Name and Marks in any manner or do business as or represent themselves as GE or any of its Affiliates (other than a member of the Company Group). The Company, on behalf of itself and its Subsidiaries, acknowledges and agrees that neither the Company nor any of its Subsidiaries shall (i) have any right, title or interest in any GE Name and Marks (except for the licenses set forth in the Transitional Trademark License Agreement), or (ii) contest the ownership or validity of any right, title or interest of GE or any of its Affiliates in or to any GE Name and Mark.

(b) Promptly after the Closing Date, but in any event no later than twenty (20) Business Days after the Closing Date, the Company and its Subsidiaries shall make all filings with any office, agency or body and take all other actions necessary to effect the elimination of any use of the GE Name and Marks from the corporate names, registered names or registered fictitious names of the Company Group.

7.11 Further Action Regarding Intellectual Property

(a) If, after the Closing Date, any member of the GE Group or the Company Group identifies any Intellectual Property or Software not previously assigned or otherwise transferred by GECC and its Subsidiaries to the Company that meets the Company IP Transfer Standard then, to the extent that it has the right to do so without paying material additional compensation to a third party, GECC shall (and shall cause its applicable Subsidiaries to) promptly assign and transfer the applicable Intellectual Property or Software to the Company or its designee for no additional consideration, subject to the terms and conditions of this Agreement (including Section 2.6) and the license of any such Intellectual Property or Software to GE and its Affiliates on the terms and conditions set forth in the Intellectual Property Cross License Agreement.

(b) If, after the Closing Date, any member of the GE Group or the Company Group identifies any item of Intellectual Property or Software that was assigned or otherwise transferred to the Company or one of its Subsidiaries on or prior to the Closing Date that meets the GE IP Transfer Standard the Company shall, or shall cause its applicable Subsidiary to, promptly assign and transfer such Intellectual Property or Software to GECC or its designated

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Affiliate for no additional consideration, subject to the license of such Intellectual Property or Software to the Company and its Subsidiaries on the terms and conditions set forth in the Intellectual Property Cross License Agreement.

(c) In addition, no assignment or transfer shall be required under this Section 7.11 unless a claim with respect thereto is made by the GE Group or the Company Group, as the case may be, on or prior to the later of (i) the Trigger Date and (ii) the first anniversary of the Closing Date.

7.12 Company Financing. The Company shall enter into the Company Term Loan Agreement prior to the consummation of the Initial Public Offering.

7.13 GE Policies.

(a) The key GE Policies applicable to the Company and its Subsidiaries as of the Closing Date, and the corresponding policies of GEGRB (to the extent applicable), are listed on Schedule 7.13 (the "Scheduled Policies").

(b) [reserved]

(c) Until Deregistration, (i) the Company and its Subsidiaries shall operate in accordance with its risk appetite statement and shall advise GECC of any proposed change to its risk appetite statement, shall afford GECC a reasonable opportunity to provide comments and advice before adopting any proposed change to such statement, and shall obtain the prior written approval of GECC before adopting any change to such statement that could result in a materially different risk profile for the Company and (ii) each of GECC and the Company will designate a Chief Risk Officer, and each such Chief Risk Officer or his or her designee, on behalf of GECC or the Company, respectively, will regularly consult with and notify the other Party of any material risk-related matters impacting the Company Business, from time to time.

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7.14 Credit Support Arrangements.

(a) GE and each applicable member of the GE Group shall maintain in full force and effect each Guarantee which is issued and outstanding as of the date of this Agreement until the earlier of: (i) such time as the contract, or all obligations of any member of the Company Group thereunder, to which such credit support arrangement relates terminates and (ii) such time as such credit support arrangement expires in accordance with its terms or is otherwise released.

(b) GE and the Company will cooperate to replace the Guarantees and the Company will use reasonable best efforts to attempt to release or replace any liability of GE and the members of the GE Group under any Guarantees and, without limiting the foregoing, prior to the date which is the six-month anniversary of the date hereof, the Company shall, subject to any applicable regulatory approval or non-objection, cause to be terminated and released all of

GECC's obligations under the Mizuho Guarantee and Sumitomo Guarantee. With respect to all Guarantees, the Company will be liable to GE for (i) all costs borne by GE or any member of the GE Group of maintaining such obligations, (ii) arms' length fees to GE for maintaining such obligations, and (iii) indemnification and reimbursement obligations with respect to the obligations underlying such guarantees. For the avoidance of doubt, the Company and its Subsidiaries shall be prohibited from modifying any agreement with a third party underlying a Guarantee that would increase or extend the obligations of a member of the GE Group under a Guarantee without the prior written consent of GE.

(c) Notwithstanding the assignment and assumption of the real property leases to and by the Company, pursuant to the terms of the leases, GECC will remain liable to the landlords thereunder until such time as a written release is obtained from the applicable landlord. GE and the Company will cooperate to obtain releases, and the Company will use reasonable best efforts to attempt to obtain such releases, including by way of providing a substitute guarantor with respect to any leases if so required by a landlord. With respect to each lease, the Company will be liable to GECC for (i) all costs borne by GECC or any member of the GE Group of maintaining such obligations, (ii) arms' length fees to GECC for maintaining such obligations, and (iii) indemnification and reimbursement obligations with respect to the leases. For the avoidance of doubt, the Company and its Subsidiaries shall be prohibited from modifying, extending, or exercising any option under any such lease without the prior written consent of GECC.

#### 7.15 Non-Compete.

(a) Except as permitted by this Section 7.15 for a period of two years from Deregistration, none of GE or its Subsidiaries shall engage in a Competing Business in the United States of America and its Territories or Canada (the "Covered Business"). This Section 7.15 shall cease to be applicable to any Person at such time as it is no longer a Subsidiary of GE and shall not apply to any Person that purchases assets, operations or a business from a member of the GE Group, if such Person is not a Subsidiary of GE after such transaction is consummated. This Section 7.15 does not apply to any Subsidiary of GE in which a Person who is not an Affiliate of GE holds equity interests and with respect to whom a member of the GE Group has existing contractual or legal obligations (including fiduciary duties of representatives on the board of directors or similar body of such Subsidiary) limiting GE's ability to impose on the subject Subsidiary a non-competition obligation such as that in this Section 7.15.

(b) If GECC or any of its Subsidiaries desires to enter into a strategic alliance or joint venture relationship with a third party where the third party in such strategic alliance or the joint venture conducts a Covered Business and GECC receives monetary compensation tied to the volume or profitability to the third party in such strategic alliance or the joint venture of the extension of consumer credit component of such strategic alliance (other than referral fees, incentives tied to origination volume or similar origination-related economics reasonably expected to equal less than \$750,000 in the aggregate, per annum), GECC may only proceed with such strategic alliance or joint venture with respect to the Covered Business if such opportunity has been offered to the Company and the Company has (i) declined to accept such opportunity or (ii) the terms on which the Company desires to participate are less favorable in the aggregate to GECC or its Subsidiaries, as applicable, than those offered by a third party.

(c) Notwithstanding the provisions of Section 7.15(a) or (b), and without implicitly agreeing that the following activities would be subject to the provisions of Section 7.15(a) or (b), nothing in this Agreement shall preclude, prohibit or restrict any member of the GE Group from engaging in any manner in any (i) Financial Services Business, (ii) Existing Business Activities, (iii) De Minimis Business, or (iv) business activity that would otherwise violate Section 7.15(a) or (b) that is acquired from any Person (an “After-Acquired Business”) or is carried on by any Person that is acquired by or combined with a member of the GE Group in each case after the date of the Initial Public Offering (an “After-Acquired Company”); provided, that with respect to clause (iv), so long as within 24 months after the purchase or other acquisition of the Acquired Business or the Acquired Company, such member of the GE Group signs a definitive agreement to dispose, and subsequently disposes of the relevant portion of the business or securities of the Acquired Business or the Acquired Company or at the expiration of such 24-month period the business of the After-Acquired Business or the After-Acquired Company complies with this Section 7.15.

## ARTICLE VIII

### CORPORATE GOVERNANCE MATTERS

#### 8.1 Approval Rights.

(a) In addition to any vote required by law or by the Company’s Charter, until Deregistration (or such other period as specified in clauses (iii), (iv), (vi) and (xiii) below), the Company may not (and (in the case of clauses (ii), (iii), (iv), (v), (vi), (vii), (xi) and (xii) below) may not authorize or permit any Subsidiary to), without the prior written approval of GECC:

(i) consolidate or merge with or into any Person;

(ii) permit any Subsidiary to consolidate or merge with or into any Person (other than (A) a consolidation or merger of a Wholly-Owned Subsidiary with or into a Wholly-Owned Subsidiary or (B) in connection with a Permitted Acquisition);

(iii) directly or indirectly acquire Stock, Stock Equivalents or assets of (including, any business or operating unit of), or control (as defined in Federal Reserve Board Regulation (12 C.F.R. Pt. 225) (“Regulation Y”), in the case of a bank, and as defined in Regulation LL, in the case of a savings association) of, (A) any Person involving consideration (whether in cash, securities, assets or otherwise, and including Indebtedness assumed by the Company or any of its Subsidiaries and Indebtedness of any entity so acquired) paid or delivered by the Company and its Subsidiaries (1) at any time when the GE Group shall beneficially own at least twenty percent (20%) of the outstanding shares of Company Common Stock, in excess of \$500 million, or (2) at any time when the GE Group shall beneficially own less than twenty percent (20%) of the outstanding shares of Company Common Stock, in excess of \$1 billion, whether in a single transaction, or series of related transactions (other than acquisitions of receivables

portfolios in the ordinary course of business (x) not to exceed \$1 billion (at the time of such acquisition), or (y) at any time when the GE Group shall beneficially own less than twenty percent (20%) of the outstanding shares of Company Common Stock, not to exceed \$2 billion (at the time of such acquisition)), or (B) a savings association as defined in Regulation LL, or a bank as defined in Regulation Y, provided that, subparagraph (A) shall govern any merger by GE Capital Retail Bank (“GECRB”) with, or an acquisition by GECRB of assets of, another savings association as defined in Regulation LL or a bank as defined in Regulation Y so long as (1) GECRB is the surviving entity in any such transaction and (2) in GECC’s reasonable judgment, such merger or acquisition will not affect the status of the Company, GE, GECC or GECFI as grandfathered unitary savings and loan holding companies under section 10(c)(9)(C) of HOLA (12 U.S.C. § 1467a(c)(9) (C));

(iv) directly or indirectly sell, convey, transfer, lease, pledge, grant a Security Interest in, or otherwise dispose of any of their respective assets (including Stock and Stock Equivalents) or any interest therein to any Person, or permit or suffer any other Person to acquire any interest in any of their respective assets, in each case in a single transaction, or series of related transactions, involving consideration (whether in cash, securities, assets or otherwise, and including Indebtedness assumed by any other Person and Indebtedness of any entity acquired by such other Person) paid to or received by the Company and its Subsidiaries (1) at any time when the GE Group shall beneficially own at least twenty percent (20%) of the outstanding shares of Company Common Stock, in excess of \$500 million, or (2) at any time when the GE Group shall beneficially own less than twenty percent (20%) of the outstanding shares of Company Common Stock, in excess \$1 billion; provided, however, that the foregoing shall not apply to (A) dispositions of receivables in the ordinary course of business (x) not to exceed \$1 billion (at the time of such disposition) or (y) at any time when the GE Group shall beneficially own less than twenty percent (20%) of the outstanding shares of Company Common Stock, not to exceed \$2 billion (at the time of such disposition), (B) any sale, conveyance, transfer, lease, pledge, grant or disposition solely involving another member of the Company Group) or (C) any issuance of asset-backed securitization debt necessary to maintain the aggregate levels of borrowing capacity that the Company will have at the Initial Public Offering;

(v) directly or indirectly create, incur, assume, guarantee or otherwise be or become liable with respect to Indebtedness (including Indebtedness of any entity acquired by the Company or any of its Subsidiaries, whether or not such Indebtedness is expressly assumed or guaranteed by the Company or any of its Subsidiaries) which would reasonably be expected to result in a downgrade of the Company Group’s publicly issued debt from any of the ratings agencies from whom ratings were solicited and received by the Company at the time of the Initial Public Offering;

(vi) until such time when the GE Group beneficially owns less than twenty percent (20%) of the outstanding shares of Company Common Stock, issue any Stock or any Stock Equivalents, except (A) the issuance of shares of Stock of a Wholly-Owned Subsidiary to the Company or another Wholly-Owned Subsidiary, or (B) pursuant to the Transactions;

(vii) dissolve, liquidate or wind up;

(viii) unless otherwise required to comply with applicable Law, alter, amend, terminate or repeal, or adopt any provision inconsistent with, in each case whether directly or indirectly, or by merger, consolidation or otherwise, the Company's Charter or the Company's Amended and Restated Bylaws;

(ix) adopt or implement any stockholder rights plan or similar takeover defense measure;

(x) declare or pay any dividend or other distribution in respect of Company Common Stock (whether payable in cash, shares of Company Common Stock or other property);

(xi) purchase, redeem or otherwise acquire or retire for value any shares of Company Common Stock or any warrants, options or other rights to acquire Company Common Stock other than (A) the repurchase of Company Common Stock deemed to occur upon exercise of stock options to the extent that shares of Company Common Stock represent a portion of the exercise price of the stock options or are withheld by the Company to pay applicable withholding taxes and (B) the repurchase of Company Common Stock deemed to occur to the extent shares of Company Common Stock are withheld by the Company to pay applicable withholding taxes in connection with any grant or vesting of restricted stock;

(xii) enter into a new principal line of business or enter into business in a new geographical area, provided, however, that at any time when the GE Group shall beneficially own less than ten percent (10%) of the outstanding shares of Company Common Stock, the Company shall not need the prior written approval of GECC to enter into a new principal line of business or enter into business in a new geographical area where such business is not reasonably expected to exceed \$200 million in average receivables or annual purchase volume;

(xiii) until such time when the GE Group beneficially owns less than twenty percent (20%) of the outstanding shares of Company Common Stock, change the size of the Company Board from nine (9) directors; or

(xiv) establish an executive committee of the Company Board (or a committee having the powers customarily delegated to an executive committee).

(b) For the avoidance of doubt, (i) nothing in this Section 8.1 shall be construed in a manner inconsistent with Section 5.10(d)(ii) and (ii) GECC shall have the right, in its sole discretion, to waive any and all of the rights granted to it under this Section 8.1, by delivery of written notice to the Company in accordance with Section 10.5.

#### 8.2 Director Nomination Rights.

(a) Until Deregistration, in connection with any annual or special meeting of the stockholders of the Company at which directors shall be elected, GECC shall have the right



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to designate persons for nomination by the Company Board and/or the Nominating and Governance Committee of the Board for election to the Company Board (each person so designated, a "GE Designee") as follows:

(i) at any time when the GE Group shall beneficially own more than fifty percent (50%) of the outstanding shares of Company Common Stock, GECC shall have the right to designate for nomination five (5) GE Designees;

(ii) at any time when the GE Group shall beneficially own at least thirty-three percent (33%) but not more than fifty percent (50%) of the outstanding shares of Company Common Stock, GECC shall have the right to designate for nomination four (4) GE Designees;

(iii) at any time when the GE Group shall beneficially own at least twenty percent (20%) but less than thirty-three percent (33%) of the outstanding shares of Company Common Stock, GECC shall have the right to designate for nomination three (3) GE Designees;

(iv) at any time when the GE Group shall beneficially own at least ten percent (10%) but less than twenty percent (20%) of the outstanding shares of Company Common Stock and prior to Deregistration, GECC shall have the right to designate for nomination two (2) GE Designees; and

(v) at any time when the GE Group shall beneficially own less than ten percent (10%) of the outstanding shares of Company Common Stock and prior to Deregistration, GECC shall have the right to designate for nomination one (1) GE Designee.

If the size of the Company Board shall, with GECC's prior written approval, be changed, GECC shall have the right to designate a proportional number of persons for nomination to the Company Board (rounded up to the nearest whole number).

(b) The Company Board and/or the Nominating and Corporate Governance Committee of the Company Board shall in good faith consider each GE Designee, applying the same standards as shall be applied for the consideration of other proposed nominees of the Company Board. In the event that the Company Board or Nominating and Corporate Governance Committee fails to approve the nomination of any GE Designee, GECC shall have the right to designate an alternative GE Designee for consideration.

(c) The Company shall cause each GE Designee whose nomination has been approved to be included in the slate of nominees recommended by the Company Board and/or the Nominating and Corporate Governance Committee of the Company Board to holders of Company Common Stock for election (including at any special meeting of stockholders held for the election of directors) and shall use its best efforts to cause the election of each such GE Designee, including soliciting proxies in favor of the election of such persons.

(d) In the event that any GE Designee elected to the Company Board shall cease to serve as a director for any reason, the vacancy resulting therefrom shall be filled by the Company Board with a substitute GE Designee.

(e) Controlled Company Exceptions. Until the Trigger Date, the Company shall avail itself of all available “controlled company” exceptions to the corporate governance listing standards of the NYSE.

For the avoidance of doubt, GECC shall have the right, in its sole discretion, to waive any and all of the rights granted to it under this Section 8.2, by delivery of written notice to the Company in accordance with Section 10.5.

### 8.3 Committees of the Board.

(a) Compensation Committee. Prior to the Trigger Date, the Company shall cause the Management Development and Compensation Committee of the Company Board to consist of three (3) directors, one (1) of whom shall be designated by GECC from among the GE Designees serving on the Company Board and two (2) of whom shall be independent directors as defined under the applicable rules of any securities exchange on which shares of Company Common Stock are listed.

(b) Nominating and Corporate Governance Committee. Prior to the Trigger Date, the Company shall cause the Nominating and Corporate Governance Committee of the Company Board to consist of three (3) directors, one (1) of whom shall be designated by GECC from among the GE Designees serving on the Company Board and two (2) of whom shall be independent directors as defined under the applicable rules of any securities exchange on which shares of Company Common Stock are listed.

(c) Risk Committee. Until Deregistration, the Company shall cause the Risk Committee of the Company Board to consist of three (3) directors, one (1) of whom shall be designated by GECC from among the GE Designees serving on the Company Board and two (2) of whom shall be independent directors as defined under the applicable rules of any securities exchange on which shares of Company Common Stock are listed.

8.4 Meetings of the Board. Regular and special meetings of the Board of Directors shall be held in accordance with the provisions of the Amended and Restated Bylaws or upon provision of the notice required by such provisions by any GE Designee.

### 8.5 Bank Board.

(a) At any time when the GE Group shall beneficially own more than fifty percent (50%) of the outstanding shares of Company Common Stock, in connection with any election of members of the Bank Board, or in connection with any annual or special meeting of the stockholders of GEGRB at which directors shall be elected, GECC shall have the right to designate two persons for appointment by the Company for election to the Bank Board (each person so appointed, a “GE Appointee”).

(b) To the extent that GECC is entitled to designate a GE Appointee under Section 8.5(a), then the Company shall provide GECC at least twenty (20) Business Days' advance written notice of any annual or special meeting of the stockholders of GECRB at which directors shall be elected. Prior to such annual or special meeting, GECC shall provide written notice to the Company stating the name of such GE Appointee and the Company shall take all necessary action to cause such GE Appointee to be elected to the Bank Board.

(c) In the event that any GE Appointee elected to the Bank Board shall cease to serve as a director for any reason, the Company shall cause the vacancy resulting therefrom to be filled by the Bank Board with a substitute GE Appointee, as designated by GECC.

For the avoidance of doubt, GECC shall have the right, in its sole discretion, to waive any and all of the rights granted to it under this Section 8.5, pursuant to a written notice delivered to the Company in accordance with Section 10.5.

8.6 Compliance with Organizational Documents. The Company shall, and shall cause each of its Subsidiaries to, take any and all actions necessary to ensure continued compliance by the Company and its Subsidiaries with the provisions of its respective certificate or articles of incorporation and bylaws (collectively, "organizational documents"). The Company shall notify GECC in writing promptly after becoming aware of any act or activity taken or proposed to be taken by the Company or any of its Subsidiaries which resulted or would result in non-compliance with any such organizational documents, and so long as GECC or any member of the Group owns any shares of Company Common Stock the Company shall take or refrain from taking all such actions as GECC shall in its sole discretion determine necessary or desirable to prevent or remedy any such non-compliance.

## ARTICLE IX

### DISPUTE RESOLUTION

#### 9.1 General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the Transaction Documents (other than the Transaction Documents set forth on Schedule 9.1) or to the extent explicitly set forth in another Transaction Document, or the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article IX, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

(b) Commencing with a request contemplated by Section 9.2 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 9.3 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.

(c) Except as provided in Section 9.1(f) 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.

(d) 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.

(e) All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Article IX are pending. The Parties will take such action, if any, required to effectuate such tolling.

(f) Notwithstanding anything to the contrary contained in this Article IX, any Dispute relating to a member of the GE Group's rights as a stockholder of the Company pursuant to applicable Law, the Company's Charter or the Company's Amended and Restated Bylaws, including a member of the GE Group's rights as the holder of Company Common Stock, will not be governed by or subject to the procedures set forth in this Article IX. The Parties hereto hereby irrevocably submit to the exclusive jurisdiction of the Court of Chancery of the State of Delaware or, if such court lacks subject matter jurisdiction, any other state court or federal court having subject matter jurisdiction located within the State of Delaware in connection with any such Dispute and each Party hereby irrevocably agrees that all claims in respect of any such Dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The Parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection that they may now or hereafter have to the laying of venue of any such Dispute brought in such courts or any defense of inconvenient forum for the maintenance of such dispute. Each of the Parties hereto agrees that a judgment in any such Dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

9.2 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 involved in such Dispute or their respective senior level designees. 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 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 ten (10) Business Days of the date of the Initial Notice to seek a resolution of the Dispute.

9.3 Mediation. If a Dispute is not resolved by negotiation as provided in Section 9.2 within thirty (30) 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. If the Parties are unable to select a mutually agreeable mediator within twenty (20) days following the submission of the Dispute to the CPR,

the CPR shall select the 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.

#### 9.4 Arbitration.

(a) If a Dispute is not resolved by mediation as provided in Section 9.3 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.

(b) 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 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 and the Transaction Documents according to their respective terms; provided, however, that any Dispute in respect of a Transaction Document which by its terms is governed by the law of a jurisdiction other than the State of New York shall be determined by the law of such other jurisdiction and; provided, further, 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.

(c) The Parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this Section 9.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 9.4 may be entered and enforced in any court having jurisdiction thereof.

(d) 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 9.4(c) 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.

(e) 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 9.4(d) above, each Party acknowledges that in the event of any actual or threatened breach of the provisions of (i) Section 7.2, Section 7.10, Section 7.15 or Article VIII, (ii) the Employee Matters Agreement, (iii) the Intellectual Property Cross License Agreement, (iv) the Transitional Trademark License Agreement or (v) the Registration Rights Agreement, 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.

(f) Each Party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article IX.

## ARTICLE X

### MISCELLANEOUS

#### 10.1 Corporate Power; Fiduciary Duty.

(a) GE represents on behalf of itself, GECC represents on behalf of itself, and the Company represents on behalf of itself, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Transaction Document to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(b) Notwithstanding any provision of this Agreement or any Transaction Document, none of GE, GECC or the Company shall be required to take or omit to take any act that would violate its fiduciary duties to any minority stockholders of the Company or any non-wholly-owned Subsidiary of GE or the Company, as the case may be (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned).

10.2 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, except under Article VIII to the extent the substantive laws of the State of Delaware apply.

10.3 Survival of Covenants. Except as expressly set forth in any Transaction Document, the covenants and other agreements contained in this Agreement and each Transaction Document, and liability for the breach of any obligations contained herein or therein, shall survive each of the Separation and the Initial Public Offering and shall remain in full force and effect; provided, however, that the Company's obligations under Section 7.6 shall terminate upon Deregistration.

10.4 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 or, unless otherwise expressly provided therein, any Transaction Document, 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.

10.5 Notices. All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Transaction Documents 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 or email 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 10.5):

If to GE, to:

General Electric Company  
3135 Easton Turnpike,  
Fairfield, CT 06828  
Attention: James Waterbury  
Fax: [ ]  
Email: [ ]

If to GECC, to:

General Electric Capital Corporation  
901 Main Ave  
Norwalk, CT 06851  
Attention: Senior Transactions Counsel  
Fax: [ ]  
Email: [ ]

If to the Company, to:

Synchrony Financial  
777 Long Ridge Road  
Stamford, CT 06902  
Attention: General Counsel  
Fax: [ ]  
Email: [ ]

10.6 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 to this Agreement 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.

10.7 Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement of the Parties hereto 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 hereto with respect to the subject matter of this Agreement.

10.8 Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Parties hereto. Except as provided in Article VI with respect to Indemnified Parties, this Agreement is for the sole benefit of the Parties to this Agreement (including GE) and the members of their respective Group 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.

10.9 Public Announcements. GECC and the Company 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 the Transaction Documents, 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.

10.10 Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by all the Parties to such agreement. Either Party may, in its sole discretion, waive any and all rights granted to it in this Agreement; provided, that no waiver by any Party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the Party 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.

10.11 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 Schedule are references to the Articles, Sections, paragraphs, and Schedules 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



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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.

10.12 Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties to each such agreement in separate 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.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

SYNCHRONY FINANCIAL

By: \_\_\_\_\_  
Name:  
Title:

SOLELY FOR PURPOSES OF THE GE EXECUTORY SECTIONS

GENERAL ELECTRIC COMPANY

By: \_\_\_\_\_  
Name:  
Title:

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**Schedule 1.1(a)**  
**Supply and Vendor Contracts**

1. Proprietary Software License and Maintenance Agreement by and between American Management Services, Inc. and GECC dated March 31, 1997
2. Authorization and Agreement for Treasury Services by and between Bank of America Corporation and GECC dated September 1, 2000
3. Software License Agreement by and between Electronic Data Systems Corporation and GECC dated June 1, 1994
4. Master Software License Agreement by and between I2, Inc. and GECC dated November 27, 2006
5. Master Services Agreement by and between Mosaic Sales Solutions US Operating Co., LLC and GECC dated August 16, 2011
6. National Computer Print, Inc. d/b/a NCP Solutions by and between National Computer Print, Inc. d/b/a NCP Solutions and GECC dated September 25, 2003
7. License and Service Agreement by and between Talisma Corporation and GECC dated May 31, 2006
8. Service Agreement between Transaction Network Services Inc. and GE Credit Services by and between Transaction Network Services Inc and GECC dated September 24, 2001
9. Equipment Leasing Agreement by and between Verifone Finance, Inc. and GECC dated July 10, 1996
10. Master Software License and Support Services Agreement by and between Verint Americas, Inc. and GECC dated October 31, 2012
11. Master Contractor Agreement by and between Deutsche Financial Services Corporation (predecessor to GECC) and Alltell Information Services, Inc. (predecessor to Fidelity Information Services, Inc.) dated as of August 17, 2000
12. Application Service Provider Agreement by and between Responsys, Inc. and the GE Money Americas division of GECC dated February 22, 2007
13. Disbursement Agency Agreement by and between The Bank of New York and GECC dated July 9, 2001
14. Software License and Support Services Agreement by and between Strategic Analytics Inc and GECC dated August 2, 2011
15. Software Use Agreement by and between Lakeview Technology Inc and GECC on behalf of its GE Consumer Finance Americas division dated November 9, 2005
16. Such other contracts that the parties determines to be Company Contracts.

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**Schedule 1.1(d)**  
**Company Contracts**

None.

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**Schedule 2.2(a)(i)**  
**Company Assets**

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1. All Assets of the Company and its subsidiaries as of the date hereof, other than (a) Excluded Assets and (b) Assets that are (i) not reflected as Assets of the Company and its Subsidiaries in the Company Balance Sheet and (ii) held of record at the Company but are used primarily by a member of the GE Group.
  2. The standalone Company D&O policy to be purchased prior to the Initial Public Offering.

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**Schedule 2.2(a)(ii)(B)**  
**Capital Stock of Subsidiaries**

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1. Retail Finance Credit Services, LLC
  2. Retail Finance International Holdings, Inc.
  3. GE Money Holding Company
  4. GE Global Servicing PVT LTD India
  5. GE Consumer Finance Canada Company
  6. GE Money Company
  7. GE Capital Retail Bank
  8. GEMB Lending Inc.
  9. GE Sales Finance Holding, L.L.C.
  10. GE Sales Finance Master Trust
  11. Retail Finance Servicing, LLC
  12. RFS Holding, Inc.
  13. GEM Holding Inc.
  14. GE Money Master Trust
  15. GEGRF Global Services Philippines Inc.
  16. RFS Holding, LLC
  17. GE Capital Credit Card Master Note Trust
  18. Care Credit LLC
  19. PLT Holding, L.L.C.
  20. Blue Trademark Holding, LLC



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**Schedule 2.2(a)(iii)**  
**Intellectual Property and Software**

1. Patents

<u>Short Description</u>	<u>Abstract</u>	<u>App. Serial No.</u>	<u>Patent No.</u>	<u>Expires</u>	<u>Owner</u>
Call center monitoring system used in operations	A system to monitor a call center includes reception of call center data, determination of respective values of a plurality of measures based on the call center data, determination of a compliance description for each of the plurality of measures, presentation of an indicator in association with each of the plurality of measures, wherein an indicator presented in association with a measure corresponds to a compliance	10/035,941	6,683,947	6/28/2022	GECC

<u>Short Description</u>	<u>Abstract</u>	<u>App. Serial No.</u>	<u>Patent No.</u>	<u>Expires</u>	<u>Owner</u>
e-fraud detector rules and techniques used by fraud associates to reduce true name fraud.	description determined for the measure, reception of a selection of a presented indicator, and presentation of a value of a measure associated with the selected indicator in response to the received selection. In a method and apparatus for facilitating review of a credit application for true name fraud, an applicant might provide or submit an application for credit. One or more rules may govern when information regarding an application or its associated applicant is obtained, used, displayed as part of the application evaluation process and whether or not the application should be approved or denied.	10/246,102	7,356,506	4/4/2024	GECC
Saturn Skip tracing system used in collections	A system for performing skip tracing provides a first user interface including an area for presenting at least one telephone number associated with account information of a customer retrieved from a mainframe computer system, a documentation area for inputting skip tracing results, a user interface control for indicating that a telephone number presented in the area is bad, wherein selection of the user interface control causes the documentation area to be populated with data indicating that the telephone number is bad, a second user interface control for indicating that a second telephone number presented in the area is good, wherein selection of the second user interface control causes the documentation area to be populated with data indicating that the second telephone number is good, and a third user interface control for causing data populating the documentation area to be recorded in a skip tracing data structure of the mainframe computer system and for causing display of a fourth user interface control, the fourth user interface control for causing the second telephone number to be recorded in a skip queue of the mainframe computer system.	10/172,067	7,257,206	1/22/2025	GECC
Dual Card	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	09/593,199	6,915,277	4/28/2023	GECC

<u>Short Description</u>	<u>Abstract</u>	<u>App. Serial No.</u>	<u>Patent No.</u>	<u>Expires</u>	<u>Owner</u>
Dual Card	<p>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.</p> <p>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.</p>	10/423,527	N/A		GECC – Reel/Frame: 014649/0646 – Recorded: 11/03/03
Internet Quick Screen	<p>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.</p>	09/677,234	N/A		General Electric Company
Point of Sale Quick Screen	<p>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.</p>	09/682,787	7,546,266	4/19/2026	General Electric Company

<u>Short Description</u>	<u>Abstract</u>	<u>App. Serial No.</u>	<u>Patent No.</u>	<u>Expires</u>	<u>Owner</u>
Point of Sale Quick Screen	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	3/18/2022	General Electric Company
Promo of One	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		GECC
Dual Card	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 dual card account on a second processing platform, transferring the non-monetary data associated with the private label account	10/656,798	7,774,274	7/14/2027	GECC

<u>Short Description</u>	<u>Abstract</u>	<u>App. Serial No.</u>	<u>Patent No.</u>	<u>Expires</u>	<u>Owner</u>
Payment Card Processing System and Methods	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.	CA 2537917	N/A		GECC

2. Trademarks  
**Registered Marks**

Owner	Trademark	Country	Appl. Date	No.	Status
	<i>File Reference</i>		<i>Next Renewal Due</i>	<i>Reg. Date</i>	<i>No. Sub Status</i>

**APPLY NOW, BUY NOW**

GE Money	<b>APPLY NOW, BUY NOW</b>	Canada	21-Dec-04	1241452	Registered
Disclaimers	"Apply" and "Buy"	256220	15-May-21	15-May-06	TMA664273
Class					
Goods	Credit application services by an on-line kiosk in a department store.				

**CARECREDIT**

CareCredit LLC	<b>CARECREDIT</b>	Canada	22-Feb-02	1132079	Registered
Class		95310	15-Mar-20	15-Mar-05	TMA635302
Goods	Financing services, namely providing financing for the practices of dentists, doctors and veterinarians and providing financing to patients through their doctors and dentists for care received; Credit agency services, including, providing financing for the practices of dentists, doctors and veterinarians and providing financing to patients through their doctors and dentists for care received.				

CareCredit LLC	<b>CARECREDIT</b>	95309	United States of America	3-Dec-16	27-Dec-94	74615914
Class		36			3-Dec-96	Registered 2021305
	Financing services, namely providing financing for the practices of dentists, doctors and veterinarians and providing financing to patients through their doctors and dentists for care received.					
Goods						
<b>CARECREDIT &amp; DESIGN</b>						
CareCredit LLC	<b>CARECREDIT &amp; DESIGN</b>	458655	United States of America	3-Sep-23	11-May-12	85623062
CareCredit LLC		36		3-Sep-13	3-Sep-13	Registered 4397219
Class						
	Facilitating and arranging for the financing of healthcare services; Financing services					
Goods						
<b>CARECREDIT CANADA</b>						
CareCredit LLC	<b>CARECREDIT CANADA</b>	95311	Canada	16-Mar-20	22-Feb-02	1132080
Class				16-Mar-05	16-Mar-05	Registered 635449
	Credit agency services, including, providing financing for the practices of dentists, doctors and veterinarians and providing financing to patients through their doctors and dentists for care received.					
Goods						
<b>CARECREDIT CARING COMMUNITIES</b>						
CareCredit LLC	<b>CARECREDIT CARING COMMUNITIES</b>	460217	United States of America		11-Sep-13	86061692
Class		36				Pending
	Providing grants for health awareness projects and programs that aim to provide underserved populations with access to healthcare.					
Goods						
<b>CARECREDIT DESIGN</b>						
CareCredit LLC	<b>CARECREDIT DESIGN</b>	458654	United States of America	3-Sep-23	11-May-12	85623059
Class		36		3-Sep-13	3-Sep-13	Registered 4397218
	Facilitating and arranging for the financing of healthcare services; Financing services					
Goods						

**CAREFUND**

CareCredit LLC	<b>CAREFUND</b>		United States of America	14-Mar-13	85875726 Pending
		460046			
Disclaimers	Applicant's claim of ownership of U.S. Registration No. 3151763				
Class		36			
Goods	Credit agency services.				

**CCWARE**

GE Money Bank	<b>CCWARE</b>		United States of America	18-Aug-06	78955055 Registered
		441801	27-Nov-17	27-Nov-07	3346304
Class		9			
	Software for facilitating the use of CareCredit financial services that are directed to the financing of medical procedures performed by doctors, dentists and veterinarians.				
Goods					

**CUSTOMER CARE CARD**

GE Money Bank	<b>CUSTOMER CARE CARD</b>		United States of America	15-Apr-02	76395831 Registered
		125279	5-Apr-15	5-Apr-05	2938955
Class		36			
	Financing services and credit card services, namely, the business of issuing credit cards, providing financing on credit cards issued, servicing credit cards and providing financing.				
Goods					

**FLASHSETTLE**

GE Money Bank	<b>FLASHSETTLE</b>		United States of America	19-Dec-06	77067569 Registered
		449470	8-Sep-19	8-Sep-09	3680179
Class		36			
	Financial management, namely, financial ledger settlement services.				
Goods					

**HOME DESIGNS CARD**

Monogram Credit Card Bank of Georgia	<b>HOME DESIGNS CARD</b>		United States of America	8-Jun-93	74399722 Registered
		6330	27-Dec-14	27-Dec-94	1870247
Disclaimers	NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "CARD" APART FROM THE MARK AS SHOWN				
Class		16			
Goods	Credit cards.				
Class		36			
Goods	Credit card services.				



<b>M.USE</b>					
GE Capital Retail Bank	<b>M.USE</b>		United States of America	4-Sep-13	86055003 Pending
Class		4602069			
Goods	Computer application software for mobile devices, namely, software which enables users to apply for a credit card, manage credit card accounts, redeem rewards and make payments.				
<b>MAKING CARE POSSIBLE... TODAY.</b>					
CareCredit LLC	<b>MAKING CARE POSSIBLE...TODAY.</b>		United States of America	11-May-12	85623064 Pending
Class		45865636			
Goods	Facilitating and arranging for the financing of healthcare services; Financing services				
<b>MULTITREATMENT</b>					
CareCredit LLC	<b>MULTITREATMENT</b>		United States of America	13-Mar-13	85875058 Pending
Class		45942336			
Goods	Financing services in the nature of a payment plan provided in connection with health care services				
<b>OPTIMIZER+PLUS</b>					
GE Capital Retail Bank	<b>OPTIMIZER+PLUS</b>		United States of America	25-Jul-13	86020318 Pending
Class		46012036			
Goods	Banking services, namely, deposit accounts that are savings accounts, checking accounts, certificates of deposits, money market deposit accounts, and FDIC backed Individual Retirement Accounts (IRAs).				
<b>OPTIMIZERPLUS PERKS</b>					
GE Capital Retail Bank	<b>OPTIMIZERPLUS PERKS</b>		United States of America	8-Aug-13	86032077 Pending
Class		46014235			
Goods	Administration of a consumer loyalty program to promote the sale of deposit accounts, namely, savings accounts, checking accounts, certificates of deposits, money market deposit accounts, and FDIC backed Individual Retirement Accounts (IRAs).				

**PROJECTLINE**

GE Money Bank	<b>PROJECTLINE</b>	125276	Canada	2-Aug-16	4-Sep-98	889553 Registered
Class					2-Aug-01	TMA549180
Goods	Credit card and financing services.					

**QUICKSCREEN**

GECC	<b>QUICKSCREEN</b>	17412	United States of America	21-Sep-14	1-Feb-02	78106271 Registered
Class		36			21-Sep-04	2887459
Goods	Credit card services					

**The Project Card**

General Electric Company	<b>The Project Card</b>	44816	United States of America	10-Mar-17	23-Jul-86	73610891 Registered
Class		36			10-Mar-87	1432283
Goods	Credit card services for retail building materials stores					

**Unregistered Marks**

eQuickscreen

3. Domain Names

carecreditpro.com  
mycarecredit.com  
acceptthiscard.com  
acceptthisoffer.com  
acceptyouroffer.com  
alearcard.com  
aeoutfitterscredit.com  
aestorecard.com  
almartgift.com  
almartvisa.com  
almartvisagift.com  
almartvisagiftcard.com  
amazoncreditservices.com  
applyfornewcard.com  
aquavantagewatertreatment.com  
b2bcreditservices.com  
bananarepubliccredit.com  
brooksbrotherscredit.com  
cardoverview.com  
cardservices.org  
carecredit.com  
climateselect.com  
creditapply.mobi  
cuttingedgecard.com

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cvxcards.com  
enroll-today.com  
fraudassistancecenter.com  
fraudassistancecenter.net  
fraudassistancecenter.org  
gapstorecard.com  
growwithfinance.com  
growwithfinancing.com  
hdcsreports.com  
hdprocredit.com  
homedesignfinancing.com  
ikeacard.com  
ikeacards.com  
ikeakiosk.com  
inbranchapply.com  
jcpicaps.com  
Intcredit.com  
lordandtaylorcredit.com  
lordandtaylorcreditservices.com  
lowesbusinesscredit.ca  
lowescredit.ca  
lowescreditonline.com  
lowescreditservices.com  
lowesvisacredit.com  
meijercredit.com  
meijerprepaid.com  
menswearhousecredit.com  
modellscredit.com  
modellscreditapply.com  
moorescreditapp.com  
mycommercialcredit.com  
mycreditcard.mobi  
myoptimizerplus.biz  
myoptimizerplus.com  
myoptimizerplus.info  
myoptimizerplus.mobi  
myoptimizerplus.net  
myoptimizerplus.us  
myoptimizerplus.us.com  
myoptimizerplusperks.com  
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myoptplusperks.com  
myoptplusperks.net  
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myprojectline.com  
oldnavystorecard.com  
onlinecreditcenter.com  
onlinecreditcenter2.com  
onlinecreditcenter3.com

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onlinecreditcenter4.com  
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onlinebillcenter.com  
onlineeservicecenter.com  
onlinemessagecenter.com  
optbanking.biz  
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optcdrates.us.com  
optcertificateofdeposit.biz  
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optindividualretirementaccount.biz  
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optmizingplus.us  
optmizingplus.us.com  
optmmda.biz  
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samsclubcredit.com  
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toysrusaccount.com  
wallmartgift.com  
wallmartmoneycards.com  
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#### 4. Software

<u>Application</u>	<u>Description</u>
Business Center	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)
Consumer Center	Internet application used by our Payment Solutions and Care Credit account holders to service account
Customer Presentment	Application used to present documents to cardholders online (ebills, letters, etc.)
Deposits Origination	Mobile application for online origination of new Deposit accounts
Deposits Servicing	Mobile application for online servicing of Deposits Accounts
Deposits Workstation	Application used by Customer Service representatives to service Deposits customers
eApply BRC/CML	Internet application to allow commercial and Business Revolving Credit (BRC) customers to apply for credit
eApply Consumer	Internet application to allow consumer to apply for credit
eDealer Apply	Internet application to allow dealers to apply for credit
Edison	Application used to process Commercial credit applications for RC Clients
eService BRC/CML	Internet application to allow commercial and BRC account holders to service their accounts
eService Consumer	Internet application to allow RC cardholders to service their accounts

eTail	Internet application to provide powerful customized solutions for Payment Solutions and Care Credit consumers to apply for credit
Ge Online Apply	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.)
GECOM	Application that managed Commercial PROX accounts. It includes receivables processing, customer service, billing etc.
Genasys	Primary consumer Credit Originations platform for Retail Card portfolios. Includes embedded and highly customized rule engines
IVR	IVR solutions to provide call response for GECRB cardholders, merchants, providers, clients etc.
Midrange Remittance	Application that processes majority payment files for GECRB
OEM CEDA	Internet application used by Yamaha Payment Solutions merchant
POS	Full suite of Point of Sales solutions used to process new credit applications and to process sales authorizations. Also includes sophisticated standing system that performance processing if primary applications are down.
Remittance	Mainframe application that processes payment files for GECRB. This will be replaced by Midrange Remittance
Retail Web Connect	Predecessor to Business Center Application that provides internet services to select Payment Solutions clients. Will be replaced by Business Center by end of year
Settlement MBS (local mods)	Local modifications made to Visionplus to provide settlement processing with GECRB retail clients
Surveyor	Application that processes Payment Solutions and Care Credit consumer and commercial new credit applications.
Symphony	Customer Service application used to provide originate and service new credit applications for Payment Solutions and Care Credit
Workstation	Sophisticated application use by Customer Service, Collections and Fraud agents to manage cardholder accounts, provide work queuing and ensure compliant engagement with the cardholder
Alpha Search	Application that allows customer service to search customers by a variety of criteria
ANI	Database used by IVR to determine source of caller
Apex	Set of tools for Call Center and Collections Agents
Autoskip	Application to update contact information on delinquent accounts based on third party information
Bag Automation	Application to allow GECRB to audit a sample of statements to ensure accuracy
Carecredit.com	Primary care credit branded site
CC Ware	Desktop tool used by Care Credit providers to facilitate access to Care Credit services

CCCS	Consumer Credit Counseling Service - Automated process that processes requests from consumer credit counseling agencies for cardholder plan adjustments.
CCRP	Application that supports Customer Complaint Resolution Process
Collections Settlement Automation	Application used to close out special payment plans cardholders are enrolled in.
Cskip	This intranet application is used by Collections agents to work skip accounts manually.
Cust Service Intranet Apps	Suite of applications to assist Retail Finance customer service representatives.
Debt Buyer Media Fulfillment	Recovery process to request a copy of cardholder statements.
DOC	DOC system determines eligibility and prioritizes payment arrangement plans and tools for the collector to offer
ECHO	ECHO (Electronic Case Housing Operation) application serves as the data capture/reporting tool for the U.S Fraud Investigation team.
Fastrak	Titling application used for Installment accounts
George	George is a system that provides GE Money and its clients the ability to launch target marketing E-mail campaigns.
Gesmart	Application that processes commercial sales authorizations using rule engine
Grip	Intranet Application that allows a customer service agent to offer Debt Cancellation products to callers outside of Workstation application.
home specialty ipad	ipad application to allow home specialty business merchant to fill out contracts for home improvement work
imaging settlement	Payment Solutions Imaging system for originating applications and processing settlement files. Includes Flash/Auto-Settlement process between Sales Finance and GE Commercial Finance (CDF).
mcs web	Intranet based reporting tool for PDR
nt minotaur	Collection application to prioritize the order skip contacts should be worked.
Offerdb	System that stores and provides offers that cardholders are eligible for.
Por	Application to correct addresses on returned statements, letters, and applications.
Pricing App (CCPro)	Pricing application with CCPRO (Business Center)
Promologix	Promologix is a single source of all Promotional information. It creates a pipeline of information from pricing approval to the actual invoice and enhances accuracy of our promotions via predetermined templates.
Ptc	Application to capture and manage new merchant and provider prospects for Payment Solutions and Care Credit.
Rpc	Application used for auditing of payments received at the RPC
Ruby	Automated hardship enrollment solution that automatically enrolls accounts placed in FDR 397Q into hardship programs.
secureb2c	Internet application used by Payment solutions merchants to provide Business to consumer functionality
Snss	Application that processes settlement files received by RC clients
Sherlock	Application to view historical Payment Solutions and Care Credit credit applications

Webedm	Intranet application to allow Bank personnel to enter credit applications into Genasys system
Ab initio Middleware Graphs	Middleware services that provide front end applications with access to back end services. In use by Business Center and Consumer Center
b2b web services	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
business accelerator	Suite of services used to access FDR systems to retrieve data for customer service and collections agents
Cider	Application that captures file transmission information processed by Gentran application
digital cockpit	Application that allow viewing of Genasys and POS business volumes
eCom Web Services	Internet Web Services used by Paypal to access backend services to allow Paypal to provide account services solutions
ge money relay	Application serviced used from GE Money Consumer Sell Pages to relay credit application requests to GE Online Apply application
Gear	Intranet application used to track IT asset information. This will be replaced by ServiceNow
Genius	Application used by Call Center and Collection agents to verify processes and procedures
Gentran	GEGRB applications that leverage Gentran software to manage the inbound and outbound transmission of files between our partners and GEGRB in a secure, compliant and reliable fashion.
IT risk assessment	Application to support IT Risk and Controls Assessment
WTX Middleware	Suite of middleware services to applications to access back end services and to interface with each other
Satre	Application profile management tool used by GE IT Security
Mainframe security	Application to support Genasys and Workstation security access
FDR Gforce (models)	Models used by FDR authorization solution to apply GEGRB specific rules to sales authorizations
Salesforce.com (Configuration)	Instance of salesforce.com used to service RC Client, Payment solution merchant servicing and Care Credit provider servicing
Salesforce.com - Atlas	Geo location service used for GEGRB field sales team to provide insight on store distribution and location. Built on top of SFDC implementation.
OSB	Middleware solution that provides orchestration and business services to calling applications such as Consumer Center and DOC.
Business Dealer Locator	Internet application service that allows users to look up dealers online based on location
Alp	Account level profitability data mart
business objects universes	Suite of data stores that allow reporting of business information extracted from data marts
Cdc	Primary Consumer cardholder data ware house
Cmap	Provides a single consumer customer view across all account relationships within GE Money.

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collections dw	Collections Data warehouse
commercial dw	Commercial Data warehouse
deposit DW	Deposits data warehouse
dts dw	Contains Consumer Customer Service Data sourced from the Workstations application system.
gforce DM	Authorizations data mart
iris reporting	Risk Reporting tool
jcp credit central	Internet portal to allow JCP client to access reporting
Ocv	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> .
operations dw	Operations data warehouse
Ots72	Datamart that provides 72 months of cardholder data
Pdr	Primary consumer cardholder data warehouse for Payment Solutions and Care Credit
quality DW	Quality data warehouse
Recovery dw	Recovery data warehouse
sku cml	SKU level data warehouse for commercial accounts
sku consumer	SKU level data warehouse for consumer accounts
token dm	Data Mart used for account tokenization
walmart credit central	Internet portal to allow Walmart client to access reporting
web input database	BI application to support reporting
Sas Analytic models	Marketing and Risk analytic models
Deposits marketing site	Primary landing page for Deposits prospects and account holders
Ecom Marketing Pages	Internet pages used by marketing
Inside compliance	Static webpage that contains articles around compliance

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**Schedule 2.2(b)(i)**  
**Excluded Assets**

1. All right, title and interest in and to the following Marks, outside of the US and Canada to the extent used by the GE Group outside of the US and Canada as of the date of the Initial Public Offering:

APPLY NOW, BUY NOW  
FLASHSETTLE  
HOME DESIGNS CARD  
M.USE  
MULTITREATMENT  
PROJECTLINE  
QUICKSCREEN  
The Project Card

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**Schedule 2.2(b)(ii)**  
**Excluded Contracts**

1. None.



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**Schedule 2.3(a)(i)**  
**Company Liabilities**

1. All Liabilities of the members of the Company Group, other than Excluded Liabilities.

**Schedule 2.4(b)(ii)**  
**Continuing Agreements**

1. Capital Assurance and Liquidity Maintenance Agreement entered into by and among GE Capital Retail Bank, GECC, and each Immediate Parent Company (as “Immediate Parent Company” is defined in the Operating Agreement entered into on or about January 11, 2013, by and between GE Capital Retail Bank and the Office of the Comptroller of the Currency)
2. MNT Servicing Agreement between MNT and GECC: Servicing Agreement, dated as of June 27, 2003, by and among RFS Funding Trust, GE Capital Credit Card Master Note Trust and GECC, successor to GE Capital Retail Bank (formerly known as GE Money Bank), as amended.
3. Revolving Credit Agreements (between the GE Group and the Company Group)
4. Sublease Agreement - dated March 15, 2014, between GE, acting through its subsidiary, GE Asset Management, as sublessor and Retail Finance International Holdings, Inc. (“RFIH”), as sublessee, for the Sublease Premises located at 1600 Summer Street, Stamford, CT 06905 as amended by Sublease Amendment dated June 15, 2014.
5. Sublease dated June 1, 2014, between GECC, as sublessor and RFIH, as sublessee, for the Sublease Premises located 777 Long Ridge Road, Stamford, CT 06927
6. Sublease Agreement dated April 1, 2014, between GE, acting through its unincorporated division, GE Transportation, as sublessor and RFIH, as sublessee, for the Sublease Premises located at 500 West Monroe, Suites 2300 and 2400, Chicago, IL 60661
7. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated May 20, 2003 (as amended, the “Alpharetta Lease”) for the property located at 4125 Windward Plaza Drive, Alpharetta, Georgia
8. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated March 8, 1996 (as amended, the “Atlanta Lease”) for the property located at 485 Lake Mirror Road, Suite A, Atlanta Georgia
9. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated March 19, 2004 (as amended, the “Bentonville Lease”) for the property located at 1801 Phyllis Street, Bentonville, Arkansas
10. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated December 3, 1999 (as amended, the “Canton Lease”) for the property located at 4500 Munson Street, Canton, Ohio
11. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated October 12, 2004 (as amended, the “Costa Mesa Lease”) for the property located at 2995 Redhill Avenue, Suite 100, Costa Mesa, California

12. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated July 8, 2002 (as amended, the "Frisco Lease") for the property located at 2611 Internet Boulevard, Frisco, Texas
13. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated December 31, 2004 (as amended, the "Kettering Lease") for the property located at 950 Forrer Boulevard, Buildings 3 and 4, Kettering, Ohio
14. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated December 16, 2005 (as amended, the "Little Rock Lease") for the property located at 1600 Cantrell Road, Little Rock, Arkansas
15. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated May 31, 1982 (as amended, the "Longwood Lease") for the property located at 140 Wekiva Springs Road, Longwood, Florida
16. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated November 14, 2011 (as amended, the "Phoenix Lease") for the property located at 3150 South 48th Street, Phoenix, Arizona
17. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated January 1, 2011 (as amended, the "Rapid City Lease") for the property located at 900 Concourse Road, Rapid City, South Dakota
18. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated June 22, 2005 (as amended, the "San Francisco Lease") for the property located at 221 Main Street, San Francisco, California
19. Assignment and Assumption Agreement dated March 6, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated May 23, 2013 (as amended, the "San Jose Lease") for the property located at 1740 Technology Drive, San Jose, California
20. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, Inc., as assignee, covering that certain Lease dated May 12, 2004 (as amended, the "Saint Paul Lease") for the property located at 332 Minnesota Street, Saint Paul, Minnesota
21. Assignment and Assumption Agreement dated March 6, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated November 21, 2004 (as amended, the "Charlotte Lease") for the property located at 2801 West Tyvola Road, Charlotte, North Carolina
22. Assignment and Assumption Agreement dated February 28, 2014 by and between GECC, as assignor, and RFIH, as assignee, covering that certain Lease dated August 18, 2010 (as amended, the "Walnut Creek Lease") for the property located at 1990 North California Boulevard, Walnut Creek, California

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23. Lease dated as of June 3, 2009, as amended by First Amendment to Lease dated as of January 7, 2010, Second Amendment to Lease dated as of December 14, 2010, Third Amendment to Lease dated as of December 9, 2011, and by Fourth Amendment to Lease dated as of February 12, 2014 by and between Arden Realty Limited Partnership, as landlord, and GE Capital Retail Bank, as tenant, for the Premises located at 170 West Election Road, Draper, Utah
  24. Lease dated as of November 14, 2011, as amended by First Amendment to Lease dated as of March 15, 2012 and by the Second Amendment to Lease dated as of March 28, 2014 by and between Arden Realty Limited Partnership, as landlord, and RFIH as successor in interest by assignment from GECC, as tenant, for the Premises located at 3150 S. 48th Street, Phoenix, Arizona
  25. Servicing Equipment Use Agreement dated April 16, 2012 by and between GE Capital Retail Bank and General Electric Capital Corporation of Puerto Rico
  26. Certain obligations of GECC owed to GE Capital International Holdings Corporation under the Cash Pooling Agreement between GECC, as Pool Leader, and GECIH, as Participant that was assumed by the company pursuant to the Assumption Agreement between GECC and the Company Dated June , 2014
  27. Intercreditor Agreement, dated September 21, 2006, by and between General Electric Capital Corporation and GE Money Bank, as amended
  28. Retailer Program Agreement, dated April 30, 2007, by and between GE Money Bank and General Electric Company, as amended
  29. Consumer Credit Promotion Agreement, dated April 30, 2007, by and between GE Money Bank and General Electric Company, as amended
  30. Affiliate Agreement dated as of May 31, 2014 by and between GECC and RFIH relating to the use by RFIH of leasehold improvements located 777 Long Ridge Road, Stamford, CT, 06927

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**Schedule 2.4(b)(iii)**  
**Guarantees**

1. Guarantee dated as of June 23, 2012 by GECC in favor of Mizuho Corporate Bank, Ltd.
2. Guarantee dated as of February 26, 2012 by GECC in favor of Sumitomo Mitsui Banking Corporation.
3. Guaranty dated as of February 7, 2005 by GECC in favor of J. C. Penney Corporation, Inc.
4. Guaranty dated as of June 5, 2003 by GECC in favor of First Data Resources, LLC.
5. Guaranty dated as of May 26, 2004 by GECC in favor of PayPal, Inc.
6. Parent Guaranty effective November 1, 2012 made by GECC to and for the benefit of Amazon Services LLC
7. General Electric Capital Corporation Reimbursement Agreement in support of Letters of Credit issued for the benefit of Amazon Services LLC.
8. Capital Assurance and Liquidity Maintenance Agreement entered into by and among GE Capital Retail Bank, GECC, and each Immediate Parent Company (as "Immediate Parent Company" is defined in the Operating Agreement entered into on or about January 11, 2013, by and between GE Capital Retail Bank and the Office of the Comptroller of the Currency)
9. Agreement dated as of November 23, 2009 by and between Lowe's Companies, Inc., Lowe's Home Centers, Inc., Lowe's HIW, Inc. and GECC
10. Remaining liability of GECC to Landlords pursuant to the terms of leases assigned to Retail Finance International Holdings Inc. and listed on Exhibit A hereto

**Exhibit A to Schedule 2.4(b)(iii)**

<b><u>Site</u></b>	<b><u>GE Legal Entity</u></b>	<b><u>Landlord Legal Entity</u></b>	<b><u>Lease Documentation</u></b>
1. Alpharetta, GA	GECC	GH Windward Plaza, Inc.	Lease Agreement dated May 20, 2003, as amended by First Amendment to Lease Agreement dated March 1, 2005, Second Amendment to Lease Agreement dated July 19, 2011 and by Agreement dated May 19, 2003
2. Frisco, TX	GECC	Hall G2, LLC	Master Leasing Agreement dated July 15, 2002; Lease dated as of July 8, 2002, as amended by Amendment to Lease and to Master Leasing Agreement dated October 9, 2009, Second Amendment to Lease dated November 5, 2009, Third Amendment to Lease dated April 7, 2010, Fourth Amendment to Lease dated July 26, 2010, Fifth Amendment to Lease dated November 18, 2010, Sixth Amendment to Lease dated February 28, 2012 and by Seventh Amendment to Lease dated May 3, 2014
3. Bentonville, AR	GECC	Lakeside Center II-A, LLC	Lease dated March 19, 2004 as amended by First Amendment to Lakeside Center II Lease Agreement dated April 27, 2011
4. San Francisco, CA	GECC	221 Main Property Owner, LLC	Commercial Office Lease dated June 22, 2005, as amended by Amendment No. 1 to the Lease dated October 12, 2007 and by Second Amendment to Commercial Office Lease dated March 25, 2013
5. Kettering, OH	GECC	F1 Kettering LLC	Lease Agreement dated Dec. 31, 2004, as amended by Amendment No.1 to Lease Agreement dated Jan. 2005, Amendment No. 2 to Lease Agreement dated April 1, 2005, Amendment No. 3 to Lease Agreement dated Oct. 1, 2005, Amendment No. 4 to Lease Agreement dated Oct. 20, 2008, Amendment No. 5 to Lease Agreement dated Dec. 9, 2011 and Kettering Roof Agreement dated June 13, 2011
6. Canton, OH	GECC	GE Munson Ltd.	Lease dated December 3, 1999 as amended by First Amendment to Lease dated August 30, 2010
7. Phoenix, AZ	GECC	Arden Realty Limited Partnership	Lease dated November 14, 2011 as amended by First Amendment to Lease dated March 15, 2012 and by Second Amendment to Lease dated March 28, 2014
8. Rapid City, SD	GECC	IRET Properties	Lease Agreement dated January 1, 2011

9.	Charlotte, NC	GECC	Belk, Inc.	Lease Agreement dated November 21, 2005 as amended by First Amendment to Lease dated June 5, 2006 and by Second Amendment to Lease dated February 26, 2011
10.	St Paul, MN	GECC	First National Building Holdings, Inc.	Lease dated May 12, 2004 as amended by First Amendment to Lease dated Aug. 29, 2005, Second Amendment to Lease dated April 18, 2008, Third Amendment to Lease dated Jan. 19, 2010, Fourth Amendment to Lease dated Apr. 15, 2010, and by Fifth Amendment to Lease dated June 24, 2010
11.	Atlanta, GA	GECC	ProLogis TLF (International Airport Industrial Center), LLC solely with respect to ProLogis TLF (International Airport Industrial Center), LLC Series E	Lease dated March 8, 1996 as amended by First Amendment to Lease dated March 31, 2004 and by Second Amendment to Lease dated January 29, 2010
12.	Costa Mesa, CA	GECC	Legacy Partners I Costa Mesa LLC	Standard Office Lease dated October 12, 2004 as amended by First Amendment to Lease dated May 19, 2008, Second Amendment to Lease dated January 30, 2009, Third Amendment to Lease dated February 28, 2009, and by Fourth Amendment to Lease dated November 14, 2011
13.	Longwood, FL	GECC	Longwood Capital, LLLP	Indenture of Lease dated May 31, 1982, Agreement Regarding Lease dated April 1, 1983, Agreement Regarding Lease dated Dec. 15, 1986,  First Amendment to Office Lease dated Mar. 31, 1995, Assignment and Assumption of Lease dated Dec. 6, 1999, Second Amendment to Lease dated June 27, 2005, Third Amendment to Lease dated March 31, 2008, and by Fourth Amendment to Lease dated July 1, 2010
14.	Walnut Creek, CA	GECC	Legacy III Walnut Creek I, LLC	Office Lease dated Aug. 18, 2010 as amended by Commencement Date Agreement dated Oct. 1, 2010
15.	San Jose, CA	GECC	CA-1740 Technology Drive Limited Partnership	Lease dated May 23, 2013
16.	Little Rock, AK	GECC	DSS HQ Properties	Lease dated Dec. 16, 2005 as amended by First Amendment to Lease dated Dec. 31, 2011

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**Schedule 2.4(b)(iv)**  
**Continuing Agreements**

1. None.



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**Schedule 5.1**  
**Annual Corporate Reporting Data**

LCD - Supplemental data collection

							Q-Close (LCD) Dec-31	Capital B/S Review (Wave 1) Jan-10	Capital B/S Review (Wave 2) Jan-20
Area	Freq	Submission Mode	Submitter	Hyperion /Excel Template Name	Description	4Q13 Actual Due Date <sup>4</sup>	LCD +	Capital B/S Review (Wave 1)	Capital B/S Review (Wave 2)
<b>Financing Receivables:</b>				Time Sales & Loans					
	<b>Annual</b>	GE Folders	All	Contractual Maturities - Comments	Financing Receivables Contractual Maturities	Jan-10-2014	10	0	-10
<b>Financing Receivables:</b>	<b>Annual</b>	GE Folders	All	Finance Leases Contractual Maturities - Comments	Financing Receivables Contractual Maturities	Jan-10-2014	10	0	-10
<b>Financing Receivables:</b>	<b>Annual</b>	Hyperion	All	FINREC07 - Total Financing Lease Details	Total Financing Leases Details - YTD	Jan-11-2014	11	1	-9
<b>Financing Receivables:</b>	<b>Annual</b>	GE Folders	All	FINREC07 - Total Financing Leases Details - Comments	Total Financing Leases Details - YTD	Jan-11-2014	11	1	-9
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	Hyperion	All	ELTO-03 - ELTO Estimated Useful Lives	ELTO Estimated Useful Life - Hyp	Jan-07-2014	7	-3	-13
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	Hyperion	All	ELTO-06 - Assets Leased to GE	Assets Leased to GE - Hyperion	Jan-07-2014	7	-3	-13
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	Hyperion	All	ELTO-05 - PP&E Impairments(P&L)	PP&E & Impairments - Hyperion	Jan-07-2014	7	-3	-13
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	Hyperion	All	PP&E-01 - Building and Equipment	Building and Equipment - Hyperion	Jan-07-2014	7	-3	-13
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	Hyperion	All	ELTO-04 - ELTO – Future Rental Income	Future Rental Income - Hyperion	Jan-07-2014	7	-3	-13
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	GE Folders	All	PP&E & ELTO Supplemental Data	PP&E & ELTO Supplemental Commentary - Asset Breakup	Jan-07-2014	7	-3	-13
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	GE Folders	All	PP&E & ELTO Supplemental Data	PP&E & ELTO Supplemental Commentary - Useful Life	Jan-07-2014	7	-3	-13
<b>PP&amp;E and ELTO:</b>	<b>Annual</b>	GE Folders	All	PP&E & ELTO Supplemental Data	ELTO Supplemental Commentary - Future Rental Income	Jan-07-2014	7	-3	-13
<b>Other Assets:</b>	<b>Annual</b>	Hyperion	All	OTA08 - Breakup of Real Estate Investments	Real Estate Investments Break Up	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	<b>Annual</b>	Hyperion	All	OTA09 - Assets Held for Resale and Valuation Allowance	Assets held for sale (MARS 117) and Valuation allowance	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>	<b>Annual</b>	GE Folders	All	Goodwill & Intangible - Other details	Goodwill & Intangible - Other details	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>	<b>Annual</b>	Hyperion	All	GWINTG03 - Future Amortization Consolidation	Future Amortization Consolidation	Jan-05-2014	5	-5	-15
<b>Insurance:</b>	<b>Annual</b>	GE Folders	All	Insurance Receivable_comments	Insurance Receivable	Jan-08-2014	8	-2	-12

<sup>4</sup> For illustrative purposes only.

<b>Government Reporting:</b>	<b>Annual</b>	GE Folders	All	SHCA	Report of US Ownership of Foreign Securities	Jan-27-2014	27	17	7
<b>Government Reporting:</b>	<b>Annual</b>	GE Folders	All	HSR	Hart-Scott-Rodino Filing	Feb-20-2014	51	41	31
<b>Government Reporting:</b>	<b>Annual</b>	Govt Reporting site	All	BE-11	Survey of US Direct Investment Abroad	Mar-22-2014	81	71	61
<b>Other Liabilities/Accounts Payable</b>	<b>Annual</b>	Hyperion	All	OTL03 - DR67 Other long Term Liabilities	DR67 - Other Long Term Liabilities	Jan-11-2014	11	1	9
<b>Other Liabilities/Accounts Payable</b>	<b>Annual</b>	Hyperion	All	OTL02 - DR67 Purchase Obligations - Off Balance Sheet	DR67OBS - Purchase Obligations Off-Balance Sheet	Jan-11-2014	11	1	9
<b>Other Liabilities/Accounts Payable</b>	<b>Annual</b>	Hyperion	All	OTL01 - Other Liabilities Variance Analysis	Other Liabilities - Non Current Comp & benefits	Jan-11-2014	11	1	9
<b>Other Liabilities/Accounts Payable</b>	<b>Annual</b>	GE Folders	All	Insurance liabilities Ageing template (DR 67)	Insurance liabilities - Ageing	Jan-11-2014	11	1	9
<b>Non-Cancellable Leases</b>	<b>Annual</b>	Hyperion	All	MISC01 - Non-Cancelable Lease Commitments	Noncancellable Lease Commitments	Jan-08-2014	8	2	12
<b>Geographic Summary:</b>	<b>Annual</b>	GE Folders	All	Geographic Summary - Total Assets	Geographic Summary - Total Assets	Jan-09-2014	9	1	11
<b>Geographic Summary:</b>	<b>Annual</b>	GE Folders	All	Geographic Summary - Long Lived Assets	Geographic Summary - Long Lived Assets	Jan-09-2014	9	1	11
<b>NCI:</b>	<b>Annual</b>	Hyperion	All	NCI01 - Investment Breakup	NCI Split	Jan-06-2014	6	4	14
<b>NCI:</b>	<b>Annual</b>	GE Folders	All	NCI01 - Investment Breakup - Comments	NCI Split	Jan-06-2014	6	4	14
<b>Other Schedules:</b>	<b>Annual</b>	GE Folders	All	Detail of Other Items (DR42A)	Detail of Other Items (DR42A)	Jan-09-2014	9	1	11
<b>Other Schedules:</b>	<b>Annual</b>	GE Folders	All	Environmental (DR25)	Environmental (DR25)	Jan-08-2014	8	2	12

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## **FINANCIAL REPORTING ADJUSTMENTS**

The Parties agree that the preparation and provision of Corporate Reporting Data included on Schedule 5.1 and Schedule 5.2 shall include applicable adjustments that comply with the following provisions (the “Agreed Adjustments”):

1. The Agreed Adjustments shall be prepared and provided in such form as is reasonably agreed to by the Company and GE.
2. The parties shall in good faith consult with each other with respect to any modifications necessary to the Agreed Adjustments and reasonably agree to any such modifications (including the implementation of such modifications) in writing as soon as practicable to allow reasonable time for the Company to reflect such modifications in the Agreed Adjustments.
3. The Agreed Adjustments shall include any and all adjustments to Corporate Reporting Data that are necessary for GE to report its consolidated financial condition and results of operations, which shall include any adjustments that the Company and GE agree, acting reasonably, are necessary to reflect any changes to GAAP that (i) may be made by authoritative accounting bodies following the date of this Agreement and (ii) relates to how the GE Group accounts for its investment in the Company under the Applicable Accounting Method.
4. The Agreed Adjustments shall include any adjustments to Corporate Reporting Data required for GE to report its consolidated financial condition and results of operations in accordance with GAAP.
5. In the event the Company undergoes a change of control, the Company shall be required, following any such change of control, to provide any additional information to GE as may be reasonably required in order to allow GE to report the consolidated accounts of the Company in the accounts of the GE Group under the Applicable Accounting Method. Such information shall be provided to GE for as long as any members of the GE Group is required during any fiscal year, in accordance with GAAP, to account for its investment in the Company on a consolidated basis or under the equity method of accounting.

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**Schedule 5.2**  
**Quarterly Corporate Reporting Data**

LCD - Supplemental data collection

							Q-Close (LCD) Dec-31	Capital B/S Review (Wave 1) Jan-10	Capital B/S Review (Wave 2) Jan-20
<u>Area</u>	<u>Freq</u>	<u>Submission Mode</u>	<u>Submitter</u>	<u>Hyperion /Excel Template Name</u>	<u>Description</u>	<u>4Q13 Actual Due Date<sup>5</sup></u>	<u>LCD +</u>	<u>Capital B/S Review (Wave 1)</u>	<u>Capital B/S Review (Wave 2)</u>
<b>Income Statement:</b>	<b>Qtrly</b>	GE Folders	All	Revenue From Services	RFS- Commentary	Jan-05-2014	5	-5	-15
<b>Income Statement:</b>	<b>Qtrly</b>	GE Folders	All	Revenue From Services	Other items breakup & commentary	Jan-05-2014	5	-5	-15
<b>Income Statement:</b>	<b>Qtrly</b>	GE Folders	All	Revenue From Services	EMI Details	Jan-05-2014	5	-5	-15
<b>Income Statement:</b>	<b>Qtrly</b>	GE Folders	Real Estate	Revenue From Services - CRE	RFS- Commentary	Jan-05-2014	5	-5	-15
<b>Income Statement:</b>	<b>Qtrly</b>	GE Folders	Real Estate	Revenue From Services - CRE	Other items breakup & commentary	Jan-05-2014	5	-5	-15
<b>Income Statement:</b>	<b>Qtrly</b>	GE Folders	Real Estate	Revenue From Services - CRE	EMI Details	Jan-05-2014	5	-5	-15
<b>Balance Sheet:</b>	<b>Qtrly</b>	Hyperion	All	BSA01 - Balance Sheet - Variance Categorization	Analysis Schedule	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	Segment_Balance_Sheet_Pack	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	- Executive Summary	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	- Balance Sheet Commentary	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	- Portfolio Overview	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	- Portfolio Walk	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	- Reserve Walk	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	- Asset Quality Ratios (FR MD&A)	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Balance Sheet:</b>	<b>Qtrly</b>	GE Folders	All	- Investment Securities	Balance Sheet Package	Jan-07-2014	7	-3	-13
<b>Financing Receivables:</b>	<b>Qtrly</b>	Hyperion	All	FINREC01 - FR Rollforward	Loan & Finance Lease Rollforwards - QTD	Jan-05-2014	5	-5	-15
<b>Financing Receivables:</b>	<b>Qtrly</b>	GE Folders	All	Financing Receivables Commentary Template	YTD movement/variance comments	Jan-05-2014	5	-5	-15
<b>Financing Receivables:</b>	<b>Qtrly</b>	Hyperion	Consumer	FINREC02 - FR Consumer Listing	Current quarter platform level Break up	Jan-05-2014	5	-5	-15
<b>Financing Receivables:</b>	<b>Qtrly</b>	Hyperion	All	FINREC03 - SOP 03-3 Rollforward	SOP 03-3 Rollforward - QTD	Jan-06-2014	6	-4	-14
<b>Financing Receivables:</b>	<b>Qtrly</b>	Hyperion	All	FINREC04 - SOP 03-3 Supplemental Information	SOP 03-3 Supplemental Information - QTD	Jan-06-2014	6	-4	-14
<b>Financing Receivables:</b>	<b>Qtrly</b>	GE Folders	All	SOP 03-3 Additional Details & Comments	SOP 03-3 Additional QTD Details & YTD Comments	Jan-06-2014	6	-4	-14
<b>Financing Receivables:</b>	<b>Qtrly</b>	Hyperion	All	FINREC06 - Gross Time, Sales and Loans Contractual Maturities	Financing Receivables Contractual Maturities	Jan-10-2014	10	0	-10
<b>Financing Receivables:</b>	<b>Qtrly</b>	Hyperion	All	FINREC05 - Direct Fin & Leveraged Leases	Financing Receivables Contractual Maturities	Jan-10-2014	10	0	-10
<b>Financing Receivables:</b>	<b>Qtrly</b>	GE Folders	All	GE_Capital_Volume_Reconciliation_(Business_Name)	Financing Receivables Volume Reconciliation	Jan-18-2014	18	8	-2
<b>Allowance for Losses:</b>	<b>Qtrly</b>	Hyperion	All	ALLL01 - ALLL Rollforward	AFL Rollforward - QTD	Jan-05-2014	5	-5	-15

<sup>5</sup> For illustrative purposes only.

<b>Allowance for Losses:</b>	<b>Qtrly</b>	GE Folders	All	ALLL Comments	YTD movement/variance comments	Jan-05-2014	5	-5	-15
<b>Allowance for Losses:</b>	<b>Qtrly</b>	GE Folders	Consumer	ALLL Comments	Listing backup for items >\$5MM - QTD	Jan-05-2014	5	-5	-15
<b>Allowance for Losses:</b>	<b>Qtrly</b>	Hyperion	Consumer	ALLL02 - ALLL Consumer Listing	Current quarter platform level Break up	Jan-05-2014	5	-5	-15
<b>Allowance for Losses:</b>	<b>Qtrly</b>	GE Folders	All	Adj to Gen_Reserve for Env factors	Adjustment to general reserve for environmental factors - QTD	Jan-07-2014	7	-3	-13
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion	All	NEI05 - NEI - Non Earner	Non Earnings Rollforward - QTD	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion	All	NEI04 - NEI - Non Accrual	Non Accrual Rollforward - QTD	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion	All	NEI02 - NEI - Impaired Loans	Impaired Loans Rollforward - QTD	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion	All	NEI07 - NEI - Portfolio Walk	Non Earners-Non Accruals-Impaired Loan walk	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion	All	NEI06 - NEI - Other Details	Impaired Loans-Other Details and Income Recognised - QTD	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion (FP&A)	All	Quarter closer delinquency reporting	Delinquency and Aging	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion (FP&A)	Consumer	Consumer - Quarter closer delinquency reporting Non-earning	Consumer NE & NA Listings greater than \$20MM and variance comments - QTD	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	GE Folders	All	NEI - Excel Pack NEI03 - NEI - Impaired Measurement Method	Impairment Measurement Method	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion	All	NEI - Excel Pack Delinquency - Quarterly Aging Analysis - Commercial / Delinquency - Quarter Close Reporting - Consumer	Additional Non-Accrual & Non-Earner Details	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion (FP&A)	All	NEI - Excel Pack NEI01 - NEI - Impaired Consumer Listings	90 DPD and accruing receivables	Jan-05-2014	5	-5	-15
<b>Non-Earnings/Impaired:</b>	<b>Qtrly</b>	Hyperion	Consumer	TDR01 - NEI - TDR Modification Activity	Unpaid Principal balance walk	Jan-05-2014	5	-5	-15
<b>TDR and Modifications</b>	<b>Qtrly</b>	Hyperion	All	TDR03 - NEI - Modification additional details	Impaired Loans Closing Balance Details (Platform break-up) - Consumer TDR Rollforward -QTD	Jan-05-2014	5	-5	-15
<b>TDR and Modifications</b>	<b>Qtrly</b>	GE Folders	All	TDR02 - NEI - TDR Allowances	Modifications Rollforward - QTD	Jan-10-2014	10	0	-10
<b>TDR and Modifications</b>	<b>Qtrly</b>	Hyperion	All	TDR04 - NEI - Non TDR RF	Modifications Rollforward - QTD	Jan-10-2014	10	0	-10

<b>TDR and Modifications</b>				TDR05 -NEI -TDR Leases	Mods - TDR Leases Rollforward - QTD	Jan-10-2014	10	0	-10
<b>PP&amp;E and ELTO:</b>	Qtrly	Hyperion	All	ELTO-02 - ELTO YTD Rollforward	ELTO YTD Rollforward - Hyperion	Jan-05-2014	5	-5	-15
<b>PP&amp;E and ELTO:</b>				ELTO Rollforward Information - Commentary	ELTO RF Commentary - excel tab	Jan-05-2014	5	-5	-15
<b>PP&amp;E and ELTO:</b>	Qtrly	GE Folders	All	ELTO Rollforward Information - Commentary	ELTO RF Backup - excel tab	Jan-05-2014	5	-5	-15
<b>PP&amp;E and ELTO:</b>				ELTO Rollforward Information - Commentary	Aircraft Details - excel tab	Jan-05-2014	5	-5	-15
<b>PP&amp;E and ELTO:</b>	Qtrly	GE Folders	All	ELTO-01 - Breakup ELTO First Cost	Breakup ELTO First Cost & Accumulated Amortization	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>				OTA04 - Investments in Associated Companies	Assoc Companies Rollforward	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	Qtrly	Hyperion	All	Assoc Companies Listing and Comments	Assoc Companies Listing and Comments	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	Qtrly	GE Folders	All	OTA01 - Assets Held for Resale	Assets Held for Resale Rollforward	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>				OTA03 - Foreclosed Real Estate properties rollforward	Foreclosed RE properties roll-forward	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	Qtrly	Hyperion	All	OTA05 - Other Investment Rollforward	Other Investments Rollforward	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>				OTA06 - Real Estate Rollforward	Real Estate Investments Rollforward	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	Qtrly	Hyperion	All	Mortgage HFS RE (Loans)	Mortgage Held for Sale (Real Estate Loans)	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	Qtrly	GE Folders	All	Other Assets -Roll Forwards - Comments	Other Assets -Roll Forwards	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>				OTA02 - Cost Method Equity Investments - Unrealized Losses	Cost Method Investment unrealized losses details	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	Qtrly	Hyperion	All	SFAS 115 -157 Package	Cost Method investments listing	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>				Other Assets - Others - CR802A - Comments	Other Assets -Variance vs. PY End	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>	Qtrly	GE Folders	All	OTA07 - Other Assets Variance	Other Assets -Variance vs. PY End	Jan-05-2014	5	-5	-15
<b>Other Assets:</b>				JV financial statements	Assoc Companies Financial Statements	Jan-11-2014	11	1	-9
<b>Intangibles / Goodwill:</b>	Qtrly	GE Folders	All	AAA Template	Acquisition Accounting Adjustment Details	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>				GWINTG02 - Goodwill Rollforward	Goodwill Rollforward	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>	Qtrly	Hyperion	All	Goodwill - CR140A - Comments	Goodwill Rollforward - YTD Movement Comments	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>				Goodwill & Intangible - FAS141R Template	Goodwill & Intangible - FAS 141R	Jan-05-2014	5	-5	-15



<b>Intangibles / Goodwill:</b>				GWINTG01 - Break up of FX in other Intangibles	Intangibles FX details	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>	Qtrly	Hyperion	All	All Other Intangibles - CR140A - Comments	Other Intangibles - Goodwill & Intangibles -	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>	Qtrly	GE Folders	All	DR 171 - Other details	Other details	Jan-05-2014	5	-5	-15
<b>Intangibles / Goodwill:</b>	Qtrly	GE Folders	All	Amortization Expenses - CR140C - Comments	Amortization Expense	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	GE Folders	All	SFAS 115 -157 Package	SFAS 115/157 Master	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC03 - Unrealized Losses	Unrealized loss aging	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	GE Folders	All	Aging SFAS 115 -157 Package	ULA Security Listing	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	GE Folders	All	SFAS 115 Offline Excel Schedules	Impairment Listing	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	GE Folders	All	SFAS 115 Offline Excel Schedules	RGRL Listing	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC06 - Debt Rating	Debt Rating	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC05 - Investment Securities Contractual Maturities	Investment Securities contractual maturity	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC01 - Available For Sale Roll Forward	Avail for Sale - Rollforward	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC04 - OTTI & Credit Loss Roll Forward	FSP 115-2 (OTTI and Credit Loss details)	Jan-05-2014	5	-5	-15
<b>Investment Securities:</b>	Qtrly	GE Folders	All	SFAS 115 Offline Excel Schedules	Avail-for-Sale - rollforward - commentary	Jan-06-2014	6	-4	-14
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC02 - Trading Securities Roll Forward	Trading Securities rollforward	Jan-06-2014	6	-4	-14
<b>Investment Securities:</b>	Qtrly	GE Folders	All	SFAS 115 Offline Excel Schedules	Trading Securities rollforward commentary	Jan-06-2014	6	-4	-14
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC09 - SubPrime_AltA_CMBS	Subprime, Alt-A & CMBS	Jan-06-2014	6	-4	-14
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC07 - Monoline_RMBS By Agency	Monoline & RMBS Exposure	Jan-06-2014	6	-4	-14
<b>Investment Securities:</b>	Qtrly	Hyperion	All	INVSEC08 - Monoline & RMBS Maturity	Monoline & RMBS Maturity	Jan-06-2014	6	-4	-14
<b>Investment Securities:</b>	Qtrly	GE Folders	All	SFAS 115 -157 Package	UL - OTTI Securities	Jan-06-2014	6	-4	-14
<b>SFAS 157 Disclosure:</b>	Qtrly	Hyperion	All	FV01 - Fair Value Hierarchy	FAS 157 Hierarchy (Recurring)	Jan-05-2014	5	-5	-15
<b>SFAS 157 Disclosure:</b>	Qtrly	Hyperion	All	FV04 - Industry breakdown L3 Corp Debt	FAS 157US Corp Debt Industry break-up	Jan-05-2014	5	-5	-15
<b>SFAS 157 Disclosure:</b>	Qtrly	GE Folders	All	SFAS 115 -157 Package	FAS 157 ASU Recurring	Jan-07-2014	7	-3	-13
<b>SFAS 157 Disclosure:</b>	Qtrly	Hyperion	All	FV03 - FV Non Recurring	FAS 157 - Non recurring	Jan-07-2014	7	-3	-13
<b>SFAS 157 Disclosure:</b>	Qtrly	GE Folders	All	SFAS 157 Back-up - Non-recurring disclosure Summary	SFAS 157 Back-up	Jan-07-2014	7	-3	-13
<b>SFAS 157 Disclosure:</b>	Qtrly	GE Folders	All	SFAS 157 ASU - Non Recurring	SFAS 157 ASU Non Recurring	Jan-07-2014	7	-3	-13

<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	Hyperion	All	FV02 - Level 3 QTD RF	FAS 157 Level 3 Rollforward	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 Back-up - L3 Roll-forward QTD	SFAS 157 Back-up	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 Back-up - L3 Roll-forward YTD	SFAS 157 Back-up	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 L1 - L2 Transfers - L1 YTD & QTD Data	SFAS 157 Back-up	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 L1 - L2 Transfers- L2 YTD & QTD Data	SFAS 157 Back-up	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 L1 - L2 Transfers & YTD Commentary	SFAS 157 L1 - L2 Transfers	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 L1 and L2 commentary - L1 QTD Variance Commentary	SFAS 157 L1 and L2 commentary	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 L1 and L2 commentary - L1 YTD Variance Commentary	SFAS 157 L1 and L2 commentary	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 L1 and L2 commentary - L2 QTD Variance Commentary	SFAS 157 L1 and L2 commentary	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 L1 and L2 commentary - L2 YTD Variance Commentary	SFAS 157 L1 and L2 commentary	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 Alternative Investment Disclosure - DR 157 Alternative Investments	SFAS 157 L1 - L2 Alternative Investments	Jan-09-2014	9	-1	-11
<b>SFAS 157 Disclosure:</b>	<b>Qtrly</b>	GE Folders	All	SFAS 157 Alternative Investment Disclosure - CR 157 Alternative Investments	SFAS 157 L1 - L2 Alternative Investments	Jan-09-2014	9	-1	-11
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	All	Disposition_Disc Ops	Discontinued Ops Information	Dec-31-2013	0	-10	-20
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	Consumer Asia	Discontinued Ops - Japan payments	Discontinued Ops - Japan payments	Dec-31-2013	0	-10	-20
<b>Cash Flow:</b>	<b>Qtrly</b>	Hyperion	All	CASH01 - Acquisition and Disposition	Acquisition & Disposition adjustments	Jan-05-2014	5	-5	-15
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	All	Acquisition- Disposition_Continued Ops	Acquisition & Disposition adjustments	Jan-05-2014	5	-5	-15
<b>Cash Flow:</b>	<b>Qtrly</b>	Hyperion	All	CASH03 - Cash Flow Adjustment	Cash flow adjustments	Jan-07-2014	7	-3	-13
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	All	CFA Others template (Excel)	Cash flow adjustments	Jan-07-2014	7	-3	-13
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	All	CASH04 - Cash Flow Statement	Cash Flow Variance Analysis	Jan-07-2014	7	-3	-13
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	All	Proceeds from real estate properties sold	Cash flow - real estate properties	Jan-07-2014	7	-3	-13
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	All	Derivative cash settlements - split	Cash flow - derivatives	Jan-07-2014	7	-3	-13
<b>Cash Flow:</b>	<b>Qtrly</b>	GE Folders	All	Derivative cash flow adjustments	Cash flow - derivatives - non-cash adjustments	Jan-10-2014	10	0	-10
<b>Transfers Template</b>	<b>Qtrly</b>	Hyperion	All	BSA02 - Transfers Template	Transfers Template	Jan-09-2014	9	-1	-11
<b>Financial Instruments:</b>	<b>Qtrly</b>	Hyperion	All	FININS03 - Financial Instruments	Carrying Values and FMV Data	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	All	Financial Instruments - Comments	Variance Explanations	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	Hyperion	Consumer	FININS05 - FI - Assets (FAS5)	Loan Carrying Values and FMV Data - Cons	Jan-10-2014	10	0	-10

<b>Financial Instruments:</b>	<b>Qtrly</b>	Hyperion	Consumer	FININS04 - FI - Assets (FAS114)	Loan Carrying Values and FMV Data - Cons	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	All	Financial Instruments - Comments	TS&L - Further Break-up - Portfolio Details	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	Consumer	Financial Instruments - Comments	Additional TS & L Details - Cons	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	Hyperion	Consumer	FININS02 - FI Mortgage FV Rollforward	Mortgage FV Rollforward	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	Consumer	Financial Instruments - Comments	Mortgage FV Variance Explanations	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	Hyperion	All	FININS01 - FI Fair Value Hierarchy - ASU	FI Fair Value Hierarchy - ASU 2011-04	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	All	FI Fair Value Hierarchy - ASU 2011-04 - Comments	FI Fair Value Hierarchy Explanations	Jan-10-2014	10	0	-10
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	Retail Finance	FAS 107 SF Fair Value walk	FAS 107 SF Fair Value walk (applicable to Retail Finance only)	Jan-11-2014	11	1	-9
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	Retail Finance	RCF Fair value file	RCF Fair value file (applicable to Retail Finance only)	Jan-11-2014	11	1	-9
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	CLL Americas	GECA Unfunded commitments subnote backup	Unfunded Commitments additional details/ Footnote Backup (applicable to CLL Americas only)	Jan-11-2014	11	1	-9
<b>Financial Instruments:</b>	<b>Qtrly</b>	GE Folders	All	E&Y Times Sales & Loan FV by ME	E&Y Times Sales & Loan FV by ME	Feb-13-2014	44	34	24
<b>Other Receivables:</b>	<b>Qtrly</b>	GE Folders	All	Other Receivables - CR180A Comments	Other Receivables - Variance vs. PY End	Jan-06-2014	6	-4	-14
<b>SFAS167 Submissions:</b>	<b>Qtrly</b>	VERT tool	All	SFAS 167 Certification Template	SFAS 167 Certification Template	Jan-04-2014	4	-6	-16
<b>SFAS167 Submissions:</b>	<b>Qtrly</b>	VERT tool	All	SFAS 167 VIE data	SFAS 167 VIE data	Jan-09-2014	9	-1	-11
<b>Insurance:</b>	<b>Qtrly</b>	Hyperion	All	INS01 - ILRA Reporting (DR 103)	Insurance Liabilities, Reserves and Annuity Benefits	Jan-08-2014	8	-2	-12
<b>Insurance:</b>	<b>Qtrly</b>	GE Folders	All	ILRA - CR801A Comments	Insurance Liabilities, Reserves and Annuity Benefits	Jan-08-2014	8	-2	-12
<b>Government Reporting:</b>	<b>Qtrly</b>	GE Folders	All	FR-2248a	Government reporting applicable to US Businesses only	Jan-11-2014	11	1	-9
<b>Government Reporting:</b>	<b>Qtrly</b>	Govt Reporting site	All	BE-577	Government Report BE577	Jan-10-2014	10	0	-10
<b>Government Reporting:</b>	<b>Qtrly</b>	GE Folders	All	BE-125	Survey of Selected Service and Intangible Asset Transactions with Foreigners	Jan-15-2014	15	5	-5
<b>Government Reporting:</b>	<b>Qtrly</b>	GE Folders	All	BE-185	Survey of Financial Service Transactions with Foreigners	Jan-15-2014	15	5	-5

<b>Government Reporting:</b>					Aggregate Holdings Of Long-Term Securities By U.S. And Foreign Residents	Jan-09-2014	9	-1	-11
<b>Government Reporting:</b>	<b>Qtrly</b>	GE Folders	All	SLT		Jan-17-2014	17	7	-3
<b>Government Reporting:</b>	<b>Qtrly</b>	GE Folders	All	Passenger Car Rental & Leasing	US Deptt of Commerce QSS	Jan-17-2014	17	7	-3
<b>Government Reporting:</b>	<b>Qtrly</b>	GE Folders	All	Comm & Industrial Machinery and Equipment	US Deptt of Commerce QSS	Jan-04-2014	4	-6	-16
<b>Inter-Company:</b>	<b>Qtrly</b>	GE Folders MARS SDC (Direct to FFLD)	All	Third party lobbying expense template	Third Party Lobbying Expenses	Jan-04-2014	4	-6	-16
<b>Inter-Company:</b>	<b>Qtrly</b>	MARS SDC (Direct to FFLD)	All	DR33	GE Industrial Intercompany Balances	Jan-07-2014	7	-3	-13
<b>Earning Supplemental (CRE Only):</b>	<b>Qtrly</b>	Hyperion	Real Estate	CR200BS & PL - Comments CASPSUP -03 - CRE Overview	GE Industrial Intercompany - Variance Comments	Jan-09-2014	9	-1	-11
<b>Earning Supplemental (CRE Only):</b>	<b>Qtrly</b>	Hyperion	Real Estate	CASPSUP -04- CRE Listing	Notes to Earning Supplemental	Jan-09-2014	9	-1	-11
<b>Earning Supplemental (CRE Only):</b>	<b>Qtrly</b>	GE Folders	Real Estate	CRE Construction Loans	Notes to Earning Supplemental	Jan-09-2014	9	-1	-11
<b>Earning Supplemental (CRE Only):</b>	<b>Qtrly</b>	GE Folders	Real Estate	CRE Emerging Markets Bridge	Notes to Earning Supplemental	Jan-09-2014	9	-1	-11
<b>Earning Supplemental (GECAS Only):</b>	<b>Qtrly</b>	Hyperion	GECAS	CASPSUP -02- GECAS Listing	Notes to Earning Supplemental	Jan-08-2014	8	-2	-12
<b>Other Liabilities/Accounts Payable:</b>	<b>Qtrly</b>	GE Folders	All	Other Liabilities - Commentary	Other Liabilities - Commentary	Jan-11-2014	11	1	-9
<b>Other Liabilities/Accounts Payable:</b>	<b>Qtrly</b>	GE Folders	All	Accounts Payable - Commentary	Accounts Payable - Commentary	Jan-05-2014	5	-5	-15
<b>European Exposure:</b>	<b>Qtrly</b>	GE Folders	Real Estate	European Exposure Data Collection - Real estate (RE Only)	European Exposure Data Collection template	Jan-10-2014	10	0	-10
<b>European Exposure:</b>	<b>Qtrly</b>	GE Folders	Treasury	European Exposure Data Collection - Treasury (Treasury Only)	European Exposure Data Collection template	Jan-10-2014	10	0	-10
<b>European Exposure:</b>	<b>Qtrly</b>	GE Folders	All	Unfunded Commitments	European Exposure Data Collection template	Jan-10-2014	10	0	-10
<b>Other Schedules:</b>	<b>Qtrly</b>	GE Folders	All	Litigation_Reserve_Reporting	Litigation Reserve	Jan-02-2014	2	-8	-18
<b>Other Schedules:</b>	<b>Qtrly</b>	GE Folders	All	Fees Paid to Public Accountants (DR56)	Fees Paid to Public Accountants (DR56)	Jan-09-2014	9	-1	-11
<b>Other Schedules:</b>	<b>Qtrly</b>	GE Folders	All	OCI Template	OCI Reporting - Comments	Jan-11-2014	11	1	-9
<b>Other Schedules:</b>	<b>Qtrly</b>	GE Folders	All	Repurchase Agreements	Repurchase Agreements	Jan-10-2014	10	0	-10
<b>Other Schedules:</b>	<b>Qtrly</b>	Workflow	All	Representation Letter	Representation Letter	Jan-13-2014	13	3	-7
<b>Other Schedules:</b>	<b>Qtrly</b>	GE Folders	All	FIN 45 Business Submission (Excel/Tool)	FIN 45 - Guarantees & Commitments	Jan-12-2014	12	2	-8
<b>Other Schedules:</b>	<b>Qtrly</b>	Workflow	All	Redemption Features	Redemption Features Request	Jan-01-2014	1	-9	-19

<b>Other Schedules:</b>				Cash and equivalents - Commentary (Submission Mode)					
	<b>Qtrly</b>	GE Folders	All	CASHQ01 - Cash & Equivalents	Cash and Equivalents	Jan-12-2014	12	2	-8
<b>Other Schedules:</b>				NRA02 - Net Restricted Assets					
	<b>Qtrly</b>	Hyperion	All	NRA01 - NRA Statutory Capital	Cash and Equivalents	Jan-12-2014	12	2	-8
<b>Other Schedules:</b>				RF	Net Restricted Assets	Jan-14-2014	14	4	-6
<b>Other Schedules:</b>				NRA Backup file - LE Roll					
	<b>Qtrly</b>	Hyperion	All	Forward Net Restricted Assets - CR170A-B	Net Restricted Assets	Jan-14-2014	14	4	-6
<b>Other Schedules:</b>				Comments					
	<b>Qtrly</b>	GE Folders	All		Net Restricted Assets	Jan-14-2014	14	4	-6

**Schedule 5.3**  
**FP&A Reports**

<u>Topic</u>	<u>#</u>	<u>Schedule</u>	<u>Description/Purpose</u>	<u>Required under the following Applicable Accounting Method</u>
<b>Quarter Close</b>	1	Business Review	YoY trends in all major key performance metrics & quarterly walks. Business overview, performance summary for the current quarter & high-lights of key financial drivers.	Consolidated Basis Accounting Equity Accounting Cost Accounting
	2	Main Data Gathering (MDG)	Reported Gains, Marks, Impairments, other metrics not identified in G/L submission (per Controllership requirements)	Consolidated Basis Accounting
	3	Gains, Marks & Impair.	Supporting schedule per MDG	Consolidated Basis Accounting
	4	Asset Quality Metrics	Asset quality metrics around delinquency/nonaccrual/other	Consolidated Basis Accounting
	5	Asset Quality Schedules	Asset quality detailed schedules	Consolidated Basis Accounting
	6	Volume	Reported volume metrics by period/type	Consolidated Basis Accounting
	7	U.S. Volume	U.S. only volume metrics; disclosed in 10-Q/K	Consolidated Basis Accounting
	8	Commercial Metrics	Customer/consumer based metrics	Consolidated Basis Accounting
	9	Cost	Functional cost details	Consolidated Basis Accounting
	10	Tax Forms	Tax ETR detailed schedule	Consolidated Basis Accounting

<u>Topic</u>	<u>#</u>	<u>Schedule</u>	<u>Description/Purpose</u>	<u>Required under the following Applicable Accounting Method</u>
	11	Acquisition/Disposition metrics	Business results driven by Acquisitions/Dispositions	Consolidated Basis Accounting
	12	Charitable Contributions	Charitable spend details	Consolidated Basis Accounting
	13	Portfolio Data Gathering	Sub level business performance metrics	Consolidated Basis Accounting
	14	Product Data Gathering	Product type performance metrics	Consolidated Basis Accounting
	15	Next quarter estimate	Next quarter ENI/NI estimates	Consolidated Basis Accounting Equity Accounting Cost Accounting
<b>Planning Session</b>	16	Blueprint Overview	Presentation highlighting key financial projections, drivers, and initiatives	Consolidated Basis Accounting Equity Accounting
	17	Blueprint planning 4x/year	Income statement & Balance sheet line item estimates	Consolidated Basis Accounting Equity Accounting Cost Accounting
	18	Stress tests 2x/year	Multiple stress test scenarios based on internal/external macroeconomic factors (income statement, balance sheet, portfolio, product level)	Consolidated Accounting
<b>Performance Monitoring</b>	19	Weekly financials pacing	Weekly review of current quarter expected performance, R&Os	Consolidated Basis Accounting Equity Accounting
	20	Quarterly Mid-Op Review	Quarterly review of ongoing performance and market dynamics vs. plan	Consolidated Basis Accounting
	21	Quarterly Board Updates (and/or SLT management reviews)	Quarterly review of ongoing performance and market dynamics vs. plan	Consolidated Basis Accounting Equity Accounting Cost Accounting

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**Schedule 5.10(a)**  
**Regulatory Requirements and Information**

1. FR Y-6: Annual Report of Legal Entity Organizational Structure
2. FR Y-10: Report of Changes in Organizational Structure
3. FR Y-12: Equity Investments in Nonfinancial Companies
4. FR Y-9C: Consolidated Financial Statements for SLHC
5. FR Y-9LP: Unconsolidated Financial Statements for Holding Companies
6. FR Y-11/FR2314: Unconsolidated Financial Statements for Controlled US/Foreign subsidiaries
7. FR Y-8: Quarterly 23A transactions
8. SNC: Shared National Credit review of regulatory classification on large syndicated loans
9. Recovery Plan: Detailed recovery actions in a period of severe stress
10. TIC B: Cross border/flows of capital reports



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11. FFIEC 009/009a: Country exposure Information Report
  12. Capital Plan: Capital adequacy framework
  13. FR Y-14 (A/Q/M): Comprehensive Capital Analysis & Review
  14. FR Y-16: Annual Company-Run Stress Test
  15. Resolution Plan: Living will + credit exposure reports
  16. Basel LCR: Liquidity Coverage Ratio
  17. Fed FI (4G): Liquidity Reporting
  18. FR Y-15: Banking Organization Systemic Risk Report

**Risk Reporting & Information Requirements**

1. Risk Appetite (Limit setting & quarterly tracking)
2. CCARS
3. Delinquency & Non Accruals monthly results
4. GECC ERM & Regulatory dashboards
5. Consumer IRIS
6. Portfolio Quality Review & 6.0 Triggers/Breaches/Action Plans
7. Economic Capital: Capital Planning, Annual Leveraging, PD & LGD models
8. Allowance for Loan Losses: adequacy reviews, model validation, loss forecasting
9. FASB Credit Quality disclosure
10. Stress Testing: credit costs, PPNR
11. Consumer Scale scorecard calibration

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**Schedule 6.2(d)**  
**Transaction Documents – Company Indemnification**

1. Tax Sharing and Separation Agreement, substantially in the form attached to the Agreement as Exhibit C, to be entered into by and among GE, GECC and the Company
2. Transitional Services Agreement, substantially in the form attached to the Agreement as Exhibit A, to be entered into by and between GECC and the Company
3. Transitional Trademark License Agreement, substantially in the form attached to the Agreement as Exhibit E, to be entered into by and between GE Capital Registry, Inc. and the Company
4. Intellectual Property Cross License Agreement, substantially in the form attached to the Agreement as Exhibit F, to be entered into by and between GECC and the Company
5. Registration Rights Agreement, substantially in the form attached to the Agreement as Exhibit B, to be entered into by and between GECC and the Company
6. GECC Term Loan Agreement, substantially in the form attached to the Agreement as Exhibit J, to be entered into by and between GECC and the Company
7. MNT Subservicing Agreement, substantially in the form attached to the Agreement as Exhibit K, to be entered into by and between GECC and the Company

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**Schedule 6.3(c)**  
**Transaction Documents – GECC Indemnification**

1. Tax Sharing and Separation Agreement, substantially in the form attached to the Agreement as Exhibit C, to be entered into by and among GE, GECC and the Company
2. Transitional Services Agreement, substantially in the form attached to the Agreement as Exhibit A, to be entered into by and between GECC and the Company
3. Transitional Trademark License Agreement, substantially in the form attached to the Agreement as Exhibit E, to be entered into by and between GE Capital Registry, Inc. and the Company
4. Intellectual Property Cross License Agreement, substantially in the form attached to the Agreement as Exhibit F, to be entered into by and between GECC and the Company
5. Registration Rights Agreement, substantially in the form attached to the Agreement as Exhibit B, to be entered into by and between GECC and the Company
6. GECC Term Loan Agreement, substantially in the form attached to the Agreement as Exhibit J, to be entered into by and between GECC and the Company
7. MNT Subservicing Agreement, substantially in the form attached to the Agreement as Exhibit K, to be entered into by and between GECC and the Company

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**Schedule 7.3**  
**Company Insurance Arrangements**

1. The standalone Company D&O policy to be purchased prior to the Initial Public Offering.

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**Schedule 7.5(b)**  
**GECC Contracts**

1. All contracts and agreements entered into prior to the date of the Initial Public Offering included in the GE restrictive covenant database as may be updated, provided that Company management was notified of the restrictive covenants through ordinary course restrictive covenant communication protocols inside of GE prior to the date of the Initial Public Offering.
2. All contracts and agreements entered into after the Initial Public Offering in accordance with Section 7.5(b) of the Master Agreement.

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**Schedule 7.5(c)**  
**Affiliate Contracts**

1. All Company Contracts entered into prior to the date of the Initial Public Offering included in the GE restrictive covenant database as may be updated, provided that GE management was notified of the restrictive covenants through ordinary course restrictive covenant communication protocols inside of GE prior to the date of the Initial Public Offering.
2. All Company Contracts entered into after the Initial Public Offering in accordance with Section 7.5(c) of the Master Agreement.

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**Schedule 7.7**  
**Litigation and Settlement Cooperation**

**Joint Claims**

*Joao Bock Transactions Systems, LLC v. General Electric Capital Corporation*  
*Secure Access, LLC v. GE Capital Retail Bank et al.*

**Party Primarily Responsible for**  
**Defending Claim**

The Company  
The Company and GE Group

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**Schedule 7.13**  
**GE Policies**



**GECC HQ Policies**

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Policy Owner</u>	<u>Corresponding GECRB Policy</u>
<b>Finance</b>				
1	FI-1	Allowance for Loan and Lease Losses (“ALLL”) Policy	Ryan Zanin & Robert Green	GECRB: Allowance for Loan and Lease Losses (“ALLL”) Policy Company: Allowance for Loan and Lease Losses (“ALLL”) Policy
2		GECC Commercial Loan and Lease ALLL Policy	CLL BU Controllers	N/A
3	GECCF-ALLL-1	GECC Consumer Global ALLL Policy	Samira Barakat	GECRB: Allowance for Loan and Lease Losses (“ALLL”) Policy Company: Allowance for Loan and Lease Losses (“ALLL”) Policy
4	TX-001	GECC Subpart F/APB 23 Documentation & Approval Policy	Christine Brandt (GE Tax Ops Leader)	N/A
5	FI-2	GECC Pricing Policy	Ryan Zanin (CRO) & Robert Green (CFO)	Company: Deal Pricing Policy
6		Manual Journal Entry	Walter Ielusic (GECC Vice President & Controller)	Company: General Accounting Policy
<b>HR</b>				
7	HR-004	Compensation Policy	Jack Ryan (GECC HR Leader)	GECRB: Compensation Policy Company: Compensation Policy
8	HR-6	GECC U.S. Overtime Policy	Jack Ryan (GECC HR Leader)	N/A
9	HR-2	Job Description Policy	Jack Ryan (GECC HR Leader)	Company: Job Description Policy
10	HR-3	Performance Management Policy	Jack Ryan (GECC HR Leader)	Company: Performance Management Policy
<b>IT</b>				
11	IT-002	Information Security Policy	Martha Poulter (GECC CIO)	GECRB: Information Security Policy Company: Information Security Policy

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Policy Owner</u>	<u>Corresponding GECRB Policy</u>
12	IT-001	IT Change Control Policy	Martha Poulter (GECC CIO)	Company: IT Change Management Policy
13	DR-001	Disaster Recovery Management Policy	Patrick McGuinness (GECC Chief Technology Risk Officer)	N/A
<b>Legal</b>				
14	RIM-001	Records and Information Management Policy	Alex Dimitrief (GECC General Counsel)	Company: Records and Information Management Policy
15	IT-5	Acceptable Use of Company Information Sources Policy	Martha Poulter & Orrie Dinstein (GECC CIO & Chief Privacy Leader)	Company: Acceptable Use of Company Information Resources Policy
16	C-004	Legal Entity Creation Policy	Alex Dimitrief (GECC General Counsel)	Company: Legal Entity Creation, Governance and Dissolution Policy
17	L-001	Legal Entity Governance Policy	Alex Dimitrief (GECC General Counsel)	Company: Legal Entity Creation, Governance and Dissolution Policy
<b>Compliance</b>				
18	C-003	Global Compliance Policy	Michael Herde (GECC CCO)	GECRB: Compliance Policy Company: Compliance Policy
19	C-006	Financial Crimes Compliance Policy (formerly known as Global Anti-Money Laundering (“AML”) Policy)	Steve Munro (GECC Financial Crimes Leader)	GECRB: Anti-Money Laundering, Counter-Terrorism Financing and OFAC Compliance Policy Company: Anti-Money Laundering, Counter-Terrorism Financing and OFAC Compliance Policy
20	C-001	GECC Global Policy Governance	Michael Herde (GECC CCO)	GECRB: Policy and Procedure Framework Company: Policy and Procedure Framework
21	C-002	Customer Complaint Handling Policy	Michael Herde (GECC CCO)	GECRB: Customer Complaint Handling Policy Company: Customer Complaint Handling Policy
22	C-005	GECC Insurance & Protection Compliance Policy	VP Marketing Operations - Insurance & Analytics	GECRB: Debt Cancellation Policy
<b>Operations</b>				
23	OP-001	GECC Business Continuity Policy	Bob Mitchell (GECC Chief Ops Officer)	GECRB: Business Continuity Management Policy Company: Business Continuity Management Policy

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Policy Owner</u>	<u>Corresponding GEGRB Policy</u>
24	C-OP2	GECC Sourcing Policy	Joe Venturato (GM, GECC Global Sourcing)	GEGRB: Contracted Services Oversight Policy Company: Contracted Services Oversight Policy
25	C-OP3	GECC Out-Sourcing Policy	Joe Venturato (GM, GECC Global Sourcing)	GEGRB: Contracted Services Oversight Policy Company: Contracted Services Oversight Policy
26		Intercompany Services	Bob Mitchell (GECC Chief Ops Officer)	GEGRB: Business with Affiliates Policy
27		GECC Real Estate Lease/ Lease Renewal Approval Request	Bob Mitchell (GECC Chief Ops Officer)	N/A
<b>Risk Management</b>				
28	L-002	Identity Theft Prevention Policy	Ann Rodriguez (GECC Enterprise & Operational Risk Owner)	GEGRB: Identity Theft Prevention Policy
29	CT-003	Capital Management Policy	Ryan Zanin (GECC CRO)	GEGRB: Capital Planning Policy & Dividend Policy Company: Capital Management Policy
30	ER-007	Economic Capital Policy	Jen VanBelle (CRO - Capital Mgmt)	Company: Economic Capital Policy
31	CR-001	Credit & Investment Risk Management Policy	Ryan Zanin (GECC CRO)	GEGRB: Credit & Investment Risk Management Policy Company: Credit & Investment Risk Management Policy
32	ER-005	Enterprise Stress Testing Policy	Jen VanBelle (CRO - Capital Mgmt)	GEGRB: Enterprise Stress Testing Policy Company: Enterprise Stress Testing Policy
33	ER-006	Economic Capital – Economic Capital Model Governance and Validation Policy	Jen VanBelle (CRO - Capital Mgmt)	GEGRB: Model Governance & Validation Policy Company: Model Governance & Validation Policy
34	CR-004	Stress Testing Model Governance and Validation Policy	Roger Favano (CFO-Risk)	GEGRB: Model Governance & Validation Policy Company: Model Governance & Validation Policy
35	FI-002	Allowance for Loan and Lease Losses (ALLL) Model Governance and Validation Policy	Roger Favano (CFO-Risk) and Walter Ielusic (GECC Controller)	GEGRB: Model Governance & Validation Policy Company: Model Governance & Validation Policy

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Policy Owner</u>	<u>Corresponding GEGRB Policy</u>
36	3	Commercial Credit Ratings & Credit Models Policy	Bill Strittmater (GECC Commercial CRO)	GEGRB: Credit & Investment Risk Management Policy Company: Credit & Investment Risk Management Policy GEGRB: Model Governance & Validation Policy Company: Model Governance & Validation Policy GEGRB: Credit & Investment Risk Management Policy Company: Credit & Investment Risk Management Policy
37	2	Consumer Credit Ratings & Credit Models Policy	Samira Barakat (GECC Consumer CRO)	GEGRB: Model Governance & Validation Policy Company: Model Governance & Validation Policy
38	CR-1.1	Financial Institution Credit Risk Policy	Ryan Zanin (GECC CRO)	Company: Counterparty Credit Risk Policy GEGRB: Model Governance & Validation Policy
39	ERM-002	Model Governance and Validation Policy	Ryan Zanin (GECC CRO)	Company: Model Governance & Validation Policy GEGRB: Enterprise Risk Management Policy
40	ERM-001	Enterprise Risk Management Policy	Ryan Zanin (GECC CRO)	Company: Enterprise Risk Management Policy GEGRB: New Product Introduction (NPI) Policy
41	ERM-003	Enterprise New (and Modified) Products Policy	Ann Rodriguez (GECC Enterprise & Op Risk Leader)	Company: New Product Introduction (NPI) Policy GEGRB: Operational Risk Policy
42	ERM-004	Operational Risk Policy	Ann Rodriguez (GECC Enterprise & Op Risk Leader)	Company: Operational Risk Policy GEGRB: Fraud Management Policy
43	FRD-001	Fraud Management Policy	William Redmond (GECC Global Fraud Ldr)	Company: Fraud Management Policy

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Policy Owner</u>	<u>Corresponding GEGRB Policy</u>
44	CR-005	Risk Data Governance Policy	Roger Favano (GECC COO-Risk)	Company: Risk Data Governance Policy
45	CFCR-01	GECC Global Consumer Finance - Residential Mortgage Product Policy	Samira Barakat (GECC Consumer CRO)	N/A
46	CFCR-02	GECC Global Consumer Finance - Residential Mortgage Collection Policy	Samira Barakat (GECC Consumer CRO)	N/A
47	CFCR-03	Credit Risk Management – Residential Mortgage Loan Restructure Policy	Samira Barakat (GECC Consumer CRO)	N/A
48	CFCR-04	Credit Risk Management – Consumer Revolving Product Policy	Joan Makara (Global Risk Operations, Consumer Finance)	GEGRB: Credit & Investment Risk Management Policy Company: Credit & Investment Risk Management Policy
49	CFCR-05	Credit Risk Management – Consumer Closed-end Product Policy	Joan Makara (Global Risk Operations, Consumer Finance)	GEGRB: Credit & Investment Risk Management Policy Company: Credit & Investment Risk Management Policy
50	CFCR-06	Credit Risk Management – Consumer Auto Product Policy	Samira Barakat (GECC Consumer CRO)	N/A
51	CFCR-07	Credit Risk Management – Unsecured Retail & Auto Collection & Restructures Policy	Joan Makara (Global Risk Operations, Consumer Finance)	GEGRB: Credit & Investment Risk Management Policy Company: Credit & Investment Risk Management Policy
52	MR-001	Market Risk Interest Rate Risk Policy	Ryan Zanin (GECC CRO)	GEGRB: Asset-Liability Management Policy Company: Interest Rate Risk Policy
53	CR-002	GECC Leveraged Lending Policy	William Strittmatter	N/A
<b>Treasury</b>				
54	CT-004	Regulated Entity Asset Liability Management (ALM) Policy	Kathy Cassidy (GECC Treasurer)	GEGRB: Asset Liability Management Policy
55	CT-015	Credit Support Obligations Policy	Kathy Cassidy (GECC Treasurer)	Company: Credit Support Obligations Policy
56	CT-001	Liquidity Risk Policy	Kathy Cassidy (GECC Treasurer)	GEGRB: Liquidity and Contingency Funding Policy Company: Liquidity and Contingency Funding Policy
57	CT-011	Market Risk Foreign Exchange Risk Policy	Kathy Cassidy (GECC Treasurer)	Company: FX Risk Policy

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Policy Owner</u>	<u>Corresponding GECRB Policy</u>
58	CT-006	Cash Management Policy	Kathy Cassidy (GECC Treasurer)	GECRB: Cash Management Policy Company: Cash Management Policy
59	CT-008	Funding Policy	Kathy Cassidy (GECC Treasurer)	GECRB: External Funding Policy Company: External Funding Policy
60	CT-007	Global Investment Policy	Kathy Cassidy (GECC Treasurer)	GECRB: Investment Policy Company: Investment Policy
61	CT-013	Intercompany Financing Policy	Kathy Cassidy (GECC Treasurer)	GECRB: Intercompany Financing Management Policy Company: Intercompany Financing Management Policy
62	CT-009	Treasury Model Governance Policy	Anne Kratky (Deputy Treasurer-Risk Management)	GECRB: Model Governance & Validation Policy Company: Model Governance & Validation Policy
63	CT-011	Market Risk Commodity Risk Policy	Kathy Cassidy (GECC Treasurer)	N/A
64	Pending Approval	Non-Consolidated Legal Entity Governance	Alex Dimitrief (GECC General Counsel)	N/A
65	Pending Approval	Financial Regulatory Reporting	Walter Ielusic (GECC Vice President & Controller)	N/A

## GE Corporate Policies

<u>Ref. No</u>	<u>Policy Name</u>	<u>Possible Corresponding GECC/Company/GECRB Policy</u>
1	Improper Payments Implementing Procedures	<b><u>Company:</u></b> • Anti-Bribery/Foreign Corrupt Practices Act Policy
2	General Electric Company Business Gift & Entertainment Implementing Procedures	<b><u>GECRB:</u></b> • Code of Conduct <b><u>Company:</u></b> • Code of Conduct
3	Privacy and the Protection of GE Information	<b><u>GECC:</u></b> • Acceptable Use of Company Information Sources Policy
4	Supplier Relationships Policy Supplier Responsibility Guidelines (SRG)	<b><u>GECRB:</u></b> • Contracted Services Oversight Policy <b><u>Company:</u></b> • Contracted Services Oversight Policy
5	GE's Commitment to the Protection of Personal Information	<b><u>GECRB:</u></b> • Privacy Policy
6	General Electric Company Employment Data Protection Standards	<b><u>GECRB:</u></b> • Fair Employment Practices Policy <b><u>Company:</u></b> • Fair Employment Practices Policy • Records and Information Management Policy
7	Internal Use of GE Product Guidelines	
8	GE State Sponsor of Terrorism Policy	<b><u>GECRB:</u></b> • AML Counter-Terrorism Financing and OFAC Compliance Policy
9	Corporate Guidelines for Watchlist Screening	<b><u>GECRB:</u></b> • AML Counter-Terrorism Financing and OFAC Compliance Policy
10	ITC Implementing Guidelines Hand Carry Items	<b><u>GECRB:</u></b> AML Counter-Terrorism Financing and OFAC Compliance Policy
11	Implementing Procedure: Hiring from the Government	N/A
12	Guidance on Personal Relationships Impacting Work: Mitigating the Risks	N/A
13	Intellectual Property Policy Implementing Procedures	<b><u>Company:</u></b> • Intellectual Property Policy
14	Managing your Online Presence	N/A
15	Capital Investments Procedure	<b><u>GECC:</u></b> • Capital Management Policy

<u>Ref. No</u>	<u>Policy Name</u>	<u>Possible Corresponding GECC/Company/GECRB Policy</u>
16	Corporate Borrowing and Extensions of Credit Procedure	<b><u>GECC</u></b> <ul style="list-style-type: none"> <li>• Credit &amp; Investment Risk Management Policy</li> <li>• Commercial Credit Ratings &amp; Credit Models Policy</li> <li>• Financial Institution Credit Risk Policy</li> </ul>
17	GE Corporate Information Security Guidelines	<b><u>GECC</u></b> <ul style="list-style-type: none"> <li>• Information Security Policy</li> </ul> <b><u>GECRB</u></b> <ul style="list-style-type: none"> <li>• Information Security Policy</li> </ul>
18	Document Retention Guidelines for U.S. Employment Records	<b><u>Company:</u></b> <ul style="list-style-type: none"> <li>• Records &amp; Information Management Policy</li> </ul>
19	Record Retention for Tax Purposes for Certain Accounting Records	<b><u>GECC</u></b> <ul style="list-style-type: none"> <li>• GECC Subpart F/APB 23 Documentation &amp; Approval Policy</li> </ul> <b><u>Company:</u></b> <ul style="list-style-type: none"> <li>• Records &amp; Information Management Policy</li> </ul>
20	General Electric Company Outside Board Directorship Risk Management Guidelines	<b><u>Company:</u></b> <ul style="list-style-type: none"> <li>• Conflicts of Interest Policy</li> </ul>
21	GE's The Spirit and Letter <ul style="list-style-type: none"> <li>• Improper Payments</li> <li>• Supplier Relationships</li> <li>• International Trade Compliance</li> <li>• Anti-Money Laundering</li> <li>• Privacy</li> <li>• Working with Governments</li> <li>• Competition Law</li> </ul>	<b><u>GECRB:</u></b> <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Anti-Bribery/Foreign Corrupt Practices Act</li> <li>• Contracted Services Oversight Policy</li> <li>• Privacy Policy</li> <li>• Anti-Tying Policy</li> <li>• Fair Employment Practices Policy</li> </ul> <b><u>Company:</u></b> <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Anti-Bribery/Foreign Corrupt Practices Act</li> <li>• Contracted Services Oversight Policy</li> <li>• Fair Employment Practices Policy</li> <li>• Intellectual Property Policy</li> <li>• Conflicts of Interest Policy</li> <li>• Acceptable Use of Company Information Resources Policy</li> <li>• Insider Trading Policy</li> </ul>



**GECRB and GECC Policy Comparison**



**Definitions:**

Policy Function: Functional area served by the policy  
 Policy Level: Entity level where policy resides  
 Policy Owner: Individual(s) owning the policy

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Current State</u>			<u>Corresponding GECC Policy Name &amp; No</u>
			<u>Policy Level</u>	<u>Policy Function</u>	<u>Policy Owner</u>	
1	C-3100	Compliance Policy	GECRB	Compliance	GECRB Chief Compliance Officer	Global Compliance Policy; C-006
2	C-900	AML Counter-Terrorism Financing and OFAC Compliance Policy	GECRB	Compliance	GECRB Chief Compliance Officer	Financial Crime Compliance Policy; C-006
3	F-200	Investment Policy	GECRB	Finance	GECRB Chief Financial Officer	Global Investment Policy; CT-007
4	F-250	Liquidity Policy	GECRB	Finance	GECRB Chief Financial Officer	Liquidity Policy; CT-001
5	R-2600	Capital Plan Policy	GECRB	Risk	GECRB Chief Risk Officer	Capital Management policy; CT-003
6	HR-4900	Compensation Policy*	GECRB	HR	GECRB Executive Vice President - Human Resources	GECC Compensation Policy; HR-004
7	IT-1500	Information Security Policy	GECRB	Information Technology	GE Capital Retail Bank Information Security Officer	Information Security Policy; IT-002
8	O-4000	Customer Complaint Handling	GECRB	Operations	GECRB Chief Operations Officer	Customer Complaint Handling Policy; C-002
9	PL-50	Creation, Approval and Maintenance of GECRB Policies and Procedures	GECRB	Office of President (Process Governance)	GECRB Policy Leader	Global Policy Governance; C-001

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Current State</u>		<u>Policy Owner</u>	<u>Corresponding GECC Policy Name &amp; No</u>
			<u>Policy Level</u>	<u>Policy Function</u>		
10	R-600	Credit & Investment Risk Management Policy	GECRB	Risk	GECRB Chief Risk Officer	Credit and Investment Risk Management Policy; CR-1; Credit Risk Management - Unsecured Retail & Auto Collection & Restructure Policy; CFCR-07; Credit Risk Management - Consumer Revolving Product Policy; CFCF-04; Credit Risk Management - Consumer Closed End Product Policy; CFCR-05
11	R-3000	Identity Theft Prevention Policy	GECRB	Risk	GECRB Chief Risk Officer	Identity Theft Prevention Policy; L-002
12	R-3600	New Product Introduction Policy	GECRB	Risk	GECRB Chief Risk Officer	New (or Modified) Products Policy; ERM-003
13	R-4200	Enterprise Risk Management Policy	GECRB	Risk	GECRB Chief Risk Officer	Enterprise Risk Management Policy; ERM-001
14	R-4300	Enterprise Risk Appetite Statement	GECRB	Risk	GECRB Chief Risk Officer	GECC Global Enterprise Risk Appetite Statement
15	N/A	Retail Finance Enterprise Risk Appetite Statement	GECC Retail Finance	Risk	GECC Retail Finance Chief Risk Officer	GECC Global Enterprise Risk Appetite Statement
16	R-4400	Model Governance and Validation Policy	GECRB	Risk	GECRB Chief Risk Officer	Model Governance and Validation Policy; ERM-002
17	R-4700	Operational Risk Policy	GECRB	Risk	GECRB Chief Risk Officer	Operational Risk Policy; ERM-004

<u>Ref. No</u>	<u>Policy No</u>	<u>Policy Name</u>	<u>Current State</u>			<u>Corresponding GECC Policy Name &amp; No</u>
			<u>Policy Level</u>	<u>Policy Function</u>	<u>Policy Owner</u>	
18	R-4800	Allowance for Loans and Lease Losses Policy	GECRB	Risk	GECRB Chief Risk Officer; GECRB Senior Vice President and Senior Controller	Allowance for Loan and Lease Losses (“ALLL”) Policy; FI-1; Consumer Allowance for Loan and Lease Losses (“ALLL”) Policy; GECCF-ALLL-1
19	PR-3800	Business Continuity Management Policy	GECRB	Office of President (Business Continuity)	GECRB Business Continuity Leader	Business Continuity Policy; OP-001
20	HR-1700	Fair Employment Practices Policy*	GECRB	HR	GECRB Executive Vice President - Human Resources	GECC U.S. Overtime Policy HR 6 & Performance Management Policy HR 3
21	PR-2500	Contracted Services Oversight Policy	GECRB	Sourcing	GECRB Vice President - Strategic Sourcing	Sourcing Policy C-OP2 & Material Activities Outsourcing Policy C-OP3
22	F-300	Asset Liability Management Policy	GECRB	Finance	GECRB Chief Financial Officer	Prudentially Regulated Entity Assets Liability Management Oversight Policy CT 004
24	R-5300	Fraud Management Policy	GECRB	Risk	GECRB Chief Risk Officer	Fraud Management Policy; FRD-001
25	R-5200	Enterprise Stress Testing Policy	GECRB	Risk	GECRB Chief Risk Officer	Enterprise Stress Testing Policy; ER-005

\* Policy applicable only to US-based legal entities with US employees

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**Schedule 9.1**  
**Transaction Documents – Dispute Resolution**

1. GECC Term Loan Agreement, substantially in the form attached to the Agreement as Exhibit J, to be entered into by and between GECC and the Company
2. MNT Servicing Agreement, substantially in the form attached to the Agreement as Exhibit K, to be entered into by and between GECC and the Company
3. Undrawn Committed Securitization Documents
4. Securitization Note Sale and Assignment Agreements

## TAX SHARING AND SEPARATION AGREEMENT

This Tax Sharing and Separation Agreement (the “**Agreement**”) is made this \_\_\_\_\_, 2014, and effective as of the Closing Date, between General Electric Company, a New York corporation (“**GE**”), and SYNCHRONY FINANCIAL, a Delaware corporation (“**RF**”).

## WITNESSETH

A. WHEREAS, RF is currently an indirect subsidiary of GE and a member of GE’s United States federal Income Tax (as defined below) consolidated group and certain state and local unitary or combined groups;

B. WHEREAS, RF plans to issue additional shares of common stock in an initial public offering (the “**IPO**”) pursuant to a registration statement filed with the Securities and Exchange Commission;

C. WHEREAS, subsequent to the IPO and prior to the Distribution or other disposition by GE of its RF stock, RF and certain of its Subsidiaries will continue to join with GE in its United States federal Income Tax consolidated group and in certain state and local unitary or combined groups;

D. WHEREAS, subsequent to the IPO, GE intends to (but is not required to) dispose of its RF common stock through a distribution or series of distributions of such RF common stock to electing holders of GE’s common stock in exchange for shares of GE’s common stock in a transaction intended to be governed by Section 355 of the United States Internal Revenue Code of 1986, as amended (the “**Code**,” and such distribution, the “**Distribution**”); and

E. WHEREAS, in order to determine certain rights and obligations relating to Tax matters, GE and RF are entering into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises, covenants, and conditions contained in this Agreement, the parties to this Agreement agree as follows:

## 1. DEFINITIONS

“**After-Tax Basis**” has the meaning ascribed thereto in Section 3(b).

“**Agreement**” has the meaning ascribed thereto in the Preamble.

“**Bank Agreement**” has the meaning ascribed thereto in Section 13(a).

“**Closing Date**” means the date of the closing of the IPO.

“**Code**” has the meaning ascribed thereto in the Recitals. A reference to any section of the Code means such section (or comparable provision of any successor law) as in effect from time to time.

“**Distribution**” has the meaning ascribed thereto in the Recitals.

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“**Distribution Taxes**” means any Income Taxes incurred solely as a result of the failure of the Tax-Free Status of the Distribution.

“**FIN 48**” means Interpretation No. 48 from the Financial Accounting Standards Board.

“**GE**” has the meaning ascribed thereto in the Preamble.

“**GE Business**” means each and every business conducted (directly and indirectly) by GE, other than the Retail Finance Business.

“**GE Consolidated Return Liability**” has the meaning ascribed thereto in Section 4(a).

“**GE Consolidated Tax Return**” has the meaning ascribed thereto in Section 2(a).

“**GE Group**” means GE and its Subsidiaries (excluding RF and its Subsidiaries).

“**Group**” means the GE Group or the RF Group, as the context requires.

“**Income Tax**” means (i) any Tax measured by, or imposed on, net income or net worth, and (ii) the Texas margins tax, the Michigan business tax and the Ohio commercial activities tax.

“**IPO**” has the meaning ascribed thereto in the Recitals.

“**IRS**” means the United States Internal Revenue Service.

“**Master Agreement**” means that certain Master Agreement, dated [        ], 2014, among GE, General Electric Capital Corporation and RF.

“**Post-2014 Period**” means the time period beginning on January 1, 2014.

“**Pre-2014 Period**” means the time period ending at the conclusion of December 31, 2013.

“**Pre-IPO Period**” means the time period ending at the conclusion of the Closing Date.

“**Regulatory Payment**” has the meaning ascribed thereto in Section 13(b).

“**Repayment**” has the meaning ascribed thereto in Section 13(b).

“**Restructuring Slides**” means the description of the Restructuring Transactions and the Distribution and a summary of any intended tax-free treatment (in whole or in part) of the Restructuring Transactions and the Distribution as attached hereto as Schedule A, as such schedule may be updated from time to time by GE by written notice to RF, which notice shall include an updated Schedule A.

“**Restructuring Transaction**” means any of the preliminary internal restructuring transactions designed to be part of a series of transactions in which the stock of RF is transferred (directly or indirectly) to GE in order to permit GE to engage in the Distribution, as set forth in the Restructuring Slides. For the avoidance of doubt, the Restructuring Transactions shall not include the Distribution.

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“**Retail Finance Business**” means (i) the “Company Business” as such term is defined in the Master Agreement, and (ii) any other business conducted by a member of the RF Group after the IPO, but, for the avoidance of doubt, in each case, excluding the transfer by a GE Group member of an interest in a member of the RF Group.

“**RF**” has the meaning ascribed thereto in the Preamble.

“**RF Group**” means RF and its Subsidiaries.

“**Separate Return Tax Liability**” has the meaning ascribed thereto in Section 4(b)(1).

“**Tax**” or “**Taxes**” means all taxes of any kind, together with interest, penalties, and other additions related to taxes, imposed by any governmental authority.

“**Tax Attribute**” means any deduction, credit, tax basis or other tax attribute or item that could reduce any Tax (and any carryback or carryforward thereof), including any net operating loss, net capital loss, investment tax credit, foreign tax credit, targeted jobs tax credit, credit for research activities, alternative minimum tax credit, charitable deduction, deduction for worthless stock or securities, separate return limitation loss, overall foreign loss or overall domestic loss.

“**Tax Contest**” means any audit, administrative or judicial proceeding, appeal, or similar administrative or judicial action with respect to Taxes, Tax refunds or Tax Returns.

“**Tax Data**” has the meaning ascribed thereto in Section 2(d).

“**Tax-Free Status of the Distribution**” has the meaning ascribed thereto in Section 10(a).

“**Tax Return**” means any return, filing, or other document (including an information return) filed or required to be filed, including any request for extension of time, filing made with an estimated Tax payment, claim for refund or amended return that may be filed for any Taxable Year with any Taxing Authority in connection with any Tax (whether or not payment is required to be made with respect to such filing).

“**Taxable Year**” means (i) a Taxable year as defined in Section 441(b) of the Code, (ii) any period for which a Tax Return is filed with any Taxing Authority, or (iii) any period that is deemed a separate Taxable Year in accordance with Section 4(b)(2)(vi).

“**Taxing Authority**” means the IRS or any other governmental authority responsible for the administration of any Tax.

Unless otherwise indicated herein, all other capitalized terms utilized herein have the meaning ascribed thereto in the Master Agreement.

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2. TAX RETURN PREPARATION

(a) GE shall determine, in its sole and absolute discretion but in accordance with applicable law, whether to file (or to cause to be filed) consolidated federal income Tax Returns pursuant to Section 1501 of the Code, or consolidated, combined, joint, unitary or other similar Tax Returns with respect to income or other Taxes pursuant to applicable provisions of any federal, state, local or foreign law, that include both a member of the RF Group and a member of the GE Group (each such Tax Return, a “**GE Consolidated Tax Return**”). GE shall retain the sole and absolute discretion, to the extent permitted by applicable Law, whether to include any particular RF Group member in any GE Consolidated Tax Return for any Taxable Year; provided, however, that if the inclusion or exclusion of an RF Group member in any GE Consolidated Tax Return is inconsistent with past practice, GE shall provide notice to RF at least 90 days prior to the due date for any affected Tax Return.

(b) GE shall prepare and timely file (or cause to be prepared and timely filed) (1) all Tax Returns (other than GE Consolidated Tax Returns) relating to any member of the RF Group if such Tax Return relates (in whole or in part) to the assets, or reports the activities or results of operations, of the GE Business, and (2) all GE Consolidated Tax Returns. To the extent that RF would be liable under this Agreement for any portion of the Tax shown on any Tax Return described in Section 2(b)(1), GE shall provide a copy of such Tax Return to RF for its review and comment at least 25 days prior to the due date therefor.

(c) RF shall prepare and file (or cause to be prepared and filed) all other Tax Returns of the members of the RF Group that are not described in Section 2(b). To the extent that GE would be liable under this Agreement for any portion of the Tax shown on any Tax Return described in this Section 2(c), RF shall provide a copy of such Tax Return to GE for its review and comment at least 25 days prior to the due date therefor and, subject to the last sentence of Section 2(e), shall accept and reflect thereon, to the extent related to Taxes for which GE is liable and not prohibited by applicable Law, any comments provided by GE with respect to such Tax Return prior to its filing.

(d) RF shall, and shall cause each member of the RF Group to, furnish to GE (1) within 5 days after the conclusion of each calendar quarter in which an RF Group member is included in a GE Consolidated Tax Return, sufficient information, prepared in a manner consistent with the past practice of the Retail Finance Business or as otherwise reasonably requested by GE, to allow GE to calculate and pay any estimated Taxes, (2) within 45 days after the close of each calendar year in which an RF Group member is included in a GE Consolidated Tax Return, pro forma Tax Returns and Tax Return packages prepared in a manner consistent with the past practices of the Retail Finance Business, and (3) as soon as practical in response to a reasonable request by GE, any work papers and other similar information and documentation relevant for the preparation of the GE Consolidated Tax Returns and other Tax Returns (clauses (1) through (3), together, the “**Tax Data**”). As promptly as practicable, GE shall provide RF with a schedule for each Tax Return setting forth the differences, if any, between the Tax Data submitted by a member of the RF Group and the information reported on a Tax Return prepared by GE.

(e) RF shall have the right to be kept reasonably informed of, to consult with, and to participate in, the preparation of any Tax Returns described in Section 2(b) to the extent such Tax Returns relate to Taxes for which RF is liable under this Agreement, and GE shall accept



and reflect thereon any reasonable comments provided by RF with respect to such Tax Return prior to its filing, as determined by GE in its reasonable discretion. RF shall provide (or cause to be provided) any necessary certifications or powers of attorney, and RF shall sign and execute (or cause to be signed and executed) Tax Returns, as shall be necessary to allow GE to file any Tax Returns described in Section 2(b) on behalf of the relevant members of the RF Group. Notwithstanding anything to the contrary herein, no RF Group member shall be required to sign or execute (or be required to cause to be signed or executed), any Tax Return described in Section 2(b) or Section 2(c) that reflects a position that both (1) is not consistent with past practice (to the extent there is a considered past practice regarding such position), and (2) does not meet the “more likely than not” standard under Treasury Regulation Section 1.6662-4(d)(2) (as determined by RF in its reasonable discretion).

(f) The party responsible for filing a Tax Return pursuant to this Section 2 shall be the only party permitted to file (or to cause to be filed) any amendment to such Tax Return (subject to review, comment, and similar rights afforded with respect to such Tax Return to the other party under this Section 2). Without the prior written consent of GE in its sole and absolute discretion, RF shall not (and shall not permit any member of the RF Group to) prepare any Tax Return covering the same time period for which any RF Group member is included in a GE Consolidated Tax Return in a manner that reports any item inconsistently with the information provided by RF to GE under Section 2(d) or, to the knowledge of RF, the manner in which the same item is reported on a GE Consolidated Tax Return, except to the extent that such inconsistent reporting is required by differences in applicable Law.

### 3. ALLOCATION OF TAX LIABILITY AND REFUNDS

(a) GE shall be responsible for, and shall indemnify and hold harmless the members of the RF Group for:

(1) all United States, Canadian, and Puerto Rican federal, state, provincial, and local Income Taxes imposed with respect to the Pre-2014 Period;

(2) all Taxes not attributable to the Retail Finance Business, including any such Taxes imposed on a member of the RF Group pursuant to Treasury Regulation Section 1.1502-6 or other similar provision of law, which for the avoidance of doubt shall not include the Separate Return Tax Liability allocated to the RF Group under Section 4;

(3) all Taxes, other than any Distribution Taxes described in Section 3(b)(4), imposed on a member of the RF Group as a result of an election made pursuant to Section 8;

(4) except to the extent described in Section 3(b)(4), all Distribution Taxes;

(5) all Taxes, other than Income Taxes, imposed as a result of the Distribution or any Restructuring Transaction; and

(6) United States federal, state and local Income Taxes, if any, imposed with respect to the 2014 calendar year arising from adjustments to the Tax Returns filed for such

calendar year pursuant to an audit or the filing of an amended Tax Return for such calendar year (including through a “qualified amended return”) solely to the extent such adjustments relate to the Company Business’ borrowing activities conducted prior to January 1, 2014.

(b) RF shall be responsible for, and shall indemnify and hold harmless (in the case of Section 3(b)(4) only, on an After-Tax Basis) the members of the GE Group for:

(1) all Taxes, other than Income Taxes, imposed on the members of the RF Group or that are attributable to the Retail Finance Business, including the Separate Return Tax Liability allocated to the RF Group under Section 4;

(2) all Income Taxes imposed on the members of the RF Group or that are attributable to the Retail Finance Business, in each case imposed with respect to the Pre-2014 Period, including the Separate Return Tax Liability allocated to the RF Group under Section 4;

(3) all Income Taxes imposed on the members of the RF Group with respect to the Post-2014 Period, including the Separate Return Tax Liability allocated to the RF Group under Section 4; and

(4) Distribution Taxes resulting from (i) a breach of the covenants contained in Section 10, or (ii) any transaction entered into after the Distribution involving a direct or indirect transfer of RF stock (or of the stock of any successor to RF);

except, in the case of Section 3(b)(1), Section 3(b)(2) and Section 3(b)(3), to the extent such Taxes are described in Section 3(a). For purposes of Section 3(b)(3), RF shall receive credit for any estimated Tax sharing payments paid by RF Group members to any GE Group member on or before the Closing Date in respect of the Post-2014 Period.

The term “After-Tax Basis” means that, in determining the amount of any indemnity payment, the amount of such indemnity payment shall be reduced by any Tax benefit derived by the indemnified party in the taxable year (or any prior taxable year) that the indemnity payment is made as a result of the event giving rise to the indemnity payment and the amount of such indemnity payment shall be increased to take into account any net Tax cost incurred by the indemnified party in the taxable year of the receipt or accrual of the payment as a result of the receipt or accrual of the payment. If the indemnified party derives a Tax benefit or incurs a net Tax cost in any taxable year after the indemnity payment, (x) the indemnified party shall promptly pay the amount of such Tax benefit to the indemnifying party and (y) the indemnifying party shall promptly pay the amount of such net Tax cost to the indemnified party. No later than the end of the third taxable year following the taxable year in which the indemnity payment is made, the parties shall negotiate in good faith with each other to calculate a single, final payment to be made by the indemnified party or the indemnifying party, as the case may be, settling, on a net basis, all future amounts expected to be paid under this paragraph using reasonable assumptions regarding the appropriate tax rate, discount rate and expected timing of the realization of any Tax benefit or cost. Promptly following agreement on the amount of the net payment required under this paragraph, the party required to make such payment shall make such payment to the other party. Within thirty (30) days of the indemnified party filing its United States federal income Tax Return for each taxable year ending on or before the end of such third

taxable year, the indemnified party shall notify the indemnifying party as to whether the indemnified party realized a Tax benefit or net Tax cost to be taken into account hereunder, and shall set forth in reasonable detail the computation of any such Tax benefit or net Tax cost.

(c) For purposes of Section 3(a)(1), Section 3(b)(2) and Section 3(b)(3), Income Taxes shall be allocated between the Pre-2014 Period and the Post-2014 Period using a “closing of the books method” by closing the relevant books and records of the applicable entity at the conclusion of December 31, 2013 consistent with the principles contained in Section 4(b)(2)(vi).

(d) Any adjustments to Tax (including any related interest and penalties) resulting from a Tax Contest or the filing of an amended Tax Return shall be allocated in a manner consistent with Section 3(a) and Section 3(b).

(e) Except as provided in Section 7(b), any refunds, credits or offsets of Taxes shall be the property of, and shall be paid over to, the party liable for the underlying Tax pursuant to this Section 3. For the avoidance of doubt, RF shall be entitled to any sales Tax recoveries (whether by way of refund, credit or offset) resulting from a default by a customer of the Retail Finance Business on an advance made by the Retail Finance Business to a merchant on behalf of the customer. Any refunds, credits or offsets shall be paid over (net of any expenses or Taxes incurred in connection with procuring the refund, credit or offset) within 10 days of receipt of the refund or entitlement to the credit or offset.

#### 4. CALCULATION AND PAYMENT OF SEPARATE RETURN TAX LIABILITY

(a) Except to the extent otherwise provided in this Agreement or under applicable Law, and subject to the payments by the RF Group contemplated by this Agreement, GE shall be solely responsible and liable for the payment of all Taxes in respect of all GE Consolidated Tax Returns (the “**GE Consolidated Return Liability**”).

(b) For purposes of Sections 3(a)(2), 3(b)(1), 3(b)(2) and 3(b)(3), and subject to the clarification set forth in the last sentence of Section 11(b), the portion of the GE Consolidated Return Liability allocated to the RF Group or any member thereof that is payable by RF shall be determined in the following manner:

(1) If any Taxable Year of any RF Group member is included in a GE Consolidated Tax Return, the related Tax liability allocated to the RF Group member for such Taxable Year shall generally be determined on a hypothetical separate Tax Return basis as if the RF Group member were not included in any such GE Consolidated Tax Return; provided, however, that the calculation will not take into account any hypothetical effects of deconsolidation from the GE Group. To the extent that such RF Group member could have filed a separate consolidated, combined, joint, unitary or other similar Tax Return with one or more other members of the RF Group for such type of Tax and Taxable Year, at RF’s election (notification of such election to be delivered to GE no later than 10 days before the due date for the first estimated tax payment for such type of tax), such Tax liability will be computed on the basis of such a hypothetical consolidated, combined, joint, unitary or other similar Tax Return for such Taxable Year and for similar prior Taxable Years. Such election shall be taken into account in determining the extent to which such RF Group member could have filed a separate

consolidated, combined, joint, unitary or other similar Tax Return in computing Separate Return Tax Liability for a subsequent Taxable Year. (For each GE Consolidated Tax Return, the sum of such consolidated, combined, joint or unitary Tax liabilities, together with the separate Tax liabilities of the members of the RF Group that could not have been included in the hypothetical consolidated, combined, joint or unitary Tax Returns, is referred to as the “**Separate Return Tax Liability.**”) To the extent that, as a result of GE’s status as an “industrial company” or other similar status, the actual Tax liability with respect to the RF Group on the GE Consolidated Tax Return is subject to a lower statutory rate of Tax than if the RF Group (or any member thereof) filed a separate Tax Return, the RF Group shall be entitled to use such lower statutory rate in calculating its Separate Return Tax Liability. Any Tax Attribute as of January 1, 2014 that (i) is not taken into account in a GE Consolidated Tax Return for a Pre-2014 Period, (ii) is attributable to a member of the RF Group, and (iii) can be carried forward under applicable Law shall be treated as a carryforward to the Post-2014 Period and be available to reduce the Separate Return Tax Liability in accordance with rules otherwise applicable to carryforwards of that type of Tax Attribute.

(2) For purposes of Section 3(b)(2) and Section 3(b)(3), the following modifications and rules will apply in determining Separate Return Tax Liability: (i) where the GE Consolidated Return Liability with respect to any state or local Tax Return is calculated using an apportionment ratio based on the combined factors of the entities included in such Tax Return, the apportionment of net income or net loss of each relevant member of the RF Group will be determined using the separate apportionment ratio of the applicable hypothetical group for determining the Separate Return Tax Liability pursuant to Section 4(b)(1) or, if there is no such hypothetical group, the relevant member of the RF Group; (ii) for purposes of Section 3(b)(3) only, no hypothetical carryback of any Tax Attribute from any Taxable Year ending after December 31, 2013 to any Taxable Year ending on or before December 31, 2013 will be taken into account but will instead be available as a hypothetical carryover to Taxable Years ending after December 31, 2013 to the extent that such Tax Attribute has not been taken into account in the GE Consolidated Tax Return other than one that relates to United States federal income taxes; (iii) except as otherwise specifically provided in this Section 4(b), each other election, method of accounting, and method of calculation will be consistent with past practice; (iv) notwithstanding anything in this Agreement to the contrary, if GE makes a payment in respect of a Tax Attribute or portion thereof pursuant to Section 6(a) of this Agreement as a result of a reduced Tax liability (or refund or credit received) with respect to a GE Consolidated Return other than one that relates to United States federal income taxes, such Tax Attribute or portion thereof will be excluded in determining Separate Return Tax Liability; (v) deductions, losses, income or gain attributable to deferred intercompany transactions (as defined under Treasury Regulation Section 1.1502-13 and corresponding provisions of state and local Law) shall not be taken into account until such deductions, losses, income or gain are actually taken into account in the GE Consolidated Tax Return in accordance with Treasury Regulation Section 1.1502-13 or applicable corresponding provisions of state or local Law; (vi) if any Taxable Year of any RF Group member includes (but does not end with) December 31, 2013, the portion of such Taxable Year ending on such date and the remainder of such Taxable Year will be treated as two separate Taxable Years, and the income, deductions, gains, losses, and other items of such RF Group member will be allocated between such separate Taxable Years in a manner consistent with the principles of Treasury Regulation Section 1.1502-76(b)(2) without any deemed ratable allocation election under Treasury Regulation Section 1.1502-76(b)(2)(ii)(D) and without any deemed

ratable allocation under Treasury Regulation Section 1.1502-76(b)(2)(iii); (vii) the deductions, credits, or benefits described in Sections 5(a)(1), 5(a)(2) and 5(a)(3) shall not be taken into account in determining Separate Return Tax Liability; and (viii) the Separate Return Tax Liability shall be increased by the sum of the excesses, if any, of (x) the amount equal to the reserves under FIN 48 that would have been reflected on GE's consolidated financial statements for each particular position in respect of Taxes of the RF Group attributable to the relevant Taxable Year assuming the hypothetical separate Tax Returns described in Section 4(b)(1) had actually been filed, over (y) the actual amount of the reserves under FIN 48 that are reflected on GE's consolidated financial statements for such position in respect of the Taxes of the RF Group attributable to such Taxable Year.

(3) For each Taxable Year ending after December 31, 2013 for which a member of the RF Group is included in a GE Consolidated Tax Return, RF shall calculate each Separate Return Tax Liability for GE's review, including as necessary to make estimated tax payments. GE shall make a calculation of each Separate Return Tax Liability for such Taxable Year and shall provide such calculation to RF for RF's review no later than 30 days prior to the filing of the related GE Consolidated Tax Return. Any dispute between GE and RF regarding the calculation shall be resolved in accordance with the dispute resolution provisions of Section 14.

(c) RF shall pay to GE the amount of each Separate Return Tax Liability, as determined on a calendar quarter basis under this Section 4 or, if requested by GE, more frequently if the particular Tax is paid more frequently than quarterly, for each Taxable Year ending after December 31, 2013 in which a member of the RF Group is included in a GE Consolidated Tax Return. Such payments will be made in immediately available funds no later than the business day immediately preceding the due date (including extensions) for GE's payment of estimated or final Tax payments for such Taxable Year, and such payments will be credited toward the related Separate Return Tax Liability for such Taxable Year. No later than the end of the calendar quarter during which a GE Consolidated Tax Return is filed (or, if later, the 30th day after the date filed), RF will pay to GE the unpaid portion, if any, of the Separate Return Tax Liability for the Taxable Year reported on such GE Consolidated Tax Return. In the event the payments on account of estimated Tax to GE for any Taxable Year for a particular Tax exceed the Separate Return Tax Liability for such Taxable Year for such Tax, the excess will be refunded by GE to RF no later than the end of the calendar quarter during which the GE Consolidated Tax Return for such Tax is filed (or, if later, the 30th day after the date filed).

## 5. USE OF GE TAX ATTRIBUTES

(a) Not later than 30 days after the due date (with extensions) for the filing of any Tax Return relating to Income Taxes (other than an estimated return or a GE Consolidated Tax Return) that includes a member of the RF Group for any Taxable Year (or portion thereof) beginning after December 31, 2013, RF shall determine (subject to review, adjustment, and approval by GE, which approval may not be unreasonably withheld) the hypothetical Tax liability (or refund or credit) that would have been shown on such Tax Return if each of the assumptions set forth below was made (solely for purposes of such hypothetical determination):

(1) No deduction, credit, or other benefit is allowed on account of any Tax Attribute created through an expense paid or economically borne by a GE Group member in the Post-2014 Period (for example compensation payable by a member of the GE Group to any employee of any RF Group member in cash, stock or other property to the extent the GE Group is not reimbursed by the RF Group).

(2) No deduction, credit, or other benefit is allowed on account of any Tax Attribute created through a taxable transaction entered into in the Pre-IPO Period to the extent that a GE Group member includes in income in the Post-2014 Period a corresponding amount (for example, taking into account in the Post-2014 Period by a GE Group member, on the one hand, of deferred gain resulting from intercompany transactions between a GE Group member and an RF Group member, and tax savings in the Post-2014 Period to an RF Group member, on the other hand, resulting from increased basis attributable to the intercompany transaction).

(3) No deduction, credit, or other benefit is allowed on account of any Tax Attribute attributable to any adjustment resulting from a Tax Contest or filing of an amended Tax Return to the extent that GE is responsible under this Agreement for any Taxes imposed with respect to the Pre-2014 Period or under Section 3(a)(6) resulting from the Tax Contest or amended Tax Return.

(4) No deduction, credit or other benefit not otherwise described in this Section 5(a) is allowed on account of any Tax Attribute allocated to an RF Group member pursuant to Section 7(c) to the extent such Tax Attribute would not have been treated as a Tax Attribute of the RF Group and would not have been available to the RF Group to be taken into account in calculating Separate Return Tax Liability if the RF Group members continued to be included in the GE Consolidated Tax Return and Section 4 continued to apply.

(5) No deduction, credit, or other benefit is allowed on account of any Tax basis created by reason of any Tax election in the Post-2014 Period with respect to which GE is allocated the corresponding Tax liability under this Agreement.

(b) For each Taxable Year, RF shall make one or more payments to GE in an aggregate amount equal to the excess (if any) of (1) the hypothetical Tax liability or refund or credit (as determined under Section 5(a)) that would have been shown on each Tax Return to which this Section 5 applies, over (2) the actual Tax liability or refund or credit shown on such Tax Return (or the portion of such Tax Return relating to the Post-2014 Period), with any refund or credit treated as a negative tax payment. Each such payment shall be made no later than 10 days following the final determination of such amount, but in any event within 45 days following the filing of the relevant Tax Return.

(c) For purposes of Section 5(b), actual Tax liability shall be determined by taking into account all relevant facts and circumstances including, for avoidance of doubt, any Tax Attributes resulting from payments made pursuant to this Section 5 or any other provision of this Agreement.

(d) Notwithstanding any other provision of this Agreement, RF shall not be required to make any payment for any Tax Attribute or portion thereof for which RF has already made a payment under this Agreement that has not been reversed or otherwise repaid.

6. USE OF RF TAX ATTRIBUTES

(a) GE shall make payments to RF if (i) any Tax Attribute of a member of the RF Group actually reduces an Income Tax liability that is allocated to GE under Section 3(a) (or generates a refund or credit that is actually received by GE) and the reduced Tax liability (or refund or credit received) is (1) attributable to the Post-2014 Period, or (2) attributable to the Pre-2014 Period, but only if in the case of this clause (2) the reduced Tax liability (or refund or credit received) is attributable to a carry back of a Tax Attribute of a member of the RF Group from the Post-2014 Period to the Pre-2014 Period or (ii) as a result of a Tax Contest or filing of an amended Tax Return on or after January 1, 2014 there is (x) a reduction in a Tax Attribute available to the RF Group in the Post-2014 Period, and (y) a corresponding actual reduction in a Tax liability (or an actual increase in a refund or credit received), whether in whole or in part, that is allocated to GE under this Agreement with respect to the Pre-2014 Period. The amount of such payment for each relevant Taxable Year shall be equal to the amount of such reduction in Tax liability (or the amount of such refund or credit, or increase thereof, actually received by GE). For the avoidance of doubt, for purposes of this Section 6, Tax Attributes of a member of the RF Group will include, without limitation, any Tax Attribute allocated under Section 7(c) to a GE Group member to the extent such Tax Attribute would have been treated as a Tax Attribute of a member of the RF Group and been available to the RF Group to be taken into account in calculating Separate Return Tax Liability if the RF Group members continued to be included in the GE Consolidated Tax Return and Section 4 continued to apply. Not later than 30 days after the due date (with extensions) for the filing of GE's United States federal income Tax Return for each Taxable Year beginning after December 31, 2013, GE shall deliver to RF a certification as to whether GE is required to make any payment to RF pursuant to this Section 6 and shall provide in reasonable detail the basis for its determination and the calculation of the amount of any such payment (which basis and calculation shall be subject to review and approval by RF, which approval may not be unreasonably withheld). Each payment required under this Section 6 shall be made no later than 10 days following the final determination of such amount, but in any event within 45 days following the filing of the relevant Tax Return.

(b) Notwithstanding the above, (i) GE shall not be required to make any payment for any Tax Attribute or portion thereof for which GE has already made a payment under this Agreement, and (ii) GE shall not be required to make any payment for any Tax Attribute or portion thereof for which RF's Separate Return Tax Liability has been reduced (and if GE has made any payment under this Section 6 with respect to a Tax Attribute and all or a portion of such Tax Attribute reduces RF's Separate Return Tax Liability, the amount paid by GE to RF with respect to such Tax Attribute or portion thereof shall promptly be repaid by RF to GE).

(c) Payments under Section 5 or Section 6 shall not be made on an After-Tax Basis.

7. CARRY BACK AND ALLOCATION OF TAX ATTRIBUTES

(a) RF shall not, and shall cause each member of the RF Group not to, carry back any Tax Attribute from a Taxable Year for which an RF Group member is not included in a GE Consolidated Tax Return to a Taxable Year for which the relevant RF Group member is included in a GE Consolidated Tax Return, unless an RF Group member is required by applicable law to so carry back the Tax Attribute before it is permitted to carry forward the Tax Attribute.

(b) The members of the RF Group shall be entitled to retain any refunds, credits or offsets resulting from either a carry back of (i) a Tax Attribute that is specifically permitted to be carried back under Section 7(a), or (ii) a Tax Attribute of an RF Group member arising in a Taxable Year for which RF is allocated the Tax liability for the particular Tax if the Tax Attribute is carried back to a Taxable Year for which the RF Group member was not included in a GE Consolidated Tax Return with respect to the particular Tax; provided, however, that the members of the RF Group shall not be entitled to retain (and RF shall promptly pay over to GE) any refunds, credits or offsets resulting from a carry back of a Tax Attribute that was allocated under Section 7(c) to a member of the RF Group to the extent such Tax Attribute would not have been treated as a Tax Attribute of the RF Group and would not have been available to the RF Group to be taken into account in calculating Separate Return Tax Liability if the RF Group members continued to be included in the GE Consolidated Tax Return and Section 4 continued to apply.

(c) If one or more RF Group members ceases to be included in a GE Consolidated Tax Return for a particular Tax, GE shall apportion the consolidated Tax Attributes and other Tax items of the relevant Tax group (such as "earnings and profits" as determined for United States federal, state and local Income Tax purposes) to the former members of the Tax group as required by applicable law (as determined and applied by GE in its sole discretion). To the extent there is discretion under applicable law regarding the method or manner of apportioning consolidated Tax Attributes or Tax items, such discretion shall be exercised by GE, and any decision by GE shall be final and binding and shall not be subject to challenge by any member of the RF Group. For the avoidance of doubt, any allocations under this Section 7(c) shall not prejudice any party's right to receive any payment required under Section 5, Section 6 or Section 7(b).

## 8. TAX ELECTIONS

If GE determines in its sole and absolute discretion to make an election under Section 336(e) or Section 338 of the Code (and corresponding provisions of applicable state and local law) in connection with any disposition by GE or any of its Subsidiaries of stock of RF for which such election may properly be made in respect of the members of the RF Group, then GE and RF and their respective Subsidiaries, as necessary and as requested by GE, shall join in making such elections in a timely and valid manner, including by filing any necessary IRS Forms 8023 and 8883 (or other forms) and any necessary attachments. GE shall determine the time and manner for preparing and filing all forms and documents required in connection with any such election, and RF shall cooperate fully (and shall cause the members of the RF Group to cooperate fully) in preparing and filing all such forms and documents. The parties agree that the "aggregate deemed sale price" and "adjusted grossed-up basis" (as such terms are defined in the Treasury regulations promulgated under Section 336 and Section 338 of the Code) with respect to each such election shall be determined by GE consistent with the principles of Section 338 of the Code and the Treasury regulations promulgated thereunder.



## 9. TAX PROCEEDINGS

(a) Except as provided in this Section 9, GE shall have the exclusive right to control any Tax Contest relating to (1) GE Consolidated Tax Returns, (2) any Taxes that are allocated to GE pursuant to Section 3(a), or (3) Distribution Taxes; provided, however, that to the extent that the Tax Contest relates to any Taxes, refunds, credits or offsets that are allocated to RF under this Agreement or to the extent the Tax Contest may have any direct impact on any payments to or from RF required under this Agreement (other than any payment from RF to GE by reason of Section 5(a)(3)), RF shall be entitled to participate in the conduct of the Tax Contest, which participation shall include, but not be limited to, (1) GE keeping RF reasonably apprised regarding the progress of the Tax Contest, (2) GE providing RF with the opportunity to review and comment on any material correspondence with any Taxing Authority and on any submissions to any court and (3) GE not settling or compromising such Tax Contest without RF's consent, which consent shall not be unreasonably withheld or delayed.

(b) Notwithstanding anything in Section 9(a) to the contrary, RF shall control any portion of a Tax Contest that, in RF's reasonable determination, would require the divulgence of confidential, private customer information that is prohibited under applicable "privacy" or similar Laws, and the members of the RF Group shall not be required to divulge any such information to any member of the GE Group.

(c) RF shall have the exclusive right to control all other Tax Contests involving members of the RF Group that are not described in Section 9(a); provided, however, that to the extent that the Tax Contest may have any impact on any payments to or from GE required under this Agreement, GE shall be entitled to participate in the conduct of any such Tax Contest, which participation shall include, but not be limited to, (1) RF keeping GE reasonably apprised regarding the progress of the Tax Contest, (2) RF shall providing GE with the opportunity to review and comment on any material correspondence with any Taxing Authority and on any submissions to any court and (3) RF not settling or compromising such Tax Contest without GE's consent, which consent shall not be unreasonably withheld or delayed.

(d) If RF reasonably determines that information proposed to be divulged by GE during the conduct of any Tax Contest is in the nature of "proprietary" information of the RF Group, GE shall discuss with RF in good faith to determine whether there are reasonable alternative means of achieving the same objectives as are intended to be achieved through the divulgence of such information that do not involve the divulgence of such information, and to the extent that GE determines, in its reasonable discretion, that such alternative means would achieve such objectives and would not cause any other disadvantages to GE, GE shall use such alternative means instead of divulging such information.

## 10. DISTRIBUTION

(a) After the IPO, RF shall not, and shall not permit any member of the RF Group to, take any action, or fail to take any action within its control, which action or failure to act would (1) negate (A) the qualification of the Distribution for tax-free treatment under Section 355 of the Code, or (B) the intended tax-free treatment (in whole or in part), as described in the Restructuring Slides, of any Restructuring Transactions, or (2) cause any portion of GE's "excess loss account" (within the meaning of Treasury Regulation Section 1.1502-19) in the stock of General Electric Capital Corporation to be included in income in connection with the

Restructuring Transactions described in clause (1)(B) of this Section 10(a) or in connection with the Distribution (the tax-free treatment described in clause (1) and the non-inclusion in income described in clause (2), the “**Tax-Free Status of the Distribution**”); provided that, notwithstanding the foregoing, (i) RF shall be permitted to take any action, and shall be permitted to permit the members of the RF Group to take any action, that implements any Restructuring Transaction or the Distribution reflected in the Restructuring Slides as they exist at the time of such action, and (ii) RF shall be permitted to take any action, and shall be permitted to permit the members of the RF Group to take any action, and RF shall not be required to take any action or cause any member of the RF Group to take any action within their control, if the action or inaction (x) would not have caused the failure of the Tax-Free Status of the Distribution if the Restructuring Transactions or the Distribution as set forth on the Restructuring Slides as they exist at the time of such action or inaction had not been updated after such action or inaction, or (y) is taken or not taken, as the case may be, at the written direction of, or with the prior written consent of, the Vice President and Senior Tax Counsel for GE.

(b) RF shall not take any position on any Tax Return that is inconsistent with the Tax-Free Status of the Distribution without the prior written consent of GE unless such inconsistent reporting is required by reason of a final, non-appealable decision of a court of competent jurisdiction.

(c) Prior to the Distribution, GE shall deliver to RF (i) the final Restructuring Slides and (ii) complete copies of all ruling requests, rulings, tax opinions, tax opinion representation letters (or similar materials), and any supplement of such documents (including all exhibits and attachments thereto) provided to or received from a taxing authority or tax counsel in connection with the Restructuring Transactions and the Distribution; provided that GE’s obligation to deliver copies of any tax opinions or tax opinion representation letters to RF is subject to RF entering into a common interest agreement with GE that is in a form reasonably satisfactory to GE.

#### 11. INTEREST; ADJUSTMENT PAYMENTS; FINAL PAYMENT

(a) In the event that any payment required to be made under this Agreement is made after the date on which such payment is due, interest will accrue on the amount of such payment from (but not including) the due date of such payment to (and including) the date such payment is actually made at the applicable federal rate in effect at the time such payment is due (based on the federal mid-term rate), compounded on a daily basis.

(b) If any adjustment is made to any Tax or Tax Return pursuant to any Tax Contest or the filing of an amended Tax Return (including through a “qualified amended return”) and such adjustment, if taken into account in computing any payment required under this Agreement, would have resulted in the calculation of a different amount required to have been paid under this Agreement, then GE or RF, as the case may be, shall promptly make a payment to the other party in an amount equal to such difference. For the avoidance of doubt, except and to the extent (1) that any Tax remains due as of the Closing or a refund, credit or offset is received following the Closing, or (2) of any adjustment to any Tax or Tax Return after the date hereof pursuant to (i) any Tax Contest, (ii) the filing of an amended Tax Return, or (iii) the carry back of any Tax Attribute, no party shall be obligated to make any payment to the other party in respect of any Tax imposed with respect to the Pre-2014 Period.

(c) No later than January 1, 2022, the parties shall negotiate in good faith with each other to calculate a single, final payment to be made by GE or RF, as the case may be, settling, on a net basis, all future amounts expected to be paid under Section 5 and Section 6, using reasonable assumptions regarding the appropriate tax rate, discount rate and expected timing of Tax Attribute recovery (actual or hypothetical). Promptly following agreement on the amount of the net payment required under this Section 11(c), the party required to make such payment shall make such payment to the other party. From and after the time that the payment required by this Section 11(c) is made, Section 5 and Section 6 shall have no further application, and no party shall be obligated to make any further payment under Section 5 or Section 6, including any adjustment payments that would have otherwise been required under Section 11(b) in respect of Section 5 or Section 6.

(d) Except as provided in Section 3(b), no payment pursuant to this Agreement shall be adjusted to take into account any Tax cost incurred by the recipient thereof as a result of the receipt or accrual of the payment.

## 12. COOPERATION

GE and RF shall furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the RF Group members and the Retail Finance Business as is reasonably necessary for the filing of all Tax Returns, the making of any election related to Taxes, and the preparation for and prosecution of any Tax Contest by any Taxing Authority relating to any Taxes or Tax Return. GE and RF will cooperate with each other in the conduct of any Tax Contest related to Taxes and all other Tax matters and each will execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Agreement. The party requesting cooperation under this Section 12 will reimburse the other party for any actual out-of-pocket, third-party expenses incurred in furnishing such cooperation. All Tax records relating to the RF Group or the Retail Finance Business will be retained by the party in possession of such records as of the Closing Date for at least seven (7) years after such records were created.

## 13. TERMINATION OF PRIOR TAX MATTERS AGREEMENTS; REGULATORY AGREEMENTS.

(a) This Agreement shall replace all other agreements, whether or not written, in respect of the sharing or allocation of any Taxes between or among the members of the GE Group, on the one hand, and the members of the RF Group, on the other hand, other than that certain Tax Allocation Agreement entered into among GE, RF and GE Capital Retail Bank, [dated the date hereof] (the "**Bank Agreement**"). All such replaced agreements shall be canceled as of the Closing Date, and any rights or obligations of the GE Group or the RF Group existing thereunder shall be fully and finally settled without any payment by any party thereto.

(b) If any member of the GE Group or the RF Group (other than RF) is required to make any payment to a member of the other Group pursuant to any provision of the Bank

Agreement or pursuant to any provision of any tax sharing or tax allocation agreement or arrangement required under any provision of applicable Law (a “**Regulatory Payment**”), the party hereto that is a member of the same Group as the recipient of the Regulatory Payment shall promptly make a payment to the other party hereto in an amount equal to the Regulatory Payment (a “**Repayment**”) so that each Group, on a consolidated basis, will be in the same economic position such Group would be in if this Agreement were the only tax sharing or tax allocation agreement or arrangement between or among the members of the different Groups. Any obligation of a party to make a Repayment may be satisfied, in whole or in part, through offsetting the obligation to make the Repayment against any entitlement of the paying party to receive a payment from the other party pursuant to any provision of this Agreement.

#### 14. DISPUTE RESOLUTION

GE and RF shall discuss and negotiate in good faith to resolve any disagreements between them regarding their rights and obligations under this Agreement. In the event that GE and RF are unable to resolve any disagreement within 30 days, such disagreement shall be resolved by an independent “big four” accounting firm to be agreed upon by the parties; provided, that if no independent “big four” accounting firm is willing or able to resolve such disagreement, then the disagreement shall be resolved in accordance with the procedures set forth in Article IX of the Master Agreement. The independent accounting firm’s fees shall be borne equally by GE and RF.

#### 15. MISCELLANEOUS

(a) 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.

(b) 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 to this Agreement 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.

(c) Entire Agreement. Except as otherwise expressly provided in this Agreement or the Master Agreement, this Agreement constitutes the entire agreement of the parties hereto 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 hereto with respect to the subject matter of this Agreement.

(d) Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by any party hereto without the prior written consent of the other parties hereto. This Agreement is for the sole benefit of the parties to this Agreement and the members of their

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respective Group 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.

(e) Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties to this Agreement. Any party may, in its sole discretion, waive any and all rights granted to it in this Agreement; provided, that no waiver by any party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party 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.

(f) Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties to this Agreement in separate 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 this Agreement.

(Signature pages follow)

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IN WITNESS WHEREOF, the parties hereto 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:

SYNCHRONY FINANCIAL

By: \_\_\_\_\_  
Name:  
Title:

**GE CAPITAL CREDIT CARD MASTER NOTE TRUST,**

as Issuer,

and

**DEUTSCHE BANK TRUST COMPANY AMERICAS,**

as Indenture Trustee

**FORM OF SERIES 2014-VFN[ ] INDENTURE SUPPLEMENT**  
Dated as of [ ] [ ], 2014

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SERIES 2014-VFN[ ] INDENTURE SUPPLEMENT, dated as of [ ] [ ], 2014 (this "Indenture Supplement"), between GE CAPITAL CREDIT CARD MASTER NOTE TRUST, a Delaware statutory trust (herein, the "Issuer" or the "Trust"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, not in its individual capacity, but solely as indenture trustee (herein, together with its successors in the trusts thereunder as provided in the Indenture referred to below, the "Indenture Trustee") under the Master Indenture, dated as of September 25, 2003, between the Issuer and the Indenture Trustee, as amended by the Omnibus Amendment No. 1 to Securitization Documents, dated as of February 9, 2004, among RFS Holding, L.L.C., RFS Funding Trust, the Issuer, Deutsche Bank Trust Company Delaware, as trustee of RFS Funding Trust, RFS Holding, Inc. and the Indenture Trustee, as further amended by the Second Amendment to Master Indenture, dated as of June 17, 2004, between the Issuer and the Indenture Trustee, as further amended by the Third Amendment to Master Indenture, dated as of August 31, 2006, between the Issuer and the Indenture Trustee, as further amended by the Fourth Amendment to Master Indenture, dated as of June 28, 2007, between the Issuer and the Indenture Trustee, as further amended by the Fifth Amendment to Master Indenture, dated as of May 22, 2008, between the Issuer and the Indenture Trustee, as further amended by the Sixth Amendment to Master Indenture, dated as of August 7, 2009, between the Issuer and the Indenture Trustee, as further amended by the Seventh Amendment to Master Indenture, dated as of January 21, 2014, between the Issuer and the Indenture Trustee, and as further amended by the Eighth Amendment to Master Indenture and Omnibus Supplement to Specified Indenture Supplements, dated as of March 11, 2014, between the Issuer and the Indenture Trustee (as further amended, restated, modified or supplemented from time to time, the "Indenture" and, together with this Indenture Supplement, the "Agreement").

The Principal Terms of this Series are set forth in this Indenture Supplement to the Indenture.

## ARTICLE I DEFINITIONS

### SECTION 1.1. Definitions.

(a) Capitalized terms used and not otherwise defined herein are used as defined in Section 1.1 of the Indenture. This Indenture Supplement shall be interpreted in accordance with the conventions set forth in Section 1.2 of the Indenture.

(b) Each capitalized term defined herein relates only to Series 2014-VFN[ ] and to no other Series. Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings:

"Addition Date" means an "Addition Date" as such term is defined in the Transfer Agreement.

"Additional Amounts" means, for any date of determination, the sum of (a) the Class A Additional Amounts and (b) the Class B Additional Amounts.

"Additional Enhancement Amount" is defined in Section 2.2(a).

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“Additional Funds” is defined in Section 2.2(b).

“Administrator” means General Electric Capital Corporation, in its capacity as Administrator under the Administration Agreement or any other Person designated as an Administrator under the Administration Agreement.

“Advance” means an increase in the Note Principal Balance during the Revolving Period made pursuant to Section 2.2(a) and the Loan Agreements.

“Advance Amount” means, with respect to any Advance Date, the sum of each of the Class A Advance Amount and the Class B Advance Amount on such Advance Date.

“Advance Date” means each date on which a Class A Advance and a Class B Advance is made pursuant to Section 2.2 and the Class A Loan Agreement and the Class B Loan Agreement, respectively.

“Agreement” is defined in the preamble.

“Allocation Percentage” means, with respect to any date of determination in any Monthly Period, the percentage equivalent of a fraction:

(a) the numerator of which shall be equal to:

(i) for Principal Collections during the Revolving Period and for Finance Charge Collections and Default Amounts at any time, the Collateral Amount at the end of the last day of the prior Monthly Period (or, in the case of the first Monthly Period, on the Closing Date), *less*, during the Controlled Amortization Period, any reductions to be made to the Collateral Amount on account of principal payments to be made on the Payment Date falling in the Monthly Period for which the Allocation Percentage is being calculated; provided that with respect to any Monthly Period in which one or more Numerator Reset Dates occur, the numerator determined pursuant to this clause (i) shall be (A) the Collateral Amount as of the close of business on the last day of the prior Monthly Period *less*, during the Controlled Amortization Period, any reductions to be made to the Collateral Amount on account of payments of Monthly Principal to be made on the Payment Date falling in the Monthly Period for which the Allocation Percentage is being calculated, for the period from and including the first day of the current Monthly Period to but excluding the first Numerator Reset Date that occurs in such Monthly Period and (B) the Collateral Amount as of the close of business on such Numerator Reset Date *less*, during the Controlled Amortization Period, any reductions (to the extent not reflected in the Collateral Amount) to be made to the Collateral Amount on account of principal payments to be made on the Payment Date falling in the Monthly Period for which the Allocation Percentage is being calculated, for each period from and including such Numerator Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Numerator Reset Date (in which case such period shall not include such succeeding Numerator Reset Date); provided, further, that if the Issuer is permitted to make a

single monthly deposit of Collections into the Collection Account pursuant to Section 8.4 of the Indenture and this Indenture Supplement and has not elected to make daily deposits of Collections, with respect to any Monthly Period in which one or more Numerator Reset Dates occur, the numerator determined pursuant to this clause (i) shall be the Weighted Average Collateral Amount for such Monthly Period;

(ii) for Principal Collections during the Early Amortization Period if the first day of the Early Amortization Period commenced prior to the start of the Controlled Amortization Period, the Collateral Amount at the end of the last day of the Revolving Period; provided that on and after the date on which an amount equal to the Note Principal Balance has been deposited into the Collection Account, the numerator shall equal zero;

(iii) for Principal Collections during the Early Amortization Period if the first day of such Early Amortization Period commenced after the start of the Controlled Amortization Period, the greater of (a) [75]% of the Collateral Amount at the end of the last day of the Revolving Period and (b) the Collateral Amount at the end of the last day of the Monthly Period most recently ended prior to the commencement of the Early Amortization Period, less any reductions to be made to the Collateral Amount on account of payments of Monthly Principal to be made on the Payment Date falling in the Monthly Period in which the Early Amortization Period commenced; provided that on and after the date on which an amount equal to the Note Principal Balance has been deposited into the Collection Account, the numerator shall equal zero; or

(iv) for Principal Collections during the Controlled Amortization Period, the greater of (a) [75]% of the Collateral Amount at the end of the last day of the Revolving Period and (b) the Collateral Amount at the end of the last day of the prior Monthly Period, less any reductions to be made to the Collateral Amount on account of payments of Monthly Principal to be made on the Payment Date falling in the Monthly Period for which the Allocation Percentage is being calculated; provided that on and after the date on which an amount equal to the Note Principal Balance has been deposited into the Collection Account, the numerator shall equal zero; and

(b) the denominator of which shall be the greater of (x) the Aggregate Principal Receivables determined as of the close of business on the last day of the prior Monthly Period (or, in the case of the first Monthly Period, as of the Closing Date) and (y) the sum of the numerators used to calculate the allocation percentages for allocations with respect to Finance Charge Collections, Principal Collections or Default Amounts, as applicable, for all outstanding Series on such date of determination; provided that if one or more Reset Dates occur in a Monthly Period, the denominator determined pursuant to sub-clause (x) of this clause (b) shall be (A) the Aggregate Principal Receivables as of the close of business on the last day of the prior Monthly Period for the period from and including the first day of the current Monthly Period, to but excluding such Reset Date and (B) the Aggregate Principal Receivables as of the close of business on such Reset

Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); and provided, further, that notwithstanding the preceding proviso, if a Reset Date occurs during any Monthly Period and if the Issuer is permitted to make a single monthly deposit of Collections into the Collection Account pursuant to Section 8.4 of the Indenture and this Indenture Supplement and has not elected to make daily deposits of Collections with respect to such Monthly Period, then the denominator determined pursuant to sub-clause (x) of this clause (b) for each day during such Monthly Period shall equal the Average Principal Balance for such Monthly Period.

“Available Finance Charge Collections” means, for any Payment Date, an amount equal to the sum of (a) the Investor Finance Charge Collections for the preceding Monthly Period, (b) the Series 2014-VFN[ ] Excess Finance Charge Collections for the preceding Monthly Period and (c) any Reallocated Principal Collections which pursuant to Section 4.7 are required to be applied on the related Transfer Date.

“Available Principal Collections” means, for any Payment Date, an amount equal to the sum of (a) the Investor Principal Collections for the preceding Monthly Period, plus (b) the amount of Principal Collections allocated to Series 2014-VFN[ ] pursuant to Section 4.3(b) for all Dates of Processing during such Monthly Period that are deposited to the Collection Account in respect of Optional Amortization Amounts that have not been distributed to the Series 2014-VFN[ ] Noteholders, minus (c) the amount of Reallocated Principal Collections with respect to the preceding Monthly Period which pursuant to Section 4.7 are required to be applied on the related Transfer Date, plus (d) the sum of (i) any Shared Principal Collections with respect to other Principal Sharing Series (including any amounts on deposit in the Excess Funding Account that are allocated to Series 2014-VFN[ ] for application as Shared Principal Collections), (ii) the aggregate amount to be treated as Available Principal Collections pursuant to Sections 4.4(a)(ix) and (x), to the extent such amounts were included in the Required Finance Charge Deposit Amount for the related Monthly Period or, to the extent the holder(s) of the Transferor Interest have deposited funds in respect of such amounts pursuant to Section 4.3, and (iii) during an Early Amortization Period, the amount of Available Finance Charge Collections used to pay principal on the Notes pursuant to Section 4.4(a)(xviii) on such Payment Date.

“Available Spread Account Amount” means, for any Payment Date, an amount equal to the lesser of (a) the amount on deposit in the Spread Account (exclusive of Investment Earnings on such date and before giving effect to any deposit to, or withdrawal from, the Spread Account made or to be made with respect to such date) and (b) the Required Spread Account Amount, in each case on such Payment Date.

“Average Principal Balance” means for any Monthly Period in which one or more Reset Dates occur, the sum of (i) the Aggregate Principal Receivables determined as of the close of business on the last day of the prior Monthly Period, multiplied by a fraction the numerator of which is the number of days from and including the first day of such Monthly Period, to but excluding the first such Reset Date, and the denominator of which is the number of days in such Monthly Period, and (ii) for each such Reset Date, the product of the Aggregate Principal Receivables determined as of the close of business on such Reset Date, multiplied by a fraction,

the numerator of which is the number of days from and including such Reset Date, to the earlier of the last day of such Monthly Period (in which case such period shall include such date) or the next succeeding Reset Date (in which case such period shall exclude such date), and the denominator of which is the number of days in such Monthly Period.

“Base Rate” means, for any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is equal to the sum of (a) the Monthly Interest, (b) the amount required to be paid pursuant to Section 4.4(a)(i), (c) any Non-Use Fees to the extent required to be paid pursuant to Section 4.4(a)(iv) or (vii) and any Rated Additional Amounts and (d) the Noteholder Servicing Fee, each with respect to the related Payment Date, and the denominator of which is the Collateral Amount as of the last day of such Monthly Period; provided, however, that with respect to a Monthly Period in which a Numerator Reset Date occurs, the denominator shall equal the Weighted Average Collateral Amount for such Monthly Period.

“Benefit Plan Investor” means any one of the following: (a) an “employee benefit plan” (as defined in Section 3(3) of ERISA), which is subject to Title I of ERISA; (b) a “plan” as defined in and subject to Section 4975 of the Code; (c) an entity whose underlying assets include plan assets by reason of investment by an employee benefit plan or plan in such entity; or (d) a governmental plan that is subject to a law that is substantially similar to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code.

“Business Day” means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of New York or the State of Connecticut.

“Class A Additional Amounts” means the “Class A Additional Amounts” as defined in the Class A Loan Agreement.

“Class A Additional Interest” is defined in Section 4.1(a).

“Class A Advance” means an increase in the Class A Note Principal Balance during the Revolving Period made pursuant to Section 2.2(a) and the Class A Loan Agreement.

“Class A Advance Amount” means the amount of the increase in the Class A Note Principal Balance occurring as a result of a Class A Advance.

“Class A Deficiency Amount” is defined in Section 4.1(a).

“Class A Fee Letter” means with respect to any Class A Lender Group, the “Fee Letter” for such Lender Group defined in the Class A Loan Agreement.

“Class A Funding Tranche” means each portion of a Class A Lender Interest accruing interest for the same Interest Period at the same Class A Note Interest Rate.

“Class A Group Limit” means, with respect to any Class A Lender Group, the “Group Limit” as defined in the Class A Loan Agreement for such Class A Lender Group.

“Class A Lender Group” means a “Lender Group” under (and as defined in) the Class A Loan Agreement.

“Class A Lender Interest” is defined in Section 2.1(b).

“Class A Lenders” means the “Lenders” under (and as defined in) the Class A Loan Agreement.

“Class A Loan Agreement” means the Loan Agreement (Series 2014-VFN[ ], Class A) dated as of [ ] [ ], 2014, among the Issuer, the Class A Lenders and the Managing Agents party thereto.

“Class A Monthly Interest” is defined in Section 4.1(a).

“Class A Monthly Principal” is defined in Section 4.1(c).

“Class A Non-Use Fee” means, with respect to any Class A Lender Group, the “Class A Non-Use Fee” as defined in the Class A Fee Letter for such Class A Lender Group.

“Class A Note Initial Principal Balance” means \$[ ].

“Class A Note Interest Rate” means, for any Interest Period and any Class A Lender Interest, the rate reported as the “Funding Rate” for such Class A Lender Interest by the Managing Agent on behalf of the Noteholder for such Class A Lender Interest to the Servicer pursuant to the Class A Loan Agreement.

“Class A Note Principal Balance” means, on any date of determination, an amount equal to (a) the Class A Note Initial Principal Balance, plus (b) the aggregate amount of all Class A Advance Amounts for all Advances relating to the Class A Note occurring on or prior to such date of determination minus (c) the aggregate amount of principal payments made to the Class A Noteholders on or prior to such date of determination.

“Class A Noteholder” means the Person in whose name a Class A Note is registered in the Note Register.

“Class A Notes” means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1.

“Class A Pro Rata Percentage” means a fraction, expressed as a percentage, the numerator of which is [ ] and the denominator of which is [ ].

“Class A Rated Additional Amounts” is defined in Section 4.1(a).

“Class A Required Amount” means, for any Payment Date, an amount equal to the excess of the sum of the amounts described in Sections 4.4(a)(i) through (v) over Available Finance Charge Collections applied to pay such amount pursuant to Section 4.4(a).

“Class A Senior Unrated Additional Amounts” is defined in Section 4.1(a).

“Class A Subordinated Unrated Additional Amounts” is defined in Section 4.1(a).

“Class B Additional Amounts” means the “Class B Additional Amounts” as defined in the Class B Loan Agreement.

“Class B Additional Interest” is defined in Section 4.1(b).

“Class B Advance” means an increase in the Class B Note Principal Balance during the Revolving Period made pursuant to Section 2.2(a) and the Class B Loan Agreement.

“Class B Advance Amount” means the amount of the increase in the Class B Note Principal Balance occurring as a result of a Class B Advance.

“Class B Deficiency Amount” is defined in Section 4.1(b).

“Class B Fee Letter” means, with respect to any Class B Lender Group, the “Fee Letter” for such Lender Group as defined in the Class B Loan Agreement.

“Class B Lenders” means the “Lenders” under (and as defined in) the Class B Loan Agreement.

“Class B Loan Agreement” means the Loan Agreement (Series 2014-VFN[ ], Class B) dated as of [ ] [ ], 2014, among the Issuer and the initial Class B Noteholders.

“Class B Monthly Interest” is defined in Section 4.1(b).

“Class B Monthly Principal” is defined in Section 4.1(d).

“Class B Non-Use Fee” means, with respect to any Class B Lender, the “Class B Non-Use Fee” as defined in the Class B Fee Letter for such Class B Lender Group.

“Class B Note Initial Principal Balance” means \$[ ].

“Class B Note Interest Rate” means a per annum rate equal to the Class B Program Fee Rate plus LIBOR as determined on the LIBOR Determination Date for the applicable Interest Period.

“Class B Note Principal Balance” means, on any date of determination, an amount equal to (a) the Class B Note Initial Principal Balance, plus, (b) the aggregate amount of all Class B Advance Amounts for all Advances relating to the Class B Notes occurring on or prior to such date of determination minus (c) the aggregate amount of principal payments made to the Class B Noteholders on or prior to such date of determination.

“Class B Noteholder” means the Person in whose name a Class B Note is registered in the Note Register.

“Class B Notes” means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-2.

“Class B Pro Rata Percentage” means a fraction, expressed as a percentage, the numerator of which is [ ] and the denominator of which is [ ].



“Class B Program Fee Rate” is defined in the Class B Loan Agreement.

“Class B Rated Additional Amounts” is defined in Section 4.1(b).

“Class B Required Amount” means, for any Payment Date, an amount equal to the excess of the sum of the amounts described in Sections 4.4(a)(vi) through (viii) over Available Finance Charge Collections applied to pay such amount pursuant to Section 4.4(a).

“Class B Senior Unrated Additional Amounts” is defined in Section 4.1(b).

“Class B Subordinated Unrated Additional Amounts” is defined in Section 4.1(b).

“Closing Date” means [ ] [ ], 2014.

“Collateral Amount” means, as of any date of determination, an amount equal to the excess of (a) the sum of (i) the Initial Note Principal Balance, (ii) the Initial Excess Collateral Amount and (iii) the aggregate Advance Amounts for all Advances occurring on or prior to such date of determination over (b) the sum of (i) the amount of principal previously paid to the Series 2014-VFN[ ] Noteholders (other than any principal payments made from funds on deposit in the Spread Account), (ii) the aggregate of all reductions in the Collateral Amount pursuant to Section 4.4(f), and (iii) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursements of such amounts pursuant to Section 4.4(a)(x) prior to such date. Notwithstanding the foregoing, when the Note Principal Balance is reduced to zero, the Collateral Amount shall also equal zero.

“Controlled Amortization Amount” means for any Payment Date with respect to the Controlled Amortization Period, beginning with the first Payment Date following the first Monthly Period during the Controlled Amortization Period and prior to the payment in full of the Note Principal Balance, the Note Principal Balance as of the close of business on the last day of the Revolving Period divided by the applicable Scheduled Controlled Amortization Period Length (with the quotient rounded up to the nearest dollar).

“Controlled Amortization Date” means [ ] 22, 20[ ], or such earlier date, which shall be the first day of a Monthly Period, as may be specified by the Transferor by written notice to the Indenture Trustee and each Managing Agent.

“Controlled Amortization Period” means, unless an Early Amortization Event shall have occurred prior thereto, the period commencing at the opening of business on the Controlled Amortization Date and ending on the earlier to occur of (a) the commencement of the Early Amortization Period and (b) the Final Payment Date.

“Controlled Amortization Shortfall” means, with respect to any Monthly Period during the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount for the previous Monthly Period over the amounts paid pursuant to Section 4.4(c) with respect to the Class A Monthly Principal and the Class B Monthly Principal for the previous Monthly Period.

“Controlled Payment Amount” means, with respect to any Payment Date with respect to the Controlled Amortization Period, the sum of (a) the Controlled Amortization Amount for such Payment Date and (b) any existing Controlled Amortization Shortfall.

“CP Rate” means the “CP Rate” as defined in the Class A Loan Agreement.

“Default Amount” means, as to any Defaulted Account, the amount of Principal Receivables (other than Ineligible Receivables, unless there is an Insolvency Event with respect to Originator or the Transferor) in such Defaulted Account on the day it became a Defaulted Account.

“Default Rate” means a rate per annum equal to the sum of (i) LIBOR as determined on the LIBOR Determination Date for the applicable Interest Period and (ii) a margin of [2.00]% per annum.

“Defaulted Account” means an Account in which there are Charged-Off Receivables.

“Designated Maturity” means, for any LIBOR Determination Date, one month; provided, that the Issuer and the applicable Managing Agents (and, with respect to any Class B Advance, the “Lender” (as defined in the Class B Loan Agreement)) may agree that the Designated Maturity for purposes of determining LIBOR for the initial Interest Period for any Advance may be a maturity other than one month, and if the applicable LIBOR is to be determined by straight-line interpolation, the Issuer and the Managing Agent will notify the Indenture Trustee of the applicable Designated Maturity or Designated Maturities, as applicable, on or prior to the applicable LIBOR Determination Date for such Advance.

“Dilution” means any downward adjustment made by Servicer in the amount of any Transferred Receivable (a) because of a rebate, refund or billing error to an accountholder, (b) because such Transferred Receivable was created in respect of merchandise which was refused or returned by an accountholder or (c) for any other reason other than receiving Collections therefor or charging off such amount as uncollectible.

“Distribution Account” means the account designated as such, established and owned by the Issuer and maintained in accordance with Section 4.2.

“Early Amortization Period” means the period commencing on the date on which a Trust Early Amortization Event or a Series 2014-VFN[ ] Early Amortization Event is deemed to occur and ending on the Final Payment Date.

“Enhancement Reduction Amount” is defined in Section 2.2(b).

“Excess Collateral Amount” means, at any time, the excess of (a) the Collateral Amount over (b) the Note Principal Balance.

“Excess Spread Percentage” means, for any Monthly Period, a percentage equal to (a) the Portfolio Yield for such Monthly Period, minus (b) the Base Rate for such Monthly Period.

“Final Payment Date” means the earliest to occur of (a) the date on which the Note Principal Balance is paid in full, (b) the date on which the Collateral Amount is reduced to zero and (c) the Series Maturity Date.

“Finance Charge Account” means the account designated as such, established and owned by the Issuer and maintained in accordance with Section 4.2.

“Finance Charge Shortfall” is defined in Section 4.8.

“Group One” means Series 2014-VFN[ ] and each other outstanding Series previously or hereafter specified in the related Indenture Supplement to be included in Group One.

“Indenture” is defined in the preamble.

“Indenture Trustee” is defined in the preamble.

“Initial Excess Collateral Amount” means, on any date of determination, an amount equal to (a) \$[ ], plus (b) the aggregate Additional Enhancement Amounts for all Advances occurring on or prior to such date of determination, minus (c) the aggregate Enhancement Reduction Amounts for all Optional Amortizations occurring on or prior to such date of determination.

“Initial Note Principal Balance” means an amount equal to the sum of the Class A Note Initial Principal Balance and the Class B Note Initial Principal Balance.

“Interest Period” means, for any Payment Date, the period from and including the Payment Date immediately preceding such Payment Date (or, in the case of the first Payment Date, from and including the Closing Date) to but excluding such Payment Date; provided that the initial Interest Period with respect to any Advance shall be the period from and including the related Advance Date to but excluding the initial Payment Date on which Monthly Interest is payable with respect to such Advance, as determined in accordance with Section 4.1(e).

“Investment Earnings” means, for any Payment Date, all interest and earnings on Permitted Investments included in the Series Accounts (net of losses and investment expenses) during the period commencing on and including the Payment Date immediately preceding such Payment Date and ending on but excluding such Payment Date.

“Investor Charge-Offs” is defined in Section 4.6.

“Investor Default Amount” means, for any Monthly Period, the sum for all Accounts that became Defaulted Accounts during such Monthly Period (or, with respect to the initial Monthly Period, the sum for all Accounts that became Defaulted Accounts during the period commencing on the Closing Date and continuing through the end of such Monthly Period), of the following amount: the product of (a) the Default Amount with respect to each such Defaulted Account and (b) the Allocation Percentage on the day such Account became a Defaulted Account.

“Investor Finance Charge Collections” means, for any Monthly Period, an amount equal to the aggregate amount of Finance Charge Collections allocated to Series 2014-VFN[ ] pursuant to Section 4.3(a) for all Dates of Processing in such Monthly Period.

“Investor Principal Collections” means, for any Monthly Period (a) during the Revolving Period, the lesser of (i) the aggregate amount of Principal Collections allocated to Series 2014-VFN[ ] pursuant to Section 4.3(b) for all Dates of Processing during such Monthly Period and (ii) the amount of Reallocated Principal Collections that are required to be applied on the related Payment Date, pursuant to Section 4.7, and (b) during the Controlled Amortization Period or the Early Amortization Period, an amount equal to the lesser of (i) the sum of the Required Principal Deposit Amount for such Monthly Period and the amount of Reallocated Principal Collections that are required to be applied on the related Payment Date pursuant to Section 4.7, and (ii) the aggregate amount of Principal Collections allocated to Series 2014-VFN[ ] pursuant to Section 4.3(b) for all Dates of Processing during such Monthly Period; provided that, for any Monthly Period in which the Early Amortization Period commences, the amount described in this clause (ii) shall equal the sum of (x) the lesser of (A) the aggregate amount of Principal Collections allocated to Series 2014-VFN[ ] pursuant to Section 4.3(b) for all Dates of Processing during any portion of the Monthly Period preceding the date on which the Early Amortization Period commences and (B) the sum of the Required Principal Deposit Amount during the portion of such Monthly Period preceding the date on which the Early Amortization Period commences, and the amount of Reallocated Principal Collections that are required to be applied on the related Payment Date pursuant to Section 4.7 plus (y) the aggregate amount of Principal Collections allocated to Series 2014-VFN[ ] pursuant to Section 4.3(b) for all Dates of Processing during any portion of the Monthly Period on and after the commencement of the Early Amortization Period.

“Investor Uncovered Dilution Amount” means, for any Monthly Period, an amount equal to the product of (a) the Series Allocation Percentage for such Monthly Period and (b) the aggregate Dilutions occurring during such Monthly Period as to which any deposit is required to be made but has not been made; provided that, if the Free Equity Amount is greater than zero at the time the deposit referred to in clause (b) is required to be made, the Investor Uncovered Dilution Amount shall be deemed to be zero.

“Issuer” is defined in the preamble.

“LIBOR” means, for any Interest Period, the London interbank offered rate for the period of the Designated Maturity for United States dollar deposits determined by the Indenture Trustee for each Interest Period in accordance with the provisions of Section 4.12.

“LIBOR Determination Date” means the second London Business Day prior to the commencement of each Interest Period; provided that, in the case of (x) the initial Interest Period for any Advance that does not occur on a Payment Date or (y) any portion of an Interest Period for any Lender Interest that begins to accrue interest by reference to LIBOR other than on the first day of such Interest Period, the Issuer and the applicable Managing Agent (or, with respect to any Class B Advance, the applicable “Lender” (as defined in the Class B Loan Agreement) may select a different LIBOR Determination Date and the Issuer shall notify the Indenture Trustee of the applicable LIBOR Determination Date on or prior to the applicable LIBOR Determination Date.

“Loan Agreement” means the Class A Loan Agreement or the Class B Loan Agreement.

“London Business Day” means any day on which dealings in deposits in United States dollars are transacted in the London interbank market.

“Managing Agent” means, with respect to any Class A Lender, the Person identified in the Class A Loan Agreement as the “Managing Agent” for such Class A Lender.

“Minimum Free Equity Percentage” means, for purposes of Series 2014-VFN[ ], [ ]%; provided, that at no time shall the Minimum Free Equity Percentage for Series 2014-VFN[ ] exceed the highest Minimum Free Equity Percentage (as defined in the related indenture supplement) for any outstanding publicly issued Series of Notes rated by Moody’s or S&P.

“Monthly Interest” means, for any Payment Date, the sum of the Class A Monthly Interest and the Class B Monthly Interest for such Payment Date.

“Monthly Period” means, as to each Payment Date, the period beginning on the 22<sup>d</sup> day of the second preceding calendar month and ending on the 2<sup>st</sup> day of the immediately preceding calendar month.

“Monthly Principal” means, on any Payment Date, the sum of the Class A Monthly Principal and the Class B Monthly Principal for such Payment Date.

“Monthly Principal Reallocation Amount” means, for any Transfer Date, an amount equal to the sum of:

(a) the lesser of (i) the Class A Required Amount for the related Payment Date and (ii) (x) the sum of the Class B Note Principal Balance and the Initial Excess Collateral Amount minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the previous Payment Date) and (II) any reductions to the Collateral Amount pursuant to Section 4.4(f), but not less than zero; and

(b) the lesser of (i) the Class B Required Amount for the related Payment Date and (ii) (x) the Initial Excess Collateral Amount minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the previous Payment Date and as required in clause (a) above) and (II) any reductions to the Collateral Amount pursuant to Section 4.4(f), but not less than zero.

“Non-Use Fees” means, for any date of determination, the sum of (x) the Class A Non-Use Fee and (y) the Class B Non-Use Fee.

“Note Principal Balance” means, on any date of determination, an amount equal to the sum of the Class A Note Principal Balance and the Class B Note Principal Balance for such date of determination.

“Noteholder Servicing Fee” means, for any Transfer Date, an amount equal to one-twelfth of the product of (a) the Series Servicing Fee Percentage and (b) the Collateral Amount as of the last day of the Monthly Period preceding such Transfer Date; provided however, that with respect to the first Transfer Date, the Noteholder Servicing Fee shall be calculated based on the Collateral Amount as of the Closing Date and shall be pro rated for the number of days in the period beginning on the Closing Date and ending on [ ] 21, 2014.

“Numerator Reset Date” means any Advance Date or Optional Amortization Date.

“Optional Amortization” is defined in Section 2.2(b).

“Optional Amortization Amount” is defined in Section 2.2(b).

“Optional Amortization Date” is defined in Section 2.2(b).

“Optional Amortization Notice” is defined in Section 2.2(c).

“Payment Date” means [ ] 15, 2014 and the 15<sup>th</sup> day of each calendar month thereafter, or if such 15<sup>th</sup> day is not a Business Day, the next succeeding Business Day.

“Portfolio Yield” means, for any Monthly Period, the annualized percentage equivalent of a fraction, (a) the numerator of which is equal to the excess of (i) the Available Finance Charge Collections (excluding any Series 2014-VFN[ ] Excess Finance Charge Collections) for such Monthly Period, over (ii) the Investor Default Amount and the Investor Uncovered Dilution Amount for such Monthly Period and (b) the denominator of which is the Collateral Amount as of the close of business on the last day of such Monthly Period; provided, however, that with respect to a Monthly Period in which a Numerator Reset Date occurs, the denominator shall equal the Weighted Average Collateral Amount for such Monthly Period.

“Principal Account” means the account designated as such, established and owned by the Issuer and maintained in accordance with Section 4.2.

“Principal Shortfall” is defined in Section 4.9.

“Quarterly Excess Spread Percentage” means with respect to any Payment Date, the percentage equivalent of a fraction the numerator of which is the sum of the Excess Spread Percentages determined with respect to the Monthly Periods relating to such Payment Date and the immediately preceding two Payment Dates and the denominator of which is three.

“Rated Additional Amounts” means, for any Payment Date, the sum of any Class A Rated Additional Amounts and any Class B Rated Additional Amounts for such Payment Date.

“Reallocated Principal Collections” means, for any Transfer Date, Principal Collections allocated to Series 2010-VFN1 Noteholders that are applied in accordance with Section 4.7 in an amount not to exceed the Monthly Principal Reallocation Amount for such Transfer Date.

“Record Date” means, for purposes of Series 2014-VFN[ ] with respect to any Payment Date, the date falling five Business Days prior to such date.

“Redemption Amount” means, for any Transfer Date, after giving effect to any deposits and payments otherwise to be made on the related Payment Date, the sum of (i) the Note Principal Balance on the related Payment Date, (ii) Monthly Interest for the related Payment Date and any Monthly Interest previously due but not paid to the Series 2014-VFN[ ] Noteholders, (iii) the amount of Additional Amounts, if any, for the related Payment Date and any Additional Amounts previously due but not distributed to the Series 2014-VFN[ ] Noteholders on any prior Payment Date, and (iv) the amount of Non-Use Fees, if any, for the related Payment Date and any Non-Use Fees previously due but not paid to the Series 2014-VFN[ ] Noteholders on any prior Payment Date.

“Reference Banks” means four major banks in the London interbank market selected by the Servicer.

“Removal Date” means a “Removal Date” as such term is defined in the Transfer Agreement.

“Required Deposit Amount” means, with respect to Series 2014-VFN[ ], for any Monthly Period, the sum of (a) the Required Finance Charge Deposit Amount for such Monthly Period as most recently determined, (b) the Required Principal Deposit Amount for such Monthly Period as most recently determined and (c) if there is any outstanding Optional Amortization Amount, the amount of any outstanding Optional Amortization Amount over the amount deposited to the Collection Account with respect to such Optional Amortization Amount.

“Required Excess Collateral Amount” means, at any time, the product of (i) [ ]% times (ii) the quotient of (x) the Note Principal Balance divided by (y) [ ]%; provided that:

(a) except as provided in clause (c), the Required Excess Collateral Amount shall never be less than [ ]% of the Collateral Amount as of the last day of the Revolving Period;

(b) except as provided in clause (c), the Required Excess Collateral Amount shall not decrease during an Early Amortization Period; and

(c) the Required Excess Collateral Amount shall never be greater than the Note Principal Balance.

“Required Finance Charge Deposit Amount” means, with respect to Series 2014-VFN[ ], for any Monthly Period, the sum of (a) the fees payable to the Indenture Trustee, the Trustee and the Administrator on the related Payment Date, (b) the Monthly Interest on the related Payment Date, pursuant to Section 4.4, (c) the Noteholder Servicing Fee, (d) Additional Amounts, if any, payable on the related Payment Date, (e) the Non-Use Fees, if any, payable on the related Payment Date (but only to the extent that such Non-Use Fees are not reasonably expected to be paid by the Transferor on or prior to such Payment Date or any Non-Use Fees remain unpaid for any prior Payment Date), (f) the amount, if any, described in Section 4.4(a)(x) for the related Payment Date, (g) if on such Date of Processing the Free Equity Amount is less than the Minimum Free Equity Amount after giving effect to all transfers and deposits on that Date of Processing, the Investor Default Amount and (h) any amount required to be deposited in the Spread Account on the related Payment Date. To the extent any data needed to calculate the

Required Finance Charge Deposit Amount is not available on any Date of Processing, the Issuer shall use the corresponding data as most recently determined or other reasonable estimate of such data until the required data is available (which shall be no later than the Transfer Date in the following Monthly Period). Without limiting the foregoing, (x) for purposes of determining the Monthly Interest on any Date of Processing on which the applicable LIBOR or CP Rate, as applicable, has not been determined, the applicable LIBOR or CP Rate, as applicable, shall be estimated based on the assumption that LIBOR or the CP Rate, as applicable, will equal LIBOR as determined on the LIBOR Determination Date for the current Interest Period and the CP Rate as determined for the prior Interest Period (to the extent such rate was determined for the prior Interest Period), *multiplied by 1.25* and (y) for purposes of determining the Investor Default Amount on any Date of Processing, the Investor Default Amount shall be estimated based on the assumption that the Investor Default Amount for the current Monthly Period will equal the Investor Default Amount for the prior Monthly Period *multiplied by 1.25*.

“Required Principal Deposit Amount” means, with respect to Series 2014-VFN[ ], for any Monthly Period, an amount equal to (a) during the Revolving Period, zero, (b) during the Controlled Amortization Period, the Controlled Payment Amount for the related Payment Date, and (c) during the Early Amortization Period, the Note Principal Balance.

“Required Spread Account Amount” means for the [ ] 2014 Payment Date, zero, and for any Payment Date thereafter, the product of (i) the Spread Account Percentage in effect on such date and (ii) during (x) the Revolving Period, the Collateral Amount, and (y) the Controlled Amortization Period or the Early Amortization Period, the Collateral Amount as of the last day of the Revolving Period; provided that, prior to the occurrence of an Event of Default and acceleration of the Series 2014-VFN[ ] Notes, the Required Spread Account Amount shall never exceed the Class B Note Principal Balance (after taking into account any payments to be made on such Payment Date).

“Reset Date” means:

- (a) each Addition Date;
- (b) each Removal Date on which, if any Series of Notes has been paid in full, Principal Receivables for that Series are removed from the Trust;
- (c) each date on which there is an increase in the outstanding balance of any Variable Interest, including any Advance for Series 2014-[ ]; and
- (d) each date on which a new Series or Class of Notes is issued.

“Revolving Period” means the period beginning on the Closing Date and ending at the close of business on the day immediately preceding the earlier of the day the Controlled Amortization Period commences or the day the Early Amortization Period commences.

“Scheduled Controlled Amortization Period Length” means the number of Monthly Periods in the period beginning on the Controlled Amortization Date and ending on the last day of the Monthly Period preceding the Scheduled Final Payment Date.



“Scheduled Final Payment Date” means the Payment Date falling in [ ] 20[ ].

“Series Accounts” is defined in Section 4.2.

“Series Allocation Percentage” means, (a) with respect to any date of determination, the percentage equivalent of a fraction, the numerator of which is the numerator used in determining the Allocation Percentage for Finance Charge Collections for such date of determination and the denominator of which is the sum of the numerators used in determining the Allocation Percentage for Finance Charge Collections for all outstanding Series on such date of determination; and (b) with respect to any Monthly Period, the daily average of the Series Allocation Percentage for all dates during such Monthly Period.

“Series Maturity Date” means, with respect to Series 2014-VFN[ ], the [ ] 20[ ] Payment Date.

“Series Servicing Fee Percentage” means [2]% per annum.

“Series 2014-VFN[ ]” means the Series of Notes the terms of which are specified in this Indenture Supplement.

“Series 2014-VFN[ ] Early Amortization Event” is defined in Section 6.1.

“Series 2014-VFN[ ] Excess Finance Charge Collections” means Excess Finance Charge Collections allocated from other Series in Group One to Series 2014-VFN[ ] pursuant to Section 8.6 of the Indenture.

“Series 2014-VFN[ ] Note” means a Class A Note or a Class B Note.

“Series 2014-VFN[ ] Noteholder” means a Class A Noteholder or a Class B Noteholder.

“Spread Account” means the account designated as such, established and owned by the Issuer and maintained in accordance with Section 4.2.

“Spread Account Deficiency” means the excess, if any, of the Required Spread Account Amount over the Available Spread Account Amount.

“Spread Account Percentage” means, with respect to any Payment Date (i) [0]% if the Quarterly Excess Spread Percentage on such Payment Date is greater than or equal to 5.00%, (ii) [2.00]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 5.00% and greater than or equal to 4.50%, (iii) [2.50]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 4.50% and greater than or equal to 4.00%, (iv) [3.50]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 4.00% and greater than or equal to 3.50%, (v) [4.50]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 3.50% and greater than or equal to 3.00%, (vi) [5.50]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 3.00% and greater than or equal to 2.50%, (vii) [6.50]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 2.50% and greater than or equal to 1.50%, (viii) [7.50]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 1.50% and greater than or equal to 0.50% and (ix) [8.50]% if the Quarterly Excess Spread Percentage on such Payment Date is less than 0.50%.

“Surplus Collateral Amount” means, with respect to any Payment Date, at any time, the excess, if any, of the Excess Collateral Amount over the Required Excess Collateral Amount, in each case, calculated after giving effect to any payments of principal on such Payment Date and any reductions for Enhancement Reduction Amounts, but before giving effect to any reduction in the Collateral Amount on such Payment Date pursuant to Section 4.4(f).

“Trust” is defined in the preamble.

“Weighted Average Collateral Amount” means, with respect to any Monthly Period, the quotient of (a) the summation of the Collateral Amount determined as of each day in such Monthly Period, divided by (b) the number of days in such Monthly Period.

SECTION 1.2. Incorporation of Terms. The terms of the Indenture are incorporated in this Supplement as if set forth in full herein. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and both together shall be read, taken and construed as one and the same agreement. If the terms of this Indenture Supplement and the terms of the Indenture conflict, the terms of this Indenture Supplement shall control with respect to the Series 2014-VFN[  ].

## ARTICLE II CREATION OF THE SERIES 2014-VFN[  ] NOTES

### SECTION 2.1. Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Indenture and this Indenture Supplement to be known as GE Capital Credit Card Master Note Trust, Series 2014-VFN[  ] or the “Series 2014-VFN[  ] Notes.” The Series 2014-VFN[  ] Notes shall be issued in two Classes, known as the “Class A Series 2014-VFN[  ] Floating Rate Asset Backed Notes” and the “Class B Series 2014-VFN[  ] Floating Rate Asset Backed Notes.” Series 2014-VFN[  ] shall be a Variable Interest.

(b) The Class A Notes may from time to time evidence separate “Lender Interests” under and as defined in the Class A Loan Agreement (each, a “Class A Lender Interest”) which shall be identical in all respects, except for their respective maximum principal balances, the respective amounts of the Class A Note Principal Balance allocated to each Class A Lender Interest and certain matters relating to the rate and payment of interest. The initial allocation of Class A Notes among Class A Lender Interests shall be made, and reallocations among such Class A Lender Interests or new Class A Lender Interests may be made, as provided in the Class A Loan Agreement.

(c) Series 2014-VFN[  ] shall be included in Group One and shall be a Principal Sharing Series. Series 2014-VFN[  ] shall be an Excess Allocation Series with respect to Group One only. Series 2014-VFN[  ] shall not be subordinated to any other Series.

SECTION 2.2. Advances and Optional Amortizations

(a) On any Business Day during the Revolving Period, the Issuer may in its discretion, but subject to the satisfaction of the conditions precedent specified in each Loan Agreement, request the Series 2014-VFN[ ] Noteholders to make Advances, which shall be allocated among the Class A Notes and the Class B Notes, based on the Class A Pro Rata Percentage and the Class B Pro Rata Percentage, respectively. Automatically upon the funding to the Issuer of the aggregate Advance Amounts, the Collateral Amount shall increase by the amount of the Advance Amount, plus such additional amount (an "Additional Enhancement Amount") as may be necessary so that, after giving effect to the Advance, the Excess Collateral Amount would not be less than the Required Excess Collateral Amount.

(b) Subject to Section 2.2(c), on any Business Day in the Revolving Period or the Controlled Amortization Period, the Issuer may, in its discretion but subject to the consent of the Series 2014-VFN[ ] Noteholders and the conditions precedent in the Class A Loan Agreement and Class B Loan Agreement, cause a full or partial amortization (an "Optional Amortization") of the Class A Notes and the Class B Notes (such date, an "Optional Amortization Date") with any unrestricted funds of the Issuer or the Transferor that are designated (in their sole discretion) to make such amortization ("Additional Funds") and, to the extent necessary, Available Principal Collections in an amount (the "Optional Amortization Amount") specified in the Optional Amortization Notice delivered pursuant to Section 2.2(c); provided, that the Issuer shall not designate an Optional Amortization Date for any Business Day on which there would not be sufficient Shared Principal Collections to cover all "Principal Shortfalls" (as defined in the respective indenture supplements) for all outstanding Series of Notes in Amortization Periods (excluding any such "Principal Shortfall" relating to an optional amortization amount for such Series) unless the Issuer elects to use (in its sole discretion) only Additional Funds to pay all of such Optional Amortization Amount. The Optional Amortization Amount shall be allocated among the Class A Notes and the Class B Notes, based on the Class A Pro Rata Percentage and the Class B Pro Rata Percentage, respectively. Automatically upon the payment of any Optional Amortization Amount, the Collateral Amount shall decrease by an amount equal to the sum of (i) the related Optional Amortization Amount, and (ii) an additional amount specified in the Optional Amortization Notice (an "Enhancement Reduction Amount") so long as, after giving effect to such reduction, the Excess Collateral Amount would not be less than the Required Excess Collateral Amount.

(c) Not later than 12:00 noon (New York City time) on the second Business Day preceding an Optional Amortization Date, the Issuer shall deliver to the Trustee, the Indenture Trustee, and each Series 2014-VFN[ ] Noteholder a written notice of optional amortization substantially in the form of Exhibit C (an "Optional Amortization Notice") requesting an Optional Amortization and specifying a proposed Optional Amortization Amount, the Optional Amortization Date and the Enhancement Reduction Amount. The Series 2014-VFN[ ] Noteholders may agree to such proposed Optional Amortization by countersigning and returning such notice by 12:00 noon (New York City time) on the next Business Day.

**ARTICLE III  
REPRESENTATIONS, WARRANTIES AND COVENANTS**

SECTION 3.1. Representations, Warranties and Covenants with respect to Receivables. The parties hereto agree that the representations, warranties and covenants set forth in Schedule I shall be a part of this Indenture Supplement for all purposes.

**ARTICLE IV  
RIGHTS OF SERIES 2014-VFN[ ] NOTEHOLDERS AND ALLOCATION AND  
APPLICATION OF COLLECTIONS**

SECTION 4.1. Determination of Interest and Principal: Additional Amounts.

(a) The amount of monthly interest ("Class A Monthly Interest") due and payable with respect to the Class A Notes on any Payment Date shall be equal to the aggregate amount of interest accrued on each Class A Funding Tranche on each day during the related Interest Period (plus any underpayment of interest on the prior Payment Date as a result of the estimation referred to below and minus any overpayment of interest on the prior Payment Date as a result of the estimation referred to below). For purposes of such determination, the Issuer shall rely upon information provided by the various Managing Agents on behalf of the related Class A Noteholders pursuant to the Class A Loan Agreement including estimates of the interest to accrue on any Class A Funding Tranche through the related Payment Date. The interest accrued on each Class A Funding Tranche shall be computed for each day as the product of (i) 1/360, (ii) the Class A Note Interest Rate in effect for such Class A Funding Tranche on such day and (iii) the portion of the Class A Note Principal Balance included in such Class A Funding Tranche as of the close of business on such day. With respect to each Payment Date, the Issuer shall determine the excess, if any (the "Class A Deficiency Amount"), of (x) the aggregate amount of Class A Monthly Interest payable pursuant to this Section 4.1(a) as of the prior Payment Date over (y) the amount of Class A Monthly Interest actually paid on such Payment Date. If the Class A Deficiency Amount for any Payment Date is greater than zero, on each subsequent Payment Date until such Class A Deficiency Amount is fully paid, an additional amount ("Class A Additional Interest") equal to the product of (i) a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, (ii) the Default Rate and (iii) such Class A Deficiency Amount (or the portion thereof which has not been paid to the Class A Noteholders) shall be payable as provided herein with respect to the Class A Notes. Notwithstanding anything to the contrary herein, Class A Additional Interest shall be payable or distributed to the Class A Noteholders only to the extent permitted by applicable law.

In addition to Class A Monthly Interest, each Class A Noteholder shall be entitled to receive a Class A Non-Use Fee with respect to each Interest Period (or portion thereof) occurring prior to the last day of the Revolving Period.

Class A Additional Amounts payable on any Payment Date, so long as they equal less than [0.25]% of the Weighted Average Collateral Amount over the related Interest Period, shall constitute "Class A Rated Additional Amounts." Any Class A Additional Amounts payable on any Payment Date in excess of the foregoing limitation, so long as they equal less than [0.125]%

of the Weighted Average Collateral Amount over the related Interest Period, shall constitute “Class A Senior Unrated Additional Amounts” and any Class A Additional Amounts in excess of the Class A Rated Additional Amounts and Class A Senior Unrated Additional Amounts shall constitute “Class A Subordinated Unrated Additional Amounts.”

(b) The amount of monthly interest (“Class B Monthly Interest”) due and payable with respect to the Class B Notes on any Payment Date shall be equal to the aggregate amount of interest accrued on each Class B Note Principal Balance on each day during the related Interest Period, computed for each date as the product of (i) 1/360, (ii) the Class B Note Interest Rate in effect for such day and (iii) the Class B Note Principal Balance as of the close of business on such day. With respect to each Payment Date, the Issuer shall determine the excess, if any (the “Class B Deficiency Amount”), of (x) the aggregate amount of Class B Monthly Interest payable pursuant to this Section 4.1(b) as of the prior Payment Date over (y) the amount of Class B Monthly Interest actually paid on such Payment Date. If the Class B Deficiency Amount for any Payment Date is greater than zero, on each subsequent Payment Date until such Class B Deficiency Amount is fully paid, an additional amount (“Class B Additional Interest”) equal to the product of (i) a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, (ii) the Default Rate and (iii) such Class B Deficiency Amount (or the portion thereof which has not been paid to the Class B Noteholders) shall be payable as provided herein with respect to the Class B Notes. Notwithstanding anything to the contrary herein, Class B Additional Interest shall be payable or distributed to the Class B Noteholders only to the extent permitted by applicable law.

In addition to Class B Monthly Interest, each Class B Noteholder shall be entitled to receive a Class B Non-Use Fee with respect to each Interest Period (or portion thereof) occurring prior to the last day of the Revolving Period.

Class B Additional Amounts payable on any Payment Date, so long as they equal less than 0.25% of the Weighted Average Collateral Amount over the related Interest Period, shall constitute “Class B Rated Additional Amounts.” Any Class B Additional Amounts payable on any Payment Date in excess of the foregoing limitation, so long as they equal less than 0.125% of the Weighted Average Collateral Amount over the related Interest Period, shall constitute “Class B Senior Unrated Additional Amounts” and any Class B Additional Amounts in excess of the Class B Rated Additional Amounts and Class B Senior Unrated Additional Amounts shall constitute “Class B Subordinated Unrated Additional Amounts.”

(c) The amount of monthly principal (“Class A Monthly Principal”) with respect to the Class A Notes (i) on or prior to each Payment Date, beginning with the Payment Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the Available Principal Collections on deposit in the Principal Account with respect to the related Monthly Period, (y) the Class A Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on or prior to such Payment Date pursuant to Sections 4.4(a)(x), 4.6 and 4.7) or (ii) on or prior to each Payment Date, beginning with the Payment Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to such Payment Date) shall be equal to the least of (w) the Class A Pro Rata Percentage of Available Principal Collections on deposit in

the Principal Account with respect to the related Monthly Period, (x) the Class A Pro Rata Percentage of the Controlled Payment Amount for such Payment Date, (y) the Class A Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on such Payment Date pursuant to Sections 4.4(a)(x), 4.6 and 4.7).

(d) The amount of monthly principal ("Class B Monthly Principal") with respect to the Class B Notes (i) on or prior to each Payment Date, beginning with the Payment Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to the related Monthly Period, over the portion of such Available Principal Collections applied to Class A Monthly Principal on such Payment Date, (y) the Class B Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on such Payment Date pursuant to Sections 4.4(a)(x), 4.6 and 4.7, and after subtracting the Class A Monthly Principal to be paid on such Payment Date) or (ii) on or prior to each Payment Date, beginning with the Payment Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to such Payment Date) shall be equal to the least of (w) the Class B Pro Rata Percentage of Available Principal Collections on deposit in the Principal Account with respect to the related Monthly Period, (x) the Class B Pro Rata Percentage of the Controlled Payment Amount for such Payment Date, (y) the Class B Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on such Payment Date pursuant to Sections 4.4(a)(x), 4.6 and 4.7 and after subtracting the Class A Monthly Principal to be paid on such Payment Date).

(e) Notwithstanding anything to the contrary in this Indenture Supplement or any Loan Agreement, in the case of any Advance, the portion of Monthly Interest accrued in respect of the related Advance Amount during the Interest Period in which such Advance occurs will be payable on an initial Payment Date agreed between the Issuer and the related Managing Agents (and, with respect to any Class B Advance, the "Lender" (as defined in the Class B Loan Agreement)), and the Issuer shall notify the Indenture Trustee of the initial Payment Date and the length of the initial Interest Period for such Advance on or prior to the related Advance Date.

#### SECTION 4.2. Establishment of Accounts.

(a) As of the Closing Date, the Issuer covenants to have established and shall thereafter maintain the Finance Charge Account, the Principal Account, the Distribution Account and the Spread Account (collectively, the "Series Accounts"), each of which shall be an Eligible Deposit Account.

(b) If the depository institution wishes to resign as depository of any of the Series Accounts for any reason or fails to carry out the instructions of the Issuer for any reason, then the Issuer shall promptly notify the Indenture Trustee on behalf of the Noteholders.

(c) On or before the Closing Date, the Issuer shall enter into a depository agreement to govern the Series Accounts pursuant to which such accounts are continuously identified in the depository institution's books and records as subject to a security interest in favor of the Indenture Trustee on behalf of the Noteholders and, except as may be expressly provided herein to the contrary, in order to perfect the security interest of the

Indenture Trustee on behalf of the Noteholders under the UCC, the Indenture Trustee on behalf of the Noteholders shall have the power to direct disposition of the funds in the Series Accounts without further consent by the Issuer; provided however, that prior to the delivery by the Indenture Trustee on behalf of the Noteholders of notice otherwise, the Issuer shall have the right to direct the disposition of funds in the Series Accounts; provided further that the Indenture Trustee on behalf of the Noteholders agrees that it will not deliver such notice or exercise its power to direct disposition of the funds in the Series Accounts unless an Event of Default has occurred and is continuing.

(d) The Issuer shall not close any of the Series Accounts unless it shall have (i) received the prior consent of the Indenture Trustee on behalf of the Noteholders, (ii) established a new Eligible Deposit Account with the depository institution or with a new depository institution satisfactory to the Indenture Trustee on behalf of the Noteholders, (iii) entered into a depository agreement to govern such new account(s) with such new depository institution which agreement is satisfactory in all respects to the Indenture Trustee on behalf of the Noteholders (whereupon such new account(s) shall become the applicable Series Account(s) for all purposes of this Indenture Supplement), and (iv) taken all such action as the Indenture Trustee on behalf of the Noteholders shall reasonably require to grant and perfect a first priority security interest in such account(s) under this Indenture Supplement.

(e) For so long as the Series 2014-VFN[ ] Notes are outstanding, the reference to “each Rating Agency, if any” in the parenthetical that appears in clause (x) of the third paragraph of Section 8.4(a) of the Indenture shall be deemed to refer to the Managing Agents in so far as Section 8.4 of the Indenture applies to Collections allocated to Series 2014-VFN[ ].

#### SECTION 4.3. Calculations and Series Allocations.

(a) Allocations of Finance Charge Collections. On each Date of Processing, the Issuer shall allocate to the Noteholders of Series 2014-VFN[ ] an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate Finance Charge Collections processed on such Date of Processing. At or prior to 12:00 noon, New York City time, on each Transfer Date, the Issuer shall transfer from the Collection Account to the Finance Charge Account, an amount equal to the lesser of the Available Finance Charge Collections for the preceding Monthly Period and the Required Finance Charge Deposit Amount for the preceding Monthly Period (excluding any portion of the Required Finance Charge Deposit Amount described in clauses (f) and (g) of the definition of Required Finance Charge Deposit Amount).

(b) Allocations of Principal Collections. On each Date of Processing, the Issuer shall allocate to the Noteholders of Series 2014-VFN[ ] an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate amount of Principal Collections processed on such Date of Processing. Principal Collections allocated to Series 2014-VFN[ ] during any Monthly Period in excess of the Investor Principal Collections shall be (i) first, if any Optional Amortization Amounts are outstanding (after giving effect to the deposit of any Additional Funds), deposited in the Principal Account for application, to the extent necessary, to the payment of such Optional Amortization Amounts, and (ii) second, applied as Shared Principal Collections. At or prior to 12:00 noon, New York City time, on each Transfer Date, the Issuer

shall transfer from the Collection Account to the Principal Account, an amount equal to the Available Principal Collections to the extent such funds have not been deposited into the Principal Account pursuant to Section 4.4(a) or any other provision of this Agreement.

(c) Calculations and Additional Deposits on Transfer Date. With respect to each Monthly Period falling in the Revolving Period, to the extent that Principal Collections allocated to the Noteholders of Series 2014-VFN[ ] pursuant to Section 4.3(b) are paid to the holder(s) of the Transferor Interest, the Issuer shall cause the holder(s) of the Transferor Interest to make an amount equal to the Reallocated Principal Collections for the related Transfer Date available on that Transfer Date for application in accordance with Section 4.7. Notwithstanding the provisions of Section 8.4(a) of the Indenture allowing Collections for any Monthly Period in excess of the Aggregate Required Deposit Amount for such Monthly Period to be distributed to the holder(s) of the Transferor Interest, Collections of Finance Charge Receivables allocated to the Series 2014-VFN[ ] Noteholders issued pursuant to this Indenture Supplement during that Monthly Period that were released to the holder(s) of the Transferor Interest pursuant to Section 8.4(a) of the Indenture shall be deemed, for purposes of all calculations under this Indenture Supplement, to have been applied as Available Finance Charge Collections to the items specified in Section 4.4(a) to which such amounts would have been applied (and in the priority in which they would have been applied) had such amounts been available in the Collection Account on the related Payment Date. To avoid doubt, the calculations referred to in the preceding sentence include the calculations required by clause (b)(iii) of the definition of Collateral Amount. If on any Transfer Date the Free Equity Amount is less than the Minimum Free Equity Amount after giving effect to all transfers and deposits on that Transfer Date, the Issuer shall cause the holder(s) of the Transferor Interest, on that Transfer Date, to deposit into the Principal Account funds in an amount equal to the amounts of Available Finance Charge Collections that are required to be treated as Available Principal Collections pursuant to Sections 4.4(a)(ix) and (x) but are not available from funds in the Finance Charge Account as a result of the release of Collections to the holder(s) of the Transferor Interest pursuant to Section 8.4(a) of the Indenture.

(d) Notwithstanding anything to the contrary contained in the Agreement, (i) funds required to be deposited into the Finance Charge Account or Principal Account pursuant to this Indenture Supplement that would be subsequently transferred to the Distribution Account may instead be directly deposited to the Distribution Account, and (ii) any funds required to be deposited into the Finance Charge Account or Principal Account pursuant to this Indenture Supplement that would be subsequently transferred to the Issuer or the holder(s) of the Transferor Interest shall not be required to be transferred to any Series Account and may be directly paid to the Issuer or the holder(s) of the Transferor Interest pursuant to the priority of payments set forth in this Indenture Supplement.

(e) Allocations of Interchange. Notwithstanding anything to the contrary in Section 4.3(a) or the Indenture, Interchange for each Monthly Period shall be allocated to the Noteholders of the Series issued pursuant to this Indenture Supplement based on the daily average of the Allocation Percentages for Finance Charge Collections for all dates during such Monthly Period, and shall be deposited into the Collection Account not later than 12:00 noon, New York City time, on the Payment Date following the related Monthly Period.



SECTION 4.4. Application of Available Finance Charge Collections and Available Principal Collections. On or prior to each Transfer Date or related Payment Date, as applicable, the Issuer shall withdraw, to the extent of available funds, the amount required to be withdrawn from the Finance Charge Account, the Principal Account and the Distribution Account as follows:

(a) On or prior to each Payment Date, an amount equal to the Available Finance Charge Collections with respect to the related Monthly Period will be paid or deposited in the following priority from funds on deposit in the Finance Charge Account:

(i) to pay, on a pari passu basis, the following amounts to the extent allocated to Series 2014-VFN[] pursuant to Section 8.4(d) of the Indenture: (A) accrued and unpaid fees and other amounts owed to the Indenture Trustee up to a maximum amount of \$25,000 for each calendar year shall be deposited into the Distribution Account, (B) the accrued and unpaid fees and other amounts owed to the Trustee up to a maximum amount of \$25,000 for each calendar year shall be deposited into the Distribution Account and (C) the accrued and unpaid fees and other amounts owed to the Administrator up to a maximum amount of \$25,000 for each calendar year shall be deposited into the Distribution Account;

(ii) an amount equal to the Noteholder Servicing Fee for such Transfer Date, plus the amount of any Noteholder Servicing Fee previously due but not paid to the Servicer on a prior Transfer Date, shall be deposited to the Distribution Account;

(iii) an amount equal to Class A Monthly Interest for such Payment Date, plus any Class A Deficiency Amount, plus the amount of any Class A Additional Interest for such Payment Date, plus the amount of any Class A Additional Interest previously due but not paid to Class A Noteholders on a prior Payment Date, shall be deposited to the Distribution Account;

(iv) to the extent not otherwise paid by or on behalf of the Transferor, an amount sufficient to pay the unpaid Class A Non-Use Fee, if any, for the related Interest Period plus any Class A Non-Use Fee due but not paid to the Class A Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(v) an amount sufficient to pay the Class A Rated Additional Amounts, if any, for the related Interest Period plus any Class A Rated Additional Amounts due but not paid to the Class A Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(vi) an amount equal to Class B Monthly Interest for such Payment Date, plus any Class B Deficiency Amount, plus the amount of any Class B Additional Interest for such Payment Date, plus the amount of any Class B Additional Interest previously due but not paid to Class B Noteholders on a prior Payment Date, shall be deposited to the Distribution Account;

(vii) to the extent not otherwise paid by or on behalf of the Transferor, an amount sufficient to pay the unpaid Class B Non-Use Fee, if any, for the related Interest Period plus any Class B Non-Use Fee due but not paid to the Class B Noteholders on any prior Payment Date shall be paid to the Issuer;

(viii) an amount sufficient to pay the Class B Rated Additional Amounts, if any, for the related Interest Period, plus any Class B Rated Additional Amounts due but not paid to the Class B Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(ix)(A) first, an amount equal to the Investor Default Amount for such Payment Date shall be treated as a portion of Available Principal Collections for such Payment Date and (B) second, an amount equal to any Investor Uncovered Dilution Amount for such Payment Date shall be treated as a portion of Available Principal Collections for such Payment Date, and any amounts treated as Available Principal Collections pursuant to subclause (A) or (B) of this clause (ix) during the Controlled Amortization Period or the Early Amortization Period, shall be deposited into the Principal Account on the related Payment Date;

(x) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this Section 4.4(a)(x) shall be treated as a portion of Available Principal Collections for such Payment Date and, during the Controlled Amortization Period or Early Amortization Period, shall be deposited into the Principal Account on such Payment Date;

(xi) an amount equal to the amounts required to be deposited in the Spread Account pursuant to Section 4.10(e) shall be deposited into the Spread Account;

(xii) an amount sufficient to pay the aggregate Class A Senior Unrated Additional Amounts, if any, for the related Interest Period, plus any Class A Senior Unrated Additional Amounts due but not paid to the Class A Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(xiii) an amount sufficient to pay the aggregate Class B Senior Unrated Additional Amounts, if any, for the related Interest Period, plus any Class B Senior Unrated Additional Amounts due but not paid to the Class B Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(xiv) [reserved];

(xv) an amount sufficient to pay the aggregate Class A Subordinated Unrated Additional Amounts, if any, for the related Interest Period, plus any Class A Subordinated Unrated Additional Amounts due but not paid to the Class A Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(xvi) an amount sufficient to pay the aggregate Class B Subordinated Unrated Additional Amounts, if any, for the related Interest Period, plus any Class B Subordinated Unrated Additional Amounts due but not paid to the Class B Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(xvii) unless such Payment Date is during the Early Amortization Period, on a pari passu basis any amounts owed to such Persons listed in clause (i) above that have been allocated to Series 2014-VFN[ ] pursuant to Section 8.4(d) of the Indenture and that have not been paid pursuant to clause (i) above shall be paid to such Persons; and

(xviii) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Payment Date and will be applied in accordance with Section 8.6 of the Indenture; provided that during an Early Amortization Period, if any such Excess Finance Charge Collections would be distributed to the Transferor, first shall be used to pay Monthly Principal pursuant to Section 4.4(c) to the extent not paid in full from Available Principal Collections (calculated without regard to amounts available to be treated as Available Principal Collections pursuant to this clause (xviii)), second, shall be used to pay on a pari passu basis any amounts owed to such Persons listed in clause (i) above that have been allocated to Series 2014-VFN[ ] pursuant to Section 8.4(d) of the Indenture and that have not been paid pursuant to clauses (i) and (xvii) above, and, third, any amounts remaining after payment in full of the Monthly Principal and amounts owed to such Persons listed in clause (i) above shall be paid to the Issuer.

The Issuer shall deposit all amounts received pursuant to clauses (iv), (v), (vii), (viii), (xii), (xiii), (xiv), (xv), and (xvi) above into the Distribution Account on such Payment Date.

(b) On or prior to each Payment Date with respect to the Revolving Period that is an Optional Amortization Date, an amount equal to the Available Principal Collections for the related Monthly Period shall be withdrawn from the Principal Account and, together with any Additional Funds, shall be deposited into the Distribution Account and applied as follows: (i) an amount equal to the Optional Amortization Amount shall be paid to the Class A Noteholders and the Class B Noteholders, as specified in Section 2.2(b), and (ii) any remaining Available Principal Collections shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(c) On or prior to each Payment Date, with respect to the Controlled Amortization Period or the Early Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period together with any Additional Funds shall be paid or deposited in the following order of priority from funds on deposit in the Principal Account:

(i) an amount equal to the Class A Monthly Principal for such Payment Date shall be deposited into the Distribution Account and on such Payment Date shall be paid to the Class A Noteholders until the Class A Note Principal Balance has been paid in full;

(ii) an amount equal to the Class B Monthly Principal for such Payment Date shall be deposited into the Distribution Account and on such Payment Date shall be paid to the Class B Noteholders until the Class B Note Principal Balance has been paid in full;

(iii) an amount equal to the Optional Amortization Amount, if any, for such Payment Date shall be deposited into the Distribution Account and on such Payment Date shall be paid to the Class A Noteholders and the Class B Noteholders as specified in Section 2.2(b); and

(iv) the balance of such Available Principal Collections remaining after application in accordance with clauses (i) through (iii) above shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(d) On each Payment Date, the Issuer shall pay from funds on deposit in the Distribution Account:

(i) on a pari passu basis, the amounts deposited pursuant to clauses (A), (B) and (C) of Section 4.4(a)(i), to the Indenture Trustee, the Trustee and the Administrator, as applicable;

(ii) the amounts deposited pursuant to Section 4.4(a)(ii) to the Servicer; and

(iii) in accordance with Section 4.5 to the Class A Noteholders, the amounts deposited into the Distribution Account pursuant to Section 4.4(a), on such Payment Date and to the Class B Noteholders, the amounts deposited into the Distribution Account pursuant to Section 4.4(a)(vi), on such Payment Date.

(e) The Issuer shall pay out of funds on deposit in the Distribution Account any funds it receives pursuant to Sections 4.4(a)(iv), (v), (vii), (viii), (xii), (xiii), (xiv), (xv), and (xvi) to the Class A and Class B Noteholders, as applicable, in the following order of priority, (i) the Class A Non-Use Fee, (ii) the Class A Rated Additional Amounts, (iii) the Class B Non-Use Fee, (iv) the Class B Rated Additional Amounts, (v) Class A Senior Unrated Additional Amounts, (vi) Class B Senior Unrated Additional Amounts, (vii) the Class A Subordinated Unrated Additional Amounts and (viii) the Class B Subordinated Unrated Additional Amounts. To the extent that any funds received by the Issuer are not required to be distributed to the Class A and Class B Noteholders in accordance with this Section 4.4(e), the Issuer shall distribute such funds to the holder(s) of the Transferor Interest.

(f) As of any Payment Date during the Controlled Amortization Period or Early Amortization Period on which Principal Collections allocated to Series 2014-VFN[ ] are treated as Shared Principal Collections, the Collateral Amount shall be reduced by an amount equal to the lesser of (x) the amount of Principal Collections allocated to Series 2014-VFN[ ] that are applied as Shared Principal Collections and (y) the Surplus Collateral Amount.

(g) On each Optional Amortization Date that is not a Payment Date, Additional Funds and Available Principal Collections in the amount of the Optional Amortization Amount shall be deposited into the Distribution Account and shall be paid to the Class A Noteholders and the Class B Noteholders ratably in accordance with the allocation of such Optional Amortization Amount among the Class A Notes and the Class B Notes as specified in Section 2.2(b).

#### SECTION 4.5. Payments.

(a) On each Payment Date, the Issuer shall pay to each Class A Noteholder of record on the related Record Date such Class A Noteholder's pro rata share of the amounts on deposit in the Distribution Account that are allocated and available on such Payment Date and as are payable to the Class A Noteholders pursuant to this Indenture Supplement.

(b) On each Payment Date, the Issuer shall pay to each Class B Noteholder of record on the related Record Date such Class B Noteholder's pro rata share of the amounts on deposit in the Distribution Account that are allocated and available on such Payment Date and as are payable to the Class B Noteholders pursuant to this Indenture Supplement.

(c) The payments to be made pursuant to this Section 4.5 are subject to the provisions of Section 7.1 of this Indenture Supplement.

(d) All payments set forth herein shall be made by wire transfer of immediately available funds, provided that the Issuer, not later than the Record Date relating to any Payment Date, shall have received appropriate wiring instructions in writing from the related Noteholder or Managing Agent on behalf of the related Noteholder.

SECTION 4.6. Investor Charge-Offs. On each Determination Date, the Issuer shall calculate the Investor Default Amount and any Investor Uncovered Dilution Amount for the preceding Monthly Period. If, on any Transfer Date, the sum of the Investor Default Amount and any Investor Uncovered Dilution Amount for the preceding Monthly Period exceeds the amount of Available Finance Charge Collections allocated with respect thereto pursuant to Section 4.4(a)(ix) with respect to such Transfer Date, the Collateral Amount will be reduced (but not below zero) by the amount of such excess (such reduction, an "Investor Charge-Off").

SECTION 4.7. Reallocated Principal Collections. On each Transfer Date, if Investor Finance Charge Collections are not sufficient to make the payments set forth in Sections 4.4(a)(i) through (viii) the Issuer shall apply Reallocated Principal Collections with respect to that Transfer Date, to fund such deficiency pursuant to and in the priority set forth in Sections 4.4(a)(i) through (viii). On each Transfer Date, the Collateral Amount shall be reduced by the amount of Reallocated Principal Collections for such Transfer Date.

SECTION 4.8. Excess Finance Charge Collections. Series 2014-VFN[ ] shall be an Excess Allocation Series with respect to Group One only. Subject to Section 8.6 of the Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One with respect to any Monthly Period will be allocated to Series 2014-VFN[ ] in an amount equal to the product of (x) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Monthly Period and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2014-VFN[ ] for such Monthly Period and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One, in each case with respect to payments to be made on or prior to the Payment Date following such Monthly Period. The "Finance Charge Shortfall" for Series 2014-VFN[ ] for any date on which Excess Finance Charge Collections are allocated pursuant to Section 8.6 of the Indenture will be equal to the excess, if any, of (a) the full amount required to be paid, without duplication, pursuant to Sections 4.4(a)(i) through (xvii) with respect to the next following Payment Date over (b) the Available Finance Charge Collections for the next following Payment Date (excluding any portion thereof attributable to Excess Finance Charge Collections).

SECTION 4.9. Shared Principal Collections. Subject to Section 8.5 of the Indenture, Shared Principal Collections allocable to Series 2014-VFN[ ] with respect to any Monthly Period will be equal to the product of (x) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series for such Monthly Period and (y) a fraction, the numerator of which is the Principal Shortfall for Series 2014-VFN[ ] for such Monthly Period and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series, in each case with respect to payments to be made on or prior to the Payment Date following such Monthly Period. The “Principal Shortfall” for Series 2014-VFN[ ] for any date on which Shared Principal Collections are allocated pursuant to Section 8.5 of the Indenture, will be equal to (a) for any allocation date with respect to the Revolving Period if there is no outstanding Optional Amortization Amount or any allocation date during the Early Amortization Period prior to the earlier of (i) the end of the Monthly Period immediately preceding the Scheduled Final Payment Date and (ii) the date on which all outstanding Series are in early amortization periods, zero, (b) for any allocation date with respect to the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount with respect to the next following Payment Date over the amount of Available Principal Collections for the next following Payment Date (excluding any portion thereof attributable to Shared Principal Collections or amounts available to be treated as Available Principal Collections pursuant to clause (xviii) of Section 4.4(a)), (c) for any allocation date on or after the earlier of (i) the end of the Monthly Period immediately preceding the Scheduled Final Payment Date and (ii) the date on which all outstanding Series are in early amortization periods, the Note Principal Balance, and (d) for any allocation date with respect to the Revolving Period if there is any outstanding Optional Amortization Amount, the amount of any outstanding Optional Amortization Amount, over the amount of Available Principal Collections for the next following Payment Date (excluding any portion thereof attributable to Shared Principal Collections).

SECTION 4.10. Spread Account.

(a) On or before each Payment Date, if the aggregate amount of Available Finance Charge Collections available for application pursuant to Section 4.4(a)(vi) is less than the aggregate amount required to be deposited pursuant to Section 4.4(a)(vi), the Issuer shall withdraw from the Spread Account the amount of such deficiency up to the Available Spread Account Amount and if the Available Spread Account Amount is less than such deficiency, Investment Earnings credited to the Spread Account and shall apply such amount in accordance with Section 4.4(a)(vi).

(b) Unless an Early Amortization Event occurs, the Issuer will withdraw from the Spread Account and deposit in the Distribution Account for payment to the Class B Noteholders on the Scheduled Final Payment Date after the Class A Notes have been paid in full, an amount equal to the lesser of (i) the amount on deposit in the Spread Account after application of any amounts set forth in clause (a) above and (ii) the Class B Note Principal Balance, after giving effect to all other payments of principal on the Scheduled Final Payment Date.

(c) Upon an Early Amortization Event, the amount, if any, remaining on deposit in the Spread Account, after making the payments described in clause (a) above, shall be applied to pay principal on the Class B Notes on the earlier of the Series Maturity Date and the first Payment Date on which the Class A Note Principal Balance has been paid in full.

(d) On any day following the occurrence of an Event of Default with respect to Series 2014-VFN[] that has resulted in the acceleration of the Series 2014-VFN[] Notes, the Issuer shall withdraw from the Spread Account the Available Spread Account Amount and deposit such amount in the Distribution Account for payment first, to the Class B Noteholders to fund any shortfalls in amounts owed to the Class B Noteholders and second, to the Class A Noteholders to fund any shortfalls in amounts owed to the Class A Noteholders.

(e) If on any Payment Date, after giving effect to all withdrawals from the Spread Account, the Available Spread Account Amount is less than the Required Spread Account Amount then in effect, Available Finance Charge Collections shall be deposited into the Spread Account pursuant to Section 4.4(a)(xi) up to the amount of the Spread Account Deficiency.

(f) If, after giving effect to all deposits to and withdrawals from the Spread Account with respect to any Payment Date, the amount on deposit in the Spread Account exceeds the Required Spread Account Amount, the Issuer shall withdraw an amount equal to such excess from the Spread Account and distribute such amount to the Transferor. On the date on which the Class B Note Principal Balance has been paid in full, after making any payments to the Noteholders required pursuant to Sections 4.10(a), (b), (c) and (d), the Issuer shall withdraw from the Spread Account all amounts then remaining in the Spread Account and pay such amounts to the holders of the Transferor Interest.

#### SECTION 4.11. Investment of Amounts on Deposit in Series Accounts

(a) To the extent there are uninvested amounts deposited in the Series Accounts, the Issuer shall cause such amounts to be invested in Permitted Investments selected by the Issuer that mature no later than the following Transfer Date. Funds deposited to any Series Account for payment or transfer on the related Payment Date shall not be invested.

(b) On each Transfer Date (but subject to Section 4.10(a)), the Investment Earnings, if any, accrued since the preceding Transfer Date on funds on deposit in the Series Accounts shall be paid to the holders of the Transferor Interest. For purposes of determining the availability of funds or the balance in any Series Account for any reason under this Indenture Supplement, all Investment Earnings shall be deemed not to be available or on deposit (subject to Section 4.10(a)); provided that after the maturity of the Series 2014-VFN[] Notes has been accelerated as a result of an Event of Default, all Investment Earnings shall be added to the balance on deposit in the Spread Account and treated like the rest of the Available Spread Account Amount.

#### SECTION 4.12. Determination of LIBOR

(a) On each LIBOR Determination Date in respect of an Interest Period, the Indenture Trustee shall determine LIBOR on the basis of the rate per annum displayed in the Bloomberg Financial Markets system as the composite offered rate for London interbank deposits for a period of the Designated Maturity, as of 11:00 a.m., London time, on that date. If that rate does not appear on that display page, LIBOR for that Interest Period will be the rate per annum shown on page "LIBOR01" of the Reuters Monitor Money Rates Service or such other page as may replace the LIBOR01 page on that service for the purpose of displaying London

interbank offered rates of major banks as of 11:00 a.m., London time, on the LIBOR Determination Date; provided that if at least two rates appear on that page, the rate will be the arithmetic mean of the displayed rates and if fewer than two rates are displayed, or if no rate is relevant, the rate for that Interest Period shall be determined on the basis of the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for the period of the Designated Maturity. The Indenture Trustee shall request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two (2) such quotations are provided, the rate for that Interest Period shall be the arithmetic mean of the quotations. If fewer than two (2) quotations are provided as requested, the rate for that Interest Period will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Servicer, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a period of the Designated Maturity.

(b) The Issuer and each Managing Agent (and, with respect to any Class B Advance, the “Lender” (as defined in the Class B Loan Agreement)) may agree that LIBOR for the initial Interest Period for any Advance or any portion of an Interest Period will be determined based on straight-line interpolation between two rates determined in accordance with Section 4.12(a) for two different Designated Maturities, and if straight-line interpolation is to be used to determine the applicable LIBOR, the Issuer shall notify the Indenture Trustee of the applicable Designated Maturities on or before the applicable LIBOR Determination Date.

(c) On each LIBOR Determination Date, the Indenture Trustee shall send to the Issuer by facsimile, email or other electronic transmission, notification of LIBOR for the following Interest Period. LIBOR used to calculate the Class A Note Interest Rate (if applicable) and the Class B Note Interest Rate (if applicable) for the then current and the immediately preceding Interest Periods may be obtained by telephoning the Indenture Trustee at its corporate trust office at (800) 735-7777 or such other telephone number as shall be designated by the Indenture Trustee for such purpose by prior written notice by the Indenture Trustee to each Series 2014-VFN[ ] Noteholder from time to time.

**ARTICLE V**  
**DELIVERY OF SERIES 2014-VFN[ ] NOTES;**  
**REPORTS TO SERIES 2014-VFN[ ] NOTEHOLDERS**

SECTION 5.1. Delivery and Payment for the Series 2014-VFN[ ] Notes. The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2014-VFN[ ] Notes in accordance with Section 2.2 of the Indenture. The Indenture Trustee shall deliver the Series 2014-VFN[ ] Notes to or upon the written order of the Issuer when so authenticated.

SECTION 5.2. Reports and Statements to Series 2014-VFN[ ] Noteholders.

(a) Not later than the second Business Day preceding each Payment Date, the Issuer shall deliver or cause the Servicer to deliver to the Trustee, the Indenture Trustee, each Series 2014-VFN[ ] Noteholder a statement substantially in the form of Exhibit B prepared by the Servicer; provided that the Issuer may amend the form of Exhibit B from time to time, with the prior written consent of the Indenture Trustee.



(b) On or before January 31 of each calendar year, beginning with January 31, 2015, the Issuer shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2014-VFN[ ] Noteholder the information for the preceding calendar year, or the applicable portion thereof during which the Person was a Noteholder, as is required to be provided by an issuer of indebtedness under the Code to the holders of the Issuer's indebtedness and such other customary information as is necessary to enable such Noteholder to prepare its federal income tax returns. Notwithstanding anything to the contrary contained in this Agreement, the Issuer shall, to the extent required by applicable law, from time to time furnish or cause to be furnished to the appropriate Persons, at least five Business Days prior to the end of the period required by applicable law, the information required to complete a Form 1099-INT.

**ARTICLE VI**  
**SERIES 2014-VFN[ ] EARLY AMORTIZATION EVENTS**

SECTION 6.1. Series 2014-VFN[ ] Early Amortization Events If any one of the following events shall occur with respect to the Series 2014-VFN[ ] Notes:

(a)(i) failure on the part of Transferor or the Issuer to make any payment or deposit required to be made by it by the terms of the Class A Fee Letter, the Class A Loan Agreement, the Class B Loan Agreement or the Transfer Agreement on or before the date occurring five (5) Business Days after the date such payment or deposit is required to be made therein or herein or (ii) failure of the Issuer or the Transferor duly to observe or perform in any material respect any of their respective covenants or agreements set forth in the Class A Loan Agreement, the Class B Loan Agreement or the Transfer Agreement (excluding matters addressed by clause (i) above or clause (c) below), which failure has a material adverse effect on the Series 2014-VFN[ ] Noteholders and which continues unremedied for a period of sixty days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer or the Transferor, as applicable, by the Indenture Trustee, or to the Issuer or the Transferor, as applicable, and the Indenture Trustee by any Noteholder of the Series 2014-VFN[ ] Notes;

(b) any representation or warranty made by the Issuer or the Transferor in the Class A Loan Agreement, the Class B Loan Agreement or the Transfer Agreement or any information contained in an account schedule required to be delivered by it pursuant to Section 2.1 or Section 2.6(c) of the Transfer Agreement, Trust Agreement or the Bank Receivables Sale Agreement shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of sixty days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer or Transferor, as applicable, by the Indenture Trustee, or to the Transferor or the Issuer, as applicable, and the Indenture Trustee by any Noteholder of the Series 2014-VFN[ ] Notes and as a result of which the interests of the Series 2014-VFN[ ] Noteholders are materially and adversely affected for such period; provided, however, that a Series 2014-VFN[ ] Early Amortization Event pursuant to this Section 6.1(b) shall not be

deemed to have occurred hereunder if the Transferor has accepted reassignment of the related Transferred Receivable, or all of such Transferred Receivables, if applicable, during such period in accordance with the provisions of the Transfer Agreement;

(c) a failure by Transferor under the Transfer Agreement to convey Transferred Receivables in Additional Accounts or Participations to the Trust when it is required to convey such Transferred Receivables pursuant to Section 2.6(a) of the Transfer Agreement;

(d) any Servicer Default or any Indenture Servicer Default shall occur, which has a material adverse effect on the Series 2014-[ ] Notes;

(e) beginning with the three consecutive Monthly Periods immediately preceding the [ ] 2014 Payment Date or on any Payment Date thereafter, the Portfolio Yield averaged over three consecutive Monthly Periods immediately preceding such Payment Date is less than the Base Rate averaged over the same Monthly Periods (for the avoidance of doubt, the Monthly Period preceding the [ ] 2014 Payment Date shall be excluded for purposes of calculating the three-month average Portfolio Yield and Base Rate under this clause (e));

(f) the Note Principal Balance shall not be paid in full on the Scheduled Final Payment Date; or

(g) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2014-VFN[ ] and acceleration of the maturity of the Series 2014-VFN[ ] Notes pursuant to Section 5.3 of the Indenture;

then, in the case of any event described in subsection (a), (b) or (d), after the applicable grace period, if any, set forth in such subparagraphs, either the Indenture Trustee or the holders of Series 2014-VFN[ ] Notes evidencing more than 50% of the aggregate unpaid principal amount of Series 2014-VFN[ ] Notes by notice then given in writing to the Issuer (and to the Indenture Trustee if given by the Series 2014-VFN[ ] Noteholders) may declare that a "Series Early Amortization Event" with respect to Series 2014-VFN[ ] (a "Series 2014-VFN[ ] Early Amortization Event") has occurred as of the date of such notice, and, in the case of any event described in subsection (c), (e), (f) or (g) a Series 2014-VFN[ ] Early Amortization Event shall occur automatically without any notice or other action on the part of the Indenture Trustee or the Series 2014-VFN[ ] Noteholders immediately upon the occurrence of such event.

**ARTICLE VII**  
**REDEMPTION OF SERIES 2014-VFN[ ] NOTES;**  
**FINAL DISTRIBUTIONS; SERIES TERMINATION**

**SECTION 7.1. Optional Redemption of Series 2014-VFN[ ] Notes; Final Distributions.**

(a) On any day occurring on or after the date on which the Note Principal Balance is reduced to 10% or less of the Note Principal Balance as of the last day of the Revolving Period, Transferor has the option pursuant to the Trust Agreement to reduce the Collateral Amount to zero by paying a purchase price equal to the greater of (x) the Collateral Amount, plus the applicable Allocation Percentage of outstanding Finance Charge Receivables and (y) a minimum

amount equal to (i) if such day is a Payment Date, the Redemption Amount for such Payment Date or (ii) if such day is not a Payment Date, the Redemption Amount for the Payment Date following such day. If Transferor exercises such option, Issuer will apply such purchase price to repay the Series 2014-VFN[ ] Notes in full as specified below.

(b) Issuer shall give the Indenture Trustee at least thirty (30) days prior written notice of the date on which Transferor intends to exercise such optional redemption. Not later than 12:00 noon, New York City time, on such day Issuer shall deposit into the Distribution Account in immediately available funds the Redemption Amount. Such redemption option is subject to payment in full of the Redemption Amount. Following such deposit into the Distribution Account in accordance with the foregoing, the Collateral Amount for Series 2014-VFN[ ] shall be reduced to zero and the Series 2014-VFN[ ] Noteholders shall have no further security interest in the Transferred Receivables. The Redemption Amount shall be paid as set forth in Section 7.1(d).

(c)(i) The amount to be paid by the Transferor with respect to Series 2014-VFN[ ] in connection with a reassignment of Transferred Receivables to the Transferor pursuant to Section 6.1(f) of the Transfer Agreement shall not be less than the Redemption Amount for the first Payment Date following the Monthly Period in which the reassignment obligation arises under the Transfer Agreement.

(ii) The amount to be paid by the Issuer with respect to Series 2014-VFN[ ] in connection with a repurchase of the Notes pursuant to Section 10.1 of the Trust Agreement shall not be less than the Redemption Amount for the Payment Date of such repurchase.

(d) With respect to (i) the Redemption Amount deposited into the Collection Account pursuant to this Section 7.1 or (ii) the proceeds of any sale of Transferred Receivables pursuant to Section 5.3 of the Indenture with respect to Series 2014-VFN[ ], the Indenture Trustee shall, in accordance with the written direction of the Issuer, not later than 12:00 noon, New York City time, on the related Payment Date, make payments of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and payments otherwise to be made on such date) in immediately available funds: (i) (x) the Class A Note Principal Balance on such Payment Date will be paid to the Class A Noteholders and (y) an amount equal to the sum of (A) Class A Monthly Interest, Class A Deficiency Amounts and Class A Additional Interest due and payable on such Payment Date or any prior Payment Date, (B) Class A Non-Use Fees, if any, due and payable on such Payment Date or any prior Payment Date and (C) Class A Rated Additional Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class A Noteholders, (ii) (x) the Class B Note Principal Balance on such Payment Date will be paid to the Class B Noteholders and (y) an amount equal to the sum of (A) Class B Monthly Interest, Class B Deficiency Amounts and Class B Additional Interest due and payable on such Payment Date or any prior Payment Date, (B) Class B Non-Use Fees, if any, due and payable on such Payment Date or any prior Payment Date and (C) Class B Rated Additional Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class B Noteholders, (iii) an amount equal to any Class A Senior Unrated Additional Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class A Noteholders, (iv) an amount equal to any Class B Senior Unrated

Additional Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class B Noteholders, (v) an amount equal to any Class A Subordinated Unrated Additional Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class A Noteholders, (vi) an amount equal to any Class B Subordinated Unrated Additional Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class B Noteholders and (vii) any excess shall be released to the Issuer.

SECTION 7.2. Series Termination. On the Series Maturity Date of the Series 2014-VFN[ ] Notes, the unpaid principal amount of the Series 2014-VFN[ ] Notes shall be due and payable.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

SECTION 8.1. Ratification of Indenture; Amendments. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument. This Indenture Supplement may be amended only by a supplemental indenture entered into in accordance with the terms of Section 9.1 or 9.2 of the Indenture. For purposes of the application of Section 9.2 to any amendment of this Indenture Supplement, the Series 2014-VFN[ ] Noteholders shall be the only Noteholders whose vote shall be required.

SECTION 8.2. Form of Delivery of the Series 2014-VFN[ ] Notes. The Class A Notes and the Class B Notes shall be Definitive Notes and shall be registered in the Note Register in the name of the initial purchasers of such Notes identified in the Class A Loan Agreement and the Class B Loan Agreement, respectively. By acquiring a Class A Note or a Class B Note, each purchaser and transferee shall be deemed to represent and warrant that it is not acquiring such Class A Note or Class B Note (or any interest therein) with the plan assets of a Benefit Plan Investor. Notwithstanding Section 2.1 of the Indenture, each Class of Series 2014-VFN[ ] Notes shall be issued in minimum denominations of \$100,000 and in integral multiples of \$1.

SECTION 8.3. Counterparts. This Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

### SECTION 8.4. GOVERNING LAW.

**(a) THIS INDENTURE SUPPLEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401(1) AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT WITHOUT REGARD TO ANY OTHER CONFLICT OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.**

(b) EACH PARTY HERETO HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THEM PERTAINING TO THIS INDENTURE SUPPLEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS INDENTURE SUPPLEMENT; PROVIDED, THAT EACH PARTY HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE BOROUGH OF MANHATTAN IN NEW YORK CITY; PROVIDED, FURTHER, THAT NOTHING IN THIS INDENTURE SUPPLEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE INDENTURE TRUSTEE FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE NOTES, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE INDENTURE TRUSTEE. EACH PARTY HERETO SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH PARTY HERETO HEREBY WAIVES ANY OBJECTION THAT SUCH PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH PARTY HERETO HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH PARTY AT ITS ADDRESS DETERMINED IN ACCORDANCE WITH SECTION 10.4 OF THE INDENTURE AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH PARTY'S ACTUAL RECEIPT THEREOF OR THREE DAYS AFTER DEPOSIT IN THE UNITED STATES MAIL, PROPER POSTAGE PREPAID. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS INDENTURE SUPPLEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.5. Limitation of Liability. It is expressly understood and agreed by the parties hereto that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Trustee of the Issuer, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as a personal representation, undertaking and agreement by BNY Mellon Trust of Delaware but is made and intended for the purpose of binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall BNY Mellon Trust of Delaware be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this document.

SECTION 8.6. Rights of the Indenture Trustee. The Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture.

SECTION 8.7. Compliance with Applicable Anti-Terrorism and Anti-Money Laundering Regulations. In order to comply with laws, rules and regulations applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Indenture Trustee. Accordingly, each of the parties hereto agrees to provide to the Indenture Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Indenture Trustee to comply with applicable law.

SECTION 8.8. Tax. It is the intent of the parties hereto that, for purposes of Federal, State and local income and franchise tax and any other tax measured in whole or in part by income, the Series 2014-VFN[ ] Notes shall be treated as debt.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

GE CAPITAL CREDIT CARD MASTER NOTE TRUST, as Issuer

By: BNY MELLON TRUST OF DELAWARE,  
not in its individual capacity, but solely as  
Trustee on behalf of Issuer

By: \_\_\_\_\_  
Name:  
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture  
Trustee

By:  
By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

## FORM OF CLASS A SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS CLASS A NOTE:

- (1) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN A PRIVATE TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH THE TERMS OF THE INDENTURE (AS DEFINED HEREIN), AND AGREES (UNLESS SUCH REQUIREMENT SHALL HAVE BEEN WAIVED IN WRITING BY THE ISSUER WITH RESPECT TO ANY TRANSFER) TO FURNISH THE ISSUER A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE ISSUER) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN \$250,000, AGREES TO FURNISH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND, AGREES THAT IN ALL CASES IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND IF REQUESTED BY THE INDENTURE TRUSTEE, AGREES TO FURNISH A TAXPAYER IDENTIFICATION CERTIFICATION ON FORM W-9 OR W-8BEN, AS APPLICABLE, FOR THE PROPOSED TRANSFEREE;
- (2) REPRESENTS THAT IT IS NOT ACQUIRING THE NOTE WITH THE PLAN ASSETS OF (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF INVESTMENT BY AN EMPLOYEE BENEFIT PLAN OR PLAN IN SUCH ENTITY, OR (IV) A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE; AND

*Form of Class A Note (20[ ]-[ ])*



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- (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW UNLESS NOTEHOLDERS OF NOT LESS THAN 66 2/3% OF THE OUTSTANDING PRINCIPAL AMOUNT OF EACH CLASS OF EACH SERIES HAS APPROVED SUCH FILING AND IT WILL NOT DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE TRANSFEROR ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW IN ANY INSTANCE; PROVIDED, THAT THE FOREGOING SHALL NOT IN ANYWAY LIMIT THE NOTEHOLDER'S RIGHTS TO PURSUE ANY OTHER CREDITOR RIGHTS OR REMEDIES THAT THE NOTEHOLDERS MAY HAVE FOR CLAIMS AGAINST THE ISSUER.

THE HOLDER OF THIS CLASS A NOTE, BY ACCEPTANCE OF THIS NOTE, AND EACH HOLDER OF A BENEFICIAL INTEREST THEREIN, AGREE TO TREAT THE CLASS A NOTES AS INDEBTEDNESS FOR APPLICABLE FEDERAL, STATE, AND LOCAL INCOME AND FRANCHISE TAX LAW AND FOR PURPOSES OF ANY OTHER TAX IMPOSED ON, OR MEASURED BY, INCOME.

GE CAPITAL CREDIT CARD  
MASTER NOTE TRUST SERIES 20[ ]-[ ]

CLASS A SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

GE Capital Credit Card Master Note Trust (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory trust governed by a Trust Agreement dated as of September 25, 2003 (as amended or supplemented from time to time), for value received, hereby promises to pay to [ ], [as Managing Agent (as defined in the Class A Loan Agreement (as defined herein)) for its Lender Group (as defined in the Class A Loan Agreement (as defined herein))], or registered assigns, subject to the following provisions, a maximum principal sum of [ ] DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture, on the

Payment Date, except as otherwise provided below or in the Indenture. The Issuer will pay interest on each Payment Date on the aggregate unpaid principal amount of the Class A Notes in an amount equal to the Class A Monthly Interest for the preceding Interest Period. The holder of this Note shall be entitled to a portion of such Class A Monthly Interest allocated to this Note pursuant to the Loan Agreement (Series 20[ ]-[ ], Class A), dated as of [ ], 20[ ] (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Class A Loan Agreement"), among the Issuer, the lenders parties thereto and the managing agents for the lender groups parties thereto. Principal of this Note shall be paid in the manner specified in the Indenture Supplement referred to on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

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IN WITNESS WHEREOF, the Issuer has caused this Class A Note to be duly executed.

GE CAPITAL CREDIT CARD MASTER NOTE TRUST, as Issuer

By: BNY Mellon Trust of Delaware, not in its individual  
capacity but solely as Trustee on behalf of Issuer

By: \_\_\_\_\_  
Name:  
Title:

Dated: , 20[]

Exhibit A-1 (Page 4)

*Form of Class A Note (20[]-[])*

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INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A Notes described in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture  
Trustee

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

Exhibit A-1 (Page 5)

*Form of Class A Note (20[ ]-[ ])*

GE CAPITAL CREDIT CARD  
MASTER NOTE TRUST SERIES 20[ ]-[ ]

CLASS A SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Class A Note is one of a duly authorized issue of Notes of the Issuer, designated as GE Capital Credit Card Master Note Trust, Series 20[ ]-[ ] (the "Series 20[ ]-[ ] Notes"), issued under a Master Indenture dated as of September 25, 2003 (as amended, the "Master Indenture"), between the Issuer and Deutsche Bank Trust Company Americas, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series 20[ ]-[ ] Indenture Supplement dated as of , 20[ ] (the "Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Master Indenture as supplemented by the Indenture Supplement. The Notes are subject to all of the terms of the Indenture. All terms used in this Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control.

The Class B Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Note, agrees that it will look solely to the property of the Issuer allocated to the payment of this Note for payment hereunder and that neither the Trustee nor the Indenture Trustee is liable to the Noteholders for any amount payable under the Notes or the Indenture or, except in the case of the Indenture Trustee as expressly provided in the Indenture, subject to any liability under the Indenture.

This Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

THIS CLASS A NOTE DOES NOT REPRESENT AN OBLIGATION OF, OR AN INTEREST IN, THE ISSUER, GE CAPITAL RETAIL BANK, RFS HOLDING, L.L.C., OR ANY OF THEIR AFFILIATES, AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY. THIS CLASS A NOTE IS LIMITED IN RIGHT OF PAYMENT TO CERTAIN COLLECTIONS WITH RESPECT TO THE RECEIVABLES (AND CERTAIN OTHER COLLATERAL) ALLOCATED TO THE SERIES 20[ ]-[ ] NOTES, ALL AS MORE SPECIFICALLY SET FORTH HEREINABOVE AND IN THE INDENTURE.

The Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee shall treat the person in whose name this Class A Note is registered as the owner hereof for all purposes, and neither the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

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THIS CLASS A NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Exhibit A-1 (Page 7)

*Form of Class A Note (20[ ]-[ ])*

ASSIGNMENT

Social Security or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (name and address of assignee) the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

\*\*

\_\_\_\_\_  
Signature Guaranteed:

\*\* The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

## FORM OF CLASS B SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS CLASS B NOTE:

- (1) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN A PRIVATE TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH THE TERMS OF THE INDENTURE (AS DEFINED HEREIN), AND AGREES (UNLESS SUCH REQUIREMENT SHALL HAVE BEEN WAIVED IN WRITING BY THE ISSUER WITH RESPECT TO ANY TRANSFER) TO FURNISH THE ISSUER A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE ISSUER) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN \$250,000, AGREES TO FURNISH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND, AGREES THAT IN ALL CASES IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND IF REQUESTED BY THE INDENTURE TRUSTEE, AGREES TO FURNISH A TAXPAYER IDENTIFICATION CERTIFICATION ON FORM W-9 OR W-8, AS APPLICABLE, FOR THE PROPOSED TRANSFEREE;
- (2) REPRESENTS THAT IT IS NOT ACQUIRING THE NOTE WITH THE PLAN ASSETS OF (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF INVESTMENT BY AN EMPLOYEE BENEFIT PLAN OR PLAN IN SUCH ENTITY, OR (IV) A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE; AND



- 
- (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW UNLESS NOTEHOLDERS OF NOT LESS THAN 66 2/3% OF THE OUTSTANDING PRINCIPAL AMOUNT OF EACH CLASS OF EACH SERIES HAS APPROVED SUCH FILING AND IT WILL NOT DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE TRANSFEROR ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW IN ANY INSTANCE; PROVIDED, THAT THE FOREGOING SHALL NOT IN ANYWAY LIMIT THE NOTEHOLDER'S RIGHTS TO PURSUE ANY OTHER CREDITOR RIGHTS OR REMEDIES THAT THE NOTEHOLDERS MAY HAVE FOR CLAIMS AGAINST THE ISSUER.

THE HOLDER OF THIS CLASS B NOTE, BY ACCEPTANCE OF THIS NOTE, AND EACH HOLDER OF A BENEFICIAL INTEREST THEREIN, AGREE TO TREAT THE CLASS B NOTES AS INDEBTEDNESS FOR APPLICABLE FEDERAL, STATE, AND LOCAL INCOME AND FRANCHISE TAX LAW AND FOR PURPOSES OF ANY OTHER TAX IMPOSED ON, OR MEASURED BY, INCOME.

GE CAPITAL CREDIT CARD  
MASTER NOTE TRUST SERIES 20[ ]-[ ]

CLASS B SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

GE Capital Credit Card Master Note Trust (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory trust governed by a Trust Agreement dated as of September 25, 2003 (as amended or supplemented from time to time), for value received, hereby promises to pay to [ ], [as Managing Agent (as defined in the Class A Loan Agreement (as defined herein)) for its Lender Group (as defined in the Class A Loan Agreement (as defined herein))], or registered assigns, subject to the following provisions, a maximum principal sum of [ ] DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture, on the

Payment Date, except as otherwise provided below or in the Indenture. The Issuer will pay interest on each Payment Date on the aggregate unpaid principal amount of the Class B Notes in an amount equal to the Class B Monthly Interest for the preceding Interest Period. The holder of this Note shall be entitled to a portion of such Class B Monthly Interest allocated to this Note pursuant to the Loan Agreement (Series 20[ ]-[ ], Class B), dated as of [ ], 20[ ] (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Class B Loan Agreement"), between the Issuer and the lender party thereto. Principal of this Note shall be paid in the manner specified in the Indenture Supplement referred to on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

THIS CLASS B NOTE IS SUBORDINATED TO THE EXTENT NECESSARY TO FUND PAYMENTS ON THE CLASS A NOTES TO THE EXTENT SPECIFIED IN THE INDENTURE SUPPLEMENT.

IN WITNESS WHEREOF, the Issuer has caused this Class B Note to be duly executed.

GE CAPITAL CREDIT CARD MASTER NOTE TRUST, as Issuer

By: BNY Mellon Trust of Delaware, not in its individual  
capacity but solely as Trustee on behalf of Issuer

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_, 20[ ]

---

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class B Notes described in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture  
Trustee

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

Exhibit A-2 (Page 5)

*Form of Class B Note (20[ ]-[ ])*

GE CAPITAL CREDIT CARD  
MASTER NOTE TRUST SERIES 20[ ]-[ ]

CLASS B SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Class B Note is one of a duly authorized issue of Notes of the Issuer, designated as GE Capital Credit Card Master Note Trust, Series 20[ ]-[ ] (the "Series 20[ ]-[ ] Notes"), issued under a Master Indenture dated as of September 25, 2003 (as amended, the "Master Indenture"), between the Issuer and Deutsche Bank Trust Company Americas, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series 20[ ]-[ ] Indenture Supplement dated as of , 20[ ] (the "Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Master Indenture as supplemented by the Indenture Supplement. The Notes are subject to all of the terms of the Indenture. All terms used in this Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control.

The Class A Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Note, agrees that it will look solely to the property of the Issuer allocated to the payment of this Note for payment hereunder and that neither the Trustee nor the Indenture Trustee is liable to the Noteholders for any amount payable under the Notes or the Indenture or, except in the case of the Indenture Trustee as expressly provided in the Indenture, subject to any liability under the Indenture.

This Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

THIS CLASS B NOTE DOES NOT REPRESENT AN OBLIGATION OF, OR AN INTEREST IN, THE ISSUER, GE CAPITAL RETAIL BANK, RFS HOLDING, L.L.C., OR ANY OF THEIR AFFILIATES, AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY. THIS CLASS B NOTE IS LIMITED IN RIGHT OF PAYMENT TO CERTAIN COLLECTIONS WITH RESPECT TO THE RECEIVABLES (AND CERTAIN OTHER COLLATERAL) ALLOCATED TO THE SERIES 20[ ]-[ ] NOTES, ALL AS MORE SPECIFICALLY SET FORTH HEREINABOVE AND IN THE INDENTURE.

The Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee shall treat the person in whose name this Class B Note is registered as the owner hereof for all purposes, and neither the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

---

THIS CLASS B NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Exhibit A-2 (Page 7)

*Form of Class A Note (20[ ]-[ ])*

ASSIGNMENT

Social Security or other identifying number of assignee .

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (name and address of assignee) the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_,

\*\*

\_\_\_\_\_  
Signature Guaranteed:

\*\* The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

**Monthly Noteholder's Statement  
GE Capital Credit Card Master Note Trust**

[ ]-[ ]

Pursuant to the Master Indenture, dated as of September 25, 2003 (as amended and supplemented, the "Indenture") between GE Capital Credit Card Master Note Trust (the "Issuer") and Deutsche Bank Trust Company Americas, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series [ ]-[ ] Indenture Supplement (the "Indenture Supplement"), dated as of \_\_\_\_\_, 20[ ], between the Issuer and the Indenture Trustee, the Issuer is required to prepare, or cause the Servicer to prepare, certain information each month regarding current distributions to the Series [ ]-[ ] Noteholders and the performance of the Trust during the previous month. The information required to be prepared with respect to the Payment Date of \_\_\_\_\_, 20[ ], and with respect to the performance of the Trust during the Monthly Period ended \_\_\_\_\_, 20[ ] is set forth below. Capitalized terms used herein are defined in the Indenture and the Indenture Supplement. The Discount Percentage (as defined in the Transfer Agreement) remains at [ ]% for all the Receivables in the Trust until otherwise indicated. The undersigned, an Authorized Officer of the Servicer, does hereby certify as follows:

Record Date:  
 Monthly Period Beginning:  
 Monthly Period Ending:  
 Previous Payment Date:  
 Payment Date:  
 Interest Period Beginning:  
 Interest Period Ending:  
 Days in Monthly Period:  
 Days in Interest Period:  
 LIBOR Determination Date:  
 LIBOR Rate:  
 Is there a Reset Date?  
     Reset Date #1:

**I. Trust Receivables Information**

- a. Number of Accounts Beginning
- b. Number of Accounts Ending
- c. Average Account Balance (q / b)
- d. BOP Aggregate Principal Receivables
- e. BOP Finance Charge Receivables
- f. BOP Total Receivables
- g. Increase in Principal Receivables from Additional Accounts
- h. Increase in Principal Activity on Existing Securitized Accounts
- i. Increase in Finance Charge Receivables from Additional Accounts
- j. Increase in Finance Charge Activity on Existing Securitized Accounts
- k. Increase in Total Receivables
- l. Decrease in Principal Receivables due to Account Removal
- m. Decrease in Principal Activity on Existing Securitized Accounts
- n. Decrease in Finance Charge Receivables due to Account Removal
- o. Decrease in Finance Charge Activity on Existing Securitized Accounts
- p. Decrease in Total Receivables
- q. EOP Aggregate Principal Receivables
- r. EOP Finance Charge Receivables
- s. EOP Total Receivables
- t. Excess Funding Account Balance
- u. Required Principal Balance
- v. Minimum Free Equity Amount (EOP Aggregate Principal Receivables \* [ ]%)
- w. Free Equity Amount (EOP Principal Receivables - EOP Collateral Amount (II.d.ii+II.a.ii+II.b.ii+II.b.iii))



**II. Investor Information (Sum of all Series, excluding new issuances and additional draws subsequent to end of the Monthly Period)**

- a. Note Principal Balance
  - i. Beginning of Interest Period
  - ii. Increase in Note Principal Balance due to New Issuance / Additional Draws
  - iii. Decrease in Note Principal Balance due to Principal Paid and Notes Retired
  - iv. As of Payment Date
- b. Excess Collateral Amount
  - i. Beginning of Interest Period
  - ii. Change to Enhancement Amount
  - iii. Increase in Excess Collateral Amount due to New Issuance
  - iv. Reductions in Required Excess Collateral Amount
  - v. Increase/Decrease in Unreimbursed Investor Charge-Off
  - vi. Increase/Decrease in Unreimbursed Reallocated Principal Collections
  - vii. As of Payment Date
- c. Principal Accumulation Account Balance
  - i. Beginning of Interest Period
  - ii. Controlled Deposit Amount
  - iii. Withdrawal for Principal Payment
  - iv. As of Payment Date
- d. Collateral Amount
  - i. End of Prior Monthly Period
  - ii. Beginning of Interest Period
  - iii. As of Payment Date

**III. Trust Performance Data (Monthly Period)**

- a. Gross Trust Yield (Finance Charge Collections + Recoveries / BOP Principal Receivables)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- b. Payment Rate (Principal Collections / BOP Principal Receivables)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- c. Gross Charge-Off Rate excluding Fraud (Default Amount for Defaulted Accounts - Fraud Amount / BOP Principal Receivables)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- d. Gross Charge-Off Rate (Default Amount for Defaulted Accounts / BOP Principal Receivables)
- e. Net Charge-Off Rate excluding Fraud (Default Amount for Defaulted Accounts - Recoveries - Fraud Amount / BOP Principal Receivable)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- f. Net Charge-Off Rate (Default Amount for Defaulted Accounts - Recoveries / BOP Principal Receivables)
- g. Trust excess spread percentage ((FC Coll - Charged-Off Rec - Monthly Interest +/- Net Swaps - Monthly Servicing Fee) / BOP Principal Receivables)
- h. Default Amount for Defaulted Accounts
  - i. Recovery Amount
- j. Collections
  - i. Total Trust Finance Charge Collections
  - ii. Total Trust Principal Collections
  - iii. Total Trust Collections
- k. Delinquency Data
  - Percentage Total Receivables

  - i. 1-29 Days Delinquent
  - ii. 30-59 Days Delinquent

- iii. 60-89 Days Delinquent
- iv. 90-119 Days Delinquent
- v. 120-149 Days Delinquent
- vi. 150-179 Days Delinquent
- vii. 180 or Greater Days Delinquent

**IV. Series Performance Data**

- a. Portfolio Yield (Finance Charge Collections + Recoveries - Aggregate Investor Default Amount / BOP Collateral)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- b. Base Rate (Noteholder Servicing Fee + Admin Fee + Monthly Interest + Swap Payments - Swap Receipts / BOP Collateral)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- c. Excess Spread Percentage (Portfolio Yield - Base Rate)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Quarterly Excess Spread Percentage

**V. Investor Information**

- a. Class A Note Principal Balance
  - i. Beginning of Interest Period
  - ii. Principal Balance Increase
  - iii. Principal Payment
  - iv. As of Payment Date
- b. Class B Note Principal Balance
  - i. Beginning of Interest Period
  - ii. Principal Balance Increase
  - iii. Principal Payment
  - iv. As of Payment Date
- c. Excess Collateral Amount
  - i. Beginning of Interest Period
  - ii. Reduction in Excess Collateral Amount
  - iii. Change due to amendment of Series
  - iii. As of Payment Date
- d. Collateral Amount
  - i. Beginning of Interest Period
  - ii. Increase/Decrease in Unreimbursed Investor Charge-Offs
  - iii. Increase/Decrease in Reallocated Principal Collections
  - iv. Change due to amendment of Series
  - v. Reduction in Excess Collateral Amount
  - vi. Principal Payments
  - vii. As of Payment Date
  - viii. Collateral Amount as a Percentage of Note Trust Principal Balance
  - ix. Amount by which Note Principal Balance exceeds Collateral Amount
- e. Required Excess Collateral Amount

**VI. Investor Charge-Offs and Reallocated Principal Collections (Section references relate to Indenture Supplement)**

- a. Beginning Unreimbursed Investor Charge-Offs
- b. Current Unreimbursed Investor Defaults
- c. Current Unreimbursed Investor Uncovered Dilution Amount
- d. Current Reimbursement of Investor Charge-Offs pursuant to Section 4.4(a)(x)
- e. Ending Unreimbursed Investor Charge-Offs
- f. Beginning Unreimbursed Reallocated Principal Collections
- g. Current Reallocated Principal Collections pursuant to Section 4.7
- h. Current Reimbursement of Reallocated Principal Collections pursuant to Section 4.4(a)(x)
- i. Ending Unreimbursed Reallocated Principal Collections

**VII. Investor Percentages - BOP Balance and Series Account Information**

- a. Allocation Percentage Numerator - for Finance Charge Collections and Default Amounts
- b. Allocation Percentage Numerator - for Principal Collections
- c. Allocation Percentage Denominators
  - i. Aggregate Principal Receivables Balance as of Prior Monthly Period
  - ii. Number of Days at Balance
  - iii. Aggregate Principal Receivables Balance on Reset Date 1
  - iv. Number of Days at Balance
  - v. Average Principal Balance
- d. Sum of Allocation Percentage Numerators for all outstanding Series with respect to Finance Charge Collections and Default Amounts
- e. Sum of Allocation Percentage Numerators for all outstanding Series with respect to Principal Collections
- f. "Allocation Percentage, Finance Charge Collections and Default Amount (a. / greater of c.v. or d.)"
- g. Allocation Percentage, Principal Collections (b. / greater of c.v. or e.)
- h. Series Allocation Percentage

**VIII. Collections and Allocations**

**Trust**

**Series**

- a. Finance Charge Collections
- b. Recoveries
- c. Principal Collections
- d. Default Amount
- e. Dilution (Included in I.g.)
- f. Investor Uncovered Dilution Amount
- g. Dilution including Fraud Amount
- h. Available Finance Charge Collections
  - i. Investor Finance Charge Collections
  - ii. Excess Finance Charge Collections allocable to Series [ ]-[ ]
  - iii. Net Swap Receipts
  - iv. Investment earnings in the Spread Account
  - v. Recoveries
- i. Available Finance Charge Collections (Sum of h.i through h.v)
- j. Total Collections (c.Series + i.)
- k. Total Finance Charge Collections deposited in the Collection Account (net of any amounts distributed to Transferor and owed to Servicer)

**IX. Application of Available Funds pursuant to Section 4.4(a) of the Indenture Supplement**

Available Finance Charge Collections

- (i.) On a pari passu basis:
  - (a) Payment to the Indenture Trustee, to a maximum of \$25,000
  - (b) Payment to the Trustee, to a maximum of \$25,000
  - (c) Payment to the Administrator, to a maximum of \$25,000
- (ii.) To the Servicer:
  - (a) Noteholder Servicing Fee
  - (b) Noteholder Servicing Fee previously due but not paid
  - (c) Total Noteholder Servicing Fee
- (iii.) On a pari passu basis:
  - (a) Class A Unpaid Monthly Interest
  - (b) Class A Net Swap Payments
  - (c) Class A Net Swap Payments not paid on a prior Payment Date
- (iv.) Class A Non-Use Fee:
  - (a) Class A Non-Use Fee
  - (b) Class A Non-Use Fee previously due but unpaid
- (v.) Class A Rated Additional Amounts:
  - (a) Class A Rated Additional Amounts
  - (b) Class A Rated Additional Amounts previously due but unpaid
- (vi.) On a pari passu basis:
  - (a) Class B Unpaid Monthly Interest
  - (b) Class B Net Swap Payments
  - (c) Class B Net Swap Payments not paid on a prior Payment Date
- (vii.) Class B Non-Use Fee:
  - (a) Class B Non-Use Fee

- (b) Class B Non-Use Fee previously due but unpaid
- (viii.) Class B Rated Additional Amounts:
  - (a) Class B Rated Additional Amounts
  - (b) Class B Rated Additional Amounts previously due but unpaid
- (ix.) To be treated as Available Principal Collections:
  - (a) Aggregate Investor Default Amount
  - (b) Aggregate Investor Uncovered Dilution Amount
- (x.) To be treated as Available Principal Collections, to the extent not previously reimbursed
  - (a) Investor Charge-offs
  - (b) Reallocated Principal Collections
- (xi.) Amounts required to be deposited to the Spread Account
- (xii.) Class A Senior Unrated Additional Amounts:
  - (a) Class A Senior Unrated Additional Amounts
  - (b) Class A Senior Unrated Additional Amounts previously due but unpaid
- (xiii.) Class B Senior Unrated Additional Amounts:
  - (a) Class B Senior Unrated Additional Amounts
  - (b) Class B Senior Unrated Additional Amounts previously due but unpaid
- (xiv.) Class A Subordinated Unrated Additional Amounts:
  - (a) Class A Subordinated Unrated Additional Amounts
  - (b) Class A Subordinated Unrated Additional Amounts previously due but unpaid
- (xv.) Class B Subordinated Unrated Additional Amounts:
  - (a) Class B Subordinated Unrated Additional Amounts
  - (b) Class B Subordinated Unrated Additional Amounts previously due but unpaid
- (xvi.) To be treated as Available Principal Collections: Series Allocation Percentage of Minimum Free Equity Shortfall
- (xvii.) On a pari passu basis, any amounts unpaid in clause (i) above
- (xviii.) The balance, if any, will constitute a portion of Excess Finance Charge Collections for such Payment Date and first will be available for allocation to other Series in Group One and, then:
  - a. Unless an Early Amortization Event has occurred, to the Transferor; and or
    - If an Early Amortization Event has occurred, first, to pay Monthly Principal in accordance with Section 4.4(c) of the Indenture to the extent not paid in full from Available Principal Collections (calculated without regard to amounts available to be treated as Available Principal Collections pursuant to this clause), second, to pay on a pari passu basis any amounts owed to such Persons listed in clause (a)(i) above that have been allocated to Series [ ]-[ ] in accordance with Section 8.4(d) of the Indenture and that have not been paid pursuant to clauses (a)(i) and (a)(xi) above, and, third, any amounts remaining after payment in full of the Monthly Principal and amounts owed to such Persons listed in clause (a)(i) above shall be paid to the Issuer.
  - b.

**X. Excess Finance Charge Collections (Group One)**

- a. Total Excess Finance Charge Collections in Group One
- b. Finance Charge Shortfall for Series [ ]-[ ]
- c. Finance Charge Shortfall for all Series in Group One
- d. Excess Finance Charges Collections Allocated to Series [ ]-[ ]

**XI. Available Principal Collections and Distributions (Section references relate to Indenture Supplement)**

- a. Investor Principal Collections
- b. Less: Reallocated Principal Collections for the Monthly Period pursuant to Section 4.7
- c. Plus: Shared Principal Collections allocated to this Series
- d. Plus: Aggregate amount to be treated as Available Principal Collections pursuant to Section 4.4(a)(ix)
- e. Plus: Aggregate amount to be treated as Available Principal Collections pursuant to Section 4.4(a)(x)
- f. Plus: During an Early Amortization Period, the amount of Available Finance Charge Collections used to pay principal on the Notes pursuant to Section 4.4(a)(ix)
- g. Available Principal Collections (Deposited to Principal Account)
  - i. During the Revolving Period, Available Principal Collections treated as Shared Principal Collections Pursuant to Section 4.4(b)
  - ii. During the Controlled Amortization Period, Available Principal Collections deposited to the Distribution Account pursuant to Section 4.4(c)(i),(ii)
  - iii. During the Early Amortization Period, Available Principal Collections deposited to the Distribution Account pursuant to Section 4.4(c)
  - iv. Series Shared Principal Collections available to Group One pursuant to Section 4.4(b) and 4.4(c)(iv)
  - v. Principal Distributions pursuant to Section 4.4(d) in order of priority
    - a. Principal paid to Class A Noteholders
    - b. Principal paid to Class B Noteholders

- vi. Total Principal Collections Available to Share (Inclusive of Series [ ]-[ ])
- vii. Series Principal Shortfall
- viii. Shared Principal Collections allocated to this Series from other Series

**XII. Spread Account Funding (Section references relate to Indenture Supplement)**

- a. Spread Account Percentage
- b. Required Spread Account Amount
- c. Beginning Available Spread Account Amount
- d. Withdrawal pursuant to 4.11 (a) - Section 4.4(a)(v) Shortfall
- e. Withdrawal pursuant to 4.11 (b) - Class C Expected Principal Payment Date
- f. Withdrawal pursuant to 4.11 (c) - Early Amortization Event
- g. Withdrawal pursuant to 4.11 (d) - Event of Default
- h. Deposit pursuant to 4.4 (a)(ix) - Spread Account Deficiency
- i. Withdrawal pursuant to 4.11 (f) - Spread Account Surplus Amount
- j. Ending Available Spread Account Amount

**XIII. Series Early Amortization Events**

- |    |   |    |
|----|---|----|
| a. | The Free Equity Amount is less than the Minimum Free Equity Amount<br>Free Equity:                            | No |
|    | i. Free Equity Amount   |    |
|    | ii. Minimum Free Equity Amount  |    |
|    | iii. Excess Free Equity Amount  |    |
| b. | The Note Trust Principal Balance is less than the Required Principal Balance<br>Note Trust Principal Balance: | No |
|    | i. Note Trust Principal Balance   |    |
|    | ii. Required Principal Balance  |    |
|    | iii. Excess Principal Balance   |    |
| c. | The three-month average Portfolio Yield is less than three-month average Base Rate<br>Portfolio Yield:        | No |
|    | i. Three month Average Portfolio Yield  |    |
|    | ii. Three month Average Base Rate   |    |
|    | iii. Three month Average Excess Spread  |    |
| d. | The Note Principal Balance is outstanding beyond the Expected Principal Payment Date                          | No |
|    | i. Scheduled Final Payment Date   |    |
|    | ii. Current Payment Date  |    |
| e. | Are there any material modifications, extensions or waivers to pool asset terms, fees, penalties or payments? | No |
| f. | Are there any material breaches or pool of assets representations and warranties or covenants?                | No |
| g. | Are there any material changes in criteria used to originate, acquire, or select new pool assets?             | No |
| h. | Has an early amortization event occurred?   | No |

IN WITNESS WHEREOF, the undersigned has duly executed this Monthly Noteholder's Statement as of the \_\_\_\_\_ day of \_\_\_\_\_ 20[ ]].

**GENERAL ELECTRIC CAPITAL CORPORATION**, as Servicer

By: \_\_\_\_\_  
Name:  
Title:

Exhibit B (Page 7)

*Form of Class B Note (20[ ]-[ ])*

Form of Option Amortization Notice

[DATE]

TO: BNY Mellon Trust of Delaware, as Trustee  
Deutsche Bank Trust Company Americas, as Indenture Trustee  
The Series 20[ ]-[ ] Noteholders

RE: GE CAPITAL CREDIT CARD MASTER NOTE TRUST, Series 20[ ]-[ ]/Notice of Designation of Optional Amortization Amount

Gentlemen and Ladies:

This Optional Amortization Notice is delivered to you pursuant to Section 2.2(b) of the Series 20[ ]-[ ] Indenture Supplement (as amended from time to time, the "Indenture Supplement"), dated as of [ ], 20[ ], between GE Capital Credit Card Master Note Trust (the "Issuer") and Deutsche Bank Trust Company Americas, as indenture trustee (the "Indenture Trustee"). Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein have the meanings provided in the Indenture Supplement.

The Issuer hereby notifies you that it hereby designates an Optional Amortization Amount of \$[ ] to be distributed to the Class A Noteholders and Class B Noteholders on [ ], 20[ ] (the "Optional Amortization Date") as specified in Section 2.2(b) of the Indenture Supplement. The related Enhancement Reduction Amount upon payment in full of the Optional Amortization Amount is \$[ ].

The Issuer has caused this Optional Amortization Notice to be executed and delivered by its duly authorized officer or representative this [ ] day of [ ], [ ].

Please evidence your consent to the Optional Amortization described in this notice by returning a signed acknowledgement no later than [ ], 20[ ].

---

GE Capital Credit Card Master Note Trust,  
as Issuer

By: General Electric Capital Corporation, as Administrator

By:  
Name:  
Title:

Exhibit C (Page 2)

*Form of Class B Note (20[ ]-[ ])*



SCHEDULE I

PERFECTION REPRESENTATIONS, WARRANTIES  
AND COVENANTS (WITH RESPECT TO RECEIVABLES)

(a) In addition to the representations, warranties and covenants contained in the Indenture, the Issuer hereby represents, warrants and covenants to the Indenture Trustee as follows as of the Closing Date and as of each Advance Date:

(1) The Indenture creates a valid and continuing security interest (as defined in the applicable UCC) in the Receivables in favor of the Indenture Trustee, which security interest is prior to all other Liens, and is enforceable as such against creditors of and purchasers from the Issuer.

(2) The Receivables constitute either “accounts” or “general intangibles” within the meaning of the applicable UCC.

(3) The Issuer owns and has good and marketable title to the Receivables free and clear of any Lien, claim or encumbrance of any Person.

(4) There are no consents or approvals required for the pledge of the Receivables to the Indenture Trustee pursuant to the Indenture.

(5) The Issuer (or the Administrator on behalf of the Issuer) has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest granted to the Indenture Trustee under the Indenture in the Receivables.

(6) Other than the pledge of the Receivables to the Indenture Trustee pursuant to the Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed the Receivables. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Receivables, except for the financing statement filed pursuant to the Indenture.

(7) Notwithstanding any other provision of the Indenture, the representations and warranties set forth in this Schedule I shall be continuing, and remain in full force and effect, until such time as the Series 2014-VFN[ ] Notes are retired.

(b) The Issuer covenants that in order to evidence the interests of the Issuer and the Indenture Trustee under the Indenture, the Issuer shall take such action, or execute and deliver such instruments as may be necessary or advisable (including, without limitation, such actions as are requested by the Indenture Trustee) to maintain and perfect, as a first priority interest, the Indenture Trustee’s security interest in the Receivables.

**FORM OF LOAN AGREEMENT (Series 2014-VFN[], Class A)**

Dated as of [] [], 2014

by and among

GE CAPITAL CREDIT CARD MASTER NOTE TRUST,

as Borrower,

THE LENDERS PARTIES HERETO

and

THE MANAGING AGENTS FOR THE LENDER  
GROUPS PARTIES HERETO

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**SCHEDULES AND EXHIBITS**

Exhibit A	Form of Borrowing Notice
Schedule A	Lenders Groups, Bank Sponsored Lenders, Committed Lenders, Managing Agents and Related Information

*GE Capital Credit Card Master Note Trust,  
Loan Agreement (Series 2014-VFN[[]], Class A)*

**LOAN AGREEMENT (Series 2014-VFN[ ], Class A)**, dated as of [ ] [ ], 2014 (this "Agreement"), by and among: (i) GE Capital Credit Card Master Note Trust a statutory trust organized under the laws of the State of Delaware (the "Borrower"); (ii) the Lenders party hereto from time to time; and (iii) the Managing Agents party hereto from time to time.

In consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. Unless otherwise defined herein, terms defined in the Indenture Supplement are used herein as defined therein, or if not defined in the Indenture Supplement, but defined in the Indenture, as defined in the Indenture. Capitalized terms used in this Agreement shall have (unless otherwise provided elsewhere herein) the following respective meanings:

"Accounting Changes" means, with respect to any Person, an adoption of GAAP different from such principles previously used for reporting purposes by such Person as permitted or required by GAAP.

"Administrator" means General Electric Capital Corporation in its capacity as administrator for the Borrower under the Borrower Administration Agreement or any other Person designated as a successor thereunder.

"Administration Assignment" is defined in Section 7.17(a).

"Advance" is defined in Section 2.1(a).

"Advances Outstanding" means, for any day, the aggregate principal amount of the Advances outstanding on such day, after giving effect to all repayments and fundings of the Advances on such day.

"Adverse Claim" means any claim of ownership or any lien other than Permitted Encumbrances.

"Affected Party" means each of the following Persons: each Managing Agent, each Lender, each Liquidity Provider and each corporation owning, directly or indirectly, any Lender, Managing Agent or Liquidity Provider that is a bank.

"Affiliate" means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the Stock having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is under common control with such Person, or (c) each of such Person's officers, directors, joint venturers and partners. For the purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

*GE Capital Credit Card Master Note Trust,  
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“Agreement” is defined in the preamble.

“Alternative Fee Rate” for any Lender Group has the meaning specified in the Fee Letter for such Lender Group.

“Alternative Rate” shall mean, with respect to any Lender for any Interest Period (or any portion thereof), an interest rate per annum equal to the Eurodollar Rate for such Interest Period (or portion thereof); provided, however, that:

(a) if the Alternative Rate becomes applicable with respect to such Lender and any portion of such Lender’s Lender Interest without at least three Business Days’ prior notice, then, for such portion, the Alternative Rate for each day prior to the third Business Day following the date of such notice shall be the Base Rate or such other rate as may be agreed between the applicable Managing Agent on behalf of such Lender and the Borrower;

(b) if the aggregate portion of such Lender’s Lender Interest on any day to be funded by such Lender or any of its Liquidity Providers at the Alternative Rate is less than \$1,000,000, then the Alternative Rate for such day shall be the Base Rate or such other rate as may be agreed between the applicable Managing Agent on behalf of such Lender and the Borrower; and

(c) if a Eurodollar Rate Disruption Event shall have occurred, the Alternative Rate shall be the Base Rate or such other rate as may be agreed between the applicable Managing Agent on behalf of such Lender and the Borrower.

“Bank Sponsored Lender” means each party designated as a “Bank Sponsored Lender” on the signature pages and Schedule A to this Agreement or in the applicable joinder or assignment documentation pursuant to which such Person becomes a party to this Agreement.

“Bank Sponsored Lender Liquidity Arrangement” means each liquidity, credit enhancement or “back-stop” purchase or loan facility for a Bank Sponsored Lender relating to this Agreement (but not including the Commitment of a Committed Lender under this Agreement).

“Base Rate” means, for any Lender and any day, a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate for such day, plus 0.50% and (b) the floating commercial loan rate of interest in effect for such day as publicly announced from time to time by such Lender or its Managing Agent as its “prime rate;” provided, however, to the extent neither the Lender nor its Managing Agent publicly announces its prime rate, then the rate of interest in effect for such day for clause (b) is that identified and normally published in the “Money Rates” section of The Wall Street Journal (New York Edition) as the “prime rate” (or, if more than one rate is published as the prime rate, then the average of such rates) (and, if The Wall Street Journal (New York Edition) no longer reports the prime rate, or if such prime rate no longer exists, or the Managing Agent determines in good faith that the rate so reported no longer accurately reflects an accurate determination of the prevailing prime rate, then the Managing

Agent may select a reasonably comparable index or source to use as the basis for the prime rate). The “prime rate” is a rate set by such Lender or its Managing Agent based upon various factors including such Person’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate. Any change in the prime rate announced by such Person shall take effect at the opening of business on the day specified in the public announcement of such change. Each determination of the Base Rate and interest accrued by reference to the Base Rate shall be calculated on the basis of actual days elapsed and the number of days in the related calendar year.

“Borrower” means GE Capital Credit Card Master Note Trust, a statutory trust organized under the laws of the State of Delaware.

“Borrower Administration Agreement” means the Administration Agreement, dated as of September 25, 2003, among the Borrower, the Administrator and BNY Mellon Trust of Delaware, as trustee.

“Borrower Trust Agreement” means the Trust Agreement, dated as of September 25, 2003, of GE Capital Credit Card Master Note Trust.

“Borrowing Notice” is defined in Section 2.2.

“Claims” is defined in Section 7.17(b).

“Class A Additional Amounts” means any amounts payable to any Affected Party hereunder or under the Indenture Supplement, other than Interest, principal and Non-Use Fees in respect of the Class A Notes, including amounts payable under Sections 2.8, 2.9 and 6.1.

“Class A Agreement Regarding Loans” means the Lenders’ Agreement Regarding GE Capital Credit Card Master Note Trust Loans (Series 2014-VFN[ ]), Class A), dated as of [ ] [ ], 2014, among the Lenders and the Managing Agents parties thereto from time to time.

“Class A Commitment Amount” means, for any Committed Lender, the amount set forth as such for the initial Committed Lenders party hereto on Schedule A to this Agreement in the table setting forth the “Lender Groups” and, for any other Committed Lender, in the joinder or assignment documentation by which such Lender became a party to this Agreement or assumed the Class A Commitment Amount (or a portion thereof) of another Lender hereunder. To the extent that any Committed Lender assigns any portion of its Class A Commitment Amount pursuant to the terms of this Agreement and the Class A Agreement Regarding Loans, such Committed Lender’s Class A Commitment Amount shall be reduced by the amount thereof that is assigned.

“Class A Non-Use Fee” for any Lender Group has the meaning specified in the Fee Letter for such Lender Group.

“Class A Note” means any Series 2014-VFN[ ] Note issued under the Indenture to the Managing Agent for a Lender Group for the benefit of the Lenders in such Lender Group substantially in the form of Exhibit A-1 to the Indenture Supplement.

“Class B Loan Agreement” means the Loan Agreement (Series 2014-VFN[ ], Class B) dated as of [ ] [ ], 2014, among GE Capital Credit Card Master Note Trust, the lenders parties thereto from time to time.

“Commercial Paper” means the short-term promissory notes of any Bank Sponsored Lender or RIC issued and sold from time to time in the U.S. commercial paper market and other similar short-term debt instruments.

“Commitment” means, for any Committed Lender, the maximum amount of such Committed Lender’s commitment to fund the Advances hereunder, which shall be an amount equal to such Committed Lender’s Class A Commitment Amount.

“Committed Bank Sponsored Lender” means each Committed Lender that is also a Bank Sponsored Lender.

“Committed Lender” means each financial institution designated as a “Committed Lender” on the signature pages and Schedule A to this Agreement or in the applicable joinder or assignment documentation pursuant to which such financial institution becomes a party to this Agreement.

“CP Rate” means, with respect to each Bank Sponsored Lender, a rate of interest equal to the lesser of (i) a per annum rate equal to LIBOR for the applicable Interest Period plus 0.10% and (ii) the per annum rate (expressed as a percentage and an interest yield equivalent and calculated on the basis of a 360-day year) equivalent to the weighted average of the per annum rates, as determined by the Managing Agent for the Lender Group of which such Lender is a member, paid or payable by such Lender from time to time as interest on or otherwise in respect of Commercial Paper issued by such Lender to fund the making or maintenance of the Advances (and which may also be allocated in part to the funding of other assets of such Lender) during the related Interest Period (or portion thereof) as determined by the applicable Managing Agent, which rates shall reflect and give effect to (i) certain documentation and transaction costs (including dealer and placement agent commissions) associated with the issuance of the Commercial Paper, and (ii) other borrowings (other than under any Bank Sponsored Lender Liquidity Arrangement) by such Lender, including borrowings to fund small or odd dollar amounts that are not easily accommodated in the commercial paper market, to the extent such amounts are allocated, in whole or in part, by the applicable Managing Agent to fund such Lender’s making or maintenance of the Advances during such Interest Period; provided, however, that if any component of such rate is a discount rate, in calculating the CP Rate, the related Managing Agent shall for such component use the rate resulting from converting such discount rate to an interest bearing equivalent rate per annum; provided, further, that the CP Rate with respect to any LIBOR Bank Sponsored Lender shall be LIBOR for the applicable Interest Period (or any portion thereof).



“Default Rate” means a rate per annum equal to the sum of (i) LIBOR as determined for the applicable Interest Period and (ii) a margin of 2.00%per annum.

“Delegation Date” is defined in Section 7.17(c).

“Dollars” or “\$” means lawful currency of the United States of America.

“Early Amortization Event” means a Trust Early Amortization Event or a Series 2014-VFN[] Early Amortization Event.

“ERISA” means the Employee Retirement Income Security Act of 1974 and any regulations promulgated thereunder.

“Eurodollar Rate” means, with respect to any Lender Interest (or portion thereof), and with respect to any Interest Period (or portion thereof), a rate per annum equal to LIBOR for such Interest Period (or portion thereof) plus the Alternative Fee Rate. Each determination of the Eurodollar Rate shall be calculated on the basis of actual days elapsed and a year of 360 days.

“Eurodollar Rate Disruption Event” shall mean, any of the following: (a) a determination by any Lender that it would be contrary to law or to the directive of any central bank or other Governmental Authority for such Lender or its applicable funding source to obtain United States dollars in the London interbank market to make or maintain the Advances for any Interest Period (or portion thereof) or (b) a determination by any Lender that by reason of circumstances affecting the London interbank market generally United States dollars cannot be obtained in such market by such Lender or its applicable funding source to make or maintain the Advances for any Interest Period (or portion thereof).

“FATCA” means Sections 1471 through Section 1474 of the Code (and any successor sections thereto) and any Treasury regulations or official interpretations thereof.

“Federal Funds Rate” means, for any day and any Lender, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to such Lender or its Managing Agent on such day on such transactions as determined by it.

“Fee Letter” means, with respect to any Lender Group, the letter agreement designated therein as a Fee Letter related to the Class A Notes and then in effect, among the Borrower, RFS Holding, L.L.C. and the Managing Agent for such Lender Group.

“Final Liquidation Date” means the earliest date, following the Closing Date, on which all Commitments have terminated, the Advances Outstanding have been reduced to zero and all accrued and unpaid Interest, all Class A Non-Use Fees and all Class A Additional Amounts have been paid in full in cash.

“Funding Rate” means with respect to any Lender and any Interest Period or portion thereof, a rate per annum equal to the rate of interest (or if more than one rate, the weighted average of the rates) equal to (a) to the extent such Lender is funding any portion of its Lender Interest for all or any portion of such Interest Period through the issuance of Commercial Paper, the applicable CP Rate plus the applicable Program Fee Rate; and (b) to the extent such Lender is funding any portion of its Lender Interest for all or any portion of such Interest Period other than through the issuance of Commercial Paper, the Alternative Rate; provided, however, that (i) at any time when any Early Amortization Event shall have occurred and be continuing, the Funding Rate with respect to each Lender shall be the Default Rate; and (ii) to the extent that any Lender (or the applicable Managing Agent on its behalf) must determine the Funding Rate for any Interest Period prior to the end of such Interest Period, such determination may be based on estimates of any of the component rates applicable during such Interest Period, and any overpayment or underpayment of interest resulting from such estimation shall be taken into account in calculating interest for the next succeeding Interest Period, if any, as contemplated in Section 4.1(a) of the Indenture Supplement.

“GAAP” means generally accepted accounting principles in the United States of America as in effect on the Closing Date, modified by Accounting Changes.

“Governmental Authority” means any nation or government, any state, county, city, town, district, board, bureau, office, commission, any other municipality or other political subdivision thereof (including any educational facility, utility or other Person operated thereby), and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles.

“Group Limit” means, with respect to any Lender Group, the aggregate amount of the Commitments of the Committed Lenders in such Lender Group.

“Indemnified Amounts” means, with respect to any Person, any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including reasonable attorneys’ fees and disbursements and other reasonable out-of-pocket costs of investigation or defense, including those incurred upon any appeal).

“Indenture” means the Master Indenture, dated as of September 25, 2003, between the Borrower and Deutsche Bank Trust Company Americas, as indenture trustee.

“Indenture Supplement” means the Indenture Supplement dated as of [ ] [ ], 2014, between the Borrower and the Indenture Trustee, supplementing the Indenture and relating to the Series 2014-VFN[ ] Notes.

“Indenture Trustee” means Deutsche Bank Trust Company Americas, as indenture trustee under the Indenture.

“Initial Advance” is defined in Section 2.1(a).

“Interest” means Class A Monthly Interest, plus any Class A Additional Interest.

“Investment Company Act” means the provisions of the Investment Company Act of 1940, 15 U.S.C. §§ 80a et seq., and any regulations promulgated thereunder.

“IRS” is defined in Section 2.8(b).

“Law” means any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of a Governmental Authority.

“Lender” means any Bank Sponsored Lender or Committed Lender, and “Lenders” means, collectively, all Bank Sponsored Lenders and Committed Lenders.

“Lender Commitment Percentage” means with respect to any Committed Lender, the percentage equivalent of a fraction, the numerator of which is such Committed Lender’s Commitment, and the denominator of which is equal to the aggregate of the Commitments of all Committed Lenders in the related Lender Group.

“Lender Group” means any group of Lenders designated as such on the signature pages and Schedule A to this Agreement or in the applicable joinder or amendment documentation, consisting of one or more Lenders, at least one of which shall be a Committed Lender, and a related Managing Agent.

“Lender Indemnified Person” is defined in Section 6.1(a).

“Lender Interest” means, with respect to any Lender at any time, the portion of the Advances Outstanding funded by such Lender.

“LIBOR” means as defined in the Indenture Supplement.

“LIBOR Bank Sponsored Lender” means a Bank Sponsored Lender designated as such on Schedule A to this Agreement or in the applicable joinder or assignment documentation pursuant to which such Person becomes a party to this Agreement.

“Liquidity Provider” means, with respect to the Bank Sponsored Lender(s) in any Lender Group, a party previously approved by GE Capital Retail Bank that has agreed to make Support Advances to the Bank Sponsored Lender(s) in such Lender Group pursuant to a Bank Sponsored Lender Liquidity Arrangement.

“Litigation” means, with respect to any Person, any action, claim, lawsuit, demand, investigation or proceeding pending or threatened against such Person before any court, board, commission, agency or instrumentality of any federal, state, local or foreign government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators.

“Loan Agreement Limit” means, on any day, the aggregate of the Commitments of all Committed Lenders in effect on such day.

“Lookback Period” is defined in Section 2.9(a).

“Managing Agent” means, with respect to any Lender Group, the Person so designated on the signature pages and Schedule A to this Agreement or in the applicable joinder or amendment documentation with respect to any Lender Group arising hereunder after the Closing Date.

“Material Adverse Effect” means, with respect to the Borrower, a material adverse effect on (a) the ability of the Borrower to perform any of its obligations under the Related Documents in accordance with the terms thereof, (b) the validity or enforceability of any Related Document or the rights and remedies of the Managing Agents or the Lenders under any Related Document or (c) the Collateral or liens of the Indenture Trustee thereon or the priority of such liens.

“Maximum Lawful Rate” is defined in Section 2.7(d).

“Maximum Loan Amount” means (i) with respect to any Bank Sponsored Lender (other than a Committed Bank Sponsored Lender), the aggregate Commitments of the Committed Lenders with respect to such Bank Sponsored Lender; provided, however, that if such Committed Lenders are also Committed Lenders with respect to other Bank Sponsored Lenders (other than Committed Bank Sponsored Lenders) in the same Lender Group, the aggregate of the Maximum Loan Amounts of all such Bank Sponsored Lenders shall not exceed the aggregate Commitments of such Committed Lenders, and (ii) with respect to any Committed Bank Sponsored Lender, the amount of its Commitment.

“Obligations” means all obligations (monetary or otherwise) of the Borrower to the Lenders, the Managing Agents or any other Affected Party arising under or in connection with this Agreement, the Class A Notes and each other Related Document.

“Other Borrower” means, with respect to any Bank Sponsored Lender, any Person, other than the Borrower, that has entered into a receivables purchase agreement, receivables transfer agreement, loan agreement or funding agreement with such Bank Sponsored Lender.

“Person” means any individual, sole proprietorship, partnership, joint venture, unincorporated organization, trust, association, corporation (including a business trust), limited liability company, institution, public benefit corporation, joint stock company, Governmental Authority or any other entity of whatever nature.

“Program Changes” is defined in Section 7.17(a).

“Program Fee Rate” for any Lender Group has the meaning specified in the Fee Letter for such Lender Group.

“Regulatory Change” is defined in Section 2.9(a).

“Related Documents” means, collectively, the Indenture, the Indenture Supplement, the Transfer Agreement, the Bank Receivables Sale Agreement, the Servicing

Agreement, the Trust Agreement, the Borrower Administration Agreement, the Custody and Control Agreement, this Agreement, the Class A Agreement Regarding Loans, the Class B Loan Agreement, the Class B Agreement Regarding Loans, the Fee Letter, the Class A Notes and the Class B Notes.

“Replacement Person” is defined in Section 2.9(d).

“Required Class B Note Principal Balance” means, at any time, an amount equal to the product of the Class B Pro Rata Percentage and the Note Principal Balance at such time.

“Required Lenders” means, at any time, (i) if there is only one Lender Group, the Managing Agent for such Lender Group, acting at the direction of the Bank Sponsored Lenders and of Committed Lenders having a majority of the Advances Outstanding in such Lender Group and (ii) if there are two or more Lender Groups, two or more Managing Agents for Lender Groups, each acting at the direction of the Bank Sponsored Lenders and the Committed Lenders having a majority of the Advances Outstanding in its Lender Group, so long as the portions of the Advances Outstanding funded by such Lender Groups aggregate more than 50% of the Advances Outstanding.

“RIC” means, with respect to any Lender, a receivables investment company administered by the Managing Agent for the related Lender Group or an Affiliate thereof, which obtains funding through the issuance of Commercial Paper.

“Rule 17g-5” means Rule 17g-5 under the U.S. Securities Exchange Act of 1934 (as amended), as interpreted by the U.S. Securities and Exchange Commission from time to time.

“Securities Act” means the provisions of the Securities Act of 1933, 15 U.S.C. Sections 77a et seq., and any regulations promulgated thereunder.

“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.

“Servicer” means GE Capital in its capacity as Servicer for the Borrower under the Servicing Agreement or any other Person designated as a Successor Servicer thereunder.

“Servicing Agreement” means the Servicing Agreement dated as of June 27, 2003, between the Borrower and GE Capital (as successor to GE Capital Retail Bank), as the Servicer.

“Servicing Agreement Amendment” is defined in Section 7.17(a).

“Servicing Liability Release” is defined in Section 7.17(c).

“Servicing Assignment” is defined in Section 7.17(a).

“Stock” means all shares, options, warrants, membership interests in a limited liability company, general or limited partnership interests or other equivalents (regardless of how designated) of or in a corporation, partnership or equivalent entity whether voting or nonvoting,

including common stock, preferred stock or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act).

“Subservicer” is defined in Section 7.17(c).

“Subservicing Agreement” is defined in Section 7.17(c).

“Successor Servicer” is defined in Section 6.2 of the Servicing Agreement.

“Support Advance” means, with respect to a Liquidity Provider and its related Bank Sponsored Lender, any participation held by such Liquidity Provider in such Bank Sponsored Lender’s share of the Advances which was purchased from such Bank Sponsored Lender pursuant to a Bank Sponsored Lender Liquidity Arrangement and any loans or other advances made by such Liquidity Provider to such Bank Sponsored Lender pursuant to a Bank Sponsored Lender Liquidity Arrangement to fund such Bank Sponsored Lender’s making or maintaining its funding of the Advances.

“Taxes” means taxes, levies, imposts, duties, charges, fees, deductions or withholdings.

“UCC” means, with respect to any jurisdiction, the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in such jurisdiction.

“Withholding Taxes” is defined in Section 2.8(b).

Section 1.2. Other Interpretive Matters. All terms defined directly or by incorporation in this Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Agreement and all related certificates and other documents, unless the context otherwise requires: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under GAAP; and unless otherwise provided, references to any month, quarter or year refer to a fiscal month, quarter or year as determined in accordance with the fiscal calendar of the Borrower and its Affiliates; (b) terms defined in Article 9 of the UCC and not otherwise defined in this Agreement are used as defined in that Article; (c) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (d) the words “hereof,” “herein” and “hereunder” and words of similar import refer to this Agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate or document); (e) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (f) the term “including” means “including without limitation”; (g) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (h) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its

terms; (i) references to any Person include that Person's successors and permitted assigns; (j) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; and (k) words in the singular include the plural and words in the plural include the singular.

Section 1.3. Appendices. All Appendices hereto, or expressly identified to this Agreement, are incorporated herein by reference and, taken together with this Agreement, shall constitute but a single agreement.

Section 1.4. Intended Characterization. The parties hereto agree that it is their mutual intent that, for all purposes, the Advances made hereunder will constitute indebtedness of the Borrower. Further, each party hereto hereby covenants to every other party hereto to treat the Advances made hereunder as indebtedness for all purposes, including in all tax filings, reports and returns and otherwise, and further covenants that neither it nor any of its Affiliates will take, or participate in the taking of or permit to be taken, any action that is inconsistent with the treatment of the Advances hereunder as indebtedness. All successors and assigns of the parties hereto shall be bound by the provisions hereof.

## ARTICLE II

### COMMITMENT; THE ADVANCES

#### Section 2.1. The Advances.

(a) On the terms and subject to the conditions set forth in this Agreement and the Indenture Supplement, the Borrower may from time to time on or prior to the last day of the Revolving Period request loans pursuant to this Section 2.1 (each, an "Advance") to be made by the Lenders in accordance with this Article II, including an initial advance in the aggregate amount of \$[ ] to be made on the Closing Date (the "Initial Advance"). Each Advance requested by the Borrower shall be allocated to the Lender Groups pro rata based on their respective Group Limits. If there are any Committed Bank Sponsored Lenders in a Lender Group, each such Committed Bank Sponsored Lender shall be obligated to fund its Lender Commitment Percentage of the Advance. If there is more than one Bank Sponsored Lender (excluding Committed Bank Sponsored Lenders) in the same Lender Group, the portion of the Advance allocated to such Lender Group shall be allocated among such Bank Sponsored Lenders (excluding Committed Bank Sponsored Lenders) as determined by the Managing Agent for the applicable Lender Group. Each Bank Sponsored Lender (other than a Committed Bank Sponsored Lender) may, in its sole and absolute discretion, decline to lend to the Borrower all or any portion of the share of any Advance allocated to such Bank Sponsored Lender by its Managing Agent.

If a Bank Sponsored Lender (other than a Committed Bank Sponsored Lender) elects not to lend the full amount of the share of the requested Advance allocated to its Lender Group on the terms and subject to the conditions set forth in this Agreement, each of the Committed Lenders (other than a Committed Bank Sponsored Lender) with respect to the applicable Lender Group shall lend to the Borrower the share of the requested Advance not made by such Bank Sponsored Lender pro rata in accordance with their respective Commitments.

(b) Notwithstanding the foregoing, under no circumstances shall any Committed Lender be required to participate in making an Advance if after giving effect thereto (i) the Advances Outstanding would exceed the Loan Agreement Limit then in effect, (ii) the portion of the Advances Outstanding funded by the Lenders in any Lender Group would exceed the Group Limit for such Lender Group or (iii) the portion of the Advances Outstanding owing to such Committed Lender would exceed such Lender's Commitment. The obligation of each Committed Lender to fund its Lender Commitment Percentage of the portion of the Advance allocated to its Lender Group shall be several from that of each other Committed Lender in such Lender Group, and the failure of any Committed Lender to so make such amount available to the Borrower shall not relieve any other Committed Lender of its obligation hereunder.

Section 2.2. Notices Relating to Advances. [Other than with respect to the Initial Advance,] The Borrower shall give each Managing Agent written notice (a "Borrowing Notice") no later than 4:00 p.m. (New York City time) on the Business Day immediately preceding the date of such proposed borrowing. Each Borrowing Notice shall (i) be substantially in the form of Exhibit A and (ii) specify the amount of the requested Additional Advance and the proposed date of such Additional Advance. Borrowing Notices are not required to be manually signed and may be delivered electronically.

Section 2.3. Advance Procedures. Subject to the satisfaction of the conditions precedent in Section 3.2, not later than [2:00] p.m. (New York City time) on any Business Day on which an Advance has been requested to be made, the applicable Lender or Lenders shall transfer, by wire transfer or otherwise, but in any event in immediately available funds, their respective portions of the amount of the Advance to, or at the direction of, the Borrower.

Section 2.4. Reduction of Loan Agreement Limit. The Borrower may, from time to time, on at least 15 Business Days' prior written notice to each Managing Agent specifying the effective date of such decrease, reduce the Loan Agreement Limit and the Commitment of any Committed Lender by an amount not to exceed the excess of (a) such Committed Lender's Commitment over the greater of (i) the Advances Outstanding funded by such Committed Lender and (ii) the product of (x) the portion of the Advances Outstanding funded by all Lenders in such Committed Lender's Lender Group multiplied by (y) such Committed Lender's Lender Commitment Percentage. Any reduction of the Loan Agreement Limit and the Commitment of any Committed Lender pursuant to this Section 2.4 shall be permanent.

Section 2.5. Class A Note.

(a) The portion of the Advances made by the Lenders in each Lender Group hereunder shall be evidenced by one or more Class A Notes of the Borrower issued pursuant to the Indenture and the Indenture Supplement in the name of the Managing Agent for such Lender Group.

(b) Each Class A Note shall be dated the Closing Date, and together with the other Class A Notes issued in the name of the Managing Agent for a Lender Group, shall be in the maximum aggregate principal amount of the Commitments of the Committed Lender in such Lender Group and shall otherwise be duly completed as required by the terms of the Indenture and the Indenture Supplement. At any given time, the principal amount of a Class A Note, taken



together with the other Class A Notes issued in the name of the Managing Agent for a Lender Group, shall equal the unpaid aggregate amount of the Advances Outstanding owing to the Lenders in the corresponding Lender Group. To the extent that multiple Class A Notes evidence the Advances Outstanding owing to the Lenders in a Lender Group, the Managing Agent for such Lender Group shall allocate payments of principal and interest in respect of such Advances Outstanding ratably among such Class A Notes based upon their respective principal balances.

(c) The Borrower hereby authorizes each Managing Agent to enter on a schedule attached to the applicable Class A Note a notation (which may be computer generated): (i) the date and principal amount of the portion of each Advance made in connection therewith and (ii) each repayment of principal thereunder. The failure of any Managing Agent to make a notation on the schedule to a Class A Note as aforesaid shall not limit or otherwise affect the obligations of the Borrower hereunder or under such Class A Note.

**Section 2.6. Principal Repayments.**

(a) The Borrower shall repay the Advances Outstanding on each Payment Date to the extent that funds are then available therefor pursuant to the Indenture Supplement in an amount up to the Class A Monthly Principal for such Payment Date.

(b) In accordance with the terms and conditions of the Indenture and Indenture Supplement, the Advances Outstanding are payable in full on the Series Maturity Date.

(c) On each Optional Amortization Date, the Borrower shall repay the Advances Outstanding in an amount equal to the portion of the Optional Amortization Amount allocable to the Class A Notes in accordance with Section 2.2(b) of the Indenture Supplement.

(d) Each payment of Class A Monthly Principal and Optional Amortization Amount that is allocated to the Class A Notes shall be allocated to the Lender Groups pro rata based on the respective principal amounts of Advances Outstanding funded by each Lender Group.

**Section 2.7. Calculation of the Funding Rates; Payment of Interest, Fees, Etc**

(a) On or before the fifth Business Day preceding each Payment Date, each Managing Agent shall calculate the Funding Rates for the Class A Notes held by it and the portion of the Interest allocable to the Class A Notes held by it for the related Interest Period and shall notify the Borrower, the Transferor and the Servicer of such rates and amount. Each Managing Agent shall allocate the Interest received in respect of the Class A Notes held by it among such Class A Notes based on the respective amounts of interest accrued thereon. On or before the second Business Day of each calendar week, each Managing Agent shall provide the Borrower with a report of (i) the weighted average of the per annum rates paid or payable by each Bank Sponsored Lender in such Lender Group from time to time as interest on or otherwise in respect of the Commercial Paper issued by such Bank Sponsored Lender to fund the making or maintenance of its share of Advances (and which may also be allocated in part to the funding of other assets of such Lender) during the immediately preceding week and (ii) the weighted average maturities of the outstanding Commercial Paper issued by such Bank Sponsored Lender to fund the making or maintenance of its share of Advances (and which may also be allocated in part to the funding of other assets of such Lender) as of the last Business Day of the immediately preceding week.

(b) The Borrower hereby promises, solely to the extent that funds are then or thereafter available therefor pursuant to Section 4.4(a)(iii) of the Indenture Supplement, to pay Interest computed as described herein and in the Indenture Supplement. Accrued and unpaid Interest in respect of any Interest Period shall be payable on the corresponding Payment Date.

(c) All fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such Interest or fee is payable over a year comprised of 360 days. Any computations by any Managing Agent of amounts payable hereunder (including, without limitation, Class A Additional Amounts) shall be supported by a certificate prepared with due care and in good faith setting forth the basis and the calculation of the requested amount (in reasonable detail).

(d) Anything in this Agreement to the contrary notwithstanding, if at any time the rate of interest payable by any Person under this Agreement exceeds the highest rate of interest permissible under any applicable law (the "Maximum Lawful Rate"), then, so long as the Maximum Lawful Rate would be exceeded, the rate of interest under this Agreement shall be equal to the Maximum Lawful Rate.

(e) Each Managing Agent and each Lender hereby agrees with respect to itself that it will use commercially reasonable efforts to fund the Advance made by its Lender Group through the issuance of Commercial Paper; provided that no Managing Agent or Lender will have any obligation to use commercially reasonable efforts to fund the Advance made by its Lender Group through the issuance of Commercial Paper at any time that the funding of the Advance through the issuance of Commercial Paper would be prohibited by the program documents governing such Conduit Lender's Commercial Paper program. Each of the Managing Agent (as to each Bank Sponsored Lender) and each Committed Lender (as to itself) covenants that the Managing Agent and such Committed Lender will promptly notify the Borrower regarding the necessity to fund any portion of the Advance other than directly or indirectly through the issuance of Commercial Paper and, in such event, the funding cost applicable to such fundings.

Section 2.8. Payments: Withholding.

(a) Making of Payments. All payments of Interest, fees, principal of the Advances and all other amounts due to the Lenders and Managing Agents hereunder or under the Fee Letter, the Indenture or the Indenture Supplement, shall be paid on the Payment Date when due (or on such other date as specified in the Indenture Supplement), in Dollars in immediately available funds to the applicable Managing Agents (or, if specified in writing by any Managing Agent, to the Lenders in its Lender Group) based upon an itemized invoice delivered to the Borrower by such Managing Agent on or before the fifth Business Day preceding such Payment Date. Payments received by any Managing Agent (or Lender) after [3:00] p.m. (New York City time) on any day will be deemed to have been received by such Managing Agent (or Lender) on the next following Business Day. Payments shall be made to each Managing Agent (or Lender) at its account in the United States specified on Schedule A or in the applicable joinder or amendment documentation or such other account as such Managing Agent shall designate in

writing to the Borrower. Each Managing Agent shall, upon receipt of such payments, promptly remit such payments (in the same type of funds received by such Managing Agent) to each Lender in its Lender Group which has an interest in such payments hereunder and pro rata among the Lenders with such interests on the basis of the respective amounts owing to such Lenders of the Obligations to which such payments relate. Such payments shall be made to each Lender at an account in the United States specified by such Lender in writing to the Managing Agent for its Lender Group.

(b) Withholding and Form Delivery. Before the first date on which any amount is payable hereunder for the account of a Lender (or any successor or assignee of a Lender in accordance with Section 5.2 of the Class A Agreement Regarding Loans or otherwise), to a Managing Agent, the Managing Agent for each Lender Group (on behalf of each Lender in such Lender Group) and for itself as intermediary (or with respect to a Lender that is not part of a Lender Group, the Lender), shall deliver to the Borrower (A) one copy of duly completed and valid documents prescribed by FATCA, and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA, and to determine the amount to deduct and withhold under FATCA, and (B) (I) one copy of duly completed and valid United States Internal Revenue Service (“IRS”) Form W-8 or W-9, as applicable (or successor applicable form and/or other documentation), from each Lender in such Lender Group (or with respect to a Lender that is not part of a Lender Group, such Lender) timely certifying that such Lender (or any successor or assignee of such Lender in accordance with Section 5.2 of the Class A Agreement Regarding Loans or otherwise) is entitled to receive payments hereunder without deduction or withholding of any United States federal income taxes (“Withholding Taxes”), and (II) in respect of the Managing Agent on its own behalf, as applicable, one copy of duly completed and valid IRS Form W-9 or original duly completed and valid IRS Form W-8 certifying that the Managing Agent is acting as an intermediary in respect of such amount payable, as applicable, (or successor applicable form and/or other documentation). Each Lender shall deliver the documents required pursuant to the previous sentence to its Managing Agent in order for such Managing Agent to comply with this Section 2.8(b). However, to the extent payments are to be made by Borrower directly to any Lender and not to the applicable Managing Agent, then (A) on or before the first payment to such Lender is to be made, such Lender shall deliver to Borrower (I) one original of duly completed and valid documents prescribed by FATCA, and such additional documentation reasonably requested by the Borrower or necessary for the Borrower to comply with its obligations under FATCA and to determine the amount to deduct and withhold under FATCA, and (II) one original duly completed and valid IRS Form W-8 or one copy of duly completed and valid IRS Form W-9, as applicable (or successor applicable form and/or other documentation), and (B) the foregoing requirements to provide documentation by and to the Managing Agent shall not apply unless payments are also to be made to the Managing Agent. The Managing Agent of each Lender Group on behalf of the Lenders in such Lender Group (or with respect to a Lender that is not part of a Lender Group, such Lender) shall timely replace or update the forms and documents described in the immediately preceding sentences for each Lender promptly upon a change in circumstances that would invalidate a form or document or otherwise change a form or document provided or upon a reasonable request by the Borrower. To the extent required by any applicable law, the Borrower may withhold from any payment to any Lender (or any Managing Agent, on behalf of any Lender) an amount equivalent to any applicable withholding tax or other deduction or withholding imposed under any applicable taxing jurisdiction,

including any tax imposed as a result of FATCA withholding. The Managing Agent of each Lender Group agrees to hold the Borrower and its Affiliates harmless from any Withholding Taxes (including any interest and penalties) relating to payments by the Borrower to the Lenders of such Lender Group.

Section 2.9. Increased Costs, Etc.

(a) If the adoption of any applicable law, rule or regulation, or any change therein, or any clarification to or change in the interpretation, administration or implementation of any applicable law, rule or regulation by any central bank or other Governmental Authority, including, without limitation, with respect to all Taxes other than Taxes based on net income, capital, or under FATCA (a “Regulatory Change”), in each case occurring after the date of this Agreement, (i) imposes or modifies any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or any purchase by, any of the Affected Parties, (ii) has the effect of reducing an Affected Party’s rate of return in respect of the Notes on such Affected Party’s capital to a level below that which such Affected Party would have achieved but for such adoption, clarification or change or (iii) affects or would affect the amount of the capital required to be maintained by such Affected Party based upon the Commitment of any Committed Lender hereunder, the participation of any Bank Sponsored Lender in the facility contemplated hereby or the funding of any Advance, and the result of any of the foregoing is to impose a cost (other than taxes) on, or increase the cost (other than taxes) to, such Affected Party relating to the Commitment of any Committed Lender hereunder, the facility contemplated hereby or the funding of any Advance, then, upon written demand by such Affected Party in accordance with Section 2.9(e), the Borrower shall pay on the next succeeding Payment Date to the Managing Agent for the account of such Affected Party, solely to the extent that funds are then or thereafter available therefor pursuant to Section 4.4(a)(v), Section 4.4(a)(xii) and Section 4.4(a)(xv) of the Indenture Supplement, such additional amounts as will ensure that the net amount actually received by such Affected Party will compensate such Affected Party for such new or increased cost; provided that each Lender shall use commercially reasonable efforts to minimize any increased costs payable pursuant to this Section 2.9(a); it being understood that any such amounts not paid on any Payment Date as a result of the operation of Section 4.4(a)(v), Section 4.4(a)(xii) or Section 4.4(a)(xv) of the Indenture Supplement shall be due and payable on the next succeeding Payment Date in the same manner and subject to the same limitations. Notwithstanding the foregoing, no such amount shall be paid with respect to any period commencing more than thirty (30) days prior to the date such Affected Party first notifies the Borrower of its intention to demand compensation therefor under this Section 2.9(a) (the “Lookback Period”) unless (x) the Affected Party gives such notice to the Borrower not later than thirty (30) days after the Affected Party first has actual knowledge that such increased cost or reduction will occur; provided that if the change giving rise to such increased costs or reductions is retroactive, then such thirty-day period shall be extended to include the period of retroactive effect thereof or (y) the payment for such period was demanded by the Affected Party during the Lookback Period, but remained accrued and unpaid due to the unavailability of funds pursuant to the terms hereof.

(b) Anything in Section 2.9(a) to the contrary notwithstanding, if a Bank Sponsored Lender or other Affected Party enters into agreements for the acquisition of interests in receivables, notes or other financial asset from one or more Other Borrowers (or to provide

liquidity or credit support therefor), such Bank Sponsored Lender and other Affected Parties shall ratably allocate the liability for any amounts under Section 2.9(a), which are generally imposed on or applicable to such Bank Sponsored Lender or other Affected Party, to the Borrower and each Other Borrower; provided, however, that if such amounts are solely attributable to the Borrower and not attributable to any Other Borrower, the Borrower shall be solely liable for such amounts or if such amounts are attributable to Other Borrowers and not attributable to the Borrower, such Other Borrowers shall be solely liable for such amounts.

(c) Any Affected Party claiming any additional amounts payable pursuant to Section 2.9(a) agrees to use commercially reasonable efforts to designate a different office or branch of such Affected Party as its lending office if the making of such a designation would avoid the need for, or reduce the amount of, any such additional amounts to be paid by the Borrower.

(d) Upon the receipt by the Borrower of a claim for reimbursement or compensation under Section 2.9(a) by a Lender, if payment thereof shall not be waived by such Lender, the Borrower may, at any time, request one or more of the other Lenders, if any, in such Lender's Lender Group, with the consent of the Managing Agent for such Lender Group (which consents shall not be unreasonably withheld), to acquire and assume all or a part of such Lender's rights and obligations (if any) hereunder (a "Replacement Person") and if no such other Lender in such Lender's Lender Group shall become the Replacement Person, the Borrower may request such claiming Lender (or, in the case of a Bank Sponsored Lender, the Managing Agent for its Lender Group) to use its best efforts to assist the Borrower in its attempt to obtain a replacement bank, financial institution or commercial paper conduit, as applicable, satisfactory to the Borrower and consented to by the Managing Agent for the applicable Lender Group (which consents shall not be unreasonably withheld), to become the Replacement Person. In addition, upon the receipt by the Borrower of a claim for reimbursement or compensation under Section 2.9(a) by an Affected Party other than a Lender or Managing Agent, if payment thereof shall not be waived by such Affected Party, the Borrower may, at any time, request the Managing Agent for its Lender Group to obtain a replacement bank or financial institution for such Affected Party, and if such Affected Party has not been replaced within a reasonable period, such Affected Party shall be subject to replacement upon request of the Borrower as provided in the preceding sentence. Upon notice from the Borrower, a Lender being replaced hereunder shall assign, without recourse, its rights and obligations (if any) hereunder, or a ratable share thereof, to the Replacement Person or Replacement Persons designated and consented to as provided in Section 2.9(d) for a purchase price equal to the sum of the principal amount of the Advances or interests therein so assigned, all accrued and unpaid Interest thereon and any other amounts (including fees and any amounts owing under this Section 2.9) to which such Lender is entitled hereunder. Notwithstanding the foregoing, (i) no Lender which is a Managing Agent may be replaced pursuant to this Section 2.9(d) unless (A) it has consented to such replacement or (B) a successor for such Managing Agent has been duly appointed in accordance with Section 4.8 of the Class A Agreement Regarding Loans and such Managing Agent shall have received payment of all amounts to which it is entitled hereunder; and (ii) the Borrower need not make any request under this clause (d) if the replacement of any claiming Lender or Affected Party would be more economically or administratively burdensome on the Borrower than not replacing such Lender or Affected Party or if such replacement would be unlawful.

(e) As soon as practical, and in any event within 30 days after learning of any event occurring after the Closing Date which could reasonably be expected to entitle an Affected Party to compensation pursuant to Sections 2.9(a) or 6.1, the applicable Managing Agent shall notify the Borrower in writing. The applicable Managing Agent or Affected Party claiming compensation under this Section 2.9 shall deliver to the Borrower, no later than the 30<sup>th</sup> day preceding the Payment Date on which compensation is requested, a notice of the amount of compensation being claimed, accompanied by a statement prepared by such Managing Agent or Affected Party, as applicable, with due care and in good faith setting forth the basis and the calculation of the amount (in reasonable detail).

(f) Funding Losses. The Borrower hereby agrees that upon written demand by any Affected Party, it will indemnify such Affected Party against any net loss or expense which such Affected Party may sustain or incur, as reasonably determined by such Affected Party, as a result of any failure of the Borrower to accept an Advance on the date specified therein in the Borrowing Notice or as a result of any payment of the Advances (or any portion thereof) on a date other than: (i) the day on which the related funding source, to the extent subject to a contractual maturity date, matures, (ii) a Payment Date or (iii) any Optional Amortization Date. Such written demand shall be accompanied by a statement prepared by such Affected Party with due care and in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request, and shall be binding upon the Borrower absent demonstrable error. For the avoidance of doubt, the Borrower hereby agrees to pay any amounts claimed by an Affected Party under this Section 2.9(f) on the next Payment Date after such demand, solely to the extent that funds are then available therefor pursuant to Sections 4.4(a)(v), 4.4(a)(xii) and 4.4(a)(xv) of the Indenture Supplement; it being understood that any such amounts not paid on any Payment Date shall be due and payable on each succeeding Payment Date, in each case, solely to the extent that funds are then available therefor pursuant to Sections 4.4(a)(v), 4.4(a)(xii) and 4.4(a)(xv) of the Indenture Supplement. Each Affected Party will use reasonable efforts to minimize the costs incurred by the Borrower under this Section 2.9(f).

### ARTICLE III

#### CONDITIONS PRECEDENT

Section 3.1. Conditions to Initial Advance. The Lenders shall not be obligated to make the Initial Advance, until the following conditions have been satisfied, or waived in writing by, each Managing Agent:

(a) Agreements. This Agreement or counterparts hereof, the Class A Agreement Regarding Loans, the Fee Letter and the Indenture Supplement shall have been duly executed by, and delivered to, the parties hereto and each of the Related Documents shall have been delivered to each Managing Agent and shall be in full force and effect.

(b) Payment of Fees and Expenses. The Borrower shall have paid to the Lenders and each Managing Agent, or as they have directed, all fees due and payable on or before the Closing Date pursuant to any applicable Fee Letter.

(c) Issuance of Notes. The Class A Notes shall have been duly issued to the respective Managing Agents pursuant to the terms of the Indenture, the Indenture Supplement and this Agreement, and the Class B Notes shall have been duly issued pursuant to the terms of the Indenture, the Indenture Supplement and the Class B Loan Agreement.

(d) Filings. Each Managing Agent shall have received evidence reasonably satisfactory to it of the filing of proper UCC-1 financing statements and UCC termination statements and releases as may be necessary or, in the opinion of any Managing Agent, desirable under the UCC of all appropriate jurisdictions or any comparable law to perfect the transfers contemplated by the Related Documents and the security interest of the Indenture Trustee on behalf of the Noteholders in the Collateral and to terminate or release all conflicting liens.

(e) Opinions of Counsel to GE Capital Retail Bank, the Transferor and the Borrower. Counsel to GE Capital Retail Bank, the Transferor and the Borrower shall have delivered to the Managing Agents favorable opinions, dated as of the Closing Date and reasonably satisfactory in form and substance to the Managing Agents and their respective counsel.

(f) Opinions of Counsel to the Trustee and the Indenture Trustee. Counsel to each of the Trustee and the Indenture Trustee shall have delivered to the Managing Agents a favorable opinion, dated as of the Closing Date and reasonably satisfactory in form and substance to the Managing Agents and their respective counsel.

(g) No Actions or Proceedings. No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted to restrain or prohibit the consummation of, or to invalidate, the transactions contemplated by the Related Documents and the documents related thereto.

(h) Approvals and Consents. All governmental actions of all Governmental Authorities required with respect to the transactions contemplated by the Related Documents and the other documents related thereto shall have been obtained or made.

(i) Accounts. The Managing Agents shall have received evidence that the Collection Account, the Excess Funding Account and the Series Accounts have been established in accordance with the terms of the Indenture and the Indenture Supplement.

Section 3.2. Additional Conditions Precedent to each Advance. The Lenders shall not be required to make any Advance hereunder if, as of such date of such borrowing:

(a) any representation or warranty of the Borrower contained herein shall be untrue or incorrect in any material respect as of such date, either before or after giving effect to the making of the Advance on such date and to the application of the proceeds therefrom, except to the extent that such representation or warranty expressly relates to an earlier date and except for changes therein expressly permitted by this Agreement;

(b) an Early Amortization Event, a Servicer Default or an Event of Default shall have occurred, or would result from the making of such Advance; or

(c) after giving effect to the making of the Advance, (i) the amount on deposit in the Spread Account does not at least equal the Required Spread Account Amount, (ii) the Class B Note Principal Balance does not at least equal the Required Class B Note Principal Balance, (iii) the Excess Collateral Amount does not at least equal the Required Excess Collateral Amount, (iv) the Free Equity Amount does not at least equal the Minimum Free Equity Amount, or (v) the Trust Principal Balance does not at least equal the Required Principal Balance.

The acceptance by the Borrower of the proceeds of the Advance shall be deemed to constitute, as of the date of the related Advance, a representation and warranty by the Borrower that none of the events or conditions described in Section 3.2(a), (b) or (c) has occurred or exists.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations and Warranties of the Borrower. To induce the Lenders to make the Advances hereunder, the Borrower makes the following representations and warranties to the Lenders and the Managing Agents as of the Closing Date, each and all of which shall survive the execution and delivery of this Agreement and the making of the Initial Advance:

(a) Valid Existence; Compliance with Law. The Borrower (i) is a statutory trust duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (ii) has the requisite power and authority as a statutory trust and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties and to conduct the business in which it is now engaged; (iii) has all licenses, permits, consents or approvals from or by, and has made all filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct, except where the failure to take such action, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect; (iv) is in compliance with the Borrower Trust Agreement; and (v) subject to specific representations set forth herein regarding ERISA, tax and other laws, is in compliance with all applicable provisions of Law, except where the failure to comply, individually or in the aggregate, would not have a Material Adverse Effect.

(b) Power, Authorization, Etc. The execution, delivery and performance by the Borrower of this Agreement: (i) are within the Borrower's power as a statutory trust; (ii) have been duly authorized by all necessary or proper trust action; (iii) do not contravene any provision of the Borrower Trust Agreement; (iv) do not violate any Law or any order or decree of any court or Governmental Authority in such a way that would have a Material Adverse Effect; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any material indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Borrower is a party or by which the Borrower or any of the property of the Borrower is bound; (vi) do not result in the creation or imposition of any Adverse Claim upon any of the property of the Borrower; and (vii) do not require the Borrower to have obtained the consent or approval of any Governmental Authority or any other Person, except those that if not obtained would not be reasonably likely to cause a Material Adverse Effect.



(c) Enforceability. This Agreement is the valid and legally binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject as to enforcement to bankruptcy, receivership, conservatorship, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) Class A Notes. The Class A Notes have been duly and validly authorized, and, when executed and authenticated by the Indenture Trustee in accordance with the terms of the Indenture and the Indenture Supplement, and delivered to and paid for by the respective Managing Agents in accordance with this Agreement, will be duly and validly issued and outstanding, and will be entitled to the benefits of the Indenture and the Indenture Supplement.

(e) No Litigation. No Litigation is pending against the Borrower that (i) challenges the Borrower's right or power to enter into or perform any of its obligations under this Agreement, or the validity or enforceability of this Agreement or any action taken hereunder, (ii) seeks to prevent the consummation of any of the transactions contemplated under this Agreement, or (iii) has a reasonable likelihood of being determined adversely to the Borrower and that, if so determined, would have a Material Adverse Effect.

(f) Bankruptcy. The Borrower is not subject to any Insolvency Event.

(g) Use of Proceeds. No proceeds of the Advances received by the Borrower under this Agreement will be used for a purpose that violates or would be inconsistent with Regulations U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.

(h) Investment Company Act. The Borrower is not an "investment company" or "controlled by" an "investment company," as such terms are defined in the Investment Company Act and the Borrower is not relying exclusively on the exception from the definition of "investment company" afforded by either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

(i) Full Disclosure. All written information furnished by the Borrower or any of its agents, representatives or Affiliates to any Lender, any Liquidity Provider or any Managing Agent, including, without limitation, information relating to the Accounts and Receivables and GE Capital Retail Bank's credit business, that was material to the decision by such Lender, Liquidity Provider or Managing Agent to fund the Advances is true and accurate in all material respects, as of the date such information was furnished or as of the date most recently updated, as applicable (except to the extent that such furnished information relates solely to an earlier date, in which case such information is true and accurate in all material respects on and as of such earlier date)

(j) Securities Act. Assuming the accuracy of the representations and warranties of the Lenders and the Managing Agents set forth in Sections 4.2(b), (c) and (d) of this Agreement, the issuance of the Class A Notes pursuant to the terms of this Agreement, the Indenture and the Indenture Supplement will not require registration of the Class A Notes under the Securities Act.

(k) No Event of Default. No Early Amortization Event, Servicer Default or Event of Default has occurred.

Section 4.2. Representations and Warranties of the Lenders and the Managing Agents.

(a) To induce the Borrower to enter into this Agreement, each Lender and each Managing Agent severally makes the following representations and warranties to the Borrower as of the date hereof and as of the date of each Advance, each and all of which shall survive the execution and delivery of this Agreement:

(i) it is duly incorporated or organized, validly existing and is duly qualified to do business and is in good standing in the jurisdiction of its incorporation or organization, as applicable;

(ii) the execution, delivery and performance by it of this Agreement are within its corporate, limited liability company or other relevant entity powers and have been duly authorized by all necessary corporate, limited liability company or other relevant entity action;

(iii) this Agreement has been duly executed and delivered by it; and

(iv) this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, receivership, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity, whether applied in a proceeding at law or in equity.

(b) Each Lender and each Managing Agent hereby acknowledges that the Class A Notes have not and will not be registered under the Securities Act and will not be registered or qualified under any applicable "blue sky" law, that it is acquiring its interest in the Class A Notes pursuant to a private placement exempt from registration under the Securities Act and that the Class A Notes will contain the restrictive legends and be subject to the transfer restrictions specified in the Indenture and the Indenture Supplement.

(c) Each Lender and each Managing Agent hereby represents and warrants to, and agrees with, the Borrower that it will only transfer its interest in the Class A Notes in accordance with the terms of the Indenture and the Indenture Supplement.

(d) Each Lender and each Managing Agent, solely as to itself, hereby represents and warrants to the Borrower (i) that it is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, (ii) that it is not a Benefit Plan Investor nor is it funding any portion of the Advances from any account holding plan assets of any Benefit Plan Investor unless such portion of the Advances will not constitute a non-exempt prohibited transaction under ERISA or non-exempt violation of any applicable law that is substantially similar to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code, and (iii) that it is not required to register as an "investment company" and is not controlled by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(e) Each Lender and each Managing Agent hereby acknowledges that the Borrower and its Affiliates will rely upon the truth and accuracy of the representations, warranties and agreements of such Lender or Managing Agent, as applicable, contained in this Section 4.2.

Section 4.3. Certification of the Managing Agent. Each Managing Agent hereby certifies that it is either the administrator or sponsor of each Bank Sponsored Lender, if any, in its related Lender Group.

## ARTICLE V

### GENERAL COVENANTS OF THE BORROWER

Section 5.1. Covenants of the Borrower. The Borrower covenants and agrees that, unless otherwise consented to by the Required Lenders, from and after the Closing Date and until the Final Liquidation Date:

(a) Compliance with Agreements and Applicable Laws. The Borrower shall perform each of its obligations under this Agreement and the Borrower shall comply with all federal, state and local laws and regulations applicable to it, except to the extent that the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(b) Maintenance of Existence and Conduct of Business. The Borrower shall: (i) do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a statutory trust and its rights and franchises; and (ii) conduct its business as permitted hereunder and in accordance with the terms of the Borrower Trust Agreement and Section 4.1(a).

(c) Amendments to Related Documents. The Borrower (i) shall not terminate, amend, waive, supplement or otherwise modify any of the Related Documents to which it is a party, and (ii) to the extent that the Borrower has the right to consent to any termination, waiver, amendment, supplement or other modification of any Related Document to which it is not a party, the Borrower shall not give such consent, if, in the case of each of the foregoing clauses (i) and (ii), such termination, amendment, waiver, supplement or other modification would give rise to an Adverse Effect. Without the prior written consent of each Managing Agent, the Borrower shall not terminate, amend, waive, supplement or otherwise modify the Indenture or the Indenture Supplement so as to (x) reduce the Class B Pro Rata Percentage, the Required Excess Collateral Amount or the Minimum Free Equity Percentage, (y) delay the Controlled Amortization Date or (z) change the definition of "Eligible Receivable" or "Eligible Account" as such terms are defined in the Transfer Agreement. The Borrower shall deliver to each Managing Agent, reasonably promptly following the execution and delivery thereof, a copy of each amendment, waiver, supplement or other modification to any of the Related Documents, other than any such amendment, waiver, supplement or other modification relating solely to a Series other than Series 2014-VFN[ ] or to an "Indenture Supplement" (as defined in the Indenture) other than the Indenture Supplement relating to Series 2014-VFN[ ].

(d) Inspection. From the Closing Date until the Final Liquidation Date, the Borrower, will, at any time and from time to time during regular business hours, but not more than once in any calendar year except after the occurrence and during the continuance of an Early Amortization Event, or an Event of Default, on at least ten Business Days' written notice, to the Borrower, permit each Managing Agent and their designated agents or representatives, all acting on a coordinated basis, at the ratable cost and expense of the Managing Agents (or during the continuance of an Early Amortization Event, or an Event of Default, at the cost and expense of the Borrower, which shall be limited to the reasonable out-of-pocket (and invoiced) costs and expenses incurred by the Managing Agents in connection therewith), (i) to examine all books, records and documents (including computer tapes and disks) in the possession or under the control of or reasonably accessible to the Borrower, relating to the Receivables, (ii) to visit the offices and properties of the Borrower for the purpose of examining such materials, and (iii) to consult with employees, agents and representatives of the Borrower in connection with the foregoing. In addition, the Borrower will exert reasonable efforts to cause the Servicer and GE Capital Retail Bank to permit examination of their respective books and records, visits to their respective offices and consultations with their respective employees, all on a basis consistent with the description above of such inspection rights with respect to the Borrower.

(e) Certain Rating Agency Matters. If there shall be outstanding a Class of Notes that is rated "AAA" or the equivalent by one or more of Fitch, Moody's and S&P (a "'AAA'-Rated Class") and, as a condition to any proposed action by the Borrower or the Transferor, the "Rating Agency Condition" pursuant to (and as defined in) any Related Document must be satisfied with respect to such proposed action, then the Borrower will not take such action or will object to the taking of such action by the Transferor, as applicable, unless (i) the "Rating Agency Condition" (pursuant to and as defined in each applicable Related Document) is satisfied and (ii) the benefit of any modification to the 'AAA'-Rated Class required by an applicable rating agency as a condition to satisfaction of any such "Rating Agency Condition" is also extended to the Class A Notes. In addition, if no 'AAA'-Rated Class is outstanding, the Borrower will not take any action or will object to the taking of any action by the Transferor that is subject to satisfaction of the "Rating Agency Condition" pursuant to (and as defined in) any Related Document unless each Managing Agent has consented to such action. The Borrower will not object to the taking of any action by the Transferor that requires satisfaction of the Rating Agency Condition unless required to object to such action pursuant to this Section 5.1(e). In connection with any consent required pursuant to Section 4.2(e) of the Indenture Supplement, each Managing Agent is hereby authorized to provide, and hereby agrees that it shall provide, such consent to the extent that (i) such consent is requested at any time that there is an outstanding 'AAA'-Rated Class, (ii) the "Rating Agency Condition" (pursuant to and as defined in each applicable Related Document) is satisfied and (iii) the benefit of any modification to the 'AAA'-rated Class of Notes required by an applicable rating agency as a condition to satisfaction of any such "Rating Agency Condition" is also extended to the Class A Notes.

Section 5.2. Reporting Requirements of the Borrower. The Borrower shall promptly deliver or cause to be delivered to each Managing Agent (i) each report required to be delivered pursuant to Section 5.2(a) or 5.2(b) of the Indenture Supplement, (ii) copies of all annual Servicer certificates delivered pursuant to Section 2.8 of the Servicing Agreement, and (iii) copies of all reports of independent public accountants furnished pursuant to Section 2.9 of the Servicing Agreement. The Borrower shall provide the Managing Agent notice of any Series 2014-[ ] Early Amortization Event, Trust Early Amortization Event or Event of Default.

**ARTICLE VI**  
**INDEMNIFICATION**

Section 6.1. Indemnities by the Borrower.

(a) Without limiting any other rights that any Managing Agent, Lender or Liquidity Provider or any director, manager, officer, employee or agent, organizer or incorporator of any Managing Agent, Lender or Liquidity Provider (each a "Lender Indemnified Person") may have hereunder or under applicable law, the Borrower hereby agrees to indemnify each Lender Indemnified Person from and against any and all Indemnified Amounts, which may be awarded against or incurred by any Lender Indemnified Person to the extent arising out of or relating to (i) any breach of the Borrower's obligations under this Agreement, (ii) the financing of, or maintenance of the financing with respect to, the Class A Notes, or (iii) this Agreement and the transactions contemplated hereby, excluding, however, (A) Indemnified Amounts to the extent resulting from bad faith, gross negligence or willful misconduct on the part of such Lender Indemnified Person or the breach by any Lender Indemnified Person of any representation, covenant or other obligation in this Agreement or any other Related Document, (B) Indemnified Amounts to the extent such Indemnified Amounts relates to Taxes or other amounts payable by the Borrower under Sections 2.8 or 2.9, (C) recourse for the payment of principal of or interest on, or other amounts due in respect of, the Class A Notes as a result of nonpayment by Obligors on the Receivables. Without limiting or being limited by the foregoing, but subject to the exclusions in the preceding sentence, the Borrower shall pay to each affected Lender Indemnified Person any and all amounts necessary to indemnify such Lender Indemnified Person from and against any and all Indemnified Amounts relating to or resulting from:

(A) reliance on any representation or warranty made or deemed made by the Borrower under or in connection with this Agreement, or any report or other information delivered by the Borrower pursuant hereto which shall have been incorrect in any material respect when made or deemed made or delivered; or

(B) the failure by the Borrower to comply in any material respect with any term, provision or covenant contained in this Agreement or any agreement executed by it in connection with this Agreement or with any applicable Law.

Amounts owing pursuant to this Section 6.1 shall be due and payable on the next succeeding Payment Date following written demand therefor by the applicable Lender Indemnified Person to the Borrower (with a copy to the Managing Agent of such Lender Indemnified Person's corresponding Lender Group). On such Payment Date, the Borrower shall pay to the applicable Managing Agent, solely to the extent that funds are then or thereafter available therefor pursuant to Section 4.4(a)(v), Section 4.4(a)(xii) or Section 4.4(a)(xv) of the Indenture Supplement, for the benefit of such Lender Indemnified Person, such amount or amounts owing pursuant to this Section 6.1, it being understood that any such amounts not paid on any Payment Date as a result of the operation of Section 4.4(a)(v), Section 4.4(a)(xii) or Section 4.4(a)(xv) of the Indenture Supplement shall be due and payable on the next succeeding Payment Date.

(b) In the event any proceeding (including any governmental investigation) shall be instituted involving any Lender Indemnified Person in respect of which indemnification is sought pursuant to this Section 6.1, such Lender Indemnified Person or the applicable Managing Agent shall promptly notify the Borrower in writing and the Borrower shall have the option to assume the defense thereof. In any such proceeding, the applicable Lender Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Lender Indemnified Person unless (i) the Borrower has failed to assume the defense thereof, (ii) the Borrower and such Lender Indemnified Person shall have mutually agreed to the retention of such counsel or (iii) the named parties to any such proceeding (including any impleaded parties) include both the Borrower and such Lender Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Borrower shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for the applicable Lender Indemnified Person. The Borrower shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Borrower agrees to indemnify the applicable Lender Indemnified Person from and against any loss or liability by reason of such settlement or judgment. The Borrower shall not, without the prior written consent of the applicable Lender Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which such Lender Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Lender Indemnified Person, unless such settlement includes an unconditional release of such Lender Indemnified Person from all liability on claims that are the subject matter of such proceeding.

Section 6.2. Limitation of Damages: Indemnified Persons. NO PARTY TO THIS AGREEMENT SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO THIS AGREEMENT, OR ANY OTHER RELATED DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

## ARTICLE VII

### MISCELLANEOUS

Section 7.1. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other parties, or whenever any of the parties desires to give or serve upon any other parties any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and three Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by facsimile, email, or other electronic transmission

(with such transmission promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 7.1), or upon receipt, when sent by e-mail to the e-mail address provided by the recipient, (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number or e-mail address indicated below or in Schedule A hereto, or to such other address, facsimile number or e-mail address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any Person (other than a Managing Agent or Lender) designated in any written notice provided hereunder to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication. Notwithstanding the foregoing, whenever it is provided herein that a notice is to be given to any other party hereto by a specific time, such notice shall only be effective if actually received by such party prior to such time, and if such notice is received after such time or on a day other than a Business Day, such notice shall only be effective on the immediately succeeding Business Day.

If to the Borrower:

GE Capital Credit Card Master Note Trust  
c/o The Bank of New York Mellon  
101 Barclay Street  
Floor 7 West (ABS Unit)  
New York, New York 10286  
Attention: Antonio Vayas  
Facsimile: (212) 815-2493

with a copy to the Administrator:

General Electric Capital Corporation, as Administrator  
777 Long Ridge Road, Building B, 3<sup>rd</sup> Floor  
Stamford, Connecticut 06927  
Attention: Securitization Manager  
Facsimile: (718) 247-5839

Section 7.2. Binding Effect; Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, each Managing Agent, each Lender and their respective successors and permitted assigns. The Borrower may not assign, transfer, hypothecate or otherwise convey any of its respective rights or obligations hereunder or interests herein. Any such purported assignment, transfer, hypothecation or other conveyance by the Borrower without the prior express written consent of each Managing Agent shall be void. Except as provided in Section 4.2 of the Class A Agreement Regarding Loans, no Lender may assign, participate, grant security interests in, or otherwise transfer any portion of the Class A Notes without the prior written consent of the Borrower. Each Lender that sells a participation shall, acting solely for this purpose as an agent

of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Advances; provided that no Lender shall have any obligation to disclose all or any portion of such register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans or letters of credit) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or letter of credit is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in such register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in such register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. The Lenders and the Managing Agent hereby agree not to amend, waive, terminate or otherwise modify the Class A Agreement Regarding Loans without the prior written consent of the Borrower. Notwithstanding anything to the contrary herein or in the Class A Agreement Regarding Loans, each Bank Sponsored Lender agrees that it will not permit the syndication of any Bank Sponsored Lender Liquidity Arrangement to any Person that is not a Committed Lender in such Bank Sponsored Lender's Lender Group on the date hereof without the prior written consent of the Borrower, which consent shall not be unreasonably withheld. The Borrower hereby consents to any assignment, sale, participation or other transfer of any Class A Note or any interest therein without delivery of an Investment Letter (as defined in the Class A Agreement Regarding Loans) to the extent contemplated in Section 4.2 of the Class A Agreement Regarding Loans.

(b) In the event any Managing Agent or Lender assigns all of their right, title and interest hereunder and under all other Related Documents, including its portion of Advances Outstanding and interest thereon; all references in the Related Documents to "Managing Agent," "Lender," "Bank Sponsored Lender," "Committed Lender" and "Affected Party" in any capacity shall mean and refer to the applicable assignee(s).

Section 7.3. Termination; Survival. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Final Liquidation Date; provided, that the rights and remedies provided for herein with respect to any breach of any representation or warranty made by the Borrower pursuant to Article IV, the indemnification and payment provisions of Section 2.9 and Article VI and Sections 7.4, 7.5, 7.6, 7.7, 7.10 and this Section 7.3 shall be continuing and shall survive the Final Liquidation Date.

#### Section 7.4. Costs, Expenses and Taxes.

(a) The Borrower is liable for all of its own out-of-pocket fees, costs and expenses incurred in connection with the negotiation, preparation and the carrying out of its obligations under this Agreement and the other Related Documents. Except as otherwise agreed in any Fee Letter, the Borrower shall have no obligation to pay any fees, costs or expenses incurred by any Managing Agent or any Lender in connection with the negotiation and preparation of this Agreement and the other Related Documents and the funding of the Advances hereunder.

(b) The Borrower shall reimburse each Managing Agent for all reasonable and necessary out-of-pocket fees, costs and expenses incurred by it in connection with any attempt to enforce any remedies of any Managing Agent or Lender against the Borrower or any other



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Person that may be obligated to them by virtue of any of the Related Documents, including any such attempt to enforce any such remedies in the course of any work-out or restructuring of the transactions contemplated hereby during the pendency of one or more Events of Default or Early Amortization Events.

(c) In addition, the Borrower shall pay on demand any and all stamp, sales, excise and other taxes (excluding income taxes) and fees payable or determined to be payable in connection with the execution, delivery, filing or recording of this Agreement or any other Related Document, and the Borrower agrees to indemnify and save each Lender Indemnified Person harmless from and against any and all liabilities with respect to or resulting from any delay or failure to pay such taxes and fees.

Section 7.5. Limited Recourse.

(a) No recourse under any obligation, covenant or agreement of any Bank Sponsored Lender or the Borrower contained herein shall be had against any incorporator, organizer, stockholder, member, manager, officer, director, employee or agent of such Bank Sponsored Lender or Borrower, as applicable, its respective manager or administrative agent or any Managing Agent or any of their Affiliates by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is solely a corporate, limited liability company or other relevant entity obligation of such Bank Sponsored Lender or Borrower, as applicable, individually, and that no personal liability whatever shall attach to or be incurred by any incorporator, organizer, stockholder, member, manager, officer, director, employee or agent of such Bank Sponsored Lender or Borrower, as applicable, its respective manager or administrative agent or any Managing Agent or any of their Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of such Bank Sponsored Lender or Borrower, as applicable, contained in this Agreement or any Related Document, or implied therefrom, and that any and all personal liability for breaches by such Bank Sponsored Lender or Borrower, as applicable, of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such incorporator, organizer, stockholder, member, manager, officer, director, employee or agent of such Bank Sponsored Lender or Borrower, as applicable, its respective manager or administrative agent or any Managing Agent or any of their Affiliates is hereby expressly waived as a condition of and in consideration for the execution of this Agreement; provided that the foregoing shall not relieve any such Person from any liability it might otherwise have as a result of fraudulent actions taken or omissions made by them.

(b) Notwithstanding anything to the contrary contained herein, any obligations of each Bank Sponsored Lender hereunder to any party hereto are solely the corporate, limited liability company or other relevant entity obligations of such Bank Sponsored Lender and shall be payable at such time as funds are received by or are available to such Bank Sponsored Lender in excess of funds necessary to pay in full all of its outstanding Commercial Paper and, to the extent funds are not available to pay such obligations, the claims relating thereto shall not constitute a claim against such Bank Sponsored Lender but shall continue to accrue. Each party hereto agrees that the payment of any claim (as defined in Section 101 of Title 11 of the Bankruptcy Code) of any such party against a Bank Sponsored Lender shall be subordinated to the payment in full of all of its Commercial Paper or other senior debt obligations.

(c) Notwithstanding anything to the contrary contained herein, the obligations of the Borrower under this Agreement are solely the trust obligations of the Borrower and, in the case of obligations of the Borrower other than payments in respect of principal and interest on the Class A Notes, shall be payable at such time as funds are available to the Borrower pursuant to the Indenture Supplement and, to the extent funds are not available pursuant to the Indenture Supplement to pay such obligations, the claims relating thereto shall not constitute a claim against the Borrower but shall continue to accrue. Each party hereto agrees that the payment by the Borrower of any claim (as defined in Section 101 of Title 11 of the Bankruptcy Code) of any such party hereunder shall be paid in the priority set forth in Section 4.4 of the Indenture Supplement.

Section 7.6. Confidentiality.

(a) Except to the extent otherwise required by applicable law, as required to be filed publicly with the Securities and Exchange Commission, or unless each of the parties to this Agreement shall otherwise consent in writing, (x) each Lender and Managing Agent party to this Agreement agrees to maintain the confidentiality of this Agreement, the other Related Documents and Records (including the contents thereof) (and all drafts hereof and documents ancillary hereto or thereto) and all non-public information pertaining to the Borrower or any Affiliate thereof and (y) the Borrower agrees to maintain the confidentiality of any reports provided by each Managing Agent pursuant to Section 2.7(a), in each case in its communications with third parties and not to disclose, deliver or otherwise make available any such documents or information to any third party (other than its directors, managers, officers, employees, auditors, accountants or counsel so long as such parties (i) are involved in the administration of the transactions contemplated by this Agreement or require information about such transactions in order to perform or provide their respective duties or services for the benefit of any Affected Party or Lender Indemnified Person, and (ii) (A) are informed of the confidential nature of such document or information and the terms of this Section 7.6, and (B) are subject to confidentiality restrictions generally consistent with this Section 7.6). The Borrower's rights under this clause (a) shall survive the termination of this Agreement.

(b) Each Lender and Managing Agent party to this Agreement agrees that it shall not (and shall not permit any of its Affiliates to) issue any news release or make any public announcement pertaining to the transactions contemplated by this Agreement and the other Related Documents without the prior written consent of Borrower (which consent shall not be unreasonably withheld) unless such news release or public announcement is required by law, in which case such party shall consult with Borrower prior to the issuance of such news release or public announcement.

(c) Notwithstanding any of the foregoing, each Lender and Managing Agent may disclose or deliver any document or information (other than any Record or any of the contents thereof with respect to clauses (i) (other than with respect to its attorneys, auditors and permitted assigns) through (iv) below):

(i) to any of such party's independent attorneys, consultants, accountants and auditors, and to any party's Liquidity Providers, providers of program credit enhancement to a Bank Sponsored Lender or in respect of its Commercial Paper or any actual or potential assignees of, or participants in, any of the rights or obligations of any Lender or the Liquidity Providers in connection with this Agreement (but only to the extent that such assignees are permitted assignees pursuant to the terms of this Agreement and the Class A Agreement Regarding Loans), who (A) are informed by such party of the confidential nature of such document or information and the terms of this Section 7.6, and (B) are subject to confidentiality restrictions generally consistent with this Section 7.6 to which the Borrower is a beneficiary,

(ii) to any rating agency that maintains a rating for any Bank Sponsored Lender's or RIC's Commercial Paper or is considering the issuance of such a rating (including, without limitation, disclosure to a rating agency pursuant to Rule 17g-5), for the purposes of reviewing the credit of any Lender or RIC in connection with such rating,

(iii) to any other party to any Related Document, for the purposes contemplated thereby,

(iv) in the case of any Bank Sponsored Lender party to this Agreement on the Closing Date, to any first loss provider for such Bank Sponsored Lender as of the Closing Date who (A) is informed by such party of the confidential nature of such document or information and the terms of this Section 7.6 and (B) is subject to confidentiality restrictions generally consistent with this Section 7.6, or

(v) to any Person to the extent required by law, rule, regulation or legal process or in connection with any legal or regulatory inquiry, review, oversight or proceeding to which any party hereto or any Affected Party or any Affiliates thereof is subject.

In the case of any disclosure permitted by clause (v) above (except for monthly statements delivered to a Lender pursuant to Section 5.2(a) of the Indenture Supplement or information provided to a Lender or the Managing Agent on or before the date hereof), each Lender and Managing Agent shall use its best efforts, to the extent permitted by law, rule or regulation, to (x) provide the Borrower, the Transferor or the Servicer, as applicable, with advance notice of any such disclosure and (y) cooperate with the Borrower, the Transferor or the Servicer, as applicable, in limiting the extent or effect of any such disclosure.

(d) NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, THE OBLIGATIONS OF CONFIDENTIALITY CONTAINED HEREIN SHALL NOT APPLY TO THE FEDERAL TAX STRUCTURE OR FEDERAL TAX TREATMENT OF THIS TRANSACTION, AND EACH PARTY (AND ANY EMPLOYEE, REPRESENTATIVE OR AGENT OF ANY PARTY) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE FEDERAL TAX STRUCTURE AND FEDERAL TAX TREATMENT OF THIS TRANSACTION. THE PRECEDING SENTENCE IS INTENDED TO CAUSE THIS TRANSACTION TO BE TREATED AS NOT HAVING BEEN OFFERED UNDER CONDITIONS OF CONFIDENTIALITY FOR PURPOSES OF SECTION 1.6011-

4(B)(3) (OR ANY SUCCESSOR PROVISION) OF THE TREASURY REGULATIONS PROMULGATED UNDER THE CODE, AND SHALL BE CONSTRUED IN A MANNER CONSISTENT WITH SUCH PURPOSES. IN ADDITION, EACH PARTY ACKNOWLEDGES THAT IT HAS NO PROPRIETARY OR EXCLUSIVE RIGHTS TO THE FEDERAL TAX STRUCTURE OF THIS TRANSACTION OR ANY FEDERAL TAX MATTER OR FEDERAL TAX IDEA RELATED TO THIS TRANSACTION.

Section 7.7. No Proceedings. The Borrower hereby agrees that, from and after the Closing Date and until the date one year plus one day following the date on which all Commercial Paper and other rated indebtedness of a Bank Sponsored Lender has been indefeasibly paid in full, it will not, directly or indirectly, institute or cause to be instituted against such Bank Sponsored Lender, or join any other Person in instituting or causing to be instituted against such Bank Sponsored Lender, any proceeding of the type referred to in the definition of "Insolvency Event" set forth in the Indenture; provided that, subject to Section 7.5, the foregoing shall not in any way limit the Borrower's right to pursue any other creditor rights or remedies that the Borrower may have for claims against any Bank Sponsored Lender.

Section 7.8. Complete Agreement; Modification of Agreement. This Agreement constitutes the complete agreement among the parties hereto with respect to the subject matter hereof, supersedes all prior agreements and understandings relating to the subject matter hereof, and may not be modified, altered or amended except as set forth in Section 7.9.

Section 7.9. Amendments and Waivers.

(a) No amendment, modification, termination or waiver of any provision of this Agreement, or any consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders; provided that no such amendment, modification, termination or waiver shall, unless signed by each Lender directly affected thereby, (i) increase the Commitment of a Committed Lender or the Group Limit of a Lender Group, (ii) reduce the Advances Outstanding or the rate used to calculate Interest or any fees or other amounts payable hereunder, (iii) postpone any date fixed for the payment of any scheduled distribution in respect of the Advances Outstanding or Interest, fees or other amounts payable on the Advances Outstanding or (iv) change the Commitment of a Committed Lender as a percentage of the Loan Agreement Limit.

(b) No amendment, modification, termination or waiver of any provision of the Class A Agreement Regarding Loans, or any consent to any departure by any party thereto, shall in any event be effective unless the same shall be in writing and signed by the Borrower.

(c) The failure by any Managing Agent or Lender, at any time or times, to require strict performance by the Borrower of any provision of this Agreement or any Class A Note shall not waive, affect or diminish any right of any Managing Agent or Lender thereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver of any breach or default hereunder shall not suspend, waive or affect any other breach or default whether the same is prior or subsequent thereto and whether the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of the Borrower contained in this Agreement, and no breach or default by the Borrower hereunder, shall be

deemed to have been suspended or waived by any Managing Agent or Lender unless such waiver or suspension is by an instrument in writing signed by an officer of or other duly authorized signatory of such Managing Agent or Lender and directed to the Borrower specifying such suspension or waiver. The rights and remedies of each Managing Agent and Lender under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that any Managing Agent or Lender may have under any other agreement, including the other Related Documents, by operation of law or otherwise.

Section 7.10. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

(a) THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401(1) AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT WITHOUT REGARD TO ANY OTHER CONFLICT OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

(b) EACH PARTY HERETO HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THEM PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT; PROVIDED, THAT EACH PARTY HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE BOROUGH OF MANHATTAN IN NEW YORK CITY; PROVIDED, FURTHER, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE ANY MANAGING AGENT OR LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF ANY MANAGING AGENT OR LENDER. EACH PARTY HERETO SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH PARTY HERETO HEREBY WAIVES ANY OBJECTION THAT SUCH PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH PARTY HERETO HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH PARTY AT ITS ADDRESS DETERMINED IN ACCORDANCE WITH SECTION 7.1 AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH PARTY'S ACTUAL RECEIPT THEREOF OR THREE DAYS AFTER DEPOSIT IN THE UNITED STATES MAIL, PROPER POSTAGE PREPAID. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

(c) BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 7.11. Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. Electronic delivery of an executed signature page of this Agreement shall be effective as delivery of an executed counterpart hereof.

Section 7.12. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 7.13. Section Titles. The section titles and table of contents contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

Section 7.14. Servicing Agreement; Borrower Administration Agreement. The Managing Agents and the Lenders hereby acknowledge that they have been advised that the Borrower has entered into the Servicing Agreement and the Borrower Administration Agreement and as a result, the Servicer or any permitted sub-servicer under the Servicing Agreement or the Administrator or any permitted sub-administrator may act on behalf of the Borrower for purposes of all consents, amendments, waivers and other actions permitted or required to be taken, delivered or performed by the Borrower hereunder, and the Managing Agents and the Lenders agree that any such action taken by the Servicer, such sub-servicer, the Administrator or such sub-administrator in accordance with the terms hereof on behalf of the Borrower hereunder shall satisfy the Borrower's obligations hereunder with respect thereto.

Section 7.15. Limitation of Liability of the Trustee. It is expressly understood and agreed by the parties hereto that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Trustee of the Borrower, (b) each of the representations, undertakings and agreements herein made on the part of the Borrower is

made and intended not as a personal representation, undertaking and agreement by BNY Mellon Trust of Delaware but is made and intended for the purpose of binding only the Borrower, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall BNY Mellon Trust of Delaware be personally liable for the payment of any indebtedness or expenses of the Borrower or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Borrower under this document.

Section 7.16. Replacement of Downgraded Bank Sponsored Lenders. If the Commercial Paper of any Bank Sponsored Lender ceases to be rated at least A-1 by S&P and P-1 by Moody's, the Borrower may request that the Managing Agent for the Lender Group that includes such downgraded Bank Sponsored Lender use reasonable efforts to remove such downgraded Bank Sponsored Lender as a Bank Sponsored Lender or to replace such downgraded Bank Sponsored Lender with a new Bank Sponsored Lender whose Commercial Paper has the requisite ratings. Each Managing Agent agrees to cooperate with the Borrower to effect any such removal or replacement, but no Managing Agent shall have any obligation to remove a downgraded Bank Sponsored Lender if as a result thereof the applicable Lender Group would not include a Bank Sponsored Lender or to replace a downgraded Bank Sponsored Lender with a new Bank Sponsored Lender that is not administered by such Managing Agent or an Affiliate of such Managing Agent. In addition, to the extent a downgraded Bank Sponsored Lender cannot be removed or replaced as described above, the Lenders and the Managing Agent in the applicable Lender Group agree, if the Borrower so requests, to assign not less than all of their rights and obligations under the Loan Agreement and the other Related Documents to the members of one or more existing Lender Groups or to financial institutions that will comprise one or more new Lenders Groups. Any such assignment shall be made pursuant to documentation reasonably satisfactory to the assigning Lenders and Managing Agent and shall be subject to the prior payment to the assigning Lenders and Managing Agent of all amounts owing to them hereunder and under the Related Documents.

Section 7.17. Consent and Release.

(a) Each of the Lenders and the Managing Agent hereby consents to (1) the assignment by General Electric Capital Corporation and the assumption by Synchrony Financial or any Affiliate thereof of the duties of the Administrator under the Administration Agreement on any date on or after the date hereof (the "Administration Assignment"), (2) the assignment by General Electric Capital Corporation and assumption by Synchrony Financial or any Affiliate of GE Capital Retail Bank of the duties of Servicer under the Servicing Agreement on any date on or after the date hereof (the "Servicing Assignment") and (3) an amendment to the Servicing Agreement on or after the date hereof to provide that (i) the resignation of General Electric Capital Corporation, as contemplated by the Servicing Assignment, shall not be subject to the condition in Section 6.1 of the Servicing Agreement requiring satisfaction of the Rating Agency Condition and (ii) the appointment of Synchrony Financial or any Affiliate of GE Capital Retail Bank as successor Servicer shall not be subject to the condition in Section 6.2 of the Servicing Agreement that any successor Servicer have a long-term debt rating of at least "Baa3" by Moody's and "BBB-" by S&P (the "Servicing Agreement Amendment") and, together with the Administration Assignment and the Servicing Assignment, the "Program Changes"). The Lenders and Managing Agent consents to any additional amendments to the Related Documents necessary or desirable to effectuate or document the Program Changes.

(b) Effective as of the date of the Administration Assignment, and notwithstanding anything to the contrary in the Administration Agreement, each Lender and Managing Agent, for itself and on behalf of its successors and assignees, does hereby release, remise, forgive and forever discharge General Electric Capital Corporation, in its capacity as administrator under the Borrower Administration Agreement, from all claims, counterclaims, actions, causes of action (including any relating in any manner to any existing litigation or investigation), suits, obligations, controversies, debts, liens, contracts, agreements, covenants, promises, liabilities, damages, penalties, demands, threats, compensation, losses, costs, judgments, orders, interest, fee or expense (including attorneys' fees and expenses) or other similar items of any kind, type, nature, character or description of such Lender and Managing Agent ("Claims"), in each case arising out of General Electric Capital Corporation's duties or obligations as Administrator or any action taken or not taken by General Electric Capital Corporation under the Administration Agreement, including, whether in law, equity or otherwise, whether now known or unknown, whether in contract or in tort, whether choate or inchoate, whether contingent or vested, whether liquidated or unliquidated, whether fixed or unfixed, whether matured or unmatured, whether suspected or unsuspected and whether or not concealed, sealed or hidden or that may be asserted by such Lender and Managing Agent, through such Lender and Managing Agent or otherwise on the behalf of such Lender and Managing Agent, in each case arising out of General Electric Capital Corporation's duties or obligations as Administrator or any action taken or not taken by General Electric Capital Corporation under the Borrower Administration Agreement, which existed at any time on or prior to the date hereof, including relating or purportedly relating in any manner whatsoever to any facts, known or unknown, in existence on or at any time prior to the date hereof, by or in favor of such Lender and Managing Agent.

(c) General Electric Capital Corporation intends to enter into a subservicing agreement with Synchrony Financial, or any Affiliate thereof (the "Subservicer") pursuant to which General Electric Capital Corporation will delegate to such Person substantially all of the duties and obligations of General Electric Capital Corporation as Servicer under the Related Documents (such agreement, the "Subservicing Agreement"). Effective as of the Delegation Date (as defined below), each Lender and Managing Agent, for itself and on behalf of its successors and assignees, does hereby release, remise, forgive and forever discharge General Electric Capital Corporation from all Claims arising out of General Electric Capital Corporation's duties or obligations as Servicer or any action taken or not taken by General Electric Capital Corporation under the Servicing Agreement, to the extent any such duties or obligations have been delegated to Subservicer under the Subservicing Agreement or such action, or failure to act, as applicable, was attributable to the actions or failure to act by Subservicer in accordance with the Subservicing Agreement, including, whether in law, equity or otherwise, whether now known or unknown, whether in contract or in tort, whether choate or inchoate, whether contingent or vested, whether liquidated or unliquidated, whether fixed or unfixed, whether matured or unmatured, whether suspected or unsuspected and whether or not concealed, sealed or hidden or that may be asserted by such Lender and Managing Agent, through such Lender and Managing Agent or otherwise on the behalf of such Lender and Managing Agent, which existed at any time on or prior to the date hereof or the Delegation Date,



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including relating or purportedly relating in any manner whatsoever to any facts, known or unknown, in existence on or at any time prior to the date hereof or prior to the Delegation Date, by or in favor of such Lender and Managing Agent (collectively, the “Servicing Liability Release”). The foregoing Servicing Liability Release shall be effective on the date (the “Delegation Date”) on which the Subservicer agrees in writing to indemnify the Lenders and the Managing Agent for any Claims that are released pursuant to the Servicing Liability Release. For the avoidance of doubt, and notwithstanding anything to the contrary in the Servicing Liability Release:

(i) in accordance with Section 2.1 of the Servicing Agreement, Servicer shall remain liable for the performance of the duties and obligations delegated to the Subservicer, and

(ii) the Borrower shall not be deemed party to the Subservicing Agreement or the Servicing Liability Release, and the Servicing Liability Release shall be solely between the Lenders, the Managing Agents and General Electric Capital Corporation, and shall not cause a release of any of the Servicer’s duties and obligations under the Servicing Agreement, or otherwise limit any rights of the Borrower under the Servicing Agreement, or any rights of the Indenture Trustee as assignee of the Borrower’s rights thereunder or any rights of any other Noteholder, and shall not limit the rights of the Lenders or the Managing Agents, as Noteholders, to direct the Indenture Trustee in enforcing the Servicing Agreement or in exercising any other right available to the Indenture Trustee under the Indenture.

(d) Each Lender and Managing Agent, for itself and on behalf of its successors and assignees, fully and forever agrees and covenants not to initiate, file, prosecute, plead, sustain or maintain any complaint, action, cause of action, suit, petition or claim with or before any judicial, quasi judicial, administrative or regulatory court, tribunal, board, regulatory authority, hearing officer, judge, magistrate or similar authority, or with or before any arbitrator, mediator or arbitration or mediation authority, directly or indirectly, against General Electric Capital Corporation for any and all manner of Claims that are the subject of the releases set forth above; *provided* that the Borrower shall not be deemed a party to the releases set forth above, and such releases shall not limit the rights of the Lenders or the Managing Agents, as Series 2014-VFN1 Noteholders, to direct the Indenture Trustee in enforcing the Servicing Agreement or in exercising any other right available to the Indenture Trustee under the Indenture.

[Signatures Follow]

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**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER

**GE CAPITAL CREDIT CARD MASTER  
NOTE TRUST**, as Borrower

By General Electric Capital Corporation, as Administrator

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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*GE Capital Credit Card Master Note Trust,  
Loan Agreement (Series 2014-VFN[ ] , Class A)*

[ ] LENDER GROUP<sup>1</sup>

[ ], as a Bank Sponsored Lender in the [ ] Lender Group

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[ ], as a Committed Lender in the [ ] Lender Group

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[ ], as the Managing Agent for the [ ] Lender Group

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<sup>1</sup> To be repeated as necessary for multiple Lender Groups.

Exhibit A

Form of Borrowing Notice

TO: The Managing Agents

RE: Borrowing Notice

Gentlemen and Ladies:

This Borrowing Notice is delivered to you pursuant to Section 2.2 of the Amendment and Restated Loan Agreement (Series 2010-VFN1, Class A), dated as of [ ], 2014 (the "Class A Loan Agreement") by and among GE Capital Credit Card Master Note Trust, a statutory trust organized under the laws of the State of Delaware (the "Borrower"), the Lenders parties thereto and the Managing Agents for the Lender Groups parties thereto. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein have the meanings provided in the Loan Agreement.

The Borrower hereby requests that on [ ], an Advance be made in the aggregate principal amount of \$ .

Please wire your Lender Group's pro rata share (based on the proportion that your Lender Group's Group Limit bears to the Class A Loan Agreement Limit) of \$ to [ ].

The Borrower has caused this Borrowing Notice to be executed and delivered by its duly authorized officer or representative this day of , .

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*GE Capital Credit Card Master Note Trust,  
Loan Agreement (Series 2014-VFN[ ], Class A)*

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GE CAPITAL CREDIT CARD MASTER NOTE TRUST, as  
Borrower

By: General Electric Capital Corporation, as Administrator

By:  
Name:  
Title:

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*GE Capital Credit Card Master Note Trust,  
Loan Agreement (Series 2014-VFN[[]], Class A)*

LENDER GROUPS, BANK SPONSORED LENDERS,  
COMMITTED LENDERS, MANAGING AGENTS AND RELATED INFORMATION

Lender Group	Bank Sponsored Lender(s)	Committed Lender(s)	Class A Commitment Amount	Managing Agent	Address/Telecopy for Email Notices	Account for Funds Transfer
[•]	[•]	[•]	[•]	[•]	[•]	[•]

**GE SALES FINANCE MASTER TRUST,**

**as Issuer,**

**and**

**DEUTSCHE BANK TRUST COMPANY AMERICAS,**

**as Indenture Trustee**

**FORM OF SERIES 2014-[ ] INDENTURE SUPPLEMENT**

**Dated as of [ ], 2014**

*Indenture Supplement  
Series 2014-[ ]*

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SERIES 2014-[ ] INDENTURE SUPPLEMENT, dated as of [ ], 2014 (the "Indenture Supplement"), between GE SALES FINANCE MASTER TRUST, a Delaware statutory trust (herein, the "Issuer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, not in its individual capacity, but solely as indenture trustee (herein, together with its successors in the trusts thereunder as provided in the Indenture referred to below, the "Indenture Trustee") under the Master Indenture, dated as of February 29, 2012 (as amended, restated, modified or supplemented from time to time, the "Indenture"), between the Issuer and the Indenture Trustee (the Indenture, together with this Indenture Supplement, the "Agreement").

The Principal Terms of this Series are set forth in this Indenture Supplement to the Indenture.

## ARTICLE I DEFINITIONS

### SECTION 1.1. Definitions.

(a) Capitalized terms used and not otherwise defined herein are used as defined in Section 1.1 of the Indenture. This Indenture Supplement shall be interpreted in accordance with the conventions set forth in Section 1.2 of the Indenture.

(b) Each capitalized term defined herein relates only to Series 2014-[ ] and to no other Series. Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings:

"Addition Date" means an "Addition Date" as such term is defined in the Transfer Agreement.

"Additional Enhancement Amount" is defined in Section 2.2(a).

"Additional Funds" is defined in Section 2.2(b).

"Advance" means an increase in the Note Principal Balance during the Revolving Period made pursuant to Section 2.1(a) of each Loan Agreement.

"Advance Amount" means, with respect to any Advance Date, the sum of each of the Class A Advance Amount and the Class B Advance Amount on such Advance Date.

"Advance Date" means each date on which a Class A Advance and a Class B Advance is made pursuant to Section 2.1 of the Class A Loan Agreement and the Class B Loan Agreement, respectively.

"Agreement" is defined in the preamble.

"Allocation Percentage" means, with respect to any date of determination in any Monthly Period, the percentage equivalent of a fraction:

*Indenture Supplement  
Series 2014-[ ]*

(a) the numerator of which shall be equal to:

(i) for Principal Collections during the Revolving Period and for Finance Charge Collections and Default Amounts at any time, the Collateral Amount at the end of the last day of the prior Monthly Period (or, in the case of the first Monthly Period, on the Closing Date), *less*, during the Controlled Amortization Period, any reductions to be made to the Collateral Amount on account of principal payments to be made on the Payment Date falling in the Monthly Period for which the Allocation Percentage is being calculated; provided that with respect to any Monthly Period in which one or more Numerator Reset Dates occur, the numerator determined pursuant to this clause (i) shall be (A) the Collateral Amount as of the close of business on the last day of the prior Monthly Period *less*, during the Controlled Amortization Period, any reductions to be made to the Collateral Amount on account of payments of Monthly Principal to be made on the Payment Date falling in the Monthly Period for which the Allocation Percentage is being calculated, for the period from and including the first day of the current Monthly Period to but excluding the first Numerator Reset Date that occurs in such Monthly Period and (B) the Collateral Amount as of the close of business on such Numerator Reset Date *less*, during the Controlled Amortization Period, any reductions (to the extent not reflected in the Collateral Amount) to be made to the Collateral Amount on account of principal payments to be made on the Payment Date falling in the Monthly Period for which the Allocation Percentage is being calculated, for each period from and including such Numerator Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Numerator Reset Date (in which case such period shall not include such succeeding Numerator Reset Date); provided, further, that if the Issuer is permitted to make a single monthly deposit of Collections into the Collection Account pursuant to Section 8.4 of the Indenture and this Indenture Supplement and has not elected to make daily deposits of Collections with respect to any Monthly Period in which one or more Numerator Reset Dates occur, the numerator determined pursuant to this clause (i) shall be the Weighted Average Collateral Amount for such Monthly Period;

(ii) for Principal Collections (x) during the Early Amortization Period if the first day of the Early Amortization Period commenced prior to the Step-Down Date and (y) during the period commencing on the first day of the Controlled Amortization Period to but excluding the Step-Down Date, the Collateral Amount at the end of the last day of the Revolving Period; provided that on and after the date on which an amount equal to the Note Principal Balance has been deposited into the Collection Account, the numerator shall equal zero; or

(iii) for Principal Collections (x) during the Early Amortization Period if the first day of the Early Amortization Period commenced on or after the Step-Down Date and (y) during the Controlled Amortization Period on any date of determination on or after the Step-Down Date, [ ]% of the Collateral Amount at the end of the last day of the Revolving Period; provided that on and after the date on which an amount equal to the Note Principal Balance has been deposited into the Collection Account, the numerator shall equal zero; and

(b) the denominator of which shall be the greater of (x) the Aggregate Principal Amounts determined as of the close of business on the last day of the prior Monthly Period (or, in the case of the first Monthly Period, as of the Closing Date) and (y) the sum of the numerators used to calculate the allocation percentages for allocations with respect to Finance Charge Collections, Principal Collections or Default Amounts, as applicable, for all outstanding Series on such date of determination; provided that if one or more Reset Dates occur in a Monthly Period, the denominator determined pursuant to sub-clause (x) of this clause (b) shall be (A) the Aggregate Principal Amounts as of the close of business on the last day of the prior Monthly Period for the period from and including the first day of the current Monthly Period, to but excluding such Reset Date and (B) the Aggregate Principal Amounts as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); and provided, further, that notwithstanding the preceding proviso, if a Reset Date occurs during any Monthly Period and if the Issuer is permitted to make a single monthly deposit of Collections into the Collection Account pursuant to Section 8.4 of the Indenture and this Indenture Supplement and has not elected to make daily deposits of Collections with respect to such Monthly Period, then the denominator determined pursuant to sub-clause (x) of this clause (b) for each day during such Monthly Period shall equal the Average Principal Balance for such Monthly Period.

“Available Finance Charge Collections” means, for any Payment Date, an amount equal to the sum of (a) the Investor Finance Charge Collections for the preceding Monthly Period, (b) the Series 2014-[ ] Excess Finance Charge Collections for the preceding Monthly Period and (c) any Reallocated Principal Collections which pursuant to Section 4.7 are required to be applied on the related Transfer Date.

“Available Principal Collections” means, for any Payment Date, an amount equal to the sum of (a) the Investor Principal Collections for the preceding Monthly Period, plus (b) the amount of Principal Collections allocated to Series 2014-[ ] pursuant to Section 4.3(b) for all Dates of Processing during such Monthly Period that are deposited to the Collection Account in respect of Optional Amortization Amounts that have not been distributed to the Series 2014-[ ] Noteholders, minus (c) the amount of Reallocated Principal Collections with respect to the preceding Monthly Period which pursuant to Section 4.7 are required to be applied on the related Transfer Date, plus (d) the sum of (i) any Shared Principal Collections with respect to other Principal Sharing Series (including any amounts on deposit in the Excess Funding Account that are allocated to Series 2014-[ ] for application as Shared Principal Collections), (ii) the aggregate amount to be treated as Available Principal Collections pursuant to Sections 4.4(a)(vi) and (vii) to the extent such amounts were included in the Required Finance Charge Deposit Amount for the related Monthly Period, and (iii) during an Early Amortization Period, the result of (x) the lesser of (A) the aggregate amount of Finance Charge Collections allocated to Series 2014-[ ] pursuant to Section 4.3(a) for all Dates of Processing during any portion of the Monthly Period preceding the date on which the Early Amortization Period commences and (B) the Required Finance Charge Deposit Amount during the portion of such Monthly Period preceding the date on which the Early Amortization Period commences, plus (y) the aggregate amount of Finance Charge Collections allocated to Series 2014-[ ] pursuant to Section 4.3(a) for all Dates of Processing during any portion of the Monthly Period on and after the commencement of the Early Amortization Period, minus (z) the Required Finance Charge Deposit Amount.

“Average Principal Balance” means for any Monthly Period in which one or more Reset Dates occur, the sum of (i) the Aggregate Principal Amounts determined as of the close of business on the last day of the prior Monthly Period, multiplied by a fraction the numerator of which is the number of days from and including the first day of such Monthly Period, to but excluding the first such Reset Date, and the denominator of which is the number of days in such Monthly Period, and (ii) for each such Reset Date, the product of the Aggregate Principal Amounts determined as of the close of business on such Reset Date, multiplied by a fraction, the numerator of which is the number of days from and including such Reset Date, to the earlier of the last day of such Monthly Period (in which case such period shall include such date) or the next succeeding Reset Date (in which case such period shall exclude such date), and the denominator of which is the number of days in such Monthly Period.

“Business Day” means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of New York or the State of Connecticut.

“Class A Additional Interest” is defined in Section 4.1(a).

“Class A Advance” means an increase in the Class A Note Principal Balance during the Revolving Period made pursuant to Section 2.1(a) of the Class A Loan Agreement.

“Class A Advance Amount” means the amount of the increase in the Class A Note Principal Balance occurring as a result of a Class A Advance.

“Class A Deficiency Amount” is defined in Section 4.1(a).

“Class A Fee Letter” means with respect to any Class A Lender Group, the “Fee Letter” for such Lender Group defined in the Class A Loan Agreement.

“Class A Funding Tranche” means each portion of a Class A Lender Interest accruing interest for the same Interest Period at the same Class A Note Interest Rate.

“Class A Group Limit” means, with respect to any Class A Lender Group, the “Group Limit” as defined in the Class A Loan Agreement for such Class A Lender Group.

“Class A Lender Group” means a “Lender Group” under (and as defined in) the Class A Loan Agreement.

“Class A Lender Interest” is defined in Section 2.1(b).

“Class A Lenders” means the “Lenders” under (and as defined in) the Class A Loan Agreement.

“Class A Loan Agreement” means the Loan Agreement (Series 2014-[], Class A) dated as of [], 2014, among the Issuer, the Class A Lenders and the Lender Group Agents party thereto.

“Class A Monthly Interest” is defined in Section 4.1(a).

“Class A Monthly Principal” is defined in Section 4.1(c).

“Class A Non-Use Fee” means, with respect to any Class A Lender Group, the “Class A Non-Use Fee” as defined in the Class A Fee Letter for such Class A Lender Group.

“Class A Note Initial Principal Balance” means \$[     ].

“Class A Note Interest Rate” means for any Interest Period and any Class A Lender Interest, the rate reported as the “Funding Rate” for such Class A Lender Interest by the Lender Group Agent on behalf of the Class A Noteholder for such Class A Lender Interest to the Servicer pursuant to the Class A Loan Agreement.

“Class A Note Principal Balance” means, on any date of determination, an amount equal to (a) the Class A Note Initial Principal Balance plus (b) the aggregate amount of all Class A Advance Amounts for all Advances relating to the Class A Note occurring on or prior to such date of determination, minus (c) the aggregate amount of principal payments made to the Class A Noteholders on or prior to such date of determination.

“Class A Noteholder” means the Person in whose name a Class A Note is registered in the Note Register.

“Class A Notes” means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1.

“Class A Pro Rata Percentage” means a fraction, expressed as a percentage, the numerator of which is [ ] .00 and the denominator of which is [ ] .00.

“Class A Reimbursement Amounts” means the “Class A Reimbursement Amounts” as defined in the Class A Loan Agreement.

“Class A Required Amount” means, for any Payment Date, an amount equal to the excess of the sum of the amounts described in Sections 4.4(a)(i) through (iii) over Available Finance Charge Collections applied to pay such amount pursuant to Section 4.4(a).

“Class B Additional Interest” is defined in Section 4.1(b).

“Class B Advance” means an increase in the Class B Note Principal Balance during the Revolving Period made pursuant to Section 2.2(a) and the Class B Loan Agreement.

“Class B Advance Amount” means the amount of the increase in the Class B Note Principal Balance occurring as a result of a Class B Advance.

“Class B Deficiency Amount” is defined in Section 4.1(b).

“Class B Fee Letter” means, with respect to any Class B Lender Group, the “Fee Letter” for such Lender Group as defined in the Class B Loan Agreement.

“Class B Funding Tranche” means each portion of a Class B Lender Interest accruing interest for the same Interest Period at the same Class B Note Interest Rate.

“Class B Group Limit” means, with respect to any Class B Lender Group, the “Group Limit” as defined in the Class B Loan Agreement for such Class B Lender Group.

“Class B Lender Group” means each “Lender Group” under (and as defined in) the Class B Loan Agreement.

“Class B Lender Interest” is defined in Section 2.1(b).

“Class B Lenders” means the “Lenders” under (and as defined in) the Class B Loan Agreement.

“Class B Loan Agreement” means the Loan Agreement (Series 2014-[ ]], Class B) dated as of [ ], 2014, among the Issuer and the initial Class B Noteholders.

“Class B Monthly Interest” is defined in Section 4.1(b).

“Class B Monthly Principal” is defined in Section 4.1(d).

“Class B Non-Use Fee” means, with respect to any Class B Lender, the “Class B Non-Use Fee” as defined in the Class B Fee Letter for such Class B Lender Group.

“Class B Note Initial Principal Balance” means \$[ ]].

“Class B Note Interest Rate” for any Interest Period and any Class B Lender Interest, the rate reported as the “Funding Rate” for such Class B Lender Interest by the Lender Group Agent on behalf of the Class B Noteholder for such Class B Lender Interest to the Servicer pursuant to the Class B Loan Agreement.

“Class B Note Principal Balance” means, on any date of determination, an amount equal to (a) the Class B Note Initial Principal Balance, plus, (b) the aggregate amount of all Class B Amounts for all Advances relating to the Class B Notes occurring on or prior to such date of determination, minus (c) the aggregate amount of principal payments made to the Class B Noteholders on or prior to such date of determination.

“Class B Noteholder” means the Person in whose name a Class B Note is registered in the Note Register.

“Class B Notes” means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-2.

“Class B Pro Rata Percentage” means a fraction, expressed as a percentage, the numerator of which is [ ].00 and the denominator of which is [ ].00.

“Class B Reimbursement Amounts” means the “Class B Reimbursement Amounts” as defined in the Class B Loan Agreement.

“Class B Required Amount” means, for any Payment Date, an amount equal to the excess of the sum of the amounts described in Sections 4.4(a)(iv) and (v) over Available Finance Charge Collections applied to pay such amount pursuant to Section 4.4(a).

“Closing Date” means [ ], 2014.

“Collateral Amount” means, as of any date of determination, an amount equal to the excess of (a) the sum of (i) the Initial Note Principal Balance, (ii) the aggregate Advance Amounts funded on or prior to such date and (iii) the Initial Excess Collateral Amount, over (b) the sum of (i) the amount of principal previously paid to the Series 2014-[ ] Noteholders, (ii) the aggregate of all reductions in the Collateral Amount pursuant to Section 4.4(f) and (iii) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursements of such amounts pursuant to Section 4.4(a)(vii) prior to such date. Notwithstanding the foregoing, when the Note Principal Balance is reduced to zero, the Collateral Amount shall also equal zero.

“Controlled Amortization Amount” means, for any Payment Date with respect to the Controlled Amortization Period, beginning with the first Payment Date following the first Monthly Period during the Controlled Amortization Period and prior to the payment in full of the Note Principal Balance, the lesser of (a) the Note Principal Balance as of the close of business on the last day of the Revolving Period divided by the applicable Scheduled Controlled Amortization Period Length (with the quotient rounded up to the nearest dollar) and (b) the excess of the Note Principal Balance over the Controlled Amortization Amount Target as of the last day of the prior Monthly Period.

“Controlled Amortization Amount Target” means, with respect to any Payment Date, (a) the Note Principal Balance as of the close of business on the last day of the Revolving Period less (b) the product (rounded up to the nearest dollar) of (i) a fraction, the numerator of which is the number of full Monthly Periods that have elapsed during the Controlled Amortization Period as of such Payment Date (which, for the avoidance of doubt, shall exclude the Monthly Period in which such Payment Date falls), and the denominator of which is the Scheduled Controlled Amortization Period Length and (ii) the Note Principal Balance as of the close of business on the last day of the Revolving Period.

“Controlled Amortization Date” means [ ], 20[ ], or such earlier date, which shall be the first day of a Monthly Period, as may be specified by the Transferor by written notice to the Indenture Trustee and each Lender Group Agent.

“Controlled Amortization Period” means, unless an Early Amortization Event shall have occurred prior thereto, the period commencing at the opening of business on the Controlled Amortization Date and ending on the earlier to occur of (a) the commencement of the Early Amortization Period and (b) the Final Payment Date.

“Controlled Amortization Shortfall” means, with respect to any Monthly Period during the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount for the previous Monthly Period over the amounts paid pursuant to Section 4.4(c) with respect to the Class A Monthly Principal and the Class B Monthly Principal for the previous Monthly Period.



“Controlled Payment Amount” means, with respect to any Payment Date with respect to the Controlled Amortization Period, the sum of (a) the Controlled Amortization Amount for such Payment Date and (b) any existing Controlled Amortization Shortfall.

“CP Rate” means the “CP Rate” as defined in the Class A Loan Agreement or the Class B Loan Agreement, as applicable.

“Default Amount” means, as to any Defaulted Account, the amount of Principal Receivables and, so long as amounts that would have constituted Collections of Principal Receivables are allocated to the Issuer pursuant to Section 6.2(a) of the Transfer Agreement, all amounts that would have constituted Principal Receivables but for Transferor’s inability to transfer Transferred Interests to Issuer (other than Receivables associated with any “Ineligible Interest” (as designated pursuant to Section 6.1(d) of the Transfer Agreement), unless there is an Insolvency Event with respect to Originator or the Transferor) in such Defaulted Account on the day it became a Defaulted Account.

“Defaulted Account” means an Account in which there are Principal Receivables that have been designated as Charged-Off Receivables.

“Default Rate” is defined in the Class A Loan Agreement and the Class B Loan Agreement.

“Designated Maturity” means, for any LIBOR Determination Date, one month; provided that the Issuer and the applicable Lender Group Agent may agree that the Designated Maturity for purposes of determining LIBOR for the initial Interest Period for any Advance may be a maturity other than one month, and if the applicable LIBOR is to be determined by straight-line interpolation, the Issuer and the Lender Group Agent will notify the Indenture Trustee of the applicable Designated Maturity or Designated Maturities, as applicable, on or prior to the applicable LIBOR Determination Date for such Advance.

“Dilution” means any downward adjustment made by Servicer in the amount of any Transferred Receivable (a) because of a rebate, refund, unauthorized charge (other than a fraudulent charge) or billing error to an accountholder, (b) because such Transferred Receivable was created in respect of merchandise which was refused or returned by an accountholder or (c) for any other reason other than receiving Collections therefor or charging off such amount as uncollectible.

“Distribution Account” means the account designated as such, established and owned by the Issuer and maintained in accordance with Section 4.2.

“Early Amortization Period” means the period commencing on the date on which a Trust Early Amortization Event or a Series 2014-[ ] Early Amortization Event is deemed to occur and ending on the Final Payment Date.

“Enhancement Reduction Amount” is defined in Section 2.2(b).

“Excess Collateral Amount” means, at any time, the excess of (a) the Collateral Amount over (b) the Note Principal Balance.

“Excess Spread Percentage” means, for any Monthly Period, the annualized percentage equivalent of a fraction,

(a) the numerator of which equals, the result of the following calculation:

(i) Finance Charge Collections allocated to all Outstanding Series of Notes for such Monthly Period, minus

(ii) the Default Amount for all Accounts that became Defaulted Accounts allocated to all Outstanding Series of Notes for such Monthly Period minus

(iii) the sum of the amounts payable with respect to interest on all Series of Notes on the Payment Date immediately following such Monthly Period, calculated after (x) subtracting any net swap receipts (excluding termination payments) received by the Issuer for any Series on the following Payment Date and (y) adding any net swap payments (excluding termination payments) payable by the Issuer for any such Series on the following Payment Date, minus

(iv) the Monthly Servicing Fee allocated to all Outstanding Series of Notes for such Monthly Period and payable on the following Payment Date; and

(b) the denominator of which equals the sum of the Weighted Average Collateral Amounts for all Outstanding Series of Notes with respect to such Monthly Period.

“FDIC Rule Requirements” means, collectively, the FDIC Rule Requirements under the Indenture.

“Final Payment Date” means the earliest to occur of (a) the date on which the Note Principal Balance is paid in full, (b) the date on which the Collateral Amount is reduced to zero and (c) the Series Maturity Date.

“Finance Charge Account” means the account designated as such, established and owned by the Issuer and maintained in accordance with Section 4.2.

“Finance Charge Shortfall” is defined in Section 4.8.

“Group One” means Series 2014-[ ] and each other outstanding Series previously or hereafter specified in the related Indenture Supplement to be included in Group One.

“Indenture” is defined in the preamble.

“Indenture Trustee” is defined in the preamble.

“Initial Excess Collateral Amount” means, on any date of determination, an amount equal to (a) \$[ ] plus (b) the aggregate Additional Enhancement Amounts for all Advances occurring on or prior to such date of determination, minus (c) the aggregate Enhancement Reduction Amounts for all Optional Amortizations occurring on or prior to such date of determination.

“Initial Note Principal Balance” means an amount equal to the sum of the Class A Note Initial Principal Balance and the Class B Note Initial Principal Balance.

“Interest Period” means, for any Payment Date, the period from and including the Payment Date immediately preceding such Payment Date (or, in the case of the first Payment Date, from and including the Closing Date) to but excluding such Payment Date; provided that the initial Interest Period with respect to any Advance shall be the period from and including the related Advance Date to but excluding the initial Payment Date on which Monthly Interest is payable with respect to such Advance, as determined in accordance with Section 4.1(e).

“Investment Earnings” means, for any Payment Date, all interest and earnings on Permitted Investments included in the Series Accounts (net of losses and investment expenses) during the period commencing on and including the Payment Date immediately preceding such Payment Date and ending on but excluding such Payment Date.

“Investor Charge-Offs” is defined in Section 4.6.

“Investor Default Amount” means, for any Monthly Period, the sum for all Accounts that became Defaulted Accounts during such Monthly Period (or, with respect to the initial Monthly Period, the sum for all Accounts that became Defaulted Accounts during the period commencing the Closing Date and continuing through the end of such Monthly Period), of the following amount: the product of (a) the Default Amount with respect to each such Defaulted Account and (b) the Allocation Percentage on the day such Account became a Defaulted Account.

“Investor Finance Charge Collections” means, for any Monthly Period an amount equal to the aggregate amount of Finance Charge Collections allocated to Series 2014-[ ] pursuant to Section 4.3(a) for all Dates of Processing in such Monthly Period.

“Investor Principal Collections” means, for any Monthly Period (a) during the Revolving Period, the lesser of (i) the aggregate amount of Principal Collections allocated to Series 2014-[ ] pursuant to Section 4.3(b) for all Dates of Processing during such Monthly Period and (ii) the amount of Reallocated Principal Collections that are required to be applied on the related Payment Date pursuant to Section 4.7, and (b) during the Controlled Amortization Period or the Early Amortization Period, an amount equal to the lesser of (i) the sum of the Required Principal Deposit Amount for such Monthly Period and the amount of Reallocated Principal Collections that are required to be applied on the related Payment Date pursuant to Section 4.7, and (ii) the aggregate amount of Principal Collections allocated to Series 2014-[ ] pursuant to Section 4.3(b) for all Dates of Processing during such Monthly Period; provided that, for any Monthly Period in which the Early Amortization Period commences, the amount described in this clause (ii) shall equal the sum of (x) the lesser of (A) the aggregate amount of Principal Collections allocated to Series 2014-[ ] pursuant to Section 4.3(b) for all Dates of Processing during any portion of the Monthly Period preceding the date on which the Early Amortization Period commences and (B) the sum of the Required Principal Deposit Amount during the portion of such Monthly Period preceding the date on which the Early Amortization Period commences, and the amount of Reallocated Principal Collections that are required to be applied on the related Payment Date pursuant to Section 4.7 plus (y) the aggregate amount of Principal Collections allocated to Series 2014-[ ] pursuant to Section 4.3(b) for all Dates of Processing during any portion of the Monthly Period on and after the commencement of the Early Amortization Period.

“Investor Uncovered Dilution Amount” means, for any Monthly Period, an amount equal to the product of (a) the Series Allocation Percentage for such Monthly Period and (b) the aggregate Dilutions occurring during such Monthly Period as to which any deposit is required to be made but has not been made; provided that, if the Free Equity Amount is greater than zero at the time the deposit referred to in clause (b) is required to be made, the Investor Uncovered Dilution Amount shall be deemed to be zero.

“Issuer” is defined in the preamble.

“Lender Group Agent” means, with respect to any Class A Lender, the Person identified in the Class A Loan Agreement as the “Lender Group Agent” for such Class A Lender and, with respect to any Class B Lender, the Person identified in the Class B Loan Agreement as the “Lender Group Agent” for such Class B Lender.

“LIBOR” means, for any Interest Period, the London interbank offered rate for the period of the Designated Maturity for United States dollar deposits determined by the Indenture Trustee for each Interest Period in accordance with the provisions of Section 4.11.

“LIBOR Determination Date” means the second London Business Day prior to the commencement of each Interest Period; provided that, in the case of (x) the initial Interest Period for any Advance that does not occur on a Payment Date or (y) any portion of an Interest Period for any Lender Interest that begins to accrue interest by reference to LIBOR other than on the first day of such Interest Period, the Issuer and the applicable Lender Group Agent may select a different LIBOR Determination Date and the Issuer shall notify the Indenture Trustee of the applicable LIBOR Determination Date on or prior to the applicable LIBOR Determination Date.

“Loan Agreement” means the Class A Loan Agreement or the Class B Loan Agreement.

“London Business Day” means any day on which dealings in deposits in United States dollars are transacted in the London interbank market.

“Minimum Free Equity Percentage” means, for purposes of Series 2014-[ ], 1.0%.

“Monthly Interest” means, for any Payment Date, the sum of the Class A Monthly Interest and the Class B Monthly Interest for such Payment Date.

“Monthly Period” means, as to each Payment Date, the period beginning on the 22<sup>d</sup> day of the second preceding calendar month and ending on the 2<sup>st</sup> day of the immediately preceding calendar month.

“Monthly Principal” means, on any Payment Date, the sum of the Class A Monthly Principal and the Class B Monthly Principal for such Payment Date.

“Monthly Principal Reallocation Amount” means, for any Transfer Date, an amount equal to the sum of:

(a) the lesser of (i) the Class A Required Amount for the related Payment Date and (ii) (x) the sum of the Class B Note Principal Balance and the Initial Excess Collateral Amount minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the previous Payment Date) and (II) any reductions to the Collateral Amount pursuant to Section 4.4(f), but not less than zero; and

(b) the lesser of (i) the Class B Required Amount for the related Payment Date and (ii) (x) the Initial Excess Collateral Amount minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the previous Payment Date and as required in clause (a) above) and (II) any reductions to the Collateral Amount pursuant to Section 4.4(f), but not less than zero.

“Monthly Statement” is defined in Section 5.2(a).

“Non-Use Fees” means, for any date of determination, the sum of (x) the Class A Non-Use Fee and (y) the Class B Non-Use Fee.

“Note Principal Balance” means, on any date of determination, an amount equal to the sum of the Class A Note Principal Balance and the Class B Note Principal Balance for such date of determination.

“Noteholder Servicing Fee” means, for any Transfer Date, an amount equal to one-twelfth of the product of (a) the Series Servicing Fee Percentage and (b) the Collateral Amount as of the last day of the Monthly Period preceding such Transfer Date; provided however, that with respect to the [ ] 2014 Transfer Date, the Noteholder Servicing Fee shall be calculated based on the Collateral Amount as of the Closing Date and shall be pro-rated for the number of days in the period beginning on the Closing Date and ending on [ ] 21, 2014.

“Numerator Reset Date” means any Advance Date or Optional Amortization Date.

“Optional Amortization” is defined in Section 2.2(b).

“Optional Amortization Amount” is defined in Section 2.2(b).

“Optional Amortization Date” is defined in Section 2.2(b).

“Optional Amortization Notice” is defined in Section 2.2(c).

“Payment Date” means [ ] [15], 2014 and the 15<sup>th</sup> day of each calendar month thereafter, or if such 15<sup>th</sup> day is not a Business Day, the next succeeding Business Day.

“Principal Account” means the account designated as such, established and owned by the Issuer and maintained in accordance with Section 4.2.

“Principal Shortfall” is defined in Section 4.9.

“Reallocated Principal Collections” means, for any Transfer Date, Principal Collections allocated to Series 2014-[ ] Noteholders that are applied in accordance with Section 4.7 in an amount not to exceed the Monthly Principal Reallocation Amount for such Transfer Date.

“Record Date” means, for purposes of Series 2014-[ ], (a) with respect to a Payment Date, unless specified in the following clause (b), the close of business on the last Business Day of the calendar month immediately preceding such Payment Date and (b) with respect to a Payment Date or other special payment date following the receipt of damages from the FDIC, the close of business on the Business Day immediately preceding such Payment Date or other special payment date.

“Redemption Price” means, for any Transfer Date, after giving effect to any deposits and payments otherwise to be made on the related Payment Date, the sum of (i) the Note Principal Balance on the related Payment Date, (ii) Monthly Interest for the related Payment Date and any Monthly Interest previously due but not paid to the Series 2014-[ ] Noteholders, (iii) the amount of Non-Use Fees, if any, for the related Payment Date and any Non-Use Fees previously due but not distributed to the Series 2014-[ ] Noteholders on any prior Payment Date and (iv) the amount of Reimbursement Amounts, if any, for the related Payment Date and any Reimbursement Amounts previously due but not paid to the Series 2014-[ ] Noteholders on any prior Payment Date.

“Reference Banks” means four major banks in the London interbank market selected by the Servicer.

“Reimbursement Amounts” means, for any date of determination, the sum of (x) the Class A Reimbursement Amounts and (y) the Class B Reimbursement Amounts.

“Removal Date” means a “Removal Date” as such term is defined in the Transfer Agreement.

“Required Class B Note Principal Balance” is defined in the Class A Loan Agreement.

“Required Deposit Amount” means, with respect to Series 2014-[ ], for any Monthly Period, the sum of (a) the Required Finance Charge Deposit Amount for such Monthly Period as most recently determined, (b) the Required Principal Deposit Amount for such Monthly Period as most recently determined and (c) if there is any outstanding Optional Amortization Amount, the amount of any outstanding Optional Amortization Amount over the amount deposited to the Collection Account with respect to such Optional Amortization Amount.

“Required Excess Collateral Amount” means, at any time, the product of (i) [ ] .00% times (ii) the quotient of (x) the Note Principal Balance divided by (y) [ ] .00%; provided that:

(a) except as provided in clause (c), the Required Excess Collateral Amount shall never be less than 3.00% of the Collateral Amount as of the last day of the Revolving Period;

(b) except as provided in clause (c), the Required Excess Collateral Amount shall not decrease during an Early Amortization Period; and

(c) the Required Excess Collateral Amount shall never be greater than the Note Principal Balance.

“Required Finance Charge Deposit Amount” means, with respect to Series 2014-[ ], for any Monthly Period, the sum of (a) the fees payable to the Indenture Trustee, the Trustee and the Administrator on the related Payment Date, (b) the Monthly Interest on the related Payment Date, pursuant to Section 4.4, (c) the Noteholder Servicing Fee, (d) the Non-Use Fees, if any, payable on the related Payment Date (but only to the extent that such Non-Use Fees are not reasonably expected to be paid by the Transferor on or prior to such Payment Date or any Non-Use Fees remain unpaid for any prior Payment Date), (e) the Reimbursement Amounts, if any, payable on the related Payment Date, (f) the amount, if any, described in Section 4.4(a)(vii) for the related Payment Date and (g) if on such Date of Processing the Free Equity Amount is less than the Minimum Free Equity Amount after giving effect to all transfers and deposits on that Date of Processing, the Investor Default Amount. To the extent any data needed to calculate the Required Finance Charge Deposit Amount is not available on any Date of Processing, the Issuer shall use the corresponding data as most recently determined or other reasonable estimate of such data until the required data is available (which shall be no later than the Transfer Date in the following Monthly Period). Without limiting the foregoing, (x) for purposes of determining the Monthly Interest on any Date of Processing on which the applicable LIBOR or CP Rate, as applicable, has not been determined, the applicable LIBOR or CP Rate, as applicable, shall be estimated based on the assumption that LIBOR or the CP Rate, as applicable, will equal LIBOR as determined on the LIBOR Determination Date for the current Interest Period and the CP Rate as determined for the prior Interest Period (to the extent such rate was determined for the prior Interest Period), multiplied by 1.25 and (y) for purposes of determining the Investor Default Amount on any Date of Processing, the Investor Default Amount shall be estimated based on the assumption that the Investor Default Amount for the current Monthly Period will equal the Investor Default Amount for the prior Monthly Period multiplied by 1.25.

“Required Principal Deposit Amount” means, with respect to Series 2014-[ ], for any Monthly Period, an amount equal to (a) during the Revolving Period, zero, (b) during the Controlled Amortization Period, the Controlled Payment Amount for the related Payment Date, and (c) during the Early Amortization Period, the Note Principal Balance.

“Reset Date” means:

- (a) each Addition Date;
- (b) each Removal Date on which Accounts are designated for removal pursuant to Section 2.7(a) or (b) of the Transfer Agreement;
- (c) each date on which there is an increase in the outstanding balance of any Variable Interest, including any Advance for Series 2014-[ ]; and
- (d) each date on which a new Series or Class of Notes is issued.

“Revolving Period” means the period beginning on the Closing Date and ending at the close of business on the day immediately preceding the earlier of the day the Controlled Amortization Period commences or the day the Early Amortization Period commences.

“Scheduled Controlled Amortization Period Length” means the number of Monthly Periods in the period beginning on the Controlled Amortization Date and ending on the last day of the Monthly Period preceding the Scheduled Final Payment Date.

“Scheduled Final Payment Date” means the Payment Date falling in [ ] 20[ ].

“Series Accounts” is defined in Section 4.2.

“Series Allocation Percentage” means, (a) with respect to any date of determination, the percentage equivalent of a fraction, the numerator of which is the numerator used in determining the Allocation Percentage for Finance Charge Collections for such date of determination and the denominator of which is the sum of the numerators used in determining the Allocation Percentage for Finance Charge Collections for all outstanding Series on such date of determination and (b) with respect to any Monthly Period, the daily average of the Series Allocation Percentage for all dates during such Monthly Period.

“Series Maturity Date” means, with respect to Series 2014-[ ], the [ ] 20[ ] Payment Date.

“Series Servicing Fee Percentage” means 2% per annum.

“Series 2014-[ ]” means the Series of Notes the terms of which are specified in this Indenture Supplement.

“Series 2014-[ ] Early Amortization Event” is defined in Section 6.1.

“Series 2014-[ ] Excess Finance Charge Collections” means Excess Finance Charge Collections allocated from other Series in Group One to Series 2014-[ ] pursuant to Section 8.6 of the Indenture.

“Series 2014-[ ] Note” means a Class A Note or a Class B Note.

“Series 2014-[ ] Noteholder” means a Class A Noteholder or a Class B Noteholder.

“Step-Down Date” means the first day of the first Monthly Period occurring after the last day of the Revolving Period during which the Note Principal Balance (after giving effect to any payment of principal to be made on the Payment Date occurring during such Monthly Period) is first reduced to an amount equal to or less than 50.0% of the Note Principal Balance as of the last day of the Revolving Period.

“Surplus Collateral Amount” means, with respect to any Payment Date, at any time, the excess, if any, of the Excess Collateral Amount over the Required Excess Collateral Amount, in each case, calculated after giving effect to any payments of principal on such Payment Date and any reductions for Enhancement Reduction Amounts, but before giving effect to any reduction in the Collateral Amount on such Payment Date pursuant to Section 4.4(f).

“Three-Month Average Excess Spread Percentage” shall mean, as of any Payment Date, the average of the Excess Spread Percentages for the three most recently ended Monthly Periods.



“Weighted Average Collateral Amount” means, with respect to any Monthly Period and each Series of Notes, the quotient of (a) the summation of the Collateral Amount determined as of each day in such Monthly Period divided by (b) the number of days in such Monthly Period.

SECTION 1.2. Incorporation of Terms. The terms of the Indenture are incorporated in this Supplement as if set forth in full herein. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and both together shall be read, taken and construed as one and the same agreement. If the terms of this Indenture Supplement and the terms of the Indenture conflict, the terms of this Indenture Supplement shall control with respect to the Series 2014-[ ]

## ARTICLE II CREATION OF THE SERIES 2014-[ ] NOTES

### SECTION 2.1. Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Indenture and this Indenture Supplement to be known as GE Sales Finance Master Trust, Series 2014-[ ] or the “Series 2014-[ ] Notes.” The Series 2014-[ ] Notes shall be issued in two Classes, known as the Class A Series 2014-[ ] Floating Rate Notes” and the “Class B Series 2014-[ ] Floating Rate Notes.” Series 2014-[ ] shall be a Variable Interest.

(b) The Class A Notes may from time to time evidence separate “Lender Interests” under and as defined in the Class A Loan Agreement (each a Class A Lender Interest”) which shall be identical in all respects, except for their respective maximum principal balances, the respective amounts of the Class A Note Principal Balance allocated to each Class A Lender Interest and certain matters relating to the rate and payment of interest. The initial allocation of Class A Notes among Class A Lender Interests shall be made, and reallocations among such Class A Lender Interests or new Class A Lender Interests may be made, as provided in the Class A Loan Agreement. The Class B Notes may from time to time evidence separate “Lender Interests” under and as defined in the Class B Loan Agreement (each a “Class B Lender Interest”) which shall be identical in all respects, except for their respective maximum principal balances and the respective amounts of the Class B Note Principal Balance allocated to each Class B Lender Interest. The initial allocation of Class B Notes among Class B Lender Interests shall be made, and reallocations among such Class B Lender Interests or new Class B Lender Interests may be made, as provided in the Class B Loan Agreement.

(c) Series 2014-[ ] shall be included in Group One and shall be a Principal Sharing Series. Series 2014-[ ] shall be an Excess Allocation Series with respect to Group One only. Series 2014-[ ] shall not be subordinated to any other Series.

### SECTION 2.2. Advances and Optional Amortizations

(a) On any Business Day during the Revolving Period, the Issuer may in its discretion, but subject to the satisfaction of the conditions precedent specified in each Loan Agreement request the Series 2014-[ ] Noteholders to make Advances, which shall be allocated among the Class A Notes and the Class B Notes, based on the Class A Pro Rata Percentage and the Class B Pro Rata Percentage, respectively. Automatically upon the funding to the Issuer of

the aggregate Advance Amounts, the Collateral Amount shall increase by the amount of the Advance Amount, plus such additional amount (an “Additional Enhancement Amount”) as may be necessary so that, after giving effect to the Advance, the Excess Collateral Amount would not be less than the Required Excess Collateral Amount.

(b) Subject to Section 2.2(c), on any Business Day in the Revolving Period or the Controlled Amortization Period, the Issuer may, in its discretion but subject to the conditions precedent in the Class A Loan Agreement and Class B Loan Agreement, cause a full or partial amortization (an “Optional Amortization”) of the Class A Notes and the Class B Notes (such date, an “Optional Amortization Date”) with any unrestricted funds of the Issuer or the Transferor that are designated (in their sole discretion) to make such amortization (“Additional Funds”) and, to the extent necessary, Available Principal Collections in an amount (the “Optional Amortization Amount”) specified in the Optional Amortization Notice delivered pursuant to Section 2.2(c); provided, that the Issuer shall not designate an Optional Amortization Date for any Business Day on which there would not be sufficient Shared Principal Collections to cover all “Principal Shortfalls” (as defined in the respective indenture supplements) for all outstanding Series of Notes in Amortization Periods (excluding any such “Principal Shortfall” relating to an optional amortization amount for such Series) unless the Issuer elects to use (in its sole discretion) only Additional Funds to pay all of such Optional Amortization Amount. The Optional Amortization Amount shall be allocated among the Class A Notes and the Class B Notes, based on the Class A Pro Rata Percentage and the Class B Pro Rata Percentage, respectively. Automatically upon the payment of any Optional Amortization Amount, the Collateral Amount shall decrease by an amount equal to the sum of (i) the related Optional Amortization Amount, and (ii) an additional amount specified in the Optional Amortization Notice (an “Enhancement Reduction Amount”) so long as, after giving effect to such reduction, the Excess Collateral Amount would not be less than the Required Excess Collateral Amount.

(c) Not later than 12:00 noon (New York City time) on the second Business Day preceding an Optional Amortization Date, the Issuer shall deliver to the Trustee, the Indenture Trustee, and each Series 2014-[ ] Noteholder a written notice of optional amortization substantially in the form of Exhibit C (an “Optional Amortization Notice”) designating the Optional Amortization Amount, the Optional Amortization Date and the Enhancement Reduction Amount.

### ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 3.1. Representations, Warranties and Covenants with respect to Receivables. The parties hereto agree that the representations, warranties and covenants set forth in Schedule I shall be a part of this Indenture Supplement for all purposes.

SECTION 3.2. Consent to Reduction in Periodic Finance Charges and Other Fees. To the extent the Issuer has the right to withhold its consent to any reduction in the periodic finance charges assessed on the Principal Receivables or other fees on the Accounts, the Issuer hereby covenants to withhold such consent if the Issuer reasonably expects the Three-Month Average Excess Spread Percentage to be less than zero and to notify the Transferor thereof.

**ARTICLE IV**  
**RIGHTS OF SERIES 2014-[ ] NOTEHOLDERS**  
**AND ALLOCATION AND APPLICATION OF COLLECTIONS**

**SECTION 4.1. Determination of Interest and Principal.**

(a) The amount of monthly interest (“Class A Monthly Interest”) due and payable with respect to the Class A Notes on any Payment Date shall be equal to the aggregate amount of interest accrued on each Class A Funding Tranche on each day during the related Interest Period (plus any underpayment of interest on the prior Payment Date as a result of the estimation referred to below and minus any overpayment of interest on the prior Payment Date as a result of the estimation referred to below). For purposes of such determination, the Issuer shall rely upon information provided by the various Lender Group Agents on behalf of the related Class A Noteholders pursuant to the Class A Loan Agreement including estimates of the interest to accrue on any Class A Funding Tranche through the related Payment Date. The interest accrued on each Class A Funding Tranche shall be computed for each day as the product of (i) 1/360, (ii) the Class A Note Interest Rate in effect for such Class A Funding Tranche on such day and (iii) the portion of the Class A Note Principal Balance included in such Class A Funding Tranche as of the close of business on such day.

In addition to Class A Monthly Interest, each Class A Noteholder shall be entitled to receive a Class A Non-Use Fee with respect to each Interest Period (or portion thereof) occurring prior to the last day of the Revolving Period.

With respect to each Payment Date, the Issuer shall determine the excess, if any (the “Class A Deficiency Amount”), of (x) the aggregate amount of Class A Monthly Interest payable pursuant to this Section 4.1(a) as of the prior Payment Date over (y) the amount of Class A Monthly Interest actually paid on such Payment Date. If the Class A Deficiency Amount for any Payment Date is greater than zero, on each subsequent Payment Date until such Class A Deficiency Amount is fully paid, an additional amount (“Class A Additional Interest”) equal to the product of (i) a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, (ii) the Default Rate and (iii) such Class A Deficiency Amount (or the portion thereof which has not been paid to the Class A Noteholders) shall be payable as provided herein with respect to the Class A Notes. Notwithstanding anything to the contrary herein, Class A Additional Interest shall be payable or distributed to the Class A Noteholders only to the extent permitted by applicable law.

(b) The amount of monthly interest (“Class B Monthly Interest”) due and payable with respect to the Class B Notes on any Payment Date shall be equal to the aggregate amount of interest accrued on each Class B Funding Tranche on each day during the related Interest Period (plus any underpayment of interest on the prior Payment Date as a result of the estimation referred to below and minus any overpayment of interest on the prior Payment Date as a result of the estimation referred to below). For purposes of such determination, the Issuer shall rely upon information provided by the various Lender Group Agents on behalf of the related Class B Noteholders pursuant to the Class B Loan Agreement including estimates of the interest to accrue on any Class B Funding Tranche through the related Payment Date. The interest accrued on each Class B Funding Tranche shall be computed for each day as the product of (i) 1/360,

(ii) the Class B Note Interest Rate in effect for such Class B Funding Tranche on such day and (iii) the portion of the Class B Note Principal Balance included in such Class B Funding Tranche as of the close of business on such day.

With respect to each Payment Date, the Issuer shall determine the excess, if any (the "Class B Deficiency Amount"), of (x) the aggregate amount of Class B Monthly Interest payable pursuant to this Section 4.1(b) as of the prior Payment Date over (y) the amount of Class B Monthly Interest actually paid on such Payment Date. If the Class B Deficiency Amount for any Payment Date is greater than zero, on each subsequent Payment Date until such Class B Deficiency Amount is fully paid, an additional amount ("Class B Additional Interest") equal to the product of (i) a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, (ii) the Default Rate and (iii) such Class B Deficiency Amount (or the portion thereof which has not been paid to the Class B Noteholders) shall be payable as provided herein with respect to the Class B Notes. Notwithstanding anything to the contrary herein, Class B Additional Interest shall be payable or distributed to the Class B Noteholders only to the extent permitted by applicable law.

In addition to Class B Monthly Interest, each Class B Noteholder shall be entitled to receive a Class B Non-Use Fee with respect to each Interest Period (or portion thereof) occurring prior to the last day of the Revolving Period.

(c) The amount of monthly principal ("Class A Monthly Principal") with respect to the Class A Notes (i) on or prior to each Payment Date, beginning with the Payment Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the Available Principal Collections on deposit in the Principal Account with respect to the related Monthly Period, (y) the Class A Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on or prior to such Payment Date pursuant to Sections 4.4(a)(vii), 4.6 and 4.7) or (ii) on or prior to each Payment Date, beginning with the Payment Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to such Payment Date) shall be equal to the least of (w) the Class A Pro Rata Percentage of Available Principal Collections on deposit in the Principal Account with respect to the related Monthly Period, (x) the Class A Pro Rata Percentage of the Controlled Payment Amount for such Payment Date, (y) the Class A Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on such Payment Date pursuant to Sections 4.4(a)(vii), 4.6 and 4.7).

(d) The amount of monthly principal ("Class B Monthly Principal") with respect to the Class B Notes (i) on or prior to each Payment Date, beginning with the Payment Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins shall be equal to the least of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to the related Monthly Period, over the portion of such Available Principal Collections applied to Class A Monthly Principal on such Payment Date, (y) the Class B Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on such Payment Date pursuant to Sections 4.4(a)(vii), 4.6 and 4.7, and after subtracting the Class A Monthly Principal to be paid on such Payment Date) or (ii) on or prior to each Payment Date, beginning with the Payment Date in the

Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to such Payment Date) shall be equal to the least of (w) the Class B Pro Rata Percentage of Available Principal Collections on deposit in the Principal Account with respect to the related Monthly Period, (x) the Class B Pro Rata Percentage of the Controlled Payment Amount for such Payment Date, (y) the Class B Note Principal Balance on such Payment Date and (z) the Collateral Amount (after taking into account any adjustments to be made on such Payment Date pursuant to Sections 4.4(a)(vii), 4.6 and 4.7 and after subtracting the Class A Monthly Principal to be paid on such Payment Date).

(e) Notwithstanding anything to the contrary in this Indenture Supplement or any Loan Agreement, in the case of any Advance, the portion of Monthly Interest accrued in respect of the Advance Amount during the Interest Period in which such Advance occurs will be payable on an initial Payment Date agreed between the Issuer and the related Lender Group Agents, and the Issuer shall notify the Indenture Trustee of the initial Payment Date and the length of the initial Interest Period for such Advance on or prior to the related Advance Date.

SECTION 4.2. Establishment of Accounts.

(a) As of the Closing Date, the Issuer covenants to have established and shall thereafter maintain the Finance Charge Account, the Principal Account and the Distribution Account (collectively, the "Series Accounts") each of which shall be an Eligible Deposit Account.

(b) If the depository institution wishes to resign as depository of any of the Series Accounts for any reason or fails to carry out the instructions of the Issuer for any reason, then the Issuer shall promptly notify the Indenture Trustee on behalf of the Noteholders.

(c) On or before the Closing Date, the Issuer shall enter into a depository agreement to govern the Series Accounts pursuant to which such accounts are continuously identified in the depository institution's books and records as subject to a security interest in favor of the Indenture Trustee on behalf of the Noteholders and, except as may be expressly provided herein to the contrary, in order to perfect the security interest of the Indenture Trustee on behalf of the Noteholders under the UCC, the Indenture Trustee on behalf of the Noteholders shall have the power to direct disposition of the funds in the Series Accounts without further consent by the Issuer; provided however, that prior to the delivery by the Indenture Trustee on behalf of the Noteholders of notice otherwise, the Issuer shall have the right to direct the disposition of funds in the Series Accounts; provided further that the Indenture Trustee on behalf of the Noteholders agrees that it will not deliver such notice or exercise its power to direct disposition of the funds in the Series Accounts unless an Event of Default has occurred and is continuing.

(d) The Issuer shall not close any of the Series Accounts unless it shall have (i) established a new Eligible Deposit Account with the depository institution or with a new depository institution satisfactory to the Lender Group Agents, (ii) entered into a depository agreement to govern such new account(s) with such new depository institution which agreement is satisfactory in all respects to the Lender Group Agents (whereupon such new account(s) shall become the applicable Series Account(s) for all purposes of this Indenture Supplement), and (iii) taken all such action as the Lender Group Agents shall reasonably require to grant and perfect a first priority security interest in such account(s) under this Indenture Supplement.

SECTION 4.3. Calculations and Series Allocations.

(a) Allocations of Finance Charge Collections. On each Date of Processing, the Issuer shall allocate to the Noteholders of Series 2014-[ ] an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate Finance Charge Collections processed on such Date of Processing. At or prior to 12:00 noon, New York City time, on each Transfer Date, the Issuer shall transfer from the Collection Account to the Finance Charge Account, an amount equal to the lesser of the Available Finance Charge Collections for the preceding Monthly Period and the Required Finance Charge Deposit Amount for the preceding Monthly Period (excluding any portion of the Required Finance Charge Deposit Amount described in clauses (f) and (g) of the definition of Required Finance Charge Deposit Amount).

(b) Allocations of Principal Collections. On each Date of Processing, the Issuer shall allocate to the Noteholders of Series 2014-[ ] an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate amount of Principal Collections processed on such Date of Processing. Principal Collections allocated to Series 2014-[ ] during any Monthly Period in excess of the Investor Principal Collections shall be (i) first, if any Optional Amortization Amounts are outstanding (after giving effect to the deposit of any Additional Funds), deposited in the Principal Account for application, to the extent necessary, to the payment of such Optional Amortization Amounts, and (ii) second, applied as Shared Principal Collections. At or prior to 12:00 noon, New York City time, on each Transfer Date, the Issuer shall transfer from the Collection Account to the Principal Account, an amount equal to the Available Principal Collections to the extent such funds have not been deposited into the Principal Account pursuant to Section 4.4(a) or any other provision of this Agreement.

(c) Calculations and Additional Deposits on Transfer Date. Notwithstanding the provisions of Section 8.4(a) of the Indenture allowing Collections for any Monthly Period in excess of the Aggregate Required Deposit Amount for such Monthly Period to be distributed to the Holder, Collections of Finance Charge Receivables allocated to the Series issued pursuant to this Indenture Supplement during that Monthly Period that were released to the Holder pursuant to Section 8.4(a) of the Indenture shall be deemed, for purposes of all calculations under this Indenture Supplement, to have been applied as Available Finance Charge Collections to the items specified in Section 4.4(a) to which such amounts would have been applied (and in the priority in which they would have been applied) had such amounts been available in the Collection Account on the related Payment Date. To avoid doubt, the calculations referred to in the preceding sentence include the calculations required by clause (b)(iii) of the definition of Collateral Amount.

(d) Notwithstanding anything to the contrary contained in the Agreement, (i) funds required to be deposited into the Finance Charge Account or Principal Account pursuant to this Indenture Supplement that would be subsequently transferred to the Distribution Account may instead be directly deposited to the Distribution Account, and (ii) any funds required to be deposited into the Finance Charge Account or Principal Account pursuant to this Indenture Supplement that would be subsequently transferred to the Issuer or the Holder shall not be required to be transferred to any Series Account and may be directly paid to the Issuer or the Holder pursuant to the priority of payments set forth in this Indenture Supplement.

SECTION 4.4. Application of Available Finance Charge Collections and Available Principal Collections. On or prior to each Transfer Date or related Payment Date, as applicable, the Issuer shall withdraw, to the extent of available funds, the amount required to be withdrawn from the Finance Charge Account, the Principal Account and the Distribution Account as follows:

(a) On or prior to each Payment Date, an amount equal to the Available Finance Charge Collections with respect to the related Monthly Period will be paid or deposited in the following priority from funds on deposit in the Finance Charge Account:

(i) on a pari passu basis (A) to the extent not otherwise paid by the Transferor, an amount sufficient to pay the accrued and unpaid fees and other amounts owed to the Trustee, to the extent allocated to Series 2014-[ ]], up to a maximum amount of \$25,000 for each calendar year, shall be deposited to the Distribution Account and (B) an amount equal to the Noteholder Servicing Fee for such Transfer Date, plus the amount of any Noteholder Servicing Fee previously due but not paid to the Servicer on a prior Transfer Date, shall be deposited to the Distribution Account;

(ii) an amount equal to Class A Monthly Interest for such Payment Date, plus any Class A Deficiency Amount, plus the amount of any Class A Additional Interest for such Payment Date, plus the amount of any Class A Additional Interest previously due but not paid to Class A Noteholders on a prior Payment Date, shall be deposited to the Distribution Account;

(iii) to the extent not otherwise paid by or on behalf of the Transferor, an amount sufficient to pay the unpaid Class A Non-Use Fee, if any, for the related Interest Period plus any Class A Non-Use Fee due but not paid to the Class A Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(iv) an amount equal to Class B Monthly Interest for such Payment Date, plus any Class B Deficiency Amount, plus the amount of any Class B Additional Interest for such Payment Date, plus the amount of any Class B Additional Interest previously due but not paid to Class B Noteholders on a prior Payment Date, shall be deposited to the Distribution Account;

(v) to the extent not otherwise paid by or on behalf of the Transferor, an amount sufficient to pay the unpaid Class B Non-Use Fee, if any, for the related Interest Period plus any Class B Non-Use Fee due but not paid to the Class B Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(vi) (A) first, an amount equal to the Investor Default Amount for such Payment Date shall be treated as a portion of Available Principal Collections for such Payment Date and (B) second, an amount equal to any Investor Uncovered Dilution Amount for such Payment Date shall be treated as a portion of Available Principal Collections for such Payment Date, and any amounts treated as Available Principal

Collections pursuant to subclause (A) or (B) of this clause (vi) during the Controlled Amortization Period or the Early Amortization Period, shall be deposited into the Principal Account on the related Payment Date;

(vii) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this Section 4.4(a)(vii) shall be treated as a portion of Available Principal Collections for such Payment Date and, during the Controlled Amortization Period or Early Amortization Period, shall be deposited into the Principal Account on such Payment Date;

(viii) [reserved];

(ix) an amount sufficient to pay the aggregate Class A Reimbursement Amounts, if any, for the related Interest Period, plus any Class A Reimbursement Amounts due but not paid to the Class A Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(x) an amount sufficient to pay the aggregate Class B Reimbursement Amounts, if any, for the related Interest Period, plus any Class B Reimbursement Amounts due but not paid to the Class B Noteholders on any prior Payment Date shall be deposited to the Distribution Account;

(xi) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Payment Date and will be applied in accordance with Section 8.6 of the Indenture; provided that during an Early Amortization Period, if any such Excess Finance Charge Collections would be distributed to the Holder in accordance with Section 8.6 of the Indenture, the portion of such Excess Finance Charge Collections that would otherwise be distributable to the Holder, first shall be used to pay Monthly Principal pursuant to Section 4.4(c) to the extent not paid in full from Available Principal Collections (calculated without regard to amounts available to be treated as Available Principal Collections pursuant to this clause (xi)), and second, any amounts remaining after payment in full of the Monthly Principal shall be distributed to the Holder.

(b) On or prior to each Payment Date with respect to the Revolving Period that is an Optional Amortization Date, an amount equal to the Available Principal Collections for the related Monthly Period shall be withdrawn from the Principal Account and, together with any Additional Funds, shall be deposited into the Distribution Account and applied as follows: (i) an amount equal to the Optional Amortization Amount shall be paid to the Class A Noteholders and the Class B Noteholders as specified in Section 2.2(b), and (ii) any remaining Available Principal Collections shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(c) On or prior to each Payment Date, with respect to the Controlled Amortization Period or the Early Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period together with any Additional Funds shall be paid or deposited in the following order of priority from funds on deposit in the Principal Account:



(i) an amount equal to the Class A Monthly Principal for such Payment Date shall be deposited into the Distribution Account and on such Payment Date shall be paid to the Class A Noteholders until the Class A Note Principal Balance has been paid in full;

(ii) an amount equal to the Class B Monthly Principal for such Payment Date shall be deposited into the Distribution Account and on such Payment Date shall be paid to the Class B Noteholders until the Class B Note Principal Balance has been paid in full;

(iii) an amount equal to the Optional Amortization Amount, if any, for such Payment Date shall be deposited into the Distribution Account and on such Payment Date shall be paid to the Class A Noteholders and the Class B Noteholders as specified in Section 2.2(b); and

(iv) the balance of such Available Principal Collections remaining after application in accordance with clauses (i) through (iii) above shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(d) On each Payment Date, the Issuer shall pay from the Distribution Account (i) on a pari passu basis, the amount deposited pursuant to clauses (A) and (B) of Section 4.4(a)(i) to the Trustee and the Servicer, as applicable, and (ii) in accordance with Section 4.5 to the Class A Noteholders from the Distribution Account, the amounts deposited into the Distribution Account pursuant to Section 4.4(a)(ii) on such Payment Date and to the Class B Noteholders, the amounts deposited into the Distribution Account pursuant to Section 4.4(a)(iv) on such Payment Date.

(e) The Issuer shall pay out of amounts deposited into the Distribution Account pursuant to Sections 4.4(a)(iii), (v), (ix), and (x) to the Class A Noteholders and the Class B Noteholders, as applicable, in the following order of priority, (i) the Class A Non-Use Fee, (ii) the Class B Non-Use Fee, (iii) the Class A Reimbursement Amounts and (iv) the Class B Reimbursement Amounts.

(f) As of any Payment Date during the Controlled Amortization Period or Early Amortization Period on which Principal Collections allocated to Series 2014-[ ] are treated as Shared Principal Collections, the Collateral Amount shall be reduced by an amount equal to the lesser of (x) the amount of Principal Collections allocated to Series 2014-[ ] that are applied as Shared Principal Collections and (y) the Surplus Collateral Amount.

(g) On each Optional Amortization Date that is not a Payment Date, Additional Funds and Available Principal Collections in the amount of the Optional Amortization Amount shall be deposited into the Distribution Account and shall be paid to the Class A Noteholders and the Class B Noteholders ratably in accordance with the allocation of such Optional Amortization Amount among the Class A Notes and the Class B Notes as specified in Section 2.2(b).

#### SECTION 4.5. Payments.

(a) On each Payment Date, the Issuer shall pay to each Class A Noteholder of record on the related Record Date such Class A Noteholder's *pro rata* share of the amounts on deposit in the Distribution Account that are allocated and available on such Payment Date and as are payable to the Class A Noteholders pursuant to this Indenture Supplement.

(b) On each Payment Date, the Issuer shall pay to each Class B Noteholder of record on the related Record Date such Class B Noteholder's *pro rata* share of the amounts on deposit in the Distribution Account that are allocated and available on such Payment Date and as are payable to the Class B Noteholders pursuant to this Indenture Supplement.

(c) The payments to be made pursuant to this Section 4.5 are subject to the provisions of Section 7.1 of this Indenture Supplement.

(d) All payments set forth herein shall be made by wire transfer of immediately available funds provided that the Issuer, not later than the Record Date relating to any Payment Date, shall have received appropriate wiring instructions in writing from the related Noteholder or Lender Group Agent on behalf of the related Noteholder.

SECTION 4.6. Investor Charge-Offs. If, on any Transfer Date, the sum of the Investor Default Amount and any Investor Uncovered Dilution Amount for the preceding Monthly Period exceeds the amount of Available Finance Charge Collections allocated with respect thereto pursuant to Section 4.4(a)(vi) with respect to such Transfer Date, the Collateral Amount will be reduced (but not below zero) by the amount of such excess (such reduction, an "Investor Charge-Off").

SECTION 4.7. Reallocated Principal Collections. On each Transfer Date, if Investor Finance Charge Collections are not sufficient to make the payments set forth in Sections 4.4(a)(i) through (v), the Issuer shall apply Reallocated Principal Collections with respect to that Transfer Date, to fund such deficiency pursuant to and in the priority set forth in Sections 4.4(a)(i) through (v). On each Transfer Date, the Collateral Amount shall be reduced by the amount of Reallocated Principal Collections for such Transfer Date.

SECTION 4.8. Excess Finance Charge Collections. Series 2014-[ ] shall be an Excess Allocation Series with respect to Group One only. Subject to Section 8.6 of the Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One with respect to any Monthly Period will be allocated to Series 2014-[ ] in an amount equal to the product of (x) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Monthly Period and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2014-[ ] for such Monthly Period and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One, in each case with respect to payments to be made on or prior to the Payment Date following such Monthly Period. The "Finance Charge Shortfall" for Series 2014-[ ] for any date on which Excess Finance Charge Collections are allocated pursuant to Section 8.6 of the Indenture will be equal to the excess, if any, of (a) the full amount required to be paid, without duplication, pursuant to Sections 4.4(a)(i) through (x) with respect to the next following Payment Date over (b) the Available Finance Charge Collections for the next following Payment Date (excluding any portion thereof attributable to Excess Finance Charge Collections).

SECTION 4.9. Shared Principal Collections. Subject to Section 8.5 of the Indenture, Shared Principal Collections allocable to Series 2014-[ ] with respect to any Monthly Period will be equal to the product of (x) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series for such Monthly Period and (y) a fraction, the numerator of which is the Principal Shortfall for Series 2014-[ ] for such Monthly Period and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series, in each case with respect to payments to be made on or prior to the Payment Date following such Monthly Period. The "Principal Shortfall" for Series 2014-[ ] for any date on which Shared Principal Collections are allocated pursuant to Section 8.5 of the Indenture will be equal to (a) for any allocation date with respect to the Revolving Period, if there is no outstanding Optional Amortization Amount, zero, (b) for any allocation date with respect to the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount with respect to the next following Payment Date over the amount of Available Principal Collections for the next following Payment Date (excluding any portion thereof attributable to Shared Principal Collections or amounts available to be treated as Available Principal Collections pursuant to clause (xi) of Section 4.4(a)), and (c) for any allocation date with respect to the Early Amortization Period, the Note Principal Balance and (d) for any allocation date with respect to the Revolving Period if there is any outstanding Optional Amortization Amount, the amount of any outstanding Optional Amortization Amount, over the amount of Available Principal Collections for the next following Payment Date (excluding any portion thereof attributable to Shared Principal Collections).

SECTION 4.10. Investment of Amounts on Deposit in Series Accounts.

(a) To the extent there are uninvested amounts deposited in the Series Accounts, the Issuer shall cause such amounts to be invested in Permitted Investments selected by the Issuer that mature no later than the following Transfer Date. Funds deposited to any Series Account for payment or transfer on the related Payment Date shall not be invested.

(b) On each Transfer Date, the Investment Earnings, if any, accrued since the preceding Transfer Date on funds on deposit in the Series Accounts shall be released to the Holder. For purposes of determining the availability of funds or the balance in any Series Account for any reason under this Indenture Supplement, all Investment Earnings shall be deemed not to be available or on deposit.

SECTION 4.11. Determination of LIBOR.

(a) On each LIBOR Determination Date in respect of an Interest Period, the Indenture Trustee shall determine LIBOR on the basis of the rate per annum displayed in the Bloomberg Financial Markets system as the composite offered rate for London interbank deposits for a period of the Designated Maturity, as of 11:00 a.m., London time, on that date. If that rate does not appear on that display page, LIBOR for that Interest Period will be the rate per annum shown on page "LIBOR01" of the Reuters Monitor Money Rates Service or such other page as may replace the LIBOR01 page on that service for the purpose of displaying London interbank offered rates of major banks as of 11:00 a.m., London time, on the LIBOR Determination Date; provided that if at least two rates appear on that page, the rate will be the arithmetic mean of the displayed rates and if fewer than two rates are displayed, or if no rate is

relevant, the rate for that Interest Period shall be determined on the basis of the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for the period of the Designated Maturity. The Indenture Trustee shall request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two (2) such quotations are provided, the rate for that Interest Period shall be the arithmetic mean of the quotations. If fewer than two (2) quotations are provided as requested, the rate for that Interest Period will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Servicer, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a period of the Designated Maturity.

(b) The Issuer and each Lender Group Agent may agree that LIBOR for the initial Interest Period for any Advance or any portion of an Interest Period will be determined based on straight-line interpolation between two rates determined in accordance with Section 4.11(a) for two different Designated Maturities, and if straight-line interpolation is to be used to determine the applicable LIBOR, the Issuer shall notify the Indenture Trustee of the applicable Designated Maturities on or before the applicable LIBOR Determination Date.

(c) On each LIBOR Determination Date, the Indenture Trustee shall send to the Issuer by facsimile, email or other electronic transmission, notification of LIBOR for the following Interest Period. LIBOR used to calculate the Class A Note Interest Rate (if applicable) and the Class B Note Interest Rate (if applicable) for the then current and the immediately preceding Interest Periods may be obtained by telephoning the Indenture Trustee at its corporate trust office at (800) 735-7777 or such other telephone number as shall be designated by the Indenture Trustee for such purpose by prior written notice by the Indenture Trustee to each Series 2014-[ ] Noteholder from time to time.

**ARTICLE V**  
**DELIVERY OF SERIES 2014-[ ] NOTES;**  
**REPORTS TO SERIES 2014-[ ] NOTEHOLDERS**

SECTION 5.1. Delivery and Payment for the Series 2014-[ ] Notes. The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2014-[ ] Notes in accordance with Section 2.2 of the Indenture. The Indenture Trustee shall deliver the Series 2014-[ ] Notes to or upon the written order of the Issuer when so authenticated.

SECTION 5.2. Reports and Statements to Series 2014-[ ] Noteholders.

(a) Not later than the Business Day preceding each Payment Date, the Issuer shall deliver or cause the Servicer to deliver to the Trustee, the Indenture Trustee, each Series 2014-[ ] Noteholder a statement substantially in the form of Exhibit B (the "Monthly Statement"); provided that the Issuer may amend the form of Exhibit B from time to time.

(b) On or before January 31 of each calendar year, beginning with January 31, 2015, the Issuer shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2014-[ ] Noteholder the information for the preceding calendar year, or the applicable portion thereof during which the Person was a Noteholder, as is

required to be provided by an issuer of indebtedness under the Code to the holders of the Issuer's indebtedness and such other customary information as is necessary to enable such Noteholder to prepare its federal income tax returns. Notwithstanding anything to the contrary contained in this Agreement, the Issuer shall, to the extent required by applicable law, from time to time furnish or cause to be furnished to the appropriate Persons, at least five Business Days prior to the end of the period required by applicable law, the information required to complete a Form 1099-INT.

**ARTICLE VI**  
**SERIES 2014-[ ] EARLY AMORTIZATION EVENTS**

SECTION 6.1. Series 2014-[ ] Early Amortization Events If any one of the following events shall occur with respect to the Series 2014-[ ] Notes:

(a)(i) failure on the part of the Issuer to make any payment or deposit required to be made by it by the terms of any of the Loan Agreements (other than any payments or deposits made solely in connection with the FDIC Rule Requirements) on or before the date occurring five (5) Business Days after the date such payment or deposit is required to be made therein or herein or (ii) failure of the Issuer duly to observe or perform in any material respect any of its covenants or agreements set forth in any of the Loan Agreements (excluding matters (x) addressed by clause (i) above and (y) covenants and agreements made solely pursuant to the FDIC Rule Requirements), which failure has a material adverse effect on the Series 2014-[ ] Noteholders' interest in the Series 2014-[ ] Notes and which continues unremedied for a period of ninety days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer by the Indenture Trustee, or to the Issuer and the Indenture Trustee by Noteholders representing a majority of the Outstanding Principal Balance of the Series 2014-[ ] Notes;

(b) any representation or warranty made by the Issuer in any of the Loan Agreements shall prove to have been incorrect in any material respect when made or when delivered (excluding representations and warranties made solely pursuant to the FDIC Rule Requirements), which continues to be incorrect in any material respect for a period of ninety days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer by the Indenture Trustee, or to the Issuer and the Indenture Trustee by Noteholders representing a majority of the Outstanding Principal Balance of the Series 2014-[ ] Notes and as a result of which the interests of the Series 2014-[ ] Noteholders are materially and adversely affected for such period;

(c)(i) failure on the part of Transferor to make any payment or deposit required to be made by it by the terms of the Transfer Agreement (other than any payments or deposits made solely in connection with the covenants, obligations and agreements set forth in Schedule 6.4 of the Transfer Agreement) on or before the date occurring five (5) Business Days after the date such payment or deposit is required to be made therein or herein or (ii) failure of the Transferor duly to observe or perform in any material respect any of its covenants or agreements set forth in the Transfer Agreement (excluding matters (x) addressed by clause (i) above and (y) covenants and agreements made solely pursuant to Schedule 6.4 of the Transfer Agreement), which failure has a material adverse effect on the Series 2014-[•] Noteholders' interest in the Series 2014-[ ]

Notes and which continues unremedied for a period of ninety days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by Noteholders representing a majority of the Outstanding Principal Balance of the Series 2014-[ ] Notes;

(d) any representation or warranty made by the Transferor in the Transfer Agreement shall prove to have been incorrect in any material respect when made or when delivered (excluding representations and warranties made solely pursuant to Schedule 6.4 of the Transfer Agreement), which continues to be incorrect in any material respect for a period of ninety days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by Noteholders representing a majority of the Outstanding Principal Balance of the Series 2014-[ ] Notes and as a result of which the interests of the Series 2014-[ ] Noteholders are materially and adversely affected for such period; provided, however, that a Series 2014-[ ] Early Amortization Event pursuant to this Section 6.1(d) shall not be deemed to have occurred hereunder if the Transferor has accepted reassignment of the related Transferred Receivable, or all of such Transferred Receivables, if applicable, during such period in accordance with the provisions of the Transfer Agreement;

(e) the Free Equity Amount shall be less than the Minimum Free Equity Amount as of the end of any Monthly Period and shall not have been increased to an amount equal to or greater than the Minimum Free Equity Amount on or before the immediately following Payment Date;

(f) the Trust Principal Balance shall be less than the Required Principal Balance as of the end of any Monthly Period and shall not have been increased to an amount equal to or greater than the Required Principal Balance on or before the immediately following Payment Date;

(g) any Servicer Default shall occur, which has a material adverse effect on the Series 2014-[ ] Noteholders' interest in the Series 2014-[ ] Notes;

(h) as of any Payment Date, the Three-Month Average Excess Spread Percentage shall be less than 0.00%;

(i) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2014-[ ] and acceleration of the maturity of the Series 2014-[ ] Notes pursuant to Section 5.3 of the Indenture; or

(j) the Note Principal Balance is not reduced to zero following the payments made to the Noteholders on the Scheduled Final Payment Date;

then, in the case of any event described above, after the applicable grace period, if any, set forth in such subparagraph, Noteholders representing a majority of the Outstanding Principal Amount of the Series 2014-[ ] Notes by notice then given in writing to the Issuer, with a copy to the Servicer and the Indenture Trustee, may declare that a Series Early Amortization Event" with respect to Series 2014-[ ] (a "Series 2014-[ ] Early Amortization Event") has occurred as of the date of such notice; provided, however, in the case of any event described in subsection (h), (i) or

(j) a Series 2014-[ ] Early Amortization Event shall occur without any notice or other action on the part of the Indenture Trustee or the Series 2014-[ ] Noteholders immediately upon the occurrence of such event.

**ARTICLE VII**  
**REDEMPTION OF SERIES 2014-[ ] NOTES;**  
**FINAL DISTRIBUTIONS; SERIES TERMINATION**

**SECTION 7.1. Redemption Price; Final Distributions.**

(a) (i) The amount to be paid by the Transferor with respect to Series 2014-[ ] in connection with a reassignment of Transferred Receivables to the Transferor pursuant to Section 6.1(f) of the Transfer Agreement shall not be less than the Redemption Price for the first Payment Date following the Monthly Period in which the reassignment obligation arises under the Transfer Agreement.

(ii) The amount to be paid by the Issuer with respect to Series 2014-[ ] in connection with a repurchase of the Notes pursuant to Section 10.1 of the Trust Agreement shall not be less than the Redemption Price for the Payment Date of such repurchase.

(b) With respect to (i) the Redemption Price deposited into the Collection Account pursuant to this Section 7.1 or (ii) the proceeds of any sale of Transferred Receivables pursuant to Section 5.3 of the Indenture with respect to Series 2014-[ ], the Indenture Trustee shall, in accordance with the written direction of the Issuer, not later than 12:00 noon, New York City time, on the related Payment Date make payments of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and payments otherwise to be made on such date) in immediately available funds: (i) (x) the Class A Note Principal Balance on such Payment Date will be paid to the Class A Noteholders and (y) an amount equal to the sum of (A) Class A Monthly Interest due and payable on such Payment Date or any prior Payment Date, (B) any Class A Deficiency Amount for such Payment Date, (C) the amount of Class A Additional Interest, if any, for such Payment Date and any Class A Additional Interest previously due but not paid to the Class A Noteholders on any prior Payment Date and (D) the Class A Non-Use Fees, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class A Noteholders, (ii) (x) the Class B Note Principal Balance on such Payment Date will be paid to the Class B Noteholders and (y) an amount equal to the sum of (A) Class B Monthly Interest due and payable on such Payment Date or any prior Payment Date, (B) any Class B Deficiency Amount for such Payment Date, (C) the amount of Class B Additional Interest, if any, for such Payment Date and any Class B Additional Interest previously due but not paid to the Class B Noteholders on any prior Payment Date, and (D) the Class B Non-Use Fees, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class B Noteholders, (iii) an amount equal to any Class A Reimbursement Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class A Noteholders, (iv) an amount equal to any Class B Reimbursement Amounts, if any, due and payable on such Payment Date or any prior Payment Date, will be paid to the Class B Noteholders and (v) any excess shall be released to the Holder.

SECTION 7.2. Distributions After Repudiation and Payment of Damages by FDIC.

(a) In the event that GE Capital Retail Bank becomes the subject of an insolvency proceeding and a special payment date is declared as contemplated by Section 11.3(b) of the Indenture, the amount of interest payable with respect to each Class of Series 2014-[ ] Notes on the special payment date shall be equal to (i) with respect to the Class A Notes, the sum of any Class A Deficiency Amount, plus the aggregate amount of interest accrued on the Class A Notes from and including the preceding Payment Date to but excluding the special payment date, including any Class A Additional Interest accrued on any Class A Deficiency Amount and (ii) with respect to the Class B Notes, the sum of any Class B Deficiency Amount, plus the aggregate amount of interest accrued on the Class B Notes from and including the preceding Payment Date to but excluding the special payment date, including any Class B Additional Interest accrued on any Class B Deficiency Amount.

(b) In the event that GE Capital Retail Bank becomes the subject of an insolvency proceeding and the FDIC as receiver or conservator for GE Capital Retail Bank exercises its right of repudiation and elects to pay damages with respect to the Series 2014-[ ] Notes as contemplated by paragraph (d)(4)(ii) of the FDIC Rule, (i) any damages received with respect to the Series 2014-[ ] Notes shall be deposited to the Distribution Account and (ii) the Issuer shall promptly, and in no event later than one Business Day after such damages have been paid by the FDIC, compute the amount, if any, required to be withdrawn from available funds allocated to Series 2014-[ ] in the Finance Charge Account, the Principal Account and the other Trust Accounts and transferred to the Distribution Account, so that the amount on deposit in the Distribution Account shall equal the aggregate amount to be distributed as specified in Section 7.2(c).

(c) On the applicable payment date determined pursuant to Section 11.3(b) of the Indenture, the Issuer shall, based on the computations in Section 7.2(b), first, withdraw from the Finance Charge Account, the Principal Account and the other Trust Accounts, the amount so computed in Section 7.2(a) and deposit such amount into the Distribution Account, and second cause the amount on deposit in the Distribution Account to be distributed in the following order of priority: (i) the sum of the Class A Note Principal Balance on such Payment Date and the amount of interest payable to the Class A Noteholders as calculated pursuant to Section 7.2(a) shall be paid to the Class A Noteholders and (ii) the sum of the Class B Note Principal Balance on such Payment Date and the amount of interest payable to the Class B Noteholders as calculated pursuant to Section 7.2(a) shall be paid to the Class B Noteholders.

(d) Any funds remaining in the Finance Charge Account, the Principal Account and the other Trust Accounts to the extent allocated to Series 2014-[ ] shall be distributed on the following Payment Date (or the applicable payment date determined pursuant to Section 11.3(b) if it is a Payment Date), in accordance with the order of priority described in Section 7.1(b) after taking into account amounts distributed in accordance with Section 7.2(c).

SECTION 7.3. Series Termination. On the Series Maturity Date of the Series 2014-[ ] Notes, the unpaid principal amount of the Series 2014-[ ] Notes shall be due and payable.



**ARTICLE VIII  
MISCELLANEOUS PROVISIONS**

SECTION 8.1. Ratification of Indenture; Amendments. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument. This Indenture Supplement may be amended only by a Supplemental Indenture entered into in accordance with the terms of Section 9.1 or 9.2 of the Indenture. For purposes of the application of Section 9.2 to any amendment of this Indenture Supplement, the Series 2014-[ ] Noteholders shall be the only Noteholders whose vote shall be required.

SECTION 8.2. Form of Delivery of the Series 2014-[ ] Notes. The Class A Notes and the Class B Notes shall be Definitive Notes and shall be registered in the Note Register in the name of the initial purchasers of such Notes identified in the Class A Loan Agreement and the Class B Loan Agreement, respectively. By acquiring a Class A Note or a Class B Note, each purchaser and transferee shall be deemed to represent and warrant that it is not acquiring such Class A Note or Class B Note (or any interest therein) with the plan assets of a Benefit Plan Investor. Each Class of Series 2014- [ ] Notes shall be issued in the maximum amounts specified in each Loan Agreement and in minimum denominations of \$100,000 and in integral multiples of \$1; provided that the principal amount of Advances represented by any Note at any time shall not be subject to any requirements as to minimum denominations or integral multiples.

SECTION 8.3. Counterparts. This Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

SECTION 8.4. GOVERNING LAW.

(a) **THIS INDENTURE SUPPLEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401(1) AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT WITHOUT REGARD TO ANY OTHER CONFLICT OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.**

(b) **EACH PARTY HERETO HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THEM PERTAINING TO THIS INDENTURE SUPPLEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS INDENTURE SUPPLEMENT; PROVIDED, THAT EACH PARTY HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE BOROUGH OF MANHATTAN IN NEW YORK CITY; PROVIDED, FURTHER, THAT NOTHING IN THIS INDENTURE SUPPLEMENT**

SHALL BE DEEMED OR OPERATE TO PRECLUDE THE INDENTURE TRUSTEE FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE NOTES, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE INDENTURE TRUSTEE. EACH PARTY HERETO SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH PARTY HERETO HEREBY WAIVES ANY OBJECTION THAT SUCH PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH PARTY HERETO HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH PARTY AT ITS ADDRESS DETERMINED IN ACCORDANCE WITH SECTION 10.4 OF THE INDENTURE AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH PARTY'S ACTUAL RECEIPT THEREOF OR THREE DAYS AFTER DEPOSIT IN THE UNITED STATES MAIL, PROPER POSTAGE PREPAID. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS INDENTURE SUPPLEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.5. Limitation of Liability. It is expressly understood and agreed by the parties hereto that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Trustee of the Issuer, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as a personal representation, undertaking and agreement by BNY Mellon Trust of Delaware but is made and intended for the purpose of binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall BNY Mellon Trust of Delaware be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this document.

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SECTION 8.6. Rights of the Indenture Trustee. The Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture.

SECTION 8.7. Compliance with Applicable Anti-Terrorism and Anti-Money Laundering Regulations. In order to comply with laws, rules and regulations applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Indenture Trustee. Accordingly, each of the parties hereto agrees to provide to the Indenture Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Indenture Trustee to comply with applicable law.

SECTION 8.8. Tax. It is the intent of the parties hereto that, for purposes of Federal, State and local income and franchise tax and any other tax measured in whole or in part by income, the Series 2014-[ ] Notes shall be treated as debt.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

GE SALES FINANCE MASTER TRUST, as Issuer

By: BNY MELLON TRUST OF DELAWARE,  
not in its individual capacity, but solely as Trustee on behalf of Issuer

By: \_\_\_\_\_  
Name:  
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture Trustee

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

## FORM OF CLASS A SERIES 20[]-[] FLOATING RATE ASSET BACKED NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS CLASS A NOTE:

- (1) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN A PRIVATE TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH THE TERMS OF THE INDENTURE (AS DEFINED HEREIN), AND AGREES (UNLESS SUCH REQUIREMENT SHALL HAVE BEEN WAIVED IN WRITING BY THE ISSUER WITH RESPECT TO ANY TRANSFER) TO FURNISH THE ISSUER A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE ISSUER) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN \$250,000, AGREES TO FURNISH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND, AGREES THAT IN ALL CASES IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND IF REQUESTED BY THE INDENTURE TRUSTEE, AGREES TO FURNISH A TAXPAYER IDENTIFICATION CERTIFICATION ON FORM W-9 OR W-8, AS APPLICABLE, FOR THE PROPOSED TRANSFEREE;
- (2) REPRESENTS THAT IT IS NOT ACQUIRING THE NOTE WITH THE PLAN ASSETS OF (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF INVESTMENT BY AN EMPLOYEE BENEFIT PLAN OR PLAN IN SUCH ENTITY, OR (IV) A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE; AND

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- (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW UNLESS NOTEHOLDERS OF NOT LESS THAN 66 2/3% OF THE OUTSTANDING PRINCIPAL AMOUNT OF EACH CLASS OF EACH SERIES HAS APPROVED SUCH FILING AND IT WILL NOT DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE TRANSFEROR ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW IN ANY INSTANCE; PROVIDED, THAT THE FOREGOING SHALL NOT IN ANYWAY LIMIT THE NOTEHOLDER'S RIGHTS TO PURSUE ANY OTHER CREDITOR RIGHTS OR REMEDIES THAT THE NOTEHOLDERS MAY HAVE FOR CLAIMS AGAINST THE ISSUER.

THE HOLDER OF THIS CLASS A NOTE, BY ACCEPTANCE OF THIS NOTE, AND EACH HOLDER OF A BENEFICIAL INTEREST THEREIN, AGREE TO TREAT THE CLASS A NOTES AS INDEBTEDNESS FOR APPLICABLE FEDERAL, STATE, AND LOCAL INCOME AND FRANCHISE TAX LAW AND FOR PURPOSES OF ANY OTHER TAX IMPOSED ON, OR MEASURED BY, INCOME.

GE SALES FINANCE MASTER TRUST SERIES 20[ ]-[ ]

CLASS A SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

GE Sales Finance Master Trust (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory trust governed by the Amended and Restated Trust Agreement dated as of February 29, 2012 (as amended or supplemented from time to time), for value received, hereby promises to pay to [ ], [as Lender Group Agent (as defined in the Class A Loan Agreement (as defined herein)) for its Lender Group (as defined in the Class A Loan Agreement (as defined herein))] or registered assigns, subject to the following provisions, the principal sum of [ ] DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture, on the [ ] Payment Date, except as otherwise provided below or in the Indenture. The Issuer will pay interest on each Payment Date on the aggregate unpaid principal amount of the Class A Notes in an amount equal to the Class A Monthly Interest for the preceding Interest Period. The holder of this Note shall be entitled to a portion of such Class A Monthly Interest allocated to this Note pursuant to the Loan Agreement (Series 20[ ]-[ ], Class A), dated as of [ ], 20[ ] (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Class A Loan Agreement"), among the Issuer, the lenders parties thereto and the lender group agents for the lender groups parties thereto. Principal of this Note shall be paid in the manner specified in the Indenture Supplement referred to on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

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IN WITNESS WHEREOF, the Issuer has caused this Class A Note to be duly executed.

GE SALES FINANCE MASTER TRUST, as Issuer

By: BNY Mellon Trust of Delaware, not in its individual capacity but  
solely as Trustee on behalf of Issuer

By: \_\_\_\_\_  
Name:  
Title:

Dated:



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INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A Notes described in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

Exhibit A-1 (Page 5)

CLASS A SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Class A Note is one of a duly authorized issue of Notes of the Issuer, designated as GE Sales Finance Master Trust, Series 20[ ]-[ ] (the “Series 20[ ]-[ ] Notes”), issued under a Master Indenture dated as of February 29, 2012 (as amended, the “Master Indenture”), between the Issuer and Deutsche Bank Trust Company Americas, as indenture trustee (the “Indenture Trustee”), as supplemented by the Series 20[ ]-[ ] Indenture Supplement dated as of , 20[ ] (the “Indenture Supplement”), and representing the right to receive certain payments from the Issuer. The term “Indenture,” unless the context otherwise requires, refers to the Master Indenture as supplemented by the Indenture Supplement. The Notes are subject to all of the terms of the Indenture. All terms used in this Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control.

The Class B Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Note, agrees that it will look solely to the property of the Issuer allocated to the payment of this Note for payment hereunder and that neither the Trustee nor the Indenture Trustee is liable to the Noteholders for any amount payable under the Notes or the Indenture or, except in the case of the Indenture Trustee as expressly provided in the Indenture, subject to any liability under the Indenture.

This Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

THIS CLASS A NOTE DOES NOT REPRESENT AN OBLIGATION OF, OR AN INTEREST IN, THE ISSUER, GE CAPITAL RETAIL BANK, GE SALES FINANCE HOLDING, L.L.C., OR ANY OF THEIR AFFILIATES, AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

THIS CLASS A NOTE IS LIMITED IN RIGHT OF PAYMENT TO CERTAIN COLLECTIONS WITH RESPECT TO THE RECEIVABLES (AND CERTAIN OTHER COLLATERAL) ALLOCATED TO THE SERIES 20[ ]-[ ] NOTES, ALL AS MORE SPECIFICALLY SET FORTH HEREINABOVE AND IN THE INDENTURE.

The Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee shall treat the person in whose name this Class A Note is registered as the owner hereof for all purposes, and neither the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

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THIS CLASS A NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Exhibit A-1 (Page 7)

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ASSIGNMENT

Social Security or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (name and address of assignee) the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature Guaranteed: \_\_\_\_\_

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\*\* The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

Exhibit A-1 (Page 8)

## FORM OF CLASS B SERIES 20[]-[] FLOATING RATE ASSET BACKED NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS CLASS B NOTE:

- (1) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN A PRIVATE TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH THE TERMS OF THE INDENTURE (AS DEFINED HEREIN), AND AGREES (UNLESS SUCH REQUIREMENT SHALL HAVE BEEN WAIVED IN WRITING BY THE ISSUER WITH RESPECT TO ANY TRANSFER) TO FURNISH THE ISSUER A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE ISSUER) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN \$250,000, AGREES TO FURNISH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND, AGREES THAT IN ALL CASES IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND IF REQUESTED BY THE INDENTURE TRUSTEE, AGREES TO FURNISH A TAXPAYER IDENTIFICATION CERTIFICATION ON FORM W-9 OR W-8, AS APPLICABLE, FOR THE PROPOSED TRANSFEREE;
- (2) REPRESENTS THAT IT IS NOT ACQUIRING THE NOTE WITH THE PLAN ASSETS OF (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF INVESTMENT BY AN EMPLOYEE BENEFIT PLAN OR PLAN IN SUCH ENTITY, OR (IV) A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE; AND

- 
- (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF COVENANTS AND AGREES THAT IT WILL NOT AT ANY TIME DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW UNLESS NOTEHOLDERS OF NOT LESS THAN 66 2/3% OF THE OUTSTANDING PRINCIPAL AMOUNT OF EACH CLASS OF EACH SERIES HAS APPROVED SUCH FILING AND IT WILL NOT DIRECTLY OR INDIRECTLY INSTITUTE OR CAUSE TO BE INSTITUTED AGAINST THE TRANSFEROR ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDING OR OTHER PROCEEDING UNDER ANY FEDERAL OR STATE BANKRUPTCY LAW IN ANY INSTANCE; PROVIDED, THAT THE FOREGOING SHALL NOT IN ANYWAY LIMIT THE NOTEHOLDER'S RIGHTS TO PURSUE ANY OTHER CREDITOR RIGHTS OR REMEDIES THAT THE NOTEHOLDERS MAY HAVE FOR CLAIMS AGAINST THE ISSUER.

THE HOLDER OF THIS CLASS B NOTE, BY ACCEPTANCE OF THIS NOTE, AND EACH HOLDER OF A BENEFICIAL INTEREST THEREIN, AGREE TO TREAT THE CLASS B NOTES AS INDEBTEDNESS FOR APPLICABLE FEDERAL, STATE, AND LOCAL INCOME AND FRANCHISE TAX LAW AND FOR PURPOSES OF ANY OTHER TAX IMPOSED ON, OR MEASURED BY, INCOME.

Exhibit A-2 (Page 2)

GE SALES FINANCE MASTER TRUST SERIES 20[ ]-[ ]

CLASS B SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

GE Sales Finance Master Trust (herein referred to as the "Issuer" or the "Trust"), a Delaware statutory trust governed by the Amended and Restated Trust Agreement dated as of February 29, 2012 (as amended or supplemented from time to time), for value received, hereby promises to pay to [ ], [as Lender Group Agent (as defined in the Class B Loan Agreement (as defined herein)) for its Lender Group (as defined in the Class B Loan Agreement (as defined herein))] or registered assigns, subject to the following provisions, the principal sum of [ ] DOLLARS, or such greater or lesser amount as determined in accordance with the Indenture, on the [ ] Payment Date, except as otherwise provided below or in the Indenture. The Issuer will pay interest on each Payment Date on the aggregate unpaid principal amount of the Class B Notes in an amount equal to the Class B Monthly Interest for the preceding Interest Period. The holder of this Note shall be entitled to a portion of such Class B Monthly Interest allocated to this Note pursuant to the Loan (Series 20[ ]-[ ], Class B), dated as of [ ], 20[ ] (as the same may be amended, restated, supplemented or otherwise modified from time to time, the Class B Loan Agreement), among the Issuer, the lenders parties thereto and the lender group agents for the lender groups parties thereto. Principal of this Note shall be paid in the manner specified in the Indenture Supplement referred to on the reverse hereof.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

THIS CLASS B NOTE IS SUBORDINATED TO THE EXTENT NECESSARY TO FUND PAYMENTS ON THE CLASS A NOTES TO THE EXTENT SPECIFIED IN THE INDENTURE SUPPLEMENT.

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IN WITNESS WHEREOF, the Issuer has caused this Class B Note to be duly executed.

GE SALES FINANCE MASTER TRUST, as Issuer

By: BNY Mellon Trust of Delaware, not in its individual capacity but  
solely as Trustee on behalf of Issuer

By: \_\_\_\_\_  
Name:  
Title:

Dated:

Exhibit A-2 (Page 4)



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INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class B Notes described in the within-mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

Exhibit A-2 (Page 5)

CLASS B SERIES 20[ ]-[ ] FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Class B Note is one of a duly authorized issue of Notes of the Issuer, designated as GE Sales Finance Master Trust, Series 20[ ]-[ ] (the “Series 20[ ]-[ ] Notes”), issued under a Master Indenture dated as of February 29, 2012 (as amended, the “Master Indenture”), between the Issuer and Deutsche Bank Trust Company Americas, as indenture trustee (the “Indenture Trustee”), as supplemented by the Series 20[ ]-[ ] Indenture Supplement dated as of , 20[ ] (the “Indenture Supplement”), and representing the right to receive certain payments from the Issuer. The term “Indenture,” unless the context otherwise requires, refers to the Master Indenture as supplemented by the Indenture Supplement. The Notes are subject to all of the terms of the Indenture. All terms used in this Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture. In the event of any conflict or inconsistency between the Indenture and this Note, the Indenture shall control.

The Class A Notes will also be issued under the Indenture.

The Noteholder, by its acceptance of this Note, agrees that it will look solely to the property of the Issuer allocated to the payment of this Note for payment hereunder and that neither the Trustee nor the Indenture Trustee is liable to the Noteholders for any amount payable under the Notes or the Indenture or, except in the case of the Indenture Trustee as expressly provided in the Indenture, subject to any liability under the Indenture.

This Note does not purport to summarize the Indenture and reference is made to the Indenture for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Indenture Trustee.

THIS CLASS B NOTE DOES NOT REPRESENT AN OBLIGATION OF, OR AN INTEREST IN, THE ISSUER, GE CAPITAL RETAIL BANK, GE SALES FINANCE HOLDING, L.L.C., OR ANY OF THEIR AFFILIATES, AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

THIS CLASS B NOTE IS LIMITED IN RIGHT OF PAYMENT TO CERTAIN COLLECTIONS WITH RESPECT TO THE RECEIVABLES (AND CERTAIN OTHER COLLATERAL) ALLOCATED TO THE SERIES 20[ ]-[ ] NOTES, ALL AS MORE SPECIFICALLY SET FORTH HEREINABOVE AND IN THE INDENTURE.

The Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee shall treat the person in whose name this Class B Note is registered as the owner hereof for all purposes, and neither the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

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THIS CLASS B NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Exhibit A-2 (Page 7)

ASSIGNMENT

Social Security or other identifying number of assignee .

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (name and address of assignee) the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ,

\_\_\_\_\_  
Signature Guaranteed:

\*\*

\*\* The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT B

**GE Sales Finance Master Trust  
Monthly Noteholder's Statement**

Pursuant to the Master Indenture, dated as of February 29, 2012 (as amended and supplemented, the "Indenture") between GE Sales Finance Master Trust (the "Issuer") and Deutsche Bank Trust Company Americas, as indenture trustee (the "Indenture Trustee"), as supplemented by the Series 2014-[ ] Indenture Supplement (the "Indenture Supplement"), dated as of [ ], 2014 between the Issuer and the Indenture Trustee, the Issuer is required to prepare, or cause the Servicer to prepare, certain information each month regarding current distributions to the Series 2014-[ ] Noteholders and the performance of the Issuer during the previous month. The information required to be prepared with respect to the Payment Date of [ ], and with respect to the performance of the Issuer during the Monthly Period ended [ ] is set forth below. Capitalized terms used herein are defined in the Indenture and the Indenture Supplement. Unless otherwise indicated, references to Principal Receivables and Principal Collections exclude Discount Option Receivables and references to Finance Charge Receivables and Finance Charge Collections include Discount Option Receivables. The Discount Option Percentage was designated as [ ]% as of [ ].

The undersigned, an Authorized Officer of the Servicer, does hereby certify as follows:

Record Date:

Monthly Period Beginning:

Monthly Period Ending:

Previous Payment Date:

Payment Date:

Interest Period Beginning:

Interest Period Ending:

Days in Monthly Period:

Days in Interest Period:

LIBOR Determination Date

LIBOR Rate

Is there a Reset Date?

**I. Trust Receivables Information**

- a. Number of Accounts Beginning
- b. Number of Accounts Ending
- c. Average Account Balance (r / b)
- d. BOP Aggregate Principal Receivable
- e. BOP Discount Option Receivables
- f. BOP Finance Charge Receivables
- g. BOP Total Receivables

Exhibit  
B-1

- 
- h. Increase in Principal Receivables from Additional Accounts
  - i. Increase in Principal Activity on Existing Securitized Accounts
  - j. Increase in Finance Charge Receivables from Additional Accounts
  - k. Increase in Finance Charge Activity on Existing Securitized Accounts
  - l. Increase in Total Receivables
  - m. Decrease in Principal Receivables due to Account Removal
  - n. Decrease in Principal Activity on Existing Securitized Accounts
  - o. Decrease in Finance Charge Receivables due to Account Removal
  - p. Decrease in Finance Charge Activity on Existing Securitized Accounts
  - q. Decrease in Total Receivables
  - r. EOP Aggregate Principal Receivables
  - s. EOP Discount Option Receivables
  - t. EOP Finance Charge Receivables
  - u. EOP Total Receivables
  - v. Excess Funding Account Balance
  - w. Required Principal Balance
  - x. Minimum Free Equity Amount (EOP Aggregate Principal Receivables \* 1.0%)
  - y. Free Equity Amount (EOP Principal Receivables - EOP Collateral Amount (II.c.i+II.a.ii+II.b.ii+II.b.iii))

**II. Investor Information (Sum of all Series, excluding new issuances and additional draws subsequent to end of the Monthly Period)**

- a. Note Principal Balance
  - i. Beginning of Interest Period
  - ii. Increase in Note Principal Balance due to New Issuance / Additional Draws
  - iii. Decrease in Note Principal Balance due to Principal Paid and Notes Retired
  - iv. End of Payment Date
- b. Excess Collateral Amount
  - i. Beginning of Interest Period
  - ii. Change to Enhancement Amount
  - iii. Increase in Excess Collateral Amount due to New Issuance
  - iv. Reductions in Required Excess Collateral Amount
  - v. Increase/Decrease in Unreimbursed Investor Charge-Off
  - vi. Increase/Decrease in Unreimbursed Reallocated Principal Collections
  - vii. End of Payment Date
- c. Collateral Amount
  - i. Beginning of Interest Period
  - ii. End of Payment Date

---

### III. Trust Performance Data (Monthly Period)

- a. Gross Trust Yield ((Finance Charge Collections + Recoveries) / BOP Principal Receivables)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- b. Charge-Off Rate (Default Amount for Defaulted Accounts / BOP Principal Receivables)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- c. Base Rate ((Noteholder Servicing Fee / BOP Principal Receivables) + (Monthly Interest / BOP Note Principal Bal))
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- d. Excess Spread Percentage
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average Excess Spread Percentage
- e. Payment Rate (Principal Collections / BOP Principal Receivables)
  - i. Current
  - ii. Prior Monthly Period
  - iii. Two Months Prior Monthly Period
  - iv. Three-Month Average
- f. Default Amount for Defaulted Accounts
- g. Collections
  - i. Total Trust Finance Charge Collections (excludes recoveries)
    - a. Portion of Trust F/C Collections attributable to Discount Option Receivables
  - ii. Recoveries
  - iii. Total Trust Principal Collections
  - iv. Total Trust Collections (sum of i through iii)

	<u>Percentage</u>	<u>Total Receivables</u>
h. Delinquency Data		
i. 1-29 Days Delinquent		
ii. 30-59 Days Delinquent		
iii. 60-89 Days Delinquent		
iv. 90-119 Days Delinquent		
v. 120-149 Days Delinquent		
vi. 150-179 Days Delinquent		
vii. 180 or Greater Days Delinquent		

**IV. Investor Information**

- a. Class A Note Principal Balance
  - i. Beginning of Interest Period
  - ii. Principal Balance Increase
  - iii. Principal Payment
  - iv. End of Payment Date
- b. Class B Note Principal Balance
  - i. Beginning of Interest Period
  - ii. Principal Balance Increase
  - iii. Principal Payment
  - iv. End of Payment Date
- c. Excess Collateral Amount
  - i. Beginning of Interest Period
  - ii. Change to enhancement amount
  - iii. Increase in Excess Collateral Amount due to Advances
  - iv. Increase/Decrease in Unreimbursed Investor Charge-Offs
  - v. Increase/Decrease in Reallocated Principal Collections
  - vi. Reduction in Required Excess Collateral Amount
  - vii. End of Payment Date
- d. Collateral Amount
  - i. Beginning of Interest Period
  - ii. Change to enhancement amount
  - iii. Increase in Note Principal Balance due to Advances
  - iv. Increase/Decrease in Unreimbursed Investor Charge-Offs
  - v. Increase/Decrease in Reallocated Principal Collections
  - vi. Reduction in Required Excess Collateral Amount
  - vii. Principal Payments
  - viii. End of Payment Date
  - ix. Collateral Amount as a Percentage of Trust Principal Balance
  - x. Amount by which Note Principal Balance exceeds Collateral Amount



e. Required Excess Collateral Amount

**V. Investor Charge-Offs and Reallocated Principal Collections**

- a. Beginning Unreimbursed Investor Charge-Offs
- b. Current Unreimbursed Investor Defaults
- c. Current Unreimbursed Investor Uncovered Dilution Amount
- d. Current Reimbursement of Investor Charge-Offs pursuant to Section 4.4(a)(vii)
- e. Ending Unreimbursed Investor Charge-Offs
- f. Beginning Unreimbursed Reallocated Principal Collections
- g. Current Reallocated Principal Collections pursuant to Section 4.7
- h. Current Reimbursement of Reallocated Principal Collections pursuant to Section 4.4(a)(vii)
- i. Ending Unreimbursed Reallocated Principal Collections

**VI. Investor Percentages**

- a. Allocation Percentage Numerator - for Finance Charge Collections and Default Amounts
- b. Allocation Percentage Numerator - for Principal Collections
- c. Allocation Percentage Denominators
  - i. Aggregate Principal Receivables Balance as of Prior Monthly Period
  - ii. Number of Days at Balance
  - iii. Aggregate Principal Receivables on Reset Date (if applicable)
  - iv. Number of Days at Balance
  - v. Average Principal Balance
- d. Sum of Allocation Percentage Numerators for all outstanding Series with respect to Finance Charge Collections and Default Amounts
- e. Sum of Allocation Percentage Numerators for all outstanding Series with respect to Principal Collections
- f. Allocation Percentage, Finance Charge Collections and Default Amount (a. / greater of c.v or d.)
- g. Allocation Percentage, Principal Collections (b. / greater of c.v. or e.)

**VII. Collections and Allocations Series**

**Trust**

**Series**

- a. Finance Charge Collections
- b. Recoveries
- c. Principal Collections
- d. Default Amount
- e. Dilution (Included in I.h.)
- f. Investor Uncovered Dilution Amount
- g. Available Finance Charge Collections
  - i. Investor Finance Charge Collections
  - ii. Recoveries
  - iii. Excess Finance Charge Collections allocable to Series 2014-[ ]
  - iv. Available Finance Charge Collections (Sum of g.i through g.iii)
- h. Total Collections (c.Series + g.iv.)

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**VIII. Application of Available Funds pursuant to Section 4.4(a) of the Indenture Supplement**

Available Finance Charge Collections

- (i.) On a pari passu basis:
  - (a) To the extent not otherwise paid by the Transferor, to the Trustee
  - (b) To the Servicer:
    - (i) Noteholder Servicing Fee
    - (ii) Noteholder Servicing Fee previously due but not paid
    - (iii) Total Amounts paid to Servicer
- (ii.) On a pari passu basis:
  - (a) Current Class A Monthly Interest
  - (b) Class A Additional Interest
    - (i) Prior unpaid Class A Monthly Interest
    - (ii) Class A adjustment due to prior period underpayment
- (iii.) Class A Non-Use Fee:
  - (a) Class A Non-Use Fee
  - (b) Class A Non-Use Fee previously due but unpaid
- (iv.) On a pari passu basis:
  - (a) Current Class B Monthly Interest
  - (b) Class B Additional Interest
    - (i) Prior unpaid Class B Monthly Interest
    - (ii) Class B adjustment due to prior period underpayment
- (v.) Class B Non-Use Fee:
  - (a) Class B Non-Use Fee
  - (b) Class B Non-Use Fee previously due but unpaid
- (vi.) To be treated as Available Principal Collections:
  - (a) Investor Default Amount
  - (b) Investor Uncovered Dilution Amount
- (vii.) To be treated as Available Principal Collections, to the extent not previously reimbursed
  - (a) Investor Charge-offs
  - (b) Reallocated Principal Collections
- (viii.) To the Class A Noteholders
  - (a) Class A Reimbursement Amounts
  - (b) Class A Reimbursement Amounts not previously reimbursed
- (ix.) To the Class B Noteholders
  - (a) Class B Reimbursement Amounts
  - (b) Class B Reimbursement Amounts not previously reimbursed

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(xi.) The balance, if any, will constitute a portion of Excess Finance Charge Collections for such Payment Date and first will be available to treat as Available Funds or for allocation to other Series in Group One and, then:

- a. Unless an Early Amortization Event has occurred, to the Transferor; and or
- b. If an Early Amortization Event has occurred, first, to pay Monthly Principal in accordance with Section 4.4(c) of the Indenture Supplement to the extent not paid in full from Available Principal Collections (calculated without regard to amounts available to be treated as Available Principal Collections pursuant to this clause), and second, any amounts remaining after payment in full of the Monthly Principal shall be paid to the Holder.

**IX. Excess Finance Charge Collections (Group One)**

- a. Total Excess Finance Charge Collections in Group One
- b. Finance Charge Shortfall for Series 2014-[ ]
- c. Finance Charge Shortfall for all Series in Group One
- d. Excess Finance Charges Collections Allocated to Series 2014-[ ]

**X. Available Principal Collections and Distributions**

- a. Investor Principal Collections
- b. Less: Reallocated Principal Collections for the Monthly Period pursuant to Section 4.7 of the Indenture Supplement
- c. Plus: Shared Principal Collections allocated to this Series
- d. Plus: Aggregate amount to be treated as Available Principal Collections pursuant to Section 4.4(a)(vi) of the Indenture Supplement
- e. Plus: Aggregate amount to be treated as Available Principal Collections pursuant to Section 4.4(a)(vii) of the Indenture Supplement
- f. Plus: During an Early Amortization Period, the amount of Available Finance Charge Collections used to pay principal on the Notes pursuant to Section 4.4(a)(xi) of the Indenture Supplement
- g. Available Principal Collections
  - i. During the Revolving Period, Available Principal Collections (x) used to pay Optional Amortization Amounts and (y) treated as Shared Principal Collections Pursuant to Section 4.4(b) of the Indenture Supplement
  - ii. During the Controlled Amortization Period, Available Principal Collections deposited to the Distribution Account pursuant to Section 4.4(c) of the Indenture Supplement (including for Optional Amortization Amounts)
  - iii. During the Early Amortization Period, Available Principal Collections deposited to the Distribution Account pursuant to Section 4.4(c) of the Indenture Supplement
  - iv. Series Shared Principal Collections available to Group One pursuant to Section 4.4(b) or 4.4(c)(iv) of the Indenture Supplement, as applicable
  - v. Principal Distributions pursuant to Section 4.4(c) of the Indenture Supplement in order of priority

- a. Principal paid to Class A Noteholders
- b. Principal paid to Class B Noteholders
- vi. Principal Collections available to share (inclusive of Series 2014-[ ])
- vii. Principal Shortfall for Series 2014-[ ]
- viii. Shared Principal Collections allocated to this Series from other Series

**XI. Early Amortization Events**

- a. The Free Equity Amount is less than the Minimum Free Equity Amount at the end of the Current Monthly Period and is not cured by the Payment Date
  - i. Free Equity Amount
  - ii. Minimum Free Equity Amount
  - iii. Excess Free Equity Amount
- b. The Trust Principal Balance is less than the Required Principal Balance
  - i. Trust Principal Balance
  - ii. Required Principal Balance
  - iii. Excess over Required Principal Balance
- c. The Three-Month Average Excess Spread Percentage is less than 0.00%:
  - i. Three-Month Average Excess Spread Percentage
- d. The Note Principal Balance is outstanding beyond the Scheduled Final Payment Date
  - i. Scheduled Final Payment Date
  - ii. Current Payment Date
- e. Has an early amortization event occurred?

**XII. Repurchase Demands**

[No assets securitized by GE Sales Finance Holding, L.L.C. (the "Securitizer") and held by GE Sales Finance Master Trust were the subject of a demand to repurchase or replace for breach of the representations and warranties during the Monthly Period.] The most recent Form ABS-15G filed by the Securitizer was filed on [ ]. The CIK number of the Securitizer is 0001543212.

IN WITNESS WHEREOF, the undersigned has duly executed this Monthly Noteholder's Statement as of the      day of      .

**GE CAPITAL RETAIL BANK**, as Servicer

By:  
Title: Authorized Signatory  
Name:

EXHIBIT C

Form of Optional Amortization Notice

TO: The Lender Group Agents  
Deutsche Bank Trust Company Americas, as Indenture Trustee

RE: Notice of Designation of Optional Amortization Amount

Gentlemen and Ladies:

This Optional Amortization Notice is delivered to you pursuant to Section 2.2(b) of the Series 2014-[ ] Indenture Supplement (the "Indenture Supplement"), dated as of [ ], 2014, between GE Sales Finance Master Trust (the "Issuer") and Deutsche Bank Trust Company Americas, as indenture trustee (the "Indenture Trustee"). Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein have the meanings provided in the Indenture Supplement.

The Issuer hereby notifies you that it hereby designates an Optional Amortization Amount of \$[ ] to be distributed to the Class A Noteholders and Class B Noteholders on [ ], 20[ ] (the "Optional Amortization Date") as specified in Section 2.2(b) of the Indenture Supplement.

The Issuer has caused this Optional Amortization Notice to be executed and delivered by its duly authorized officer or representative this day of , .

GE Sales Finance Master Trust,  
as Issuer

By: [GE Capital Retail Bank,  
as Administrator] [Sub-Administrator]

By:  
Name:  
Title:

Exhibit  
C-1

SCHEDULE I

PERFECTION REPRESENTATIONS, WARRANTIES  
AND COVENANTS (WITH RESPECT TO RECEIVABLES)

(a) In addition to the representations, warranties and covenants contained in the Indenture, the Issuer hereby represents, warrants and covenants to the Indenture Trustee as follows as of the Closing Date:

(1) The Indenture creates a valid and continuing security interest (as defined in the applicable UCC) in the Receivables in favor of the Indenture Trustee, which security interest is prior to all other Liens, and is enforceable as such against creditors of and purchasers from the Issuer.

(2) The Receivables constitute either “accounts” or “general intangibles” within the meaning of the applicable UCC.

(3) The Issuer owns and has good and marketable title to the Receivables free and clear of any Lien, claim or encumbrance of any Person.

(4) There are no consents or approvals required for the pledge of the Receivables to the Indenture Trustee pursuant to the Indenture.

(5) The Issuer (or the Administrator on behalf of the Issuer) has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest granted to the Indenture Trustee under the Indenture in the Receivables.

(6) Other than the pledge of the Receivables to the Indenture Trustee pursuant to the Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed the Receivables. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Receivables, except for the financing statement filed pursuant to the Indenture.

(7) Notwithstanding any other provision of the Indenture, the representations and warranties set forth in this Schedule I shall be continuing, and remain in full force and effect, until such time as the Series 2014-[ ] Notes are retired.

(b) The Issuer covenants that in order to evidence the interests of the Issuer and the Indenture Trustee under the Indenture, the Issuer shall take such action, or execute and deliver such instruments as may be necessary or advisable (including, without limitation, such actions as are requested by the Indenture Trustee) to maintain and perfect, as a first priority interest, the Indenture Trustee’s security interest in the Receivables.

Schedule I-1

**FORM OF LOAN AGREEMENT (Series 2014-[ ], Class A)**

Dated as of [ ], 2014

by and among

GE SALES FINANCE MASTER TRUST,

as Borrower,

THE LENDERS PARTIES HERETO

and

THE LENDER GROUP AGENTS FOR THE LENDER  
GROUPS PARTIES HERETO

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**SCHEDULES AND EXHIBITS**

Exhibit A	Form of Borrowing Notice
Schedule A	Lenders Groups, Bank Sponsored Lenders, Committed Lenders, Lender Group Agents and Related Information

**LOAN AGREEMENT (Series 2014-[ ] , Class A)**, dated as of [ ], 2014 (this "Agreement"), by and among: (i) GE Sales Finance Master Trust, a statutory trust organized under the laws of the State of Delaware (the "Borrower"); (ii) the Lenders party hereto from time to time; and (iii) the Lender Group Agents party hereto from time to time.

In consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. Unless otherwise defined herein, terms defined in the Indenture Supplement are used herein as defined therein, or if not defined in the Indenture Supplement, but defined in the Indenture, as defined in the Indenture. Capitalized terms used in this Agreement shall have (unless otherwise provided elsewhere herein) the following respective meanings:

"Accounting Changes" means, with respect to any Person, an adoption of GAAP different from such principles previously used for reporting purposes by such Person as permitted or required by GAAP.

"Administrator" means GE Capital Retail Bank in its capacity as administrator for the Borrower under the Borrower Administration Agreement or any other Person designated as a successor thereunder.

"Advance" is defined in Section 2.1(a).

"Advances Outstanding" means, for any day, the aggregate principal amount of the Advances outstanding on such day, after giving effect to all repayments and fundings of the Advances on such day.

"Adverse Claim" means any claim of ownership or any lien other than Permitted Encumbrances.

"Affected Party" means each of the following Persons: each Lender Group Agent, each Lender, each Liquidity Provider and each corporation owning, directly or indirectly, any Lender, Lender Group Agent or Liquidity Provider that is a bank.

"Affiliate" means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the Stock having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is under common control with such Person or (c) each of such Person's officers, directors, joint venturers and partners. For the purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” is defined in the preamble.

“Alternative Fee Rate” for any Lender Group has the meaning specified in the Fee Letter for such Lender Group.

“Alternative Rate” shall mean, with respect to any Lender for any Interest Period (or any portion thereof), an interest rate per annum equal to the Eurodollar Rate for such Interest Period (or portion thereof); provided, however, that:

(a) if the Alternative Rate becomes applicable with respect to such Lender and any portion of such Lender’s Lender Interest without at least three Business Days’ prior notice, then, for such portion, the Alternative Rate for each day prior to the third Business Day following the date of such notice shall be the Base Rate or such other rate as may be agreed between the applicable Lender Group Agent on behalf of such Lender and the Borrower;

(b) if the aggregate portion of such Lender’s Lender Interest on any day to be funded by such Lender or any of its Liquidity Providers at the Alternative Rate is less than \$1,000,000, then the Alternative Rate for such Lender for such day shall be the Base Rate or such other rate as may be agreed between the applicable Lender Group Agent on behalf of such Lender and the Borrower;

(c) if a Eurodollar Rate Disruption Event shall have occurred, the Alternative Rate shall be the Base Rate or such other rate as may be agreed between the applicable Lender Group Agent on behalf of such Lender and the Borrower; and

(d) if any portion of a Lender Interest is being funded other than through the issuance of Commercial Paper during an Interest Period for any reason other than due to a Support Advance under a Bank Sponsored Lender Liquidity Arrangement, the Alternative Rate applicable with respect to such funding during such Interest Period shall be a rate of interest equal to LIBOR for such Interest Period plus the Program Fee Rate.

“Bank Sponsored Lender” means each party designated as a “Bank Sponsored Lender” on the signature pages and Schedule A to this Agreement or in the applicable joinder or assignment documentation pursuant to which such Person becomes a party to this Agreement.

“Bank Sponsored Lender Liquidity Arrangement” means each liquidity, credit enhancement or “back-stop” purchase or loan facility for a Bank Sponsored Lender relating to this Agreement (but not including the Commitment of a Committed Lender under this Agreement).

“Base Rate” means, for any Lender and any day, a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate for such day, plus 0.50% and (b) the floating commercial loan rate of interest in effect for such day as publicly announced from time to time by such Lender or its Lender Group Agent as its “prime rate;” provided, however, to the extent neither the Lender nor its Lender Group Agent publicly announces its prime rate, then the rate of interest in effect for such day for clause (b) is that identified and normally published in the “Money Rates” section of *The Wall Street Journal* (New York Edition) as the “prime rate” (or, if more than one rate is published as the prime rate, then the average of such rates) (and, if *The Wall Street Journal* (New York Edition) no longer reports the prime rate, or if such prime rate no longer exists, or the Lender Group Agent determines in good faith that the rate so reported no longer accurately reflects an accurate determination of the prevailing prime rate, then the Lender Group Agent may select a reasonably comparable index or source to use as the basis for the prime rate). The “prime rate” is a rate set by such Lender or its Lender Group Agent based upon various factors including such Person’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate. Any change in the prime rate announced by such Person shall take effect at the opening of business on the day specified in the public announcement of such change. Each determination of the Base Rate and interest accrued by reference to the Base Rate shall be calculated on the basis of actual days elapsed and the number of days in the related calendar year.

“Borrower” means GE Sales Finance Master Trust, a statutory trust organized under the laws of the State of Delaware.

“Borrower Administration Agreement” means the Administration Agreement, dated as of February 29, 2012, between the Borrower and GE Capital Retail Bank.

“Borrower Trust Agreement” means the Amended and Restated Trust Agreement, dated as of February 29, 2012, of GE Sales Finance Master Trust.

“Borrowing Notice” is defined in Section 2.3.

“Class A Agreement Regarding Loans” means the Lenders’ Agreement Regarding GE Sales Finance Master Trust Loans (Series 2014-[ ] , Class A), dated as of [ ], 2014, among the lender parties and the Lender Group Agents parties thereto from time to time.

“Class A Commitment Amount” means, for any Committed Lender, the amount set forth as such for the initial Committed Lenders party hereto or Schedule A to this Agreement in the table setting forth the “Lender Groups” and, for any other Committed Lender, in the joinder or assignment documentation by which such Lender became a party to this Agreement or assumed the Class A Commitment Amount (or a portion thereof) of another Lender hereunder. To the extent that any Committed Lender assigns any portion of its Class A Commitment Amount pursuant to the terms of this Agreement and the Class A Agreement Regarding Loans, such Committed Lender’s Class A Commitment Amount shall be reduced by the amount thereof that is assigned.

“Class A Non-Use Fee” for any Lender Group has the meaning specified in the Fee Letter for such Lender Group.

“Class A Note” means any Series 2014-[ ] Note issued under the Indenture to the Lender Group Agent for a Lender Group for the benefit of the Lenders in such Lender Group, substantially in the form of Exhibit A-1 to the Indenture Supplement.

“Class A Reimbursement Amounts” means any amounts payable to any Affected Party hereunder, other than interest, principal and Class A Non-Use Fees in respect of the Class A Notes, including amounts payable under Sections 2.8, 2.9 and 6.1.

“Class B Agreement Regarding Loans” means the Lenders’ Agreement Regarding GE Sales Finance Master Trust Loans (Series 2014-[ ], Class B) dated as of [ ], 2014, among the lenders and the lender group agents parties thereto from time to time.

“Class B Loan Agreement” means the Loan Agreement (Series 2014-[ ], Class B) dated as of [ ], 2014, among GE Sales Finance Master Trust, the lenders parties thereto and the lender group agents parties thereto from time to time.

“Commercial Paper” means the short-term promissory notes of any Bank Sponsored Lender or RIC issued and sold from time to time in the U.S. commercial paper market and other similar short-term debt instruments.

“Commitment” means, for any Committed Lender, the maximum amount of such Committed Lender’s commitment to fund the Advances hereunder, which shall be an amount equal to such Committed Lender’s Class A Commitment Amount.

“Committed Bank Sponsored Lender” means each Committed Lender that is also a Bank Sponsored Lender.

“Committed Lender” means each financial institution designated as a “Committed Lender” on the signature pages and Schedule A to this Agreement or in the applicable joinder or assignment documentation pursuant to which such financial institution becomes a party to this Agreement.

“CP Rate” means, with respect to each Bank Sponsored Lender, a rate of interest equal to the lesser of (i) aper annum rate equal to LIBOR for the applicable Interest Period plus 0.10% and (ii) the per annum rate (expressed as a percentage and an interest yield equivalent and calculated on the basis of a 360-day year) equivalent to the weighted average of the per annum rates, as determined by the Lender Group Agent for the Lender Group of which such Lender is a member, paid or payable by such Lender from time to time as interest on or otherwise in respect of Commercial Paper issued by such Lender to fund the making or maintenance of the Advances (and which may also be allocated in part to the funding of other assets of such Lender) during the related Interest Period (or portion thereof) as determined by the applicable Lender Group Agent, which rates shall reflect and give effect to (i) certain documentation and transaction costs (including dealer and placement agent commissions) associated with the issuance of the Commercial Paper, and (ii) other borrowings (other than under any Bank Sponsored Lender

Liquidity Arrangement) by such Lender, including borrowings to fund small or odd dollar amounts that are not easily accommodated in the commercial paper market, to the extent such amounts are allocated, in whole or in part, by the applicable Lender Group Agent to fund such Lender's making or maintenance of the Advances during such Interest Period; provided, however, that the CP Rate with respect to any LIBOR Bank Sponsored Lender shall be LIBOR for the applicable Interest Period (or any portion thereof).

“Default Rate” means a rate per annum equal to the sum of (i) LIBOR as determined for the applicable Interest Period and (ii) a margin of 2.00% per annum.

“Dollars” or “\$” means lawful currency of the United States of America.

“Early Amortization Event” means a Trust Early Amortization Event or a Series 2014-[ ] Early Amortization Event.

“Eurodollar Rate” means, with respect to any Lender Interest (or portion thereof), and with respect to any Interest Period (or portion thereof), a rate per annum equal to LIBOR for such Interest Period (or portion thereof) plus the Alternative Fee Rate. Each determination of the Eurodollar Rate shall be calculated on the basis of actual days elapsed and a year of 360 days.

“Eurodollar Rate Disruption Event” shall mean, any of the following: (a) a determination by any Lender that it would be contrary to law or to the directive of any central bank or other Governmental Authority for such Lender or its applicable funding source to obtain United States dollars in the London interbank market to make or maintain the Advances for any Interest Period (or portion thereof) or (b) a determination by any Lender that by reason of circumstances affecting the London interbank market generally United States dollars cannot be obtained in such market by such Lender or its applicable funding source to make or maintain the Advances for any Interest Period (or portion thereof).

“FATCA” means Sections 1471 through Section 1474 of the Code (and any successor sections thereto) and any Treasury regulations or official interpretations thereof.

“Federal Funds Rate” means, for any day and any Lender, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to such Lender or its Lender Group Agent on such day on such transactions as determined by it.

“Fee Letter” means, with respect to any Lender Group, the letter agreement designated therein as a Fee Letter and then in effect, among the Borrower, GE Sales Finance Holding, L.L.C. and the Lender Group Agent for such Lender Group.

“Final Liquidation Date” means the earliest date, following the Closing Date, on which all Commitments have terminated, the Advances Outstanding have been reduced to zero and all accrued and unpaid Interest, all Class A Non-Use Fees and all Class A Reimbursement Amounts have been paid in full in cash.

“Funding Rate” means with respect to any Lender and any Interest Period or portion thereof, a rate per annum equal to the rate of interest (or if more than one rate, the weighted average of the rates) equal to (a) to the extent such Lender is funding any portion of its Lender Interest for all or any portion of such Interest Period through the issuance of Commercial Paper, the applicable CP Rate plus the applicable Program Fee Rate, and (b) to the extent such Lender is funding any portion of its Lender Interest for all or any portion of such Interest Period other than through the issuance of Commercial Paper, the Alternative Rate; provided, however, that (i) at any time when any Early Amortization Event shall have occurred and be continuing, the Funding Rate with respect to each Lender shall be the Default Rate; and (ii) to the extent that any Lender (or the applicable Lender Group Agent on its behalf) must determine the Funding Rate for any Interest Period prior to the end of such Interest Period, such determination may be based on estimates of any of the component rates applicable during such Interest Period, and any overpayment or underpayment of interest resulting from such estimation shall be taken into account in calculating interest for the next succeeding Interest Period, if any, as contemplated in Section 4.1(a) of the Indenture Supplement.

“GAAP” means generally accepted accounting principles in the United States of America as in effect on the Closing Date, modified by Accounting Changes.

“Governmental Authority” means any nation or government, any state, county, city, town, district, board, bureau, office, commission, any other municipality or other political subdivision thereof (including any educational facility, utility or other Person operated thereby), and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any accounting board or authority (whether or not a part of government) which is responsible for the establishment or interpretation of national or international accounting principles.

“Group Limit” means, with respect to any Lender Group, the aggregate amount of the Commitments of the Committed Lenders in such Lender Group.

“Indemnified Amounts” means, with respect to any Person, any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including reasonable attorneys’ fees and disbursements and other reasonable out-of-pocket costs of investigation or defense, including those incurred upon any appeal).

“Indenture” means the Master Indenture, dated as of February 29, 2012, between the Borrower and Deutsche Bank Trust Company Americas, as indenture trustee.

“Indenture Supplement” means the Indenture Supplement dated as of [                    ], 2014, between the Borrower and the Indenture Trustee, supplementing the Indenture and relating to the Series 2014-[    ] Notes.

“Indenture Trustee” means Deutsche Bank Trust Company Americas, as indenture trustee under the Indenture.

“Initial Advance” is defined in Section 2.1(a).

“Interest” means Class A Monthly Interest, plus any Class A Additional Interest.

“IRS” is defined in Section 2.8(b).

“Law” means any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of a Governmental Authority.

“Lender” means any Bank Sponsored Lender or Committed Lender, and “Lenders” means, collectively, all Bank Sponsored Lenders and Committed Lenders.

“Lender Commitment Percentage” means, with respect to any Committed Lender, the percentage equivalent of a fraction, the numerator of which is such Committed Lender’s Commitment, and the denominator of which is equal to the aggregate of the Commitments of all Committed Lenders in the related Lender Group.

“Lender Group” means any group of Lenders designated as such on the signature pages and Schedule A to this Agreement or in the applicable joinder or amendment documentation, consisting of one or more Lenders, at least one of which shall be a Committed Lender, and a related Lender Group Agent.

“Lender Group Agent” means, with respect to any Lender Group, the Person so designated on the signature pages and Schedule A to this Agreement or in the applicable joinder or amendment documentation with respect to any Lender Group arising hereunder after the Closing Date.

“Lender Indemnified Person” is defined in Section 6.1(a).

“Lender Interest” means, with respect to any Lender at any time, the portion of the Advances Outstanding funded by such Lender.

“LIBOR” means as defined in the Indenture Supplement.

“LIBOR Bank Sponsored Lender” means a Bank Sponsored Lender designated as such on Schedule A to this Agreement or in the applicable joinder or assignment documentation pursuant to which such Person becomes a party to this Agreement.

“Liquidity Provider” means, with respect to the Bank Sponsored Lender(s) in any Lender Group, a party previously approved by GE Capital Retail Bank that has agreed to make Support Advances to the Bank Sponsored Lender(s) in such Lender Group pursuant to a Bank Sponsored Lender Liquidity Arrangement.



“Litigation” means, with respect to any Person, any action, claim, lawsuit, demand, investigation or proceeding pending or threatened against such Person before any court, board, commission, agency or instrumentality of any federal, state, local or foreign government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators.

“Loan Agreement Limit” means, on any day, the aggregate of the Commitments of all Committed Lenders in effect on such day.

“Lookback Period” is defined in Section 2.9(a).

“Material Adverse Effect” means, with respect to the Borrower, a material adverse effect on (a) the ability of the Borrower to perform any of its obligations under the Related Documents in accordance with the terms thereof, (b) the validity or enforceability of any Related Document or the rights and remedies of the Lender Group Agents or the Lenders under any Related Document or (c) the Collateral or liens of the Indenture Trustee thereon or the priority of such liens.

“Maximum Lawful Rate” is defined in Section 2.7(d).

“Maximum Loan Amount” means (i) with respect to any Bank Sponsored Lender (other than a Committed Bank Sponsored Lender), the aggregate Commitments of the Committed Lenders with respect to such Bank Sponsored Lender; provided, however, that if such Committed Lenders are also Committed Lenders with respect to other Bank Sponsored Lenders (other than Committed Bank Sponsored Lenders) in the same Lender Group, the aggregate of the Maximum Loan Amounts of all such Bank Sponsored Lenders shall not exceed the aggregate Commitments of such Committed Lenders, and (ii) with respect to any Committed Bank Sponsored Lender, the amount of its Commitment.

“Obligations” means all obligations (monetary or otherwise) of the Borrower to the Lenders, the Lender Group Agents or any other Affected Party arising under or in connection with this Agreement, the Class A Notes and each other Related Document.

“Other Borrower” means, with respect to any Bank Sponsored Lender, any Person, other than the Borrower, that has entered into a receivables purchase agreement, receivables transfer agreement, loan agreement or funding agreement with such Bank Sponsored Lender.

“Person” means any individual, sole proprietorship, partnership, joint venture, unincorporated organization, trust, association, corporation (including a business trust), limited liability company, institution, public benefit corporation, joint stock company, Governmental Authority or any other entity of whatever nature.

“Program Fee Rate” for any Lender Group has the meaning specified in the Fee Letter for such Lender Group.

“Regulatory Change” is defined in Section 2.9(a).

“Related Documents” means, collectively, the Indenture, the Indenture Supplement, the Transfer Agreement, the Sale Agreements, the Servicing Agreement, the Trust Agreement, the Borrower Administration Agreement, the Custody and Control Agreement, this Agreement, the Class A Agreement Regarding Loans, the Class B Loan Agreement, the Class B Agreement Regarding Loans, the Fee Letter, the Class A Notes and the Class B Notes.

“Replacement Person” is defined in Section 2.9(d).

“Required Class B Note Principal Balance” means, at any time, an amount equal to the product of the Class B Pro Rata Percentage and the Note Principal Balance at such time.

“Required Lenders” means, at any time, (i) if there is only one Lender Group, the Lender Group Agent for such Lender Group, acting at the direction of the Bank Sponsored Lenders and of Committed Lenders having a majority of the Advances Outstanding in such Lender Group and (ii) if there are two or more Lender Groups, two or more Lender Group Agents for Lender Groups, each acting at the direction of the Bank Sponsored Lenders and the Committed Lenders having a majority of the Advances Outstanding in its Lender Group, so long as the portions of the Advances Outstanding funded by such Lender Groups aggregate more than 50% of the Advances Outstanding.

“RIC” means, with respect to any Lender, a receivables investment company administered by the Lender Group Agent for the related Lender Group or an Affiliate thereof, which obtains funding through the issuance of Commercial Paper.

“Rule 17g-5” means Rule 17g-5 under the U.S. Securities Exchange Act of 1934 (as amended), as interpreted by the U.S. Securities and Exchange Commission from time to time.

“Securities Act” means the provisions of the Securities Act of 1933, 15 U.S.C. Sections 77a et seq., and any regulations promulgated thereunder.

“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.

“Servicer” means GE Capital Retail Bank in its capacity as Servicer for the Borrower under the Servicing Agreement or any other Person designated as a Successor Servicer thereunder.

“Stock” means all shares, options, warrants, membership interests in a limited liability company, general or limited partnership interests or other equivalents (regardless of how designated) of or in a corporation, partnership or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act).

“Successor Servicer” is defined in Section 6.2 of the Servicing Agreement.

“Support Advance” means, with respect to a Liquidity Provider and its related Bank Sponsored Lender, any participation held by such Liquidity Provider in such Bank Sponsored Lender’s share of the Advances which was purchased from such Bank Sponsored Lender pursuant to a Bank Sponsored Lender Liquidity Arrangement and any loans or other advances made by such Liquidity Provider to such Bank Sponsored Lender pursuant to a Bank Sponsored Lender Liquidity Arrangement to fund such Bank Sponsored Lender’s making or maintaining its funding of the Advances.

“Taxes” means taxes, levies, imposts, duties, charges, fees, deductions or withholdings.

“UCC” means, with respect to any jurisdiction, the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in such jurisdiction.

“Withholding Taxes” is defined in Section 2.8(b).

Section 1.2 Other Interpretive Matters. All terms defined directly or by incorporation in this Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Agreement and all related certificates and other documents, unless the context otherwise requires: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under GAAP; and unless otherwise provided, references to any month, quarter or year refer to a fiscal month, quarter or year as determined in accordance with the fiscal calendar of the Borrower and its Affiliates; (b) terms defined in Article 9 of the UCC and not otherwise defined in this Agreement are used as defined in that Article; (c) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (d) the words “hereof,” “herein” and “hereunder” and words of similar import refer to this Agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate or document); (e) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (f) the term “including” means “including without limitation”; (g) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (h) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (i) references to any Person include that Person’s successors and permitted assigns; (j) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; and (k) words in the singular include the plural and words in the plural include the singular.

Section 1.3 Appendices. All Appendices hereto, or expressly identified to this Agreement, are incorporated herein by reference and, taken together with this Agreement, shall constitute but a single agreement.

Section 1.4 Intended Characterization. The parties hereto agree that it is their mutual intent that, for all purposes, the Advances made hereunder will constitute indebtedness of the Borrower. Further, each party hereto hereby covenants to every other party hereto to treat the Advances made hereunder as indebtedness for all purposes, including in all tax filings, reports and returns and otherwise, and further covenants that neither it nor any of its Affiliates will take, or participate in the taking of or permit to be taken, any action that is inconsistent with the treatment of the Advances hereunder as indebtedness. All successors and assigns of the parties hereto shall be bound by the provisions hereof.

## ARTICLE II

### COMMITMENT; THE ADVANCES

#### Section 2.1 The Advances.

(a) On the terms and subject to the conditions set forth in this Agreement and the Indenture Supplement, the Borrower may from time to time on or prior to the last day of the Revolving Period request loans pursuant to this Section 2.1 (each, an “Advance”) to be made by the Lenders in accordance with this Article II, including an initial advance in the aggregate amount of \$[ ] to be made on the Closing Date (the “Initial Advance”). Each Advance requested by the Borrower shall be allocated to the Lender Groups pro rata based on their respective Group Limits. If there are any Committed Bank Sponsored Lenders in a Lender Group, each such Committed Bank Sponsored Lender shall be obligated to fund its Lender Commitment Percentage of the Advance. If there is more than one Bank Sponsored Lender (excluding Committed Bank Sponsored Lenders) in the same Lender Group, the portion of the Advance allocated to such Lender Group shall be allocated among such Bank Sponsored Lenders (excluding Committed Bank Sponsored Lenders) as determined by the Lender Group Agent for the applicable Lender Group. Each Bank Sponsored Lender (other than a Committed Bank Sponsored Lender) may, in its sole and absolute discretion, decline to lend to the Borrower all or any portion of the share of any Advance allocated to such Bank Sponsored Lender by its Lender Group Agent.

If a Bank Sponsored Lender (other than a Committed Bank Sponsored Lender) elects not to lend the full amount of the share of the requested Advance allocated to its Lender Group on the terms and subject to the conditions set forth in this Agreement, each of the Committed Lenders (other than a Committed Bank Sponsored Lender) with respect to the applicable Lender Group shall lend to the Borrower the share of the requested Advance not made by such Bank Sponsored Lender pro rata in accordance with their respective Commitments.

(b) Notwithstanding the foregoing, under no circumstances shall any Committed Lender be required to participate in making an Advance if after giving effect thereto (i) the Advances Outstanding would exceed the Loan Agreement Limit then in effect, (ii) the portion of the Advances Outstanding funded by the Lenders in any Lender Group would exceed the Group Limit for such Lender Group or (iii) the portion of Advances Outstanding owing to such Committed Lender would exceed such Lender’s Commitment. The obligation of each Committed Lender to fund its Lender Commitment Percentage of the portion of the Advance

allocated to its Lender Group shall be several from that of each other Committed Lender in such Lender Group, and the failure of any Committed Lender to so make such amount available to the Borrower shall not relieve any other Committed Lender of its obligation hereunder.

Section 2.2 Notices Relating to Advances. [Other than with respect to the Initial Advance,] The Borrower shall give each Lender Group Agent written notice (a “Borrowing Notice”) of each requested Advance and the amount thereof no later than 4:00 p.m. (New York City time) on the Business Day immediately preceding the date of such proposed borrowing. Each Borrowing Notice shall (i) be substantially in the form of Exhibit A and (ii) specify the amount of the requested Advance and the proposed date of such Advance. Borrowing Notices are not required to be manually signed and may be delivered electronically.

Section 2.3 Advance Procedures. Subject to the satisfaction of the conditions precedent in Section 3.2, not later than 2:00 p.m. (New York City time) on any Business Day on which an Advance has been requested to be made, the applicable Lender or Lenders shall transfer, by wire transfer or otherwise, but in any event in immediately available funds, their respective portions of the amount of the Advance to, or at the direction of, the Borrower.

Section 2.4 Reduction of Loan Agreement Limit. The Borrower may, from time to time, on at least 15 Business Days’ prior written notice to each Lender Group Agent specifying the effective date of such decrease, reduce the Loan Agreement Limit and the Commitment of any Committed Lender by an amount not to exceed the excess of (a) such Committed Lender’s Commitment over the greater of (i) the Advances Outstanding funded by such Committed Lender and (ii) the product of (x) the portion of the Advances Outstanding funded by all Lenders in such Committed Lender’s Lender Group multiplied by (y) such Committed Lender’s Lender Commitment Percentage. Any reduction of the Loan Agreement Limit and the Commitment of any Committed Lender pursuant to this Section 2.4 shall be permanent.

Section 2.5 Class A Note.

(a) The portion of the Advances made by the Lenders in each Lender Group hereunder shall be evidenced by one or more Class A Notes of the Borrower issued pursuant to the Indenture and the Indenture Supplement in the name of the Lender Group Agent for such Lender Group.

(b) Each Class A Note shall be dated the Closing Date, and together with the other Class A Notes issued in the name of the Lender Group Agent for a Lender Group, shall be in the maximum aggregate principal amount of the Commitments of the Committed Lenders in such Lender Group and shall otherwise be duly completed as required by the terms of the Indenture and the Indenture Supplement. At any given time, the principal amount of a Class A Note, taken together with the other Class A Notes issued in the name of the Lender Group Agent for a Lender Group, shall equal the unpaid aggregate amount of the Advances Outstanding owing to the Lenders in the corresponding Lender Group. To the extent that multiple Class A Notes evidence the Advances Outstanding owing to the Lenders in a Lender Group, the Lender Group Agent for such Lender Group shall allocate payments of principal and interest in respect of such Advances Outstanding ratably among such Class A Notes based upon their respective principal balances.

(c) The Borrower hereby authorizes each Lender Group Agent to enter on a schedule attached to the applicable Class A Note a notation (which may be computer generated): (i) the date and principal amount of the portion of each Advance made in connection therewith and (ii) each repayment of principal thereunder. The failure of any Lender Group Agent to make a notation on the schedule to a Class A Note as aforesaid shall not limit or otherwise affect the obligations of the Borrower hereunder or under such Class A Note.

Section 2.6 Principal Repayments.

(a) The Borrower shall repay the Advances Outstanding on each Payment Date to the extent that funds are then available therefor pursuant to the Indenture Supplement in an amount up to the Class A Monthly Principal for such Payment Date.

(b) In accordance with the terms and conditions of the Indenture and Indenture Supplement, the Advances Outstanding are payable in full on the Series Maturity Date.

(c) On each Optional Amortization Date, the Borrower shall repay the Advances Outstanding in an amount equal to the portion of the Optional Amortization Amount allocable to the Class A Notes in accordance with Section 2.2(b) of the Indenture Supplement.

(d) Each payment of Class A Monthly Principal and Optional Amortization Amount that is allocated to the Class A Notes shall be allocated to the Lender Groups pro rata based on the respective principal amounts of Advances Outstanding funded by each Lender Group.

Section 2.7 Payment of Interest, Fees, Etc.

(a) On or before the fifth Business Day preceding each Payment Date, each Lender Group Agent shall calculate the Funding Rates for the Class A Notes held by it and the portion of the Interest allocable to the Class A Notes held by it for the related Interest Period and shall notify the Borrower, the Transferor and the Servicer of such rates and amount. Each Lender Group Agent shall allocate the Interest received in respect of the Class A Notes held by it among such Class A Notes based on the respective amounts of interest accrued thereon. On or before the second Business Day of each calendar week, each Lender Group Agent shall provide the Borrower with a report of (i) the weighted average of the per annum rates paid or payable by each Bank Sponsored Lender in such Lender Group from time to time as interest on or otherwise in respect of the Commercial Paper issued by such Bank Sponsored Lender to fund the making or maintenance of its share of Advances (and which may also be allocated in part to the funding of other assets of such Bank Sponsored Lender) during the immediately preceding week and (ii) the weighted average maturities of the outstanding Commercial Paper issued by such Bank Sponsored Lender to fund the making or maintenance of its share of Advances (and which may also be allocated in part to the funding of other assets of such Bank Sponsored Lender) as of the last Business Day of the immediately preceding week.

(b) The Borrower hereby promises solely to the extent that funds are then or thereafter available therefor pursuant to Section 4.4(a)(iii) of the Indenture Supplement, to pay Interest computed as described herein and in the Indenture Supplement. Accrued and unpaid Interest in respect of any Interest Period shall be payable on the corresponding Payment Date.

(c) All fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such Interest or fee is payable over a year comprised of 360 days. Any computations by any Lender Group Agent of amounts payable hereunder (including, without limitation, Class A Reimbursement Amounts) shall be supported by a certificate prepared with due care and in good faith setting forth the basis and the calculation of the requested amount (in reasonable detail).

(d) Anything in this Agreement to the contrary notwithstanding, if at any time the rate of interest payable by any Person under this Agreement exceeds the highest rate of interest permissible under any applicable law (the "Maximum Lawful Rate"), then, so long as the Maximum Lawful Rate would be exceeded, the rate of interest under this Agreement shall be equal to the Maximum Lawful Rate.

(e) Each Lender Group Agent and each Lender hereby agrees with respect to itself that it will use commercially reasonable efforts to fund the Advance made by its Lender Group through the issuance of Commercial Paper; provided that no Lender Group Agent or Lender will have any obligation to use commercially reasonable efforts to fund the Advance made by its Lender Group through the issuance of Commercial Paper at any time that the funding of the Advance through the issuance of Commercial Paper would be prohibited by the program documents governing such Bank Sponsored Lender's Commercial Paper program. Each of the Lender Group Agent (as to each Bank Sponsored Lender) and each Committed Lender (as to itself) covenants that the Lender Group Agent and such Committed Lender will promptly notify the Borrower regarding the necessity to fund any portion of the Advance other than directly or indirectly through the issuance of Commercial Paper and, in such event, the funding cost applicable to such fundings.

#### Section 2.8 Payments; Taxes.

(a) Making of Payments. All payments of Interest, fees, principal of the Advances and all other amounts due to the Lenders and Lender Group Agents hereunder or under the Fee Letter, the Indenture or the Indenture Supplement, shall be paid on the Payment Date when due or on such other date as specified in the Indenture Supplement, in Dollars in immediately available funds to the applicable Lender Group Agents (or, if specified in writing by any Lender Group Agent, to the Lenders in its Lender Group) based upon an itemized invoice delivered to the Borrower by such Lender Group Agent on or before the fifth Business Day preceding such Payment Date. Payments received by any Lender Group Agent (or Lender) after 3:00 p.m. (New York City time) on any day will be deemed to have been received by such Lender Group Agent (or Lender) on the next following Business Day. Payments shall be made to each Lender Group Agent (or Lender) at its account in the United States specified on Schedule A or in the applicable joinder or amendment documentation or such other account as such Lender Group Agent shall designate in writing to the Borrower. Each Lender Group Agent shall, upon receipt of such

payments, promptly remit such payments (in the same type of funds received by such Lender Group Agent) to each Lender in its Lender Group which has an interest in such payments hereunder and pro rata among the Lenders with such interests on the basis of the respective amounts owing to such Lenders of the Obligations to which such payments relate. Such payments shall be made to each Lender at an account in the United States specified by such Lender in writing to the Lender Group Agent for its Lender Group.

(b) Withholding and Form Delivery. Before the first date on which any amount is payable hereunder for the account of a Lender (or any successor or assignee of a Lender in accordance with Section 5.2 of the Class A Agreement Regarding Loans or otherwise) or a Lender Group Agent, the Lender Group Agent for each Lender Group (on behalf of each Lender in such Lender Group) and for itself as intermediary (or with respect to a Lender that is not part of a Lender Group, the Lender) shall deliver to the Borrower (A) one copy of duly completed and valid documents prescribed by FATCA, and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine the amount to deduct and withhold under FATCA, and (B) (I) one copy of duly completed and valid United States Internal Revenue Service (“IRS”) Form W-8 or W-9, as applicable (or successor applicable form and/or other documentation) from each Lender in such Lender Group (or with respect to a Lender that is not part of a Lender Group, such Lender) timely certifying that such Lender (or any successor or assignee of such Lender in accordance with Section 5.2 of the Class A Agreement Regarding Loans or otherwise) is entitled to receive payments hereunder without deduction or withholding of any United States federal income taxes (“Withholding Taxes”), and (II) in respect of the Lender Group Agent on its own behalf, as applicable, one copy of duly completed and valid IRS Form W-9 or original duly completed and valid IRS Form W-8 certifying that the Lender Group Agent is acting as an intermediary in respect of such amount payable, as applicable, (or successor applicable form and/or other documentation). Each Lender shall deliver the documents required pursuant to the previous sentence to its Lender Group Agent in order for such Lender Group Agent to comply with this Section 2.8(b). However, to the extent payments are to be made by Borrower directly to any Lender, and not to the applicable Lender Group Agent, then (A) on or before the first payment to such Lender is to be made, such Lender shall deliver to Borrower (I) one original of duly completed and valid documents prescribed by FATCA, and such additional documentation reasonably requested by the Borrower or necessary for the Borrower to comply with its obligations under FATCA and to determine the amount to deduct and withhold under FATCA, and (II) one original duly completed and valid IRS Form W-8 or one copy of duly completed and valid IRS Form W-9, as applicable (or successor applicable form and/or other documentation), and (B) the foregoing requirements to provide documentation by and to the Lender Group Agent shall not apply unless payments are also to be made to the Lender Group Agent. The Lender Group Agent of each Lender Group on behalf of the Lenders in such Lender Group (or with respect to a Lender that is not part of a Lender Group, such Lender) shall timely replace or update the forms and documents described in the immediately preceding sentences for each Lender promptly upon a change in circumstances that would invalidate a form or document or otherwise change a form or document provided or upon a reasonable request by the Borrower. To the extent required by any applicable law, the Borrower may withhold from any payment to any Lender (or any Lender Group Agent, on behalf of any Lender) an amount equivalent to any applicable withholding tax or other deduction or withholding imposed under any applicable



taxing jurisdiction, including any tax imposed as a result of FATCA withholding. The Lender Group Agent of each Lender Group agrees to hold the Borrower and its Affiliates harmless from any Withholding Taxes (including any interest and penalties) relating to payments by the Borrower to the Lenders of such Lender Group.

Section 2.9 Increased Costs, Etc.

(a) If the adoption of any applicable law, rule or regulation, or any change therein, or any clarification to or change in the interpretation, administration or implementation of any applicable law, rule or regulation by any central bank or other Governmental Authority, including, without limitation, with respect to all Taxes other than Taxes based on net income, capital, or under FATCA (a “Regulatory Change”), in each case occurring after the date of this Agreement, (i) imposes or modifies any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or any purchase by, any of the Affected Parties, (ii) has the effect of reducing an Affected Party’s rate of return in respect of the Notes on such Affected Party’s capital to a level below that which such Affected Party would have achieved but for such adoption, clarification or change or (iii) affects or would affect the amount of the capital required to be maintained by such Affected Party based upon the Commitment of any Committed Lender hereunder, the participation of any Bank Sponsored Lender in the facility contemplated hereby or the funding of any Advance, and the result of any of the foregoing is to impose a cost (other than taxes) on, or increase the cost (other than taxes) to, such Affected Party relating to the Commitment of any Committed Lender hereunder, the facility contemplated hereby or the funding of any Advance, then, upon written demand by such Affected Party in accordance with Section 2.9(e), the Borrower shall pay on the next succeeding Payment Date to the Lender Group Agent for the account of such Affected Party, solely to the extent that funds are then or thereafter available therefor pursuant to Section 4.4(a)(ix) of the Indenture Supplement, such additional amounts as will ensure that the net amount actually received by such Affected Party will compensate such Affected Party for such new or increased cost; provided that each Lender shall use commercially reasonable efforts to minimize any increased costs payable pursuant to this Section; it being understood that any such amounts not paid on any Payment Date as a result of the operation of Section 4.4(a)(ix) of the Indenture Supplement shall be due and payable on the next succeeding Payment Date in the same manner and subject to the same limitations. Notwithstanding the foregoing, no such amount shall be paid with respect to any period commencing more than thirty (30) days prior to the date such Affected Party first notifies the Borrower of its intention to demand compensation therefor under Section 2.9 (the “Lookback Period”) unless (x) the Affected Party gives such notice to the Borrower not later than thirty (30) days after the Affected Party first has actual knowledge that such increased cost or reduction will occur; provided that if the change giving rise to such increased costs or reductions is retroactive, then such thirty-day period shall be extended to include the period of retroactive effect thereof or (y) the payment for such period was demanded by the Affected Party during the Lookback Period, but remained accrued and unpaid due to the unavailability of funds pursuant to the terms hereof.

(b) Anything in Section 2.9(a) to the contrary notwithstanding, if a Bank Sponsored Lender or other Affected Party enters into agreements for the acquisition of interests in receivables, notes or other financial asset from one or more Other Borrowers (or to provide

liquidity or credit support therefor), such Bank Sponsored Lender and other Affected Parties shall ratably allocate the liability for any amounts under this Section 2.9(a), which are generally imposed on or applicable to such Bank Sponsored Lender or other Affected Party, to the Borrower and each Other Borrower; provided, however, that if such amounts are solely attributable to the Borrower and not attributable to any Other Borrower, the Borrower shall be solely liable for such amounts or if such amounts are attributable to Other Borrowers and not attributable to the Borrower, such Other Borrowers shall be solely liable for such amounts.

(c) Any Affected Party claiming any additional amounts payable pursuant to Section 2.9(a) agrees to use commercially reasonable efforts to designate a different office or branch of such Affected Party as its lending office if the making of such a designation would avoid the need for, or reduce the amount of, any such additional amounts to be paid by the Borrower.

(d) Upon the receipt by the Borrower of a claim for reimbursement or compensation under Section 2.9(a) by a Lender, if payment thereof shall not be waived by such Lender, the Borrower may, at any time, request one or more of the other Lenders, if any, in such Lender's Lender Group, with the consent of the Lender Group Agent for such Lender Group (which consents shall not be unreasonably withheld), to acquire and assume all or a part of such Lender's rights and obligations (if any) hereunder (a "Replacement Person") and if no such other Lender in such Lender's Lender Group shall become the Replacement Person, the Borrower may request such claiming Lender (or, in the case of a Bank Sponsored Lender, the Lender Group Agent for its Lender Group) to use its best efforts to assist the Borrower in its attempt to obtain a replacement bank, financial institution or commercial paper conduit, as applicable, satisfactory to the Borrower and consented to by the Lender Group Agent for the applicable Lender Group (which consents shall not be unreasonably withheld), to become the Replacement Person. In addition, upon the receipt by the Borrower of a claim for reimbursement or compensation under Section 2.9(a) by an Affected Party other than a Lender or Lender Group Agent, if payment thereof shall not be waived by such Affected Party, the Borrower may, at any time, request the Lender Group Agent for its Lender Group to obtain a replacement bank or financial institution for such Affected Party, and if such Affected Party has not been replaced within a reasonable period, such Affected Party shall be subject to replacement upon request of the Borrower as provided in the preceding sentence. Upon notice from the Borrower, a Lender being replaced hereunder shall assign, without recourse, its rights and obligations (if any) hereunder, or a ratable share thereof, to the Replacement Person or Replacement Persons designated and consented to as provided in this Section 2.9(d) for a purchase price equal to the sum of the principal amount of the Advances or interests therein so assigned, all accrued and unpaid Interest thereon and any other amounts (including fees and any amounts owing under this Section 2.9) to which such Lender is entitled hereunder. Notwithstanding the foregoing, (i) no Lender which is a Lender Group Agent may be replaced pursuant to this Section 2.9(d) unless (A) it has consented to such replacement or (B) a successor for such Lender Group Agent has been duly appointed in accordance with Section 4.8 of the Class A Agreement Regarding Loans and such Lender Group Agent shall have received payment of all amounts to which it is entitled hereunder; and (ii) the Borrower need not make any request under this clause (d) if the replacement of any claiming Lender or Affected Party would be more economically or administratively burdensome on the Borrower than not replacing such Lender or Affected Party or if such replacement would be unlawful.

(e) As soon as practical, and in any event within 30 days after learning of any event occurring after the Closing Date which could reasonably be expected to entitle an Affected Party to compensation pursuant to Section 2.9(a) or 6.1, the applicable Lender Group Agent shall notify the Borrower in writing. The Lender Group Agent or Affected Party claiming compensation under this Section 2.9 shall deliver to the Borrower, no later than the 30<sup>th</sup> day preceding the Payment Date on which compensation is requested, a notice of the amount of compensation being claimed, accompanied by a statement prepared by such Lender Group Agent or Affected Party, as applicable, with due care and in good faith setting forth the basis and the calculation of the amount (in reasonable detail).

(f) Funding Losses. The Borrower hereby agrees that upon written demand by any Affected Party, it will indemnify such Affected Party against any net loss or expense which such Affected Party may sustain or incur, as reasonably determined by such Affected Party, as a result of any failure of the Borrower to accept an Advance on the date specified therein in the Borrowing Notice or as a result of any payment of the Advances (or any portion thereof) on a date other than: (i) the day on which the related funding source, to the extent subject to a contractual maturity date, matures, (ii) a Payment Date, (iii) any Optional Amortization Date or (iv) the Series Maturity Date. Such written demand shall be accompanied by a statement prepared by such Affected Party with due care and in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request, and shall be binding upon the Borrower absent demonstrable error. For the avoidance of doubt, the Borrower hereby agrees to pay any amounts claimed by an Affected Party under this Section 2.9(f) on the next Payment Date after such demand, solely to the extent that funds are then or thereafter available therefor pursuant to Section 4.4(a)(ix) of the Indenture Supplement; it being understood that any such amounts not paid on any Payment Date shall be due and payable on each succeeding Payment Date, in each case, solely to the extent that funds are then available therefor pursuant to Section 4.4(a)(ix) of the Indenture Supplement. Each Affected Party will use reasonable efforts to minimize the costs incurred by the Borrower under this Section 2.9(f).

### ARTICLE III

#### CONDITIONS PRECEDENT

Section 3.1 Conditions to Initial Advance. The Lenders shall not be obligated to make the Initial Advance until the following conditions have been satisfied or waived in writing by each Lender Group Agent:

(a) Agreements. This Agreement or counterparts hereof, the Class A Agreement Regarding Loans, the Fee Letter and the Indenture Supplement shall have been duly executed by, and delivered to, the parties hereto and each of the Related Documents shall have been delivered to each Lender Group Agent and shall be in full force and effect.

(b) Payment of Fees and Expenses. The Borrower shall have paid to the Lenders and each Lender Group Agent, or as they have directed, all fees due and payable on or before the Closing Date pursuant to any applicable Fee Letter.

(c) Issuance of Notes. The Class A Notes shall have been duly issued to the respective Lender Group Agents pursuant to the terms of the Indenture, the Indenture Supplement and this Agreement, and the Class B Notes shall have been duly issued pursuant to the terms of the Indenture, the Indenture Supplement and the Class B Loan Agreement.

(d) Filings. Each Lender Group Agent shall have received evidence reasonably satisfactory to it of the filing of proper UCC-1 financing statements and UCC termination statements and releases as may be necessary or, in the opinion of any Lender Group Agent, desirable under the UCC of all appropriate jurisdictions or any comparable law to perfect the transfers contemplated by the Related Documents and the security interest of the Indenture Trustee on behalf of the Noteholders in the Collateral and to terminate or release all conflicting liens.

(e) Opinions of Counsel to the Borrower. Counsel to the Borrower shall have delivered to the Lender Group Agents favorable opinions, dated as of the Closing Date and reasonably satisfactory in form and substance to the Lender Group Agents and their respective counsel.

(f) Opinions of Counsel to the Trustee and the Indenture Trustee. Counsel to each of the Trustee and the Indenture Trustee shall have delivered to the Lender Group Agents a favorable opinion, dated as of the Closing Date and reasonably satisfactory in form and substance to the Lender Group Agents and their respective counsel.

(g) No Actions or Proceedings. No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted to restrain or prohibit the consummation of, or to invalidate, the transactions contemplated by the Related Documents and the documents related thereto.

(h) Approvals and Consents. All governmental actions of all Governmental Authorities required with respect to the transactions contemplated by the Related Documents and the other documents related thereto shall have been obtained or made.

(i) Accounts. The Lender Group Agents shall have received evidence that the Collection Account, the Excess Funding Account and the Series Accounts have been established in accordance with the terms of the Indenture and the Indenture Supplement.

Section 3.2 Additional Conditions Precedent to each Advance. The Lenders shall not be required to make any Advance hereunder if, as of such date of such borrowing:

(a) any representation or warranty of the Borrower contained herein shall be untrue or incorrect in any material respect as of such date, either before or after giving effect to the making of the Advance on such date and to the application of the proceeds therefrom, except to the extent that such representation or warranty expressly relates to an earlier date and except for changes therein expressly permitted by this Agreement;

(b) an Early Amortization Event, a Servicer Default or an Event of Default shall have occurred, or would result from the making of such Advance; or

(c) after giving effect to the making of the Advance, (i) the Class B Note Principal Balance does not at least equal the Required Class B Note Principal Balance, (ii) the Excess Collateral Amount does not at least equal the Required Excess Collateral Amount, (iii) the Free Equity Amount does not at least equal the Minimum Free Equity Amount or (iv) the Trust Principal Balance does not at least equal the Required Principal Balance.

The acceptance by the Borrower of the proceeds of the Advance shall be deemed to constitute, as of the date of the related Advance, a representation and warranty by the Borrower that none of the events or conditions described in Section 3.2(a), (b) or (c) has occurred or exists.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the Borrower. To induce the Lenders to make the Advances hereunder, the Borrower makes the following representations and warranties to the Lenders and the Lender Group Agents as of the Closing Date, each and all of which shall survive the execution and delivery of this Agreement and the making of the Initial Advance:

(a) Valid Existence; Compliance with Law. The Borrower (i) is a statutory trust duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (ii) has the requisite power and authority as a statutory trust and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties and to conduct the business in which is it now engaged; (iii) has all licenses, permits, consents or approvals from or by, and has made all filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct, except where the failure to take such action, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect; (iv) is in compliance with the Borrower Trust Agreement; and (v) subject to specific representations set forth herein regarding ERISA, tax and other laws, is in compliance with all applicable provisions of Law, except where the failure to comply, individually or in the aggregate, would not have a Material Adverse Effect.

(b) Power, Authorization, Etc. The execution, delivery and performance by the Borrower of this Agreement: (i) are within the Borrower's power as a statutory trust; (ii) have been duly authorized by all necessary or proper trust action; (iii) do not contravene any provision of the Borrower Trust Agreement; (iv) do not violate any Law or any order or decree of any court or Governmental Authority in such a way that would have a Material Adverse Effect; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any material indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Borrower is a party or by which the Borrower or any of the property of the Borrower is bound; (vi) do not result in the creation or imposition of any Adverse Claim upon any of the property of the Borrower; and (vii) do not require the Borrower to have obtained the consent or approval of any Governmental Authority or any other Person, except those that if not obtained would not be reasonably likely to cause a Material Adverse Effect.

(c) Enforceability. This Agreement is the valid and legally binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject as to enforcement to bankruptcy, receivership, conservatorship, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) Class A Notes. The Class A Notes have been duly and validly authorized, and, when executed and authenticated by the Indenture Trustee in accordance with the terms of the Indenture and the Indenture Supplement, and delivered to and paid for by the respective Lender Group Agents in accordance with this Agreement, will be duly and validly issued and outstanding, and will be entitled to the benefits of the Indenture and the Indenture Supplement.

(e) No Litigation. No Litigation is pending against the Borrower that (i) challenges the Borrower's right or power to enter into or perform any of its obligations under this Agreement, or the validity or enforceability of this Agreement or any action taken hereunder, (ii) seeks to prevent the consummation of any of the transactions contemplated under this Agreement, or (iii) has a reasonable likelihood of being determined adversely to the Borrower and that, if so determined, would have a Material Adverse Effect.

(f) Bankruptcy. The Borrower is not subject to any Insolvency Event.

(g) Use of Proceeds. No proceeds of the Advances received by the Borrower under this Agreement will be used for a purpose that violates or would be inconsistent with Regulations U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.

(h) Investment Company Act. The Borrower is not an "investment company" or "controlled by" an "investment company," as such terms are defined in the Investment Company Act and the Borrower is not relying exclusively on the exception from the definition of "investment company" afforded by either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

(i) Full Disclosure. All written information furnished by the Borrower or any of its agents, representatives or Affiliates to any Lender, any Liquidity Provider or any Lender Group Agent, including, without limitation, information relating to the Accounts and Receivables and GE Capital Retail Bank's credit business, that was material to the decision by such Lender, Liquidity Provider or Lender Group Agent to fund the Advances is true and accurate in all material respects, as of the date such information was furnished or as of the date most recently updated, as applicable (except to the extent that such furnished information relates solely to an earlier date, in which case such information is true and accurate in all material respects on and as of such earlier date).

(j) Securities Act. Assuming the accuracy of the representations and warranties of the Lenders and the Lender Group Agents set forth in Sections 4.2(b), (c) and (d) of this Agreement, the issuance of the Class A Notes pursuant to the terms of this Agreement, the Indenture and the Indenture Supplement will not require registration of the Class A Notes under the Securities Act.

(k) No Event of Default. No Early Amortization Event, Servicer Default or Event of Default has occurred.

Section 4.2 Representations and Warranties of the Lenders and the Lender Group Agents

(a) To induce the Borrower to enter into this Agreement, each Lender and each Lender Group Agent severally makes the following representations and warranties to the Borrower as of the date hereof and as of the date of each Advance, each and all of which shall survive the execution and delivery of this Agreement:

(i) it is duly incorporated or organized, validly existing and is duly qualified to do business and is in good standing in the jurisdiction of its incorporation or organization, as applicable;

(ii) the execution, delivery and performance by it of this Agreement are within its corporate, limited liability company or other relevant entity powers and have been duly authorized by all necessary corporate, limited liability company or other relevant entity action;

(iii) this Agreement has been duly executed and delivered by it; and

(iv) this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, receivership, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity, whether applied in a proceeding at law or in equity.

(b) Each Lender and each Lender Group Agent hereby acknowledges that the Class A Notes have not and will not be registered under the Securities Act and will not be registered or qualified under any applicable "blue sky" law, that it is acquiring its interest in the Class A Notes pursuant to a private placement exempt from registration under the Securities Act and that the Class A Notes will contain the restrictive legends and be subject to the transfer restrictions specified in the Indenture and the Indenture Supplement.

(c) Each Lender and each Lender Group Agent hereby represents and warrants to, and agrees with, the Borrower that it will only transfer its interest in the Class A Notes in accordance with the terms of the Indenture and the Indenture Supplement.

(d) Each Lender and each Lender Group Agent, solely as to itself, hereby represents and warrants to the Borrower (i) that it is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, (ii) that it is not a Benefit Plan Investor nor is it funding any portion of the Advances from any account holding plan assets of any Benefit Plan Investor unless such portion of the Advances will not constitute a non-exempt prohibited transaction

under ERISA or a non-exempt violation of any applicable law that is substantially similar to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code, and (iii) that it is not required to register as an “investment company” and is not controlled by an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

(e) Each Lender and each Lender Group Agent hereby acknowledges that the Borrower and its Affiliates will rely upon the truth and accuracy of the representations, warranties and agreements of such Lender or Lender Group Agent, as applicable, contained in this Section 4.2.

Section 4.3 Certification of the Lender Group Agent. Each Lender Group Agent hereby certifies that it is either the administrator or sponsor of each Bank Sponsored Lender, if any, in its related Lender Group.

## ARTICLE V

### GENERAL COVENANTS OF THE BORROWER

Section 5.1 Covenants of the Borrower. The Borrower covenants and agrees that, unless otherwise consented to by the Required Lenders, from and after the Closing Date and until the Final Liquidation Date:

(a) Compliance with Agreements and Applicable Laws. The Borrower shall perform each of its obligations under this Agreement and the Borrower shall comply with all federal, state and local laws and regulations applicable to it, except to the extent that the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(b) Maintenance of Existence and Conduct of Business. The Borrower shall: (i) do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a statutory trust and its rights and franchises; and (ii) conduct its business as permitted hereunder and in accordance with the terms of the Borrower Trust Agreement and Section 4.1(a).

(c) Amendments to Related Documents. The Borrower (i) shall not terminate, amend, waive, supplement or otherwise modify any of the Related Documents to which it is a party, and (ii) to the extent that the Borrower has the right to consent to any termination, waiver, amendment, supplement or other modification of any Related Document to which it is not a party, the Borrower shall not give such consent, if, in the case of each of the foregoing clauses (i) and (ii), such termination, amendment, waiver, supplement or other modification would give rise to an Adverse Effect. Without the prior written consent of each Lender Group Agent, the Borrower shall not terminate, amend, waive, supplement or otherwise modify the Indenture or the Indenture Supplement so as to (x) reduce the Class B Pro Rata Percentage, the Required Excess Collateral Amount or the Minimum Free Equity Percentage, (y) delay the Controlled Amortization Date or (z) change the definition of “Eligible Receivable” or “Eligible Account” as such terms are defined in the Transfer Agreement. The Borrower shall deliver to each Lender Group Agent, reasonably promptly following the execution and delivery thereof, a copy of each



amendment, waiver, supplement or other modification to any of the Related Documents, other than any such amendment, waiver, supplement or other modification relating solely to a Series other than Series 2014-[ ] or to an "Indenture Supplement" (as defined in the Indenture) other than the Indenture Supplement relating to Series 2014-[ ].

(d) Inspection. From the Closing Date until the Final Liquidation Date, the Borrower, will, at any time and from time to time during regular business hours, but not more than once in any calendar year except after the occurrence and during the continuance of an Early Amortization Event or an Event of Default, on at least ten Business Days' written notice to the Borrower, permit each Lender Group Agent and their designated agents or representatives, all acting on a coordinated basis, at the ratable cost and expense of the Lender Group Agents (or during the continuance of an Early Amortization Event or an Event of Default, at the cost and expense of the Borrower, which shall be limited to the reasonable out-of-pocket (and invoiced) costs and expenses incurred by the Lender Group Agents in connection therewith), (i) to examine all books, records and documents (including computer tapes and disks) in the possession or under the control of or reasonably accessible to the Borrower, relating to the Receivables, (ii) to visit the offices and properties of the Borrower for the purpose of examining such materials, and (iii) to consult with employees, agents and representatives of the Borrower in connection with the foregoing. In addition, the Borrower will exert reasonable efforts to cause the Servicer and GE Capital Retail Bank to permit examination of their respective books and records, visits to their respective offices and consultations with their respective employees, all on a basis consistent with the description above of such inspection rights with respect to the Borrower.

Section 5.2 Reporting Requirements of the Borrower. The Borrower shall promptly deliver or cause to be delivered to each Lender Group Agent (i) each report required to be delivered pursuant to Section 5.2(a) or 5.2(b) of the Indenture Supplement, (ii) copies of all annual Servicer certificates delivered pursuant to Section 2.8 of the Servicing Agreement, and (iii) copies of all reports of independent public accountants furnished pursuant to Section 2.9 of the Servicing Agreement. The Borrower shall provide the Lender Group Agent notice of any Series 2014-[ ] Early Amortization Event, Trust Early Amortization Event or Event of Default.

## ARTICLE VI

### INDEMNIFICATION

#### Section 6.1 Indemnities by the Borrower.

(a) Without limiting any other rights that any Lender Group Agent, Lender or Liquidity Provider or any director, manager, officer, employee or agent, organizer or incorporator of any Lender Group Agent, Lender or Liquidity Provider (each a "Lender Indemnified Person") may have hereunder or under applicable law, the Borrower hereby agrees to indemnify each Lender Indemnified Person from and against any and all Indemnified Amounts, which may be awarded against or incurred by any Lender Indemnified Person to the extent arising out of or relating to (i) any breach of the Borrower's obligations under this Agreement, (ii) the financing of, or maintenance of the financing with respect to, the Class A Notes, or (iii) this Agreement and the transactions contemplated hereby, excluding, however, (A)

Indemnified Amounts to the extent resulting from bad faith, gross negligence or willful misconduct on the part of such Lender Indemnified Person or the breach by any Lender Indemnified Person of any representation, covenant or other obligation in this Agreement or any other Related Document, (B) Indemnified Amounts to the extent such Indemnified Amounts relates to Taxes or other amounts payable by the Borrower under Sections 2.8 or 2.9, (C) recourse for the payment of principal of or interest on, or other amounts due in respect of, the Class A Notes as a result of nonpayment by Obligors on the Receivables. Without limiting or being limited by the foregoing, but subject to the exclusions in the preceding sentence, the Borrower shall pay to each affected Lender Indemnified Person any and all amounts necessary to indemnify such Lender Indemnified Person from and against any and all Indemnified Amounts relating to or resulting from:

(A) reliance on any representation or warranty made or deemed made by the Borrower under or in connection with this Agreement, or any report or other information delivered by the Borrower pursuant hereto which shall have been incorrect in any material respect when made or deemed made or delivered; or

(B) the failure by the Borrower to comply in any material respect with any term, provision or covenant contained in this Agreement or any agreement executed by it in connection with this Agreement or with any applicable Law.

Amounts owing pursuant to this Section 6.1 shall be due and payable on the next succeeding Payment Date following written demand therefor by the applicable Lender Indemnified Person to the Borrower (with a copy to the Lender Group Agent of such Lender Indemnified Person's corresponding Lender Group). On such Payment Date, the Borrower shall pay to the applicable Lender Group Agent, solely to the extent that funds are then available therefor pursuant to Section 4.4(a)(ix) of the Indenture Supplement, for the benefit of such Lender Indemnified Person, such amount or amounts owing pursuant to this Section 6.1, it being understood that any such amounts not paid on any Payment Date as a result of the operation of Section 4.4(a)(ix) of the Indenture Supplement shall be due and payable on the next succeeding Payment Date.

(b) In the event any proceeding (including any governmental investigation) shall be instituted involving any Lender Indemnified Person in respect of which indemnification is sought pursuant to this Section 6.1, such Lender Indemnified Person or the applicable Lender Group Agent shall promptly notify the Borrower in writing and the Borrower shall have the option to assume the defense thereof. In any such proceeding, the applicable Lender Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Lender Indemnified Person unless (i) the Borrower has failed to assume the defense thereof, (ii) the Borrower and such Lender Indemnified Person shall have mutually agreed to the retention of such counsel or (iii) the named parties to any such proceeding (including any impleaded parties) include both the Borrower and such Lender Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Borrower shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for the

applicable Lender Indemnified Person. The Borrower shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Borrower agrees to indemnify the applicable Lender Indemnified Person from and against any loss or liability by reason of such settlement or judgment. The Borrower shall not, without the prior written consent of the applicable Lender Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which such Lender Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Lender Indemnified Person, unless such settlement includes an unconditional release of such Lender Indemnified Person from all liability on claims that are the subject matter of such proceeding.

Section 6.2 Limitation of Damages; Indemnified Persons. NO PARTY TO THIS AGREEMENT SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO THIS AGREEMENT, OR ANY OTHER RELATED DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

## ARTICLE VII

### MISCELLANEOUS

Section 7.1 Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other parties, or whenever any of the parties desires to give or serve upon any other parties any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and three Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by facsimile, email or other electronic transmission (with such transmission promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 7.1), or upon receipt, when sent by e-mail to the e-mail address provided by the recipient, (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number or e-mail address indicated below or in Schedule A hereto, or to such other address, facsimile number or e-mail address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any Person (other than a Lender Group Agent or Lender) designated in any written notice provided hereunder to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication. Notwithstanding the foregoing, whenever it is provided

herein that a notice is to be given to any other party hereto by a specific time, such notice shall only be effective if actually received by such party prior to such time, and if such notice is received after such time or on a day other than a Business Day, such notice shall only be effective on the immediately succeeding Business Day.

If to the Borrower:

GE Sales Finance Master Trust  
c/o The Bank of New York Mellon  
101 Barclay Street  
Floor 7 West (ABS Unit)  
New York, New York 10286  
Attention: Antonio Vayas  
Facsimile: (212) 815-2493

with a copy to the Administrator:

GE Capital Retail Bank, as Administrator  
170 Election Road, Suite 125  
Draper, UT 84020  
Attention: President  
Facsimile: (801) 816-4770

Section 7.2 Binding Effect: Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, each Lender Group Agent, each Lender and their respective successors and permitted assigns. The Borrower may not assign, transfer, hypothecate or otherwise convey any of its respective rights or obligations hereunder or interests herein. Any such purported assignment, transfer, hypothecation or other conveyance by the Borrower without the prior express written consent of each Lender Group Agent shall be void. Except as provided in Section 5.2 of the Class A Agreement Regarding Loans, no Lender may assign, participate, grant security interests in, or otherwise transfer any portion of the Class A Notes without the prior written consent of the Borrower. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Advances; provided that no Lender shall have any obligation to disclose all or any portion of such register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans or letters of credit) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or letter of credit is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in such register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in such register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. The Lenders and the Lender Group Agent hereby agree not to amend, waive, terminate or otherwise modify the Class A Agreement Regarding Loans without the prior written consent of the Borrower. Notwithstanding anything

to the contrary herein or in the Class A Agreement Regarding Loans, each Bank Sponsored Lender agrees that it will not permit the syndication of any Bank Sponsored Lender Liquidity Arrangement to any Person that is not a Committed Lender in such Bank Sponsored Lender's Lender Group on the date hereof without the prior written consent of the Borrower, which consent shall not be unreasonably withheld. The Borrower hereby consents to any assignment, sale, participation or other transfer of any Class A Note or any interest therein without delivery of an Investment Letter (as defined in the Class A Agreement Regarding Loans) to the extent contemplated in Section 5.2 of the Class A Agreement Regarding Loans.

(b) In the event any Lender Group Agent or Lender assigns all of their right, title and interest hereunder and under all other Related Documents, including its portion of Advances Outstanding and interest thereon; all references in the Related Documents to "Lender Group Agent," "Lender," "Bank Sponsored Lender," "Committed Lender" and "Affected Party" in any capacity shall mean and refer to the applicable assignee(s).

Section 7.3 Termination; Survival. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Final Liquidation Date; provided, that the rights and remedies provided for herein with respect to any breach of any representation or warranty made by the Borrower pursuant to Article IV, the indemnification and payment provisions of Sections 2.8 and 2.9 and Article VI and Sections 7.4, 7.5, 7.6, 7.7, 7.10 and this Section 7.3 shall be continuing and shall survive the Final Liquidation Date.

Section 7.4 Costs, Expenses.

(a) The Borrower is liable for all of its own out-of-pocket fees, costs and expenses incurred in connection with the negotiation, preparation and the carrying out of its obligations under this Agreement and the other Related Documents. Except as otherwise agreed in any Fee Letter, the Borrower shall have no obligation to pay any fees, costs or expenses incurred by any Lender Group Agent or any Lender in connection with the negotiation and preparation of this Agreement and the other Related Documents and the funding of the Advances hereunder.

(b) The Borrower shall reimburse each Lender Group Agent for all reasonable and necessary out-of-pocket fees, costs and expenses incurred by it in connection with any attempt to enforce any remedies of any Lender Group Agent or Lender against the Borrower or any other Person that may be obligated to them by virtue of any of the Related Documents, including any such attempt to enforce any such remedies in the course of any work out or restructuring of the transactions contemplated hereby during the pendency of one or more Events of Default or Early Amortization Events.

Section 7.5 Limited Recourse.

(a) No recourse under any obligation, covenant or agreement of any Bank Sponsored Lender or the Borrower contained herein shall be had against any incorporator, organizer, stockholder, member, manager, officer, director, employee or agent of such Bank Sponsored Lender or Borrower, as applicable, its respective manager or administrative agent or any Lender

Group Agent or any of their Affiliates by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is solely a corporate, limited liability company or other relevant entity obligation of such Bank Sponsored Lender or Borrower, as applicable, individually, and that no personal liability whatever shall attach to or be incurred by any incorporator, organizer, stockholder, member, manager, officer, director, employee or agent of such Bank Sponsored Lender or Borrower, as applicable, its respective manager or administrative agent or any Lender Group Agent or any of their Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of such Bank Sponsored Lender or Borrower, as applicable, contained in this Agreement or any Related Document, or implied therefrom, and that any and all personal liability for breaches by such Bank Sponsored Lender or Borrower, as applicable, of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such incorporator, organizer, stockholder, member, manager, officer, director, employee or agent of such Bank Sponsored Lender or Borrower, as applicable, its respective manager or administrative agent or any Lender Group Agent or any of their Affiliates is hereby expressly waived as a condition of and in consideration for the execution of this Agreement; provided that the foregoing shall not relieve any such Person from any liability it might otherwise have as a result of fraudulent actions taken or omissions made by them.

(b) Notwithstanding anything to the contrary contained herein, any obligations of each Bank Sponsored Lender hereunder to any party hereto are solely the corporate, limited liability company or other relevant entity obligations of such Bank Sponsored Lender and shall be payable at such time as funds are received by or are available to such Bank Sponsored Lender in excess of funds necessary to pay in full all of its outstanding Commercial Paper and, to the extent funds are not available to pay such obligations, the claims relating thereto shall not constitute a claim against such Bank Sponsored Lender but shall continue to accrue. Each party hereto agrees that the payment of any claim (as defined in Section 101 of Title 11 of the Bankruptcy Code) of any such party against a Bank Sponsored Lender shall be subordinated to the payment in full of all of its Commercial Paper or other senior debt obligations.

(c) Notwithstanding anything to the contrary contained herein, the obligations of the Borrower under this Agreement are solely the trust obligations of the Borrower and, in the case of obligations of the Borrower other than payments in respect of principal and interest on the Class A Notes, shall be payable at such time as funds are available to the Borrower pursuant to the Indenture Supplement and, to the extent funds are not available pursuant to the Indenture Supplement to pay such obligations, the claims relating thereto shall not constitute a claim against the Borrower but shall continue to accrue. Each party hereto agrees that the payment by the Borrower of any claim (as defined in Section 101 of Title 11 of the Bankruptcy Code) of any such party hereunder shall be paid in the priority set forth in Section 4.4 of the Indenture Supplement.

Section 7.6 Confidentiality.

(a) Except to the extent otherwise required by applicable law, as required to be filed publicly with the Securities and Exchange Commission, or unless each of the parties to this Agreement shall otherwise consent in writing, (x) each Lender and Lender Group Agent party to this Agreement agrees to maintain the confidentiality of this Agreement, the other Related Documents and Records (including the contents thereof) (and all drafts hereof and documents ancillary hereto or thereto) and all non-public information pertaining to Borrower or any Affiliate thereof and (y) the Borrower agrees to maintain the confidentiality of any reports provided by each Lender Group Agent pursuant to Section 2.7(a), in each case in its communications with third parties and not to disclose, deliver or otherwise make available any such documents or information to any third party (other than its directors, managers, officers, employees, auditors, accountants or counsel so long as such parties (i) are involved in the administration of the transactions contemplated by this Agreement or require information about such transactions in order to perform or provide their respective duties or services for the benefit of any Affected Party or Lender Indemnified Person, and (ii) (A) are informed of the confidential nature of such document or information and the terms of this Section 7.6, and (B) are subject to confidentiality restrictions generally consistent with this Section 7.6). The Borrower's rights under this clause (a) shall survive the termination of this Agreement.

(b) Each Lender and Lender Group Agent party to this Agreement agrees that it shall not (and shall not permit any of its Affiliates to) issue any news release or make any public announcement pertaining to the transactions contemplated by this Agreement and the other Related Documents without the prior written consent of Borrower (which consent shall not be unreasonably withheld) unless such news release or public announcement is required by law, in which case such party shall consult with Borrower prior to the issuance of such news release or public announcement.

(c) Notwithstanding any of the foregoing, each Lender and Lender Group Agent may disclose or deliver any document or information (other than any Record or any of the contents thereof with respect to clauses (i) (other than with respect to its attorneys, auditors and permitted assigns) through (iv) below):

(i) to any of such party's independent attorneys, consultants, accountants and auditors, and to any party's Liquidity Providers, providers of program credit enhancement to a Bank Sponsored Lender or in respect of its Commercial Paper or any actual or potential assignees of, or participants in, any of the rights or obligations of any Lender or the Liquidity Providers in connection with this Agreement (but only to the extent that such assignees are permitted assignees pursuant to the terms of this Agreement and the Class A Agreement Regarding Loans), who (A) are informed by such party of the confidential nature of such document or information and the terms of this Section 7.6, and (B) are subject to confidentiality restrictions generally consistent with this Section 7.6 to which the Borrower is a beneficiary,

(ii) to any rating agency that maintains a rating for any Bank Sponsored Lender's or RIC's Commercial Paper or is considering the issuance of such a rating (including, without limitation, disclosure to a rating agency pursuant to Rule 17g-5), for the purposes of reviewing the credit of any Lender or RIC in connection with such rating,

(iii) to any other party to any Related Document, for the purposes contemplated thereby,

(iv) in the case of any Bank Sponsored Lender party to this Agreement on the Closing Date, to any first loss provider for such Bank Sponsored Lender as of the Closing Date who (A) is informed by such party of the confidential nature of such document or information and the terms of this Section 7.6, and (B) is subject to confidentiality restrictions generally consistent with this Section 7.6; or

(v) to any Person to the extent required by law, rule, regulation or legal process or in connection with any legal or regulatory inquiry, review, oversight or proceeding to which any party hereto or any Affected Party or any Affiliates thereof is subject.

In the case of any disclosure permitted by clause (v) above (except for monthly statements delivered to a Lender pursuant to Section 5.2(a) of the Indenture Supplement or information provided to a Lender or a Lender Group Agent on or before the date hereof), each Lender and Lender Group Agent shall use its best efforts, to the extent permitted by law, rule or regulation, to (x) provide the Borrower, the Transferor or the Servicer, as applicable, with advance notice of any such disclosure and (y) cooperate with the Borrower, the Transferor or the Servicer, as applicable, in limiting the extent or effect of any such disclosure.

(d) NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, THE OBLIGATIONS OF CONFIDENTIALITY CONTAINED HEREIN SHALL NOT APPLY TO THE FEDERAL TAX STRUCTURE OR FEDERAL TAX TREATMENT OF THIS TRANSACTION, AND EACH PARTY (AND ANY EMPLOYEE, REPRESENTATIVE OR AGENT OF ANY PARTY) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE FEDERAL TAX STRUCTURE AND FEDERAL TAX TREATMENT OF THIS TRANSACTION. THE PRECEDING SENTENCE IS INTENDED TO CAUSE THIS TRANSACTION TO BE TREATED AS NOT HAVING BEEN OFFERED UNDER CONDITIONS OF CONFIDENTIALITY FOR PURPOSES OF SECTION 1.6011-4(B)(3) (OR ANY SUCCESSOR PROVISION) OF THE TREASURY REGULATIONS PROMULGATED UNDER THE CODE, AND SHALL BE CONSTRUED IN A MANNER CONSISTENT WITH SUCH PURPOSES. IN ADDITION, EACH PARTY ACKNOWLEDGES THAT IT HAS NO PROPRIETARY OR EXCLUSIVE RIGHTS TO THE FEDERAL TAX STRUCTURE OF THIS TRANSACTION OR ANY FEDERAL TAX MATTER OR FEDERAL TAX IDEA RELATED TO THIS TRANSACTION.

Section 7.7 No Proceedings. The Borrower hereby agrees that, from and after the Closing Date and until the date one year plus one day following the date on which all Commercial Paper and other rated indebtedness of a Bank Sponsored Lender has been indefeasibly paid in full, it will not, directly or indirectly, institute or cause to be instituted against such Bank Sponsored Lender, or join any other Person in instituting or causing to be instituted against such Bank Sponsored Lender, any proceeding of the type referred to in the definition of "Insolvency Event" set forth in the Indenture; provided that, subject to Section 7.5, the foregoing shall not in any way limit the Borrower's right to pursue any other creditor rights or remedies that the Borrower may have for claims against any Bank Sponsored Lender.



Section 7.8 Complete Agreement; Modification of Agreement. This Agreement constitutes the complete agreement among the parties hereto with respect to the subject matter hereof, supersedes all prior agreements and understandings relating to the subject matter hereof, and may not be modified, altered or amended except as set forth in Section 7.9.

Section 7.9 Amendments and Waivers.

(a) No amendment, modification, termination or waiver of any provision of this Agreement, or any consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders; provided that no such amendment, modification, termination or waiver shall, unless signed by each Lender directly affected thereby, (i) increase the Commitment of a Committed Lender or the Group Limit of a Lender Group, (ii) reduce the Advances Outstanding or the rate used to calculate Interest or any fees or other amounts payable hereunder, (iii) postpone any date fixed for the payment of any scheduled distribution in respect of Interest on the Advances Outstanding or (iv) change the Commitment of a Committed Lender as a percentage of the Loan Agreement Limit.

(b) No amendment, modification, termination or waiver of any provision of the Agreement Regarding Loans, or any consent to any departure by any party thereto, shall in any event be effective unless the same shall be in writing and signed by the Borrower.

(c) The failure by any Lender Group Agent or Lender, at any time or times, to require strict performance by the Borrower of any provision of this Agreement or any Class A Note shall not waive, affect or diminish any right of any Lender Group Agent or Lender thereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver of any breach or default hereunder shall not suspend, waive or affect any other breach or default whether the same is prior or subsequent thereto and whether the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of the Borrower contained in this Agreement, and no breach or default by the Borrower hereunder, shall be deemed to have been suspended or waived by any Lender Group Agent or Lender unless such waiver or suspension is by an instrument in writing signed by an officer of or other duly authorized signatory of such Lender Group Agent or Lender and directed to the Borrower specifying such suspension or waiver. The rights and remedies of each Lender Group Agent and Lender under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that any Lender Group Agent or Lender may have under any other agreement, including the other Related Documents, by operation of law or otherwise.

Section 7.10 GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

(a) THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401(1) AND 5-1402 OF THE GENERAL OBLIGATIONS LAW, BUT WITHOUT REGARD TO ANY OTHER CONFLICT OF LAW PROVISIONS THEREOF) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

(b) EACH PARTY HERETO HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THEM PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT; PROVIDED THAT EACH PARTY HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE BOROUGH OF MANHATTAN IN NEW YORK CITY; PROVIDED, FURTHER, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE ANY LENDER GROUP AGENT OR LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF ANY LENDER GROUP AGENT OR LENDER. EACH PARTY HERETO SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH PARTY HERETO HEREBY WAIVES ANY OBJECTION THAT SUCH PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH PARTY HERETO HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH PARTY AT ITS ADDRESS DETERMINED IN ACCORDANCE WITH SECTION 7.1 AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH PARTY'S ACTUAL RECEIPT THEREOF OR THREE DAYS AFTER DEPOSIT IN THE UNITED STATES MAIL, PROPER POSTAGE PREPAID. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

(c) BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN

CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 7.11 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. Electronic delivery of an executed signature page of this Agreement shall be effective as delivery of an executed counterpart hereof.

Section 7.12 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 7.13 Section Titles. The section titles and table of contents contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

Section 7.14 Servicing Agreement; Borrower Administration Agreement. The Lender Group Agents and the Lenders hereby acknowledge that they have been advised that the Borrower has entered into the Servicing Agreement and the Borrower Administration Agreement and as a result, the Servicer or any permitted sub-servicer under the Servicing Agreement or the Administrator or any permitted sub-administrator may act on behalf of the Borrower for purposes of all consents, amendments, waivers and other actions permitted or required to be taken, delivered or performed by the Borrower hereunder, and the Lender Group Agents and the Lenders agree that any such action taken by the Servicer, such sub-servicer, the Administrator or such sub-administrator in accordance with the terms hereof on behalf of the Borrower hereunder shall satisfy the Borrower's obligations hereunder with respect thereto.

Section 7.15 Limitation of Liability of the Trustee. It is expressly understood and agreed by the parties hereto that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Trustee of the Borrower, (b) each of the representations, undertakings and agreements herein made on the part of the Borrower is made and intended not as a personal representation, undertaking and agreement by BNY Mellon Trust of Delaware but is made and intended for the purpose of binding only the Borrower, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall BNY Mellon Trust of Delaware be personally liable for the payment of any indebtedness or expenses of the Borrower or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Borrower under this document.

Section 7.16 Consent and Release.

(a) Each Lender and Lender Group Agent hereby consents to the termination of the Servicer Performance Guaranty, dated as of February 29, 2012, by General Electric Capital Corporation (the "Servicer Performance Guaranty") on any date on or after the date hereof (the "Guaranty Termination").

(b) Effective as of the date of the Guaranty Termination, each Lender and Lender Group Agent, for itself and on behalf of its successors and assignees, does hereby release, remise, forgive and forever discharge General Electric Capital Corporation in its capacities as sub-servicer, performance guarantor under the Servicer Performance Guaranty and as sub-administrator from all claims, counterclaims, actions, causes of action (including any relating in any manner to any existing litigation or investigation), suits, obligations, controversies, debts, liens, contracts, agreements, covenants, promises, liabilities, damages, penalties, demands, threats, compensation, losses, costs, judgments, orders, interest, fee or expense (including attorneys' fees and expenses) or other similar items of any kind, type, nature, character or description, including, whether in law, equity or otherwise, whether now known or unknown, whether in contract or in tort, whether choate or inchoate, whether contingent or vested, whether liquidated or unliquidated, whether fixed or unfix, whether matured or unmatured, whether suspected or unsuspected and whether or not concealed, sealed or hidden ("Claims"), of such Lender or Lender Group Agent, as applicable, or that may be asserted by such Lender or Lender Group Agent, as applicable, through such Lender or Lender Group Agent or otherwise on the behalf of such Lender or Lender Group Agent in each case arising in connection with the Servicer Performance Guaranty, which existed at any time on or prior to the date of the Guaranty Termination, including relating or purportedly relating in any manner whatsoever to any facts, known or unknown, in existence on or at any time prior to the date of the Guaranty Termination, by or in favor of Lender or Lender Group Agent, excluding however, any Claims to the extent resulting from the gross negligence or willful misconduct of General Electric Capital Corporation in its capacities as sub-servicer, performance guarantor under the Servicer Performance Guaranty and as sub-administrator.

(c) Each Lender and Lender Group Agent, for itself and on behalf of its successors and assignees, fully and forever agrees and covenants not to initiate, file, prosecute, plead, sustain or maintain any complaint, action, cause of action, suit, petition or claim with or before any judicial, quasi judicial, administrative or regulatory court, tribunal, board, regulatory authority, hearing officer, judge, magistrate or similar authority, or with or before any arbitrator, mediator or arbitration or mediation authority, directly or indirectly, against General Electric Capital Corporation in its capacities as sub-servicer, performance guarantor under the Servicer Performance Guaranty and as sub-administrator for any and all manner of Claims that are subject to the releases set forth above, excluding however, any Claims to the extent resulting from the gross negligence or willful misconduct of General Electric Capital Corporation in its capacities as sub-servicer, performance guarantor under the Servicer Performance Guaranty and as sub-administrator.

[Signatures Follow]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER

**GE SALES FINANCE MASTER TRUST**, as Borrower

By: BNY MELLON TRUST OF DELAWARE, not in its individual capacity, but solely  
as Trustee on behalf of the Borrower

By: \_\_\_\_\_  
Name:  
Title:

*GE Sales Finance Master Trust  
Loan Agreement (Series 2014-[ ], Class A)*

[ ] , as a [Committed] Bank Sponsored Lender in the  
[ ] Lender Group

By: \_\_\_\_\_  
Name:  
Title:

[ ] , as the Lender Group Agent for the [ ]  
Lender Group

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

*GE Sales Finance Master Trust  
Loan Agreement (Series 2014-[ ] , Class A)*

Exhibit A

Form of Borrowing Notice

TO: The Lender Group Agents

RE: Borrowing Notice

Gentlemen and Ladies:

This Borrowing Notice is delivered to you pursuant to Section 2.2 of the Loan Agreement (Series 2014-[ ], Class A), dated as of [ ], 2014 (the "Loan Agreement") by and among GE Sales Finance Master Trust, a statutory trust organized under the laws of the State of Delaware (the "Borrower"), the Lenders parties thereto and the Lender Group Agents for the Lender Groups parties thereto. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein have the meanings provided in the Loan Agreement.

The Borrower hereby requests that on [ ], an Advance be made in the aggregate principal amount of \$ .

Please wire your Lender Group's pro rata share (based on the proportion that your Lender Group's Group Limit bears to the Loan Agreement Limit) of \$ to [ ].

The Borrower has caused this Borrowing Notice to be executed and delivered by its duly authorized officer or representative this day of , .

GE Sales Finance Master Trust,  
as Borrower

By: [GE Capital Retail Bank,  
as Administrator] [General Electric Capital Corporation, as  
Sub-Administrator]

By: \_\_\_\_\_  
Name:  
Title:

*GE Sales Finance Master Trust  
Loan Agreement (Series 2014-[ ], Class A)*

LENDER GROUPS, BANK SPONSORED LENDERS,

COMMITTED LENDERS, LENDER GROUP AGENTS AND RELATED INFORMATION

<u>Lender Group</u>	<u>Bank Sponsored Lender(s)</u>	<u>Committed Lender(s)</u>	<u>Class A Commitment Amount</u>	<u>Lender Group Agent</u>	<u>Address/Telecopy/Email for Notices</u>	<u>Account for Funds Transfer</u>
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*GE Sales Finance Master Trust  
Loan Agreement (Series 2014-[ ], Class A)*



**STOCK CONTRIBUTION AGREEMENT**

This STOCK CONTRIBUTION AGREEMENT (this "Agreement") is made and entered into as of April 1, 2013, by and between GE Consumer Finance, Inc., a Delaware corporation ("GECFI"), and GE Capital Retail Finance Corporation, a Delaware corporation ("RF HoldCo").

WHEREAS, GECFI and RF HoldCo agree and intend that GECFI will transfer to RF HoldCo certain Retail Finance assets (including stock of one or more subsidiaries) owned by GECFI in a series of transfers;

WHEREAS, GECFI owns all of the issued and outstanding stock of GE Capital Retail Bank, a federal savings bank (the "Interests");

WHEREAS, GECFI desires, as an initial transfer by GECFI, to contribute to the capital of RF HoldCo by transferring all of its rights, title and interests in, to and under the Interests, and RF HoldCo desires to accept the rights, title and interests in, to and under the Interests from GECFI; and

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Contribution of the Interests. GECFI hereby transfers to RF HoldCo, as a contribution to the capital of RF HoldCo, all of its rights, title and interests in, to and under the Interests (the "Contribution"). RF HoldCo hereby acknowledges receipt of and accepts the Contribution.

2. Tax Matters. The parties intend that the Contribution contemplated by this Agreement constitutes a tax-free contribution pursuant to section 351 of the Internal Revenue Code of 1986, as amended (the "Code") and a tax-free reorganization described in Code section 368(a)(1)(B).

3. Further Assurances. From time to time after the date hereof, upon reasonable notice and without further consideration, each party shall execute, acknowledge and deliver all such other documents and shall take all such other action as may be necessary or appropriate, in the reasonable judgment of the other party, to carry out the intent and purposes of this Agreement and to consummate the transactions contemplated hereby.

4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

5. Counterparts. This Agreement may be executed in one or more counterparts, which together shall be deemed to constitute one original, and shall become effective when one or more counterparts shall have been signed by each party and delivered to the other party.

*[Signature page follows]*

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IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first above written.

**GE CONSUMER FINANCE, INC.**

By: /s/ Margaret Keane

Name: Margaret Keane

Title: Chairman, President & CEO

**GE CAPITAL RETAIL FINANCE CORPORATION**

By: /s/ Brian Doubles

Name: Brian Doubles

Title: Vice President, CFO & Treasurer

GECFI-GECRFC Contribution Agreement  
(GECRB Stock) – April 1, 2013

**STOCK CONTRIBUTION AGREEMENT**

This STOCK CONTRIBUTION AGREEMENT (this "Agreement") is made and entered into as of August 5, 2013, by and between General Electric Capital Corporation, a Delaware corporation ("GECC"), and GE Capital Retail Finance Corporation, a Delaware corporation ("HoldCo").

WHEREAS, GECC owns all of the issued and outstanding stock of RFS Holding, Inc., a Delaware corporation (collectively, the "Interests");

WHEREAS, GECC desires to transfer all of its rights, title and interests to HoldCo in, to and under the Interests in exchange for stock of HoldCo;

WHEREAS, HoldCo desires to accept the rights, title and interests in, to and under the Interests from GECC and issue its stock to GECC; and

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Contribution of the Interests. Effective as of the date first set forth above (the "Contribution Date"), GECC hereby transfers to HoldCo all of its rights, title and interests in, to and under the Interests in exchange for shares of HoldCo stock as set forth in Section 2 (the "Contribution").

2. Issuance of Stock. On the Contribution Date, HoldCo shall issue to GECC, 77,000 shares of HoldCo voting common stock (the "HoldCo Shares") in exchange for the Interests. Pursuant to Article V of HoldCo's by-laws, on the Contribution Date, HoldCo shall issue a stock certificate to GECC representing the HoldCo Shares.

3. Share Adjustment. The parties intend that the fair market value of the Interests shall be equal to the fair market value of the HoldCo Shares on the Contribution Date. The parties have agreed that HoldCo will issue the HoldCo Shares based upon the parties' estimation of the fair market values of the HoldCo Shares and the Interests immediately prior to the Contribution Date. Further, the parties expect to obtain final valuations of the HoldCo Shares and the Interests after the Contribution Date, and agree to adjust (if necessary) the number of HoldCo Shares in the manner set forth in the following sentence (the "Adjustment"). No later than fifteen (15) days after the final valuation or as otherwise agreed by the parties, (a) if the value of the HoldCo Shares is determined to be less than the value of the Interests (in each case as of the Contribution Date), HoldCo shall issue to GECC (or any transferee of the HoldCo Shares under this Agreement) such additional HoldCo shares as shall cause the value of the aggregate shares of HoldCo stock issued to GECC (or any transferee) to equal the value of the Interests, or (b) if the value of the HoldCo Shares is determined to be greater than the value of the Interests (in each case determined as of the Contribution Date), GECC (or any transferee of the HoldCo Shares) shall surrender to HoldCo that number of shares of HoldCo stock that will cause the value of the remaining portion of the HoldCo Shares to equal the value of the Interests. In the event of an Adjustment, the share certificate reflecting ownership of HoldCo Shares by GECC (or any transferee of the HoldCo Shares) shall be reissued to reflect the adjusted number of shares owned by GECC (or its transferee). In all cases, an Adjustment (if positive) shall

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entitle GECC (or its transferee) to receive solely additional shares of HoldCo voting common stock or (if negative) shall require GECC (or its transferee) to surrender solely a portion of the HoldCo Shares, and no consideration of any other kind shall be payable by either party in connection with an Adjustment. Prior to any Adjustment, GECC (or any transferee of the HoldCo Shares) shall have all rights afforded the owner of the HoldCo Shares, and thus may vote, receive distributions with respect to, pledge, sell or otherwise transfer the HoldCo Shares except as may otherwise be limited by HoldCo's by-laws or Articles of Incorporation.

4. Tax Matters. The parties intend that the Contribution contemplated by this Agreement constitute a tax-free contribution pursuant to section 351 of the Internal Revenue Code of 1986, as amended.

5. Further Assurances. From time to time after the date hereof, upon reasonable notice and without further consideration, each party shall execute, acknowledge and deliver all such other documents and shall take all such other action as may be necessary or appropriate, in the reasonable judgment of the other party, to carry out the intent and purposes of this Agreement and to consummate the transactions contemplated hereby.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

7. Counterparts. This Agreement may be executed in one or more counterparts, which together shall be deemed to constitute one original, and shall become effective when one or more counterparts shall have been signed by each party and delivered to the other party.

*[Signature page follows]*

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IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first above written.

**GENERAL ELECTRIC CAPITAL CORPORATION**

By: /s/ Henry Greig

Name: Henry Greig

Title: Vice President

**GE CAPITAL RETAIL FINANCE CORPORATION**

By: \_\_\_\_\_

Name:

Title:

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IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first above written.

**GENERAL ELECTRIC CAPITAL CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**GE CAPITAL RETAIL FINANCE CORPORATION**

By: /s/ Margaret M. Keane  
Name: Margaret M. Keane  
Title: President

**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 6, 2014