

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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

November 16, 2017
Date of Report
(Date of earliest event reported)

SYNCHRONY FINANCIAL

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36560
(Commission
File Number)

51-0483352
(I.R.S. Employer
Identification No.)

777 Long Ridge Road, Stamford, Connecticut
(Address of principal executive offices)

(203) 585-2400
(Registrant's telephone number, including area code)
N/A
(Former name or former address, if changed since last report)

06902
(Zip Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On November 16, 2017, Synchrony Financial (the "Company") announced an arrangement under which Synchrony Bank, a federal savings association and wholly-owned subsidiary of the Company, will acquire the U.S. consumer credit receivables portfolio held by certain affiliates of PayPal Holdings, Inc. A presentation summarizing the arrangement is attached hereto as Exhibit 99.1.

The information contained in this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly stated by specific reference in such filing.

Item 8.01 Other Events.

A copy of the press release announcing the arrangement is attached hereto as Exhibit 99.2 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are being furnished as part of this report:

<u>Number</u>	<u>Description</u>
99.1	PayPal & Synchrony Financial Strategic Credit Partnership presentation - November 16, 2017
99.2	Joint press release, dated November 16, 2017

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SYNCHRONY FINANCIAL

Date: November 16, 2017

By: /s/ Jonathan Mothner
Name: Jonathan Mothner
Title: Executive Vice President, General Counsel and Secretary

EXHIBIT INDEX

Number

Description

[99.1](#) [PayPal & Synchrony Financial Strategic Credit Partnership presentation - November 16, 2017](#)

[99.2](#) [Joint press release, dated November 16, 2017](#)

PayPal & Synchrony Financial Expanded Strategic Credit Relationship

November 16, 2017



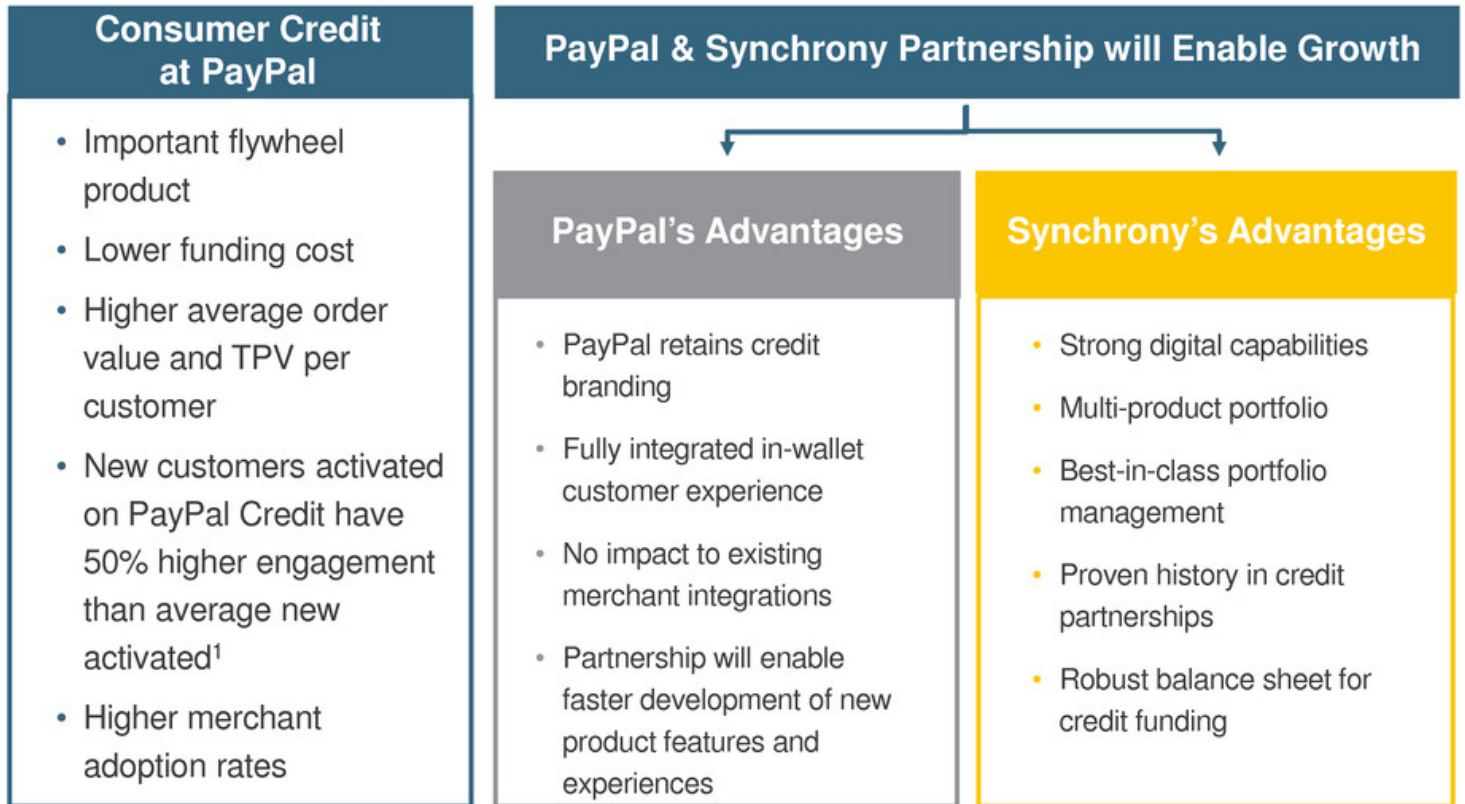
Disclaimers

Cautionary Statement Regarding Forward-Looking Statements

This presentation contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "targets," "outlook," "estimates," "will," "should," "may" or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements. Such forward-looking statements include, but are not limited to, statements about the projected impact and benefits of our acquisition of the PayPal Credit U.S. Consumer Receivables Portfolio, including our plans, objectives, expectations and intentions and other statements that are not historical facts. 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. Other factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as: the impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated; retaining existing partners and attracting new partners, concentration of our revenue in a small number of Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners; cyber-attacks or other security breaches; 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 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; 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; alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; 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; a material indemnification obligation to GE under the tax sharing and separation agreement with GE if we cause the split-off from GE or certain preliminary transactions to fail to qualify for tax-free treatment or in the case of certain significant transfers of our stock following the split-off; regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the impact of the Consumer Financial Protection Bureau's regulation of our business; impact of capital adequacy rules and liquidity requirements; restrictions that limit our ability to pay dividends and repurchase our common stock, and restrictions that limit Synchrony Bank's ability to pay dividends to us; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; and failure to comply with anti-money laundering and anti-terrorism financing laws.

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 presentation and in our public filings, including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed on February 23, 2017. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. 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.

Credit Partnership Advantages

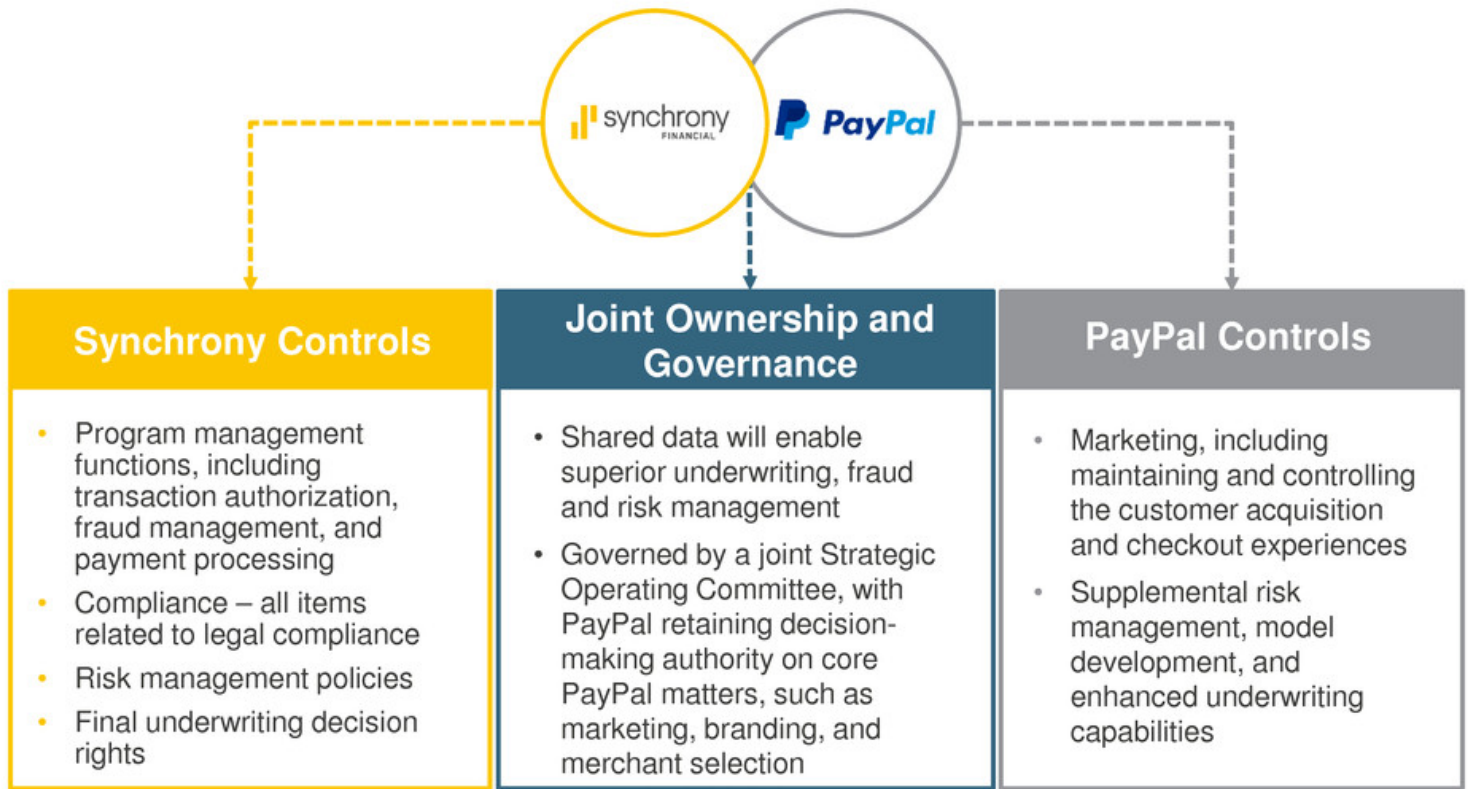


Extending a Long-Term, Value-Creating Relationship

Partners Since 2004



Powerful Partnership Structure



Transaction Summary

Receivables Purchased	Synchrony Financial will acquire \$6.8 billion in receivables, including PayPal's U.S. consumer credit receivables portfolio, which totaled approximately \$5.8 billion in receivables as of October 31, 2017, and approximately \$1 billion in participation interests in receivables held by certain investors and a chartered financial institution
Expected Closing	Third Quarter 2018
Financial Implications	<p>Pre-closing EPS impact</p> <ul style="list-style-type: none">• 4Q17 ~\$0.03 dilutive due to pre-funding and deal-related expenses• 1H18 ~\$0.05 dilutive due to pre-funding and onboarding costs <p>Post-closing EPS impact (assuming July 1, 2018 close)</p> <ul style="list-style-type: none">• 2H18 ~\$0.20 dilutive primarily due to allowance build <p>EPS accretive in 2019</p> <p>Return on Assets</p> <ul style="list-style-type: none">• Generally consistent with existing SYF return profile beyond early impacts from allowance build, pre-funding, and onboarding costs
Capital Implications	Transaction is not expected to impact current capital plan announced May 17, 2017

Expanded Strategic Credit Relationship with PayPal

Strategic

- Expands 13+ year successful partnership with leading global digital payments company
 - Acquiring PayPal Credit elevates PayPal to Top 5 partner status at SYF
- Core program acquisition, ability to deliver significant value to the partnership
- Extends reach into attractive, rapidly growing digital payments channel
- Enhances competitive position and leverages our digital capabilities and expertise
- Significant opportunity for growth

Economic

- EPS accretive in 2019, with opportunity for significant growth
- ROA generally consistent with overall business after initial up-front costs and allowance build
- Opportunity to effectively deploy capital at attractive risk-adjusted returns
- Provides opportunity to leverage scale and realize synergies



PayPal and Synchrony Financial Announce Expanded Strategic Credit Relationship

Synchrony Financial to Acquire U.S. Consumer Credit Receivables from PayPal, Companies Extend Co-Brand Credit Card Relationship

SAN JOSE, Calif. and STAMFORD, Conn. – November 16, 2017 – PayPal Holdings, Inc. (NASDAQ: PYPL) and Synchrony Financial (NYSE: SYF) today announced an agreement to significantly expand their strategic consumer credit relationship. Under the terms of the transaction, Synchrony Financial will acquire \$6.8 billion in receivables, including PayPal’s U.S. consumer credit receivables portfolio, which totaled approximately \$5.8 billion in receivables as of October 31, 2017, and approximately \$1 billion in participation interests in receivables held by certain investors and a chartered financial institution. Subject to regulatory approval and other customary conditions, this transaction is expected to close in the third quarter of 2018.

In addition, at closing, PayPal and Synchrony Bank will extend the existing co-brand consumer credit card program agreement, and Synchrony Bank will also become the exclusive issuer of the PayPal Credit online consumer financing program, in the U.S. for 10 years.

“Providing great payments experiences to our customers is at the core of everything we do,” said Dan Schulman, President and CEO of PayPal. “Our expanded relationship with Synchrony Financial will free up cash currently used to fund consumer credit receivables for other uses, while accelerating our ability to deliver engaging credit and payments experiences for our customers. We believe this transaction significantly advances our strategic and financial goals.”

“This collaboration builds on a key partner relationship in the rapidly growing digital payments space and expands our capabilities within the merchant environment,” said Margaret Keane, President and Chief Executive Officer of Synchrony Financial. “The partnership with PayPal extends our expertise in advanced analytics and underwriting across all digital channels, providing deeper insights into the unique needs of the PayPal customer.”

Since 2004, PayPal and Synchrony Bank have partnered to offer PayPal-branded consumer credit card options that enable cardholders to shop online and in stores. PayPal and Synchrony Bank will be expanding their program agreement to include the PayPal Credit online consumer financing program available to PayPal’s U.S. customers. Through this expanded relationship, PayPal will continue to provide access to innovative consumer credit products, while Synchrony Bank will provide program management capabilities. This transaction enables PayPal to control customer-facing activities, which aligns with PayPal’s strategy of enhancing the consumer experience, while simultaneously allowing for more efficient capital allocation.

Online consumer financing has been a strategic offering of the PayPal platform since 2008, and is a proven driver of consumer and merchant engagement. The expanded agreement with Synchrony Bank for both the U.S. PayPal Credit online consumer financing program and the U.S. PayPal-branded consumer credit card program complements PayPal’s successful partnering strategy and allows PayPal to collaborate with

an industry leader to enrich and expand PayPal's consumer credit offerings. The expanded relationship will enable innovative customer experiences by leveraging the joint capabilities and strengths of each company.

BofA Merrill Lynch acted as the financial advisor to PayPal. Morgan Stanley & Co. LLC acted as the financial advisor to Synchrony Financial.

PayPal will host a conference call to discuss the transaction at 5:30 a.m. Pacific Standard Time (PST) today. A live webcast of the conference call, together with a slide presentation that includes supplemental financial information and reconciliations of certain non-GAAP to their most directly comparable GAAP measures, can be accessed through the company's Investor Relations website at <https://investor.paypal-corp.com>. In addition, an archive of the webcast will be accessible for 90 days through the same link.

About PayPal

Fueled by a fundamental belief that having access to financial services creates opportunity, PayPal (Nasdaq: PYPL) is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Our open digital payments platform gives PayPal's 218 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. Through a combination of technological innovation and strategic partnerships, PayPal creates better ways to manage and move money, and offers choice and flexibility when sending payments, paying or getting paid. Available in more than 200 markets around the world, the PayPal platform, including Braintree, Venmo and Xoom, enables consumers and merchants to receive money in more than 100 currencies, withdraw funds in 56 currencies and hold balances in their PayPal accounts in 25 currencies. For more information on PayPal, visit <https://www.paypal.com/about>. For PayPal financial information, visit <https://investor.paypal-corp.com>.

Forward Looking Statements About PayPal

This announcement contains "forward-looking" statements within the meaning of applicable securities laws. Forward-looking statements and information relate to future events and future performance and reflect, among other things PayPal's expectations regarding the anticipated benefits of this transaction and the timing of the closing of the transaction. Forward looking statements may be identified by words such as "seek", "believe", "plan", "estimate", "anticipate", "expect", "intend", and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and any other similar expressions.

Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from the statements made. Factors that could cause or contribute to such differences include, but are not limited to, the timing and possible outcome of regulatory approvals in connection with the transaction, the possibility that the transaction may not close, and the possibility that the anticipated benefits of the transaction may not be realized. More information about these and other factors can be found in PayPal Holdings, Inc.'s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings with the Securities and Exchange Commission (the "SEC"), and its future filings with the SEC.

There are no assurances PayPal can fulfill forward-looking statements and information. Such forward-looking statements and information are only predictions based on current information available to the PayPal management team as of the date that such predictions are made; actual events or results may differ materially as a result of risks facing PayPal, some of which are beyond PayPal's control. Although PayPal believes that any forward-looking statements and information contained in this press release are based on reasonable assumptions, readers cannot be assured that actual outcomes or results will be consistent with such

statements. Accordingly, readers should not place undue reliance on forward-looking statements and information.

About Synchrony Financial

Synchrony Financial (NYSE: SYF) is one of the nation's premier consumer financial services companies. 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 to help generate growth for our partners and offer financial flexibility to our customers. Through our partners' over 365,000 locations across the United States and Canada, and their websites and mobile applications, we offer our customers a variety of credit products to finance the purchase of goods and services. Synchrony Financial offers private label credit cards, Dual Card™, and general purpose co-branded credit cards, promotional financing and installment lending, loyalty programs and FDIC-insured savings products through Synchrony Bank. More information can be found at www.synchronyfinancial.com, facebook.com/SynchronyFinancial, www.linkedin.com/company/synchrony-financial and twitter.com/SYFNews.

*Source: The Nilson Report (June 2017, Issue # 1112) - based on 2016 data.

Forward Looking Statements About Synchrony Financial

This announcement contains certain forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “targets,” “outlook,” “estimates,” “will,” “should,” “may” or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements. 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.

We caution you against relying on any forward-looking statements, including those that are included in our public filings, which should be read in conjunction with the other cautionary statements that are included in our public filings, including under the heading “Risk Factors” in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed on February 23, 2017. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. 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.

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