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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

OR

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

For the transition period from to

Commission File Number: 001-15749

ALLIANCE DATA SYSTEMS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	**31-1429215**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

17655 Waterview Parkway
Dallas, Texas 75252
(Address of Principal Executive Office, Including Zip Code)

(972) 348-5100
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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 definition 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 ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 4, 2008, 64,540,204 shares of common stock were outstanding.

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PART I

Item 1. Financial Statements

ALLIANCE DATA SYSTEMS CORPORATION

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2008	December 31, 2007
	(in thousands)	
ASSETS		
Cash and cash equivalents	$ 378,183	$ 219,210
Due from card associations	3,844	—
Trade receivables, less allowance for doubtful accounts ($6,554 and $6,319 at September 30, 2008 and December 31, 2007, respectively)	228,067	228,582
Seller's interest and credit card receivables, less allowance for doubtful accounts ($22,082 and $38,726 at September 30, 2008 and December 31, 2007, respectively)	373,659	652,434
Deferred tax asset, net	111,660	90,515
Other current assets	112,755	100,834
Assets held for sale	34,897	287,610
Total current assets	1,243,065	1,579,185
Redemption settlement assets, restricted	644,193	317,053
Property and equipment, net	177,224	192,759
Deferred tax asset, net	57,242	38,074
Due from securitizations	488,537	379,268
Intangible assets, net	303,395	343,402
Goodwill	1,165,366	1,185,773
Other non-current assets	114,918	68,080
Total assets	$ 4,193,940	$4,103,594
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 134,128	$ 133,857
Accrued expenses	126,045	206,219
Merchant settlement obligations	67,718	—
Certificates of deposit	314,300	370,400
Credit facilities and other debt, current	276,481	313,589
Other current liabilities	73,219	52,930
Liabilities held for sale	19,459	254,760
Total current liabilities	1,011,350	1,331,755
Deferred revenue	1,141,688	828,348
Certificates of deposit	31,500	—
Long-term and other debt	1,387,257	644,061
Other liabilities	109,955	102,464
Total liabilities	3,681,750	2,906,628
Stockholders' equity:		
Common stock, $0.01 par value; authorized 200,000 shares; issued 88,963 shares and 87,786 shares at September 30, 2008 and December 31, 2007, respectively	890	878
Additional paid-in capital	932,445	898,631
Treasury stock, at cost (23,317 and 9,024 shares at September 30, 2008 and December 31, 2007, respectively)	(1,278,372)	(409,486)
Retained earnings	848,450	682,903
Accumulated other comprehensive income	8,777	24,040
Total stockholders' equity	512,190	1,196,966
Total liabilities and stockholders' equity	$ 4,193,940	$4,103,594

See accompanying notes to unaudited condensed consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands, except per share amounts)			
Revenues				
Transaction	$ 91,017	$ 87,107	$ 257,709	$ 260,602
Redemption	127,925	99,151	376,325	290,551
Securitization income and finance charges, net	140,410	163,862	446,957	506,523
Database marketing fees and direct marketing fees	135,364	126,583	381,481	345,612
Other revenue	16,509	15,324	55,213	36,906
Total revenues	511,225	492,027	1,517,685	1,440,194
Operating expenses				
Cost of operations (exclusive of depreciation and amortization disclosed separately below)	335,117	319,086	1,000,890	932,547
General and administrative	24,344	22,488	57,509	67,007
Depreciation and other amortization	17,363	15,368	52,703	44,036
Amortization of purchased intangibles	16,703	17,380	50,682	49,936
Loss on the sale of assets	—	—	1,052	—
Merger (income) costs	(2,113)	2,134	2,298	8,305
Total operating expenses	391,414	376,456	1,165,134	1,101,831
Operating income	119,811	115,571	352,551	338,363
Interest income	(2,800)	(2,852)	(8,563)	(7,624)
Interest expense	19,304	20,623	56,112	60,129
Income from continuing operations before income taxes	103,307	97,800	305,002	285,858
Provision for income taxes	39,948	36,536	116,995	108,344
Income from continuing operations	63,359	61,264	188,007	177,514
(Income) loss from discontinued operations, net of taxes	(5,900)	32,093	22,460	47,394
Net income	$ 69,259	$ 29,171	$ 165,547	$ 130,120
Basic income per share:				
Income from continuing operations	$ 0.94	$ 0.78	$ 2.53	$ 2.26
Income (loss) from discontinued operations	$ 0.09	$ (0.41)	$ (0.30)	$ (0.60)
Net income per share	$ 1.03	$ 0.37	$ 2.23	$ 1.66
Diluted income per share:				
Income from continuing operations	$ 0.91	$ 0.76	$ 2.47	$ 2.20
Income (loss) from discontinued operations	$ 0.08	$ (0.40)	$ (0.30)	$ (0.59)
Net income per share	$ 0.99	$ 0.36	$ 2.17	$ 1.61
Weighted average shares — basic	67,442	78,201	74,196	78,463
Weighted average shares — diluted	69,689	80,734	76,254	80,770

See accompanying notes to unaudited condensed consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2008	2007
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 165,547	$ 130,120
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	111,377	125,523
Deferred income taxes	17,508	7,173
Provision for doubtful accounts	27,961	24,420
Non-cash stock compensation	36,721	41,384
Fair value gain on interest-only strip	(15,250)	(37,857)
Impairment on disposal group	19,004	39,961
Gain on the sale of assets	(20,661)	—
Change in operating assets and liabilities, net of acquisitions:		
Change in trade accounts receivable	(14,893)	(24,067)
Change in merchant settlement activity	(131,230)	37,341
Change in other assets	(36,739)	(29,216)
Change in accounts payable and accrued expenses	(65,108)	34,560
Change in deferred revenue	395,608	34,864
Change in other liabilities	21,811	(11,159)
Excess tax benefits from stock-based compensation	(2,792)	(6,820)
Purchase of credit card receivables	(23,123)	(5,780)
Proceeds from the sale of credit card receivable portfolios to the securitization trusts	194,897	—
Other	(10,377)	5,402
Net cash provided by operating activities	670,261	365,849
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in redemption settlement assets	(362,384)	(11,402)
Payments for acquired businesses, net of cash acquired	(2,478)	(438,166)
Net decrease in seller's interest and credit card receivables	46,577	11,208
Change in due from securitizations	(59,445)	10,095
Capital expenditures	(37,098)	(78,658)
Proceeds from the sale of businesses	137,960	—
Proceeds from the sale of assets	14,098	—
Other	(4,715)	(13,899)
Net cash used in investing activities	(267,485)	(520,822)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under debt agreements	2,532,971	1,736,000
Repayment of borrowings	(2,648,829)	(1,477,000)
Proceeds from issuance of Convertible Senior Notes	805,000	—
Certificates of deposit issuances	551,800	324,500
Repayments of certificates of deposits	(576,400)	(311,500)
Payment of capital lease obligations	(15,930)	(6,296)
Payment of deferred financing costs	(28,724)	(1,908)
Excess tax benefits from stock-based compensation	2,792	6,820
Proceeds from sale leaseback transactions	34,221	—
Proceeds from issuance of common stock	29,192	20,101
Proceeds from the issuance of Warrants	94,185	—
Payment for Convertible Note Hedges	(201,814)	—
Purchase of treasury shares	(860,093)	(108,536)
Net cash (used in) provided by financing activities	(281,629)	182,181
Effect of exchange rate changes on cash and cash equivalents	(8,803)	8,056
Change in cash and cash equivalents	112,344	35,264
Cash and cash equivalents at beginning of period	265,839	180,075
Cash and cash equivalents at end of period	$ 378,183	$ 215,339
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 56,288	$ 52,539
Income taxes paid, net of refunds	$ 101,666	$ 45,438

See accompanying notes to unaudited condensed consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements included herein have been prepared by Alliance Data Systems Corporation ("ADSC" or, including its wholly owned subsidiaries, the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report filed on Form 10-K for the year ended December 31, 2007, filed with the SEC on February 28, 2008, and the Company's Current Report on Form 8-K filed with the SEC on May 30, 2008, which re-issued certain items of the Company's Annual Report on Form 10-K.

The unaudited condensed consolidated financial statements included herein reflect all adjustments (consisting of normal, recurring adjustments) which are, in the opinion of management, necessary to state fairly the results for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the fiscal year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

For purposes of comparability, certain prior period amounts have been reclassified to conform to the current year presentation. Such reclassifications have no impact on previously reported net income. The Company's unaudited condensed consolidated financial statements have been presented with our merchant and utility services businesses as discontinued operations. All historical statements have been restated to conform to this presentation.

2. TERMINATION OF MERGER

On May 17, 2007, the Company entered into an Agreement and Plan of Merger by and among the Company, Aladdin Solutions, Inc. (f/k/a Aladdin Holdco, Inc., "Parent") and Aladdin Merger Sub, Inc. ("Merger Sub" and together with Parent, the "Blackstone Entities") (the "Merger Agreement"), pursuant to which the Company was to be acquired by affiliates of The Blackstone Group L.P. (the "Merger").

On January 25, 2008, Parent informed the Company in a written notice that it did not anticipate the condition to closing the Merger relating to obtaining approvals from the Office of the Comptroller of the Currency would be satisfied.

On January 30, 2008, the Company filed a lawsuit against the Blackstone Entities in the Delaware Court of Chancery seeking specific performance to compel the Blackstone Entities to comply with their obligations under the Merger Agreement, including their covenants to obtain required regulatory approvals and to consummate the Merger. On February 8, 2008, the Company filed a motion to dismiss this lawsuit without prejudice in response to the Blackstone Entities' confirmation of their commitment to work to consummate the Merger.

On March 17, 2008, the Company notified the Blackstone Entities that they were in breach of the Merger Agreement and demanded that the Blackstone Entities cure the breaches including, among other things, obtaining required regulatory approvals from the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

On April 18, 2008, Parent repudiated the Merger Agreement by sending the Company a notice purporting to terminate the contract. The Company believes that the notice of termination was ineffective because the Merger
Agreement cannot be terminated under the relevant termination provision by a party that is in breach. Subsequently, on April 18, 2008, the Company terminated the Merger Agreement because of the Blackstone Entities' repudiation and their refusal to timely cure their breaches and perform their covenants and agreements, thereby causing specified closing conditions not to be satisfied.

Pursuant to the Merger Agreement, if the Company terminates the Merger Agreement as a result of Parent's or Merger Sub's breach or failure to perform that causes specified closing conditions not to be satisfied, Parent is required to pay, or cause to be paid, to the Company a fee of $170.0 million (the "Business Interruption Fee"). Blackstone Capital Partners V L.P. ("BCP V") provided a limited guarantee pursuant to which, among other things, BCP V guarantees payment of the Business Interruption Fee and up to $3.0 million of other amounts for which the Blackstone Entities are liable under the Merger Agreement. The Company has demanded that Parent pay the Business Interruption Fee, and commenced litigation on April 18, 2008, seeking full and timely payment of this fee by BCP V, as guarantor of the fee, in the New York State Supreme Court (the "New York action").

On April 21, 2008, the Blackstone Entities filed an action for declaratory judgment in the Delaware Court of Chancery against Alliance Data seeking an order declaring that, among other things, the Blackstone Entities are not in breach of the Merger Agreement and that they are not obligated to pay the Business Interruption Fee (the "Delaware declaratory judgment action").

On May 30, 2008, the Company filed a breach of contract action in the Delaware Court of Chancery against BCP V, Parent and Merger Sub seeking payment of the Business Interruption Fee (the "Delaware contract action").

Pursuant to the parties' agreement, the New York action was stayed pending completion of the Delaware contract action, and the Blackstone Entities voluntarily dismissed the Delaware declaratory judgment action. The Company filed an amended complaint in the Delaware contract action on June 25, 2008, asserting the same claims seeking payment of the Business Interruption Fee, though Merger Sub was dropped as a defendant. The remaining defendants, BCP V and Parent, filed a motion to dismiss the amended complaint on July 14, 2008. The Company filed its opposition brief to the motion to dismiss on August 13, 2008, and defendants filed their reply brief on August 27, 2008. A hearing on the motion to dismiss was held on October 17, 2008.

In July 2008, the Company received $3.0 million from the Blackstone Entities as reimbursement of certain costs incurred by the Company related to the Blackstone Entities' financing of the proposed merger. For the nine months ended September 30, 2008, the Company recorded merger costs of approximately $2.3 million consisting of legal, accounting and other costs incurred by the Company associated with the Merger in excess of the $3.0 million reimbursement received from the Blackstone Entities.

3. SHARES USED IN COMPUTING NET INCOME PER SHARE

The following table sets forth the computation of basic and diluted net income per share for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands, except per share amounts)			
Numerator				
Income from continuing operations	$63,359	$61,264	$188,007	$177,514
(Income) loss from discontinued operations	(5,900)	32,093	22,460	47,394
Net income	$69,259	$29,171	$165,547	$130,120
Denominator				
Weighted average shares, basic	67,442	78,201	74,196	78,463
Weighted average effect of dilutive securities:				
Net effect of unvested restricted stock	979	859	754	723
Net effect of dilutive stock options	1,268	1,674	1,304	1,584
Denominator for diluted calculation	69,689	80,734	76,254	80,770
Basic				
Income from continuing operations per share	$ 0.94	$ 0.78	$ 2.53	$ 2.26
Income (loss) from discontinued operations per share	$ 0.09	$ (0.41)	$ (0.30)	$ (0.60)
Net income per share	$ 1.03	$ 0.37	$ 2.23	$ 1.66
Diluted				
Income from continuing operations per share	$ 0.91	$ 0.76	$ 2.47	$ 2.20
Income (loss) from discontinued operations per share	$ 0.08	$ (0.40)	$ (0.30)	$ (0.59)
Net income per share	$ 0.99	$ 0.36	$ 2.17	$ 1.61

4. DISPOSITIONS

In March 2008, the Company determined that its merchant and utility services businesses were not aligned with the Company's long-term strategy and committed to a plan of disposition and began exploring the potential sale of these businesses. In accordance with the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), these businesses are reported as discontinued operations in this Quarterly Report on Form 10-Q. The results of operations for all periods presented have been reclassified to reflect these businesses as discontinued operations.

In May 2008, the Company entered into an agreement with Heartland Payment Systems, Inc. ("Heartland") to sell the merchant services business for approximately $77.5 million, of which $1.5 million was held in escrow. The sale was completed on May 30, 2008, and the Company received net proceeds of approximately $90.3 million, which included approximately $14.3 million for the payment of net working capital. In connection with the sale, the Company recognized a pretax gain of approximately $29.0 million, which has been included in (income) loss from discontinued operations. In connection with the sale, the Company entered into an interim transition services agreement with Heartland for a period of nine months to provide card processing and certain other services to Heartland's merchants, including receipt of funds from card associations and settlement through the Company's private label credit card banking subsidiary, World Financial Network National Bank.

In July 2008, the Company entered into a definitive agreement with VTX Holdings Limited, and its subsidiaries Vertex U.S. Holdings II Inc. and Vertex Canada Holdings II Limited to sell the majority of the utility

services business (excluding certain retained assets and liabilities). The sale was completed on July 25, 2008, and the Company received net proceeds of approximately $47.7 million. As a result of the sale, the Company recorded a pretax loss of approximately $20.6 million for the nine months ended September 30, 2008. Additionally, in March 2008, the Company recorded a $15.0 million impairment charge of goodwill based on the estimated enterprise value of the utility services business.

The Company retained one disposal group associated with the utility services business and recorded an impairment charge of $4.0 million in June 2008. The Company is currently exploring the potential sale of the disposal group, which is expected to be completed by March 2009.

The assets and liabilities of the discontinued operations are presented in the condensed consolidated balance sheets as assets held for sale and liabilities held for sale. The underlying assets and liabilities of the discontinued operations for the periods presented are as follows:

	September 30, 2008	December 31, 2007
	(in thousands)	
Assets:		
Cash and cash equivalents	$ —	$ 46,630
Due from card associations	—	21,456
Trade receivables, net	33,066	78,410
Other assets	1,823	15,016
Property and equipment, net	8	56,030
Intangible assets, net	—	20,493
Goodwill	—	49,575
Assets held for sale	$ 34,897	$ 287,610
Liabilities:		
Accounts payable	$ —	$ 933
Accrued expenses	17,455	21,892
Merchant settlement obligations	—	216,560
Capital lease obligations	—	2,455
Other liabilities	2,004	12,920
Liabilities held for sale	$ 19,459	$ 254,760

The following table summarizes the operating results of the discontinued operations.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands)			
Revenue	$22,101	$ 83,499	$162,097	$248,288
Loss before provision for income taxes	3,983	49,133	34,449	72,544
Benefit from income taxes[1]	(9,883)	(17,040)	(11,989)	(25,150)
(Income) loss from discontinued operations	$ (5,900)	$ 32,093	$ 22,460	$ 47,394

(1) The benefit from income taxes for the three months ended September 30, 2008 was impacted by the ability of the Company to utilize previously unrealized tax benefits as the result of the sale of the majority of its utility services business.

5. SELLER'S INTEREST AND CREDIT CARD RECEIVABLES

In June 2008, the Company sold a portfolio of credit card receivables to its securitization trusts. The Company sold a net principal balance of $100.7 million, for which the Company received cash of $91.9 million

and retained $8.8 million in a spread deposit account that is included in due from securitizations in the condensed consolidated balance sheet. The gain on the sale was approximately $5.0 million, which is included in securitization income and finance charges, net in the condensed consolidated statement of income.

In September 2008, the Company sold a portfolio of credit card receivables to its securitization trusts. The Company sold a net principal balance of $130.4 million, for which the Company received cash of $103.0 million and retained $14.0 million in a cash collateral account along with an interest in Class C bonds of $13.4 million, both of which are included in due from securitizations in the condensed consolidated balance sheet. The gain on the sale was approximately $7.0 million, which is included in securitization income and finance charges, net in the condensed consolidated statement of income.

6. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

Intangible assets consist of the following:

	September 30, 2008			
	Gross Assets	Accumulated Amortization	Net	Amortization Life and Method
		(in thousands)		
Finite Lived Assets				
Customer contracts and lists	$ 186,428	$ (90,159)	$ 96,269	5-10 years — straight line
Premium on purchased credit card portfolios	72,422	(33,614)	38,808	5-10 years — straight line, accelerated
Collector database	65,758	(53,348)	12,410	30 years —15% declining balance
Customer databases	161,068	(36,144)	124,924	4-10 years — straight line
Noncompete agreements	2,514	(1,440)	1,074	2-5 years — straight line
Favorable lease	1,000	(818)	182	4 years — straight line
Tradenames	11,703	(2,049)	9,654	4-10 years — straight line
Purchased data lists	12,313	(4,589)	7,724	1-5 years — straight line, accelerated
	$ 513,206	$ (222,161)	$ 291,045	
Indefinite Lived Assets				
Tradenames	12,350	—	12,350	Indefinite life
Total intangible assets	$ 525,556	$ (222,161)	$ 303,395	

	December 31, 2007			
	Gross Assets	Accumulated Amortization	Net	Amortization Life and Method
		(in thousands)		
Finite Lived Assets				
Customer contracts and lists	$ 186,428	$ (71,330)	$ 115,098	5-10 years — straight line
Premium on purchased credit card portfolios	70,664	(29,203)	41,461	5-10 years — straight line, accelerated
Collector database	71,358	(56,093)	15,265	30 years —15% declining balance
Customer databases	161,713	(20,096)	141,617	4-10 years — straight line
Noncompete agreements	2,160	(1,308)	852	2-5 years — straight line
Favorable lease	1,000	(614)	386	4 years — straight line
Tradenames	11,262	(1,154)	10,108	4-10 years — straight line
Purchased data lists	8,656	(2,391)	6,265	1-5 years — straight line, accelerated
	$ 513,241	$ (182,189)	$ 331,052	
Indefinite Lived Assets				
Tradenames	12,350	—	12,350	Indefinite life
Total intangible assets	$ 525,591	$ (182,189)	$ 343,402	

Goodwill

The changes in the carrying amount of goodwill for the nine months ended September 30, 2008 are as follows:

	Loyalty Services	Epsilon Marketing Services	Private Label Credit	Private Label Services	Total
			(in thousands)		
December 31, 2007	$248,996	$675,045	$ —	$ 261,732	$1,185,773
Goodwill acquired during the period	1,090	—	—	—	1,090
Effects of foreign currency translation	(18,651)	(3,109)	—	—	(21,760)
Other, primarily final purchase price adjustments	—	263	—	—	263
September 30, 2008	$231,435	$672,199	$ —	$ 261,732	$1,165,366

7. DEFERRED REVENUE

A reconciliation of deferred revenue for the AIR MILES® Reward Program is as follows:

	Deferred Revenue		
	Service	Redemption	Total
		(in thousands)	
December 31, 2007	$ 272,317	$ 556,031	$ 828,348
Cash proceeds	135,719	281,127	416,846
Cash proceeds from the assumption of the BMO liability	—	369,858	369,858
Revenue recognized	(107,515)	(283,304)	(390,819)
Other	—	(1,832)	(1,832)
Effects of foreign currency translation	(22,587)	(58,126)	(80,713)
September 30, 2008	$ 277,934	$ 863,754	$1,141,688

In May 2008, the Loyalty Services segment secured a comprehensive long-term renewal and expansion agreement with BMO Bank of Montreal (“BMO”), as a sponsor in its AIR MILES® Reward Program, pursuant to which BMO transferred to the Company the responsibility of reserving for costs associated with the redemption of AIR MILES reward miles issued by BMO as a sponsor. Under the terms of the agreement, BMO paid the Company approximately $369.9 million for the assumption of that liability, all of which was placed in our redemption settlement asset account to be utilized to cover the cost of redemptions of outstanding AIR MILES reward miles issued by BMO under the previous arrangement. Historically, due to the nature of their contractual arrangement, miles issued by BMO have been excluded from the Company’s estimate of breakage as BMO had the responsibility of redemption, and therefore, no breakage estimate was required. However, changing the nature of the agreement required the Company to include these miles in its analysis, which impacted the redemption rate and the Company’s estimate of breakage. After evaluating the impact of this transaction, the Company changed its estimate of breakage from one-third to 28%. The change in estimate had no impact on the total redemption liability, but will reduce the amount of deferred breakage within the redemption liability that is expected to be recognized over the expected life of the mile. The change in estimate did not have a material impact to the Company’s condensed consolidated financial statements in the current period, nor does the Company expect it to have a material impact on future periods.

8. DEBT

Debt consists of the following:

	September 30, 2008	December 31, 2007
	(in thousands)	
Certificates of deposit	$ 345,800	$ 370,400
Senior notes	500,000	500,000
Convertible senior notes	805,000	—
Bridge loan facility	—	300,000
Credit facilities	293,000	121,000
Capital lease obligations and other debt	65,738	36,650
	2,009,538	1,328,050
Less: current portion	(590,781)	(683,989)
Long-term portion	$ 1,418,757	$ 644,061

Certificates of Deposit

Terms of the certificates of deposit range from three months to 24 months with annual interest rates ranging from 2.9% to 5.5% and 5.0% to 5.7% at September 30, 2008 and December 31, 2007, respectively. Interest is paid monthly and at maturity.

Convertible Senior Notes

In July 2008, the Company issued $700.0 million aggregate principal amount of convertible senior notes due 2013 (the “Convertible Notes”). The Company granted to the initial purchasers of the Convertible Notes an option to purchase up to an additional $105.0 million aggregate principal amount of the Convertible Notes solely to cover over-allotments, if any, which was exercised in full on August 4, 2008. Holders of the Convertible Notes have the right to require the Company to repurchase for cash all or some of their Convertible Notes upon the occurrence of certain fundamental changes.

The Convertible Notes are governed by an indenture dated July 29, 2008 between the Company and the Bank of New York Mellon Trust Company, National Association, as trustee. Pursuant to the indenture, the Convertible Notes are general unsecured senior obligations of the Company, and pay interest semi-annually in arrears at a rate of 1.75% per annum on February 1 and August 1 of each year beginning February 1, 2009, will be convertible during certain periods and under certain circumstances and, subject to earlier repurchase by the Company or conversion, will mature on August 1, 2013. The Company may not redeem the Convertible Notes prior to their maturity date.

Holders may convert their Convertible Notes at their option at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date of the Convertible Notes, in equal multiples of $1,000 principal amounts, under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) after the fiscal quarter ending December 31, 2008, if the last reported sale price of the Company’s common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of $78.50 of the Convertible Notes on the last day of such preceding fiscal quarter;
- during the five business-day period after any five consecutive trading-day period, or the measurement period, in which the trading price per $1,000 principal amount of the Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sales price of the Company’s common stock and the conversion rate of the Convertible Notes on each such day; or
- upon the occurrence of certain specified corporate transactions.

In addition, holders may convert their Convertible Notes at their option at any time beginning on April 2, 2013 and ending on the close of business on the second scheduled trading day immediately preceding the maturity date, without regard to the foregoing circumstances.

Upon conversion, holders of the Convertible Notes will receive, at the election of the Company, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock based on the applicable conversion rate at such time. The Convertible Notes have an initial conversion rate of 12.7392 shares of common stock per $1,000 principal amount of the Convertible Notes (which is equal to an initial conversion price of approximately $78.50 per share), representing an initial conversion premium of approximately 22.5% above the closing price of $64.08 per share of the Company's common stock on July 23, 2008.

Concurrently with the pricing of the Convertible Notes, on July 23, 2008, the Company entered into convertible note hedge transactions with respect to its common stock (the "Convertible Note Hedges") with J.P. Morgan Securities Inc., as agent to JPMorgan Chase Bank, National Association, London Branch, and Bank of America, N.A., affiliates of two of the initial purchasers (together, the "Hedge Counterparties"). The Convertible Note Hedges cover, subject to customary anti-dilution adjustments, approximately 8.9 million shares of the Company's common stock at an initial strike price equal to the initial conversion price of the Convertible Notes. Following the exercise of the over-allotment in full on August 4, 2008, the Convertible Note Hedges, cover, subject to customary anti-dilution adjustments, approximately 1.3 million additional shares of the Company's common stock.

Separately but also concurrently with the pricing of the Convertible Notes, on July 23, 2008, the Company entered into warrant transactions (the "Warrants") whereby it sold to the Hedge Counterparties warrants to acquire, subject to customary anti-dilution adjustments, up to approximately 8.9 million shares of its common stock at an initial strike price of approximately $112.14. Following the exercise of the over-allotment in full on August 4, 2008, the Warrants were also amended with each of the Hedge Counterparties to permit them to acquire, subject to customary anti-dilution adjustments, up to approximately 1.3 million additional shares of the Company's common stock. The amended Warrants will be exercisable and will expire in 79 equal tranches of 64,094 Warrants and an 80th tranche of 64,102 Warrants with respect to each of the Hedge Counterparties beginning on October 30, 2013 and continuing on each business day through February 25, 2014.

The cost of the Convertible Note Hedges, taking into account the proceeds to the Company from the sale of the Warrants, was approximately $93.6 million. The Convertible Note Hedges and Warrants allowed the Company to buy out the economic dilution to a higher conversion price of $112.14. The cost of the additional Convertible Note Hedges, taking into account the proceeds to the Company from the sale of the additional Warrants, related to the exercise of the over-allotment on August 4, 2008, was $14.0 million. The Company accounted for the Convertible Note Hedges and Warrants in accordance with the guidance in EITF Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF No. 00-19"). The Convertible Note Hedges and Warrants meet the requirements under EITF No. 00-19 to be accounted for as equity instruments. Accordingly, the cost of the Convertible Note Hedges and the proceeds from the sale of the Warrants are included in additional paid-in capital in the condensed consolidated balance sheet at September 30, 2008.

In May 2008, Financial Accounting Standards Board ("FASB") issued Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion ("FSP APB No. 14-1"). FSP APB No. 14-1 requires that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. FSP APB No. 14-1 will be effective for the Company as of January 1, 2009 and will require retrospective application.

Credit Facilities

Bridge Loan Facility

The bridge loan facility was repaid in full with the proceeds from the Convertible Notes and terminated according to its terms effective July 29, 2008.

Revolving Credit Facility

In July 2008, the Company exercised the $210.0 million accordion feature of its revolving credit facility, which allowed the Company to increase the capacity of its existing $540.0 million unsecured line of credit to a $750.0 million unsecured line of credit.

The weighted average interest rate on the revolving credit facility was 4.0% as of September 30, 2008.

Wachovia Bank Facility

In June 2008, the Company, as borrower, and ADS Alliance Data Systems, Inc., ADS Foreign Holdings, Inc., Alliance Data Foreign Holdings, Inc., Epsilon Marketing Services, LLC and Epsilon Data Management, LLC, as guarantors, entered into a credit agreement with Wachovia Bank, National Association, as administrative agent (the "Wachovia Facility"), which provided for loans to the Company in a maximum amount of $150.0 million. At the closing of the Wachovia Facility, the Company borrowed $150.0 million to fund its obligations with respect to share repurchases under an accelerated stock repurchase agreement. The Wachovia Facility was unsecured. The loans under the Wachovia Facility were scheduled to mature September 18, 2008 and were paid in full with a portion of the net proceeds from the issuance of the Convertible Notes. The Wachovia Facility was terminated according to its terms effective July 29, 2008.

Capital Lease Obligations and Other Debt

For the nine months ended September 30, 2008, the Company entered into certain sale-lease back transactions that resulted in proceeds of approximately $34.2 million and a deferred gain of $13.1 million. The leases have been reflected as capital lease obligations and the gain is being amortized over the expected lease term in proportion to the leased assets. In addition, in April 2008, the Company entered into a loan agreement for approximately $14.2 million, which is secured by certain equipment and matures in three years.

9. STOCKHOLDER'S EQUITY

Stock Repurchase Programs

During 2005 and 2006, the Board of Directors authorized three stock repurchase programs to acquire up to an aggregate of $900.0 million of the Company's outstanding common stock through December 2008. From May 17, 2007 through April 18, 2008, the date of termination of the Merger Agreement, the Company did not purchase any additional shares under the third stock repurchase program. On May 6, 2008, the Company's Board of Directors authorized resuming the existing repurchase program.

In July 2008, the Company established a new repurchase program, pursuant to which, during the period beginning on July 17, 2008 and ending December 31, 2009, the Company may repurchase shares of its common stock at an aggregate price not to exceed $1.3 billion, or such lesser amount as may be permitted pursuant to the terms of the credit agreements or otherwise.

In June 2008, the Company entered into a $150.0 million accelerated share repurchase agreement (the "ASR Agreement"), with Wachovia Bank, National Association ("Wachovia"). Pursuant to the ASR Agreement, on June 18, 2008, the Company initially purchased 2,212,716 shares of its common stock at a price per share of $67.79. Under the ASR Agreement, Wachovia then purchased an equivalent of $150.0 million of the Company's

common stock in the open market. In a final settlement with Wachovia, on July 2, 2008, the Company received an additional 418,805 shares of common stock based upon the volume weighted average price of its common stock purchased by Wachovia during the period less a specified discount. As a result of this transaction, the Company purchased a total of 2,631,521 shares of its common stock at a settlement price per share of $57.00.

For the nine months ended September 30, 2008, the Company acquired a total of 14,293,008 shares of its common stock for approximately $868.9 million. These purchases included amounts under the ASR Agreement described above and 4,329,900 shares acquired for approximately $277.5 million in connection with the offering of the Convertible Notes in July 2008.

Stock Compensation Expense

Total stock-based compensation expense recognized in the Company's condensed consolidated statements of income for the three and nine months ended September 30, 2008 and 2007, respectively, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands)			
Cost of operations	$10,307	$ 6,372	$19,028	$17,114
General and administrative	6,884	8,166	12,165	18,043
Total	$17,191	$14,538	$31,193	$35,157

Stock-based compensation expense for the merchant services and utility services businesses was approximately $4.8 million and $2.8 million for the three months ended September 30, 2008 and 2007, respectively, and $5.5 million and $6.2 million for the nine months ended September 30, 2008 and 2007, respectively. These amounts have been included in the (income) loss from discontinued operations.

During 2007, the vesting provisions of certain shares of restricted stock and stock options issued to certain employees were modified. The service conditions of these awards were accelerated in connection with the anticipated termination and the termination of these employees. The terms were modified such that should the Merger, as discussed in Note 2, be completed before the Merger Agreement expired or was otherwise terminated, the employee would receive the consideration as set forth in the Merger Agreement. With the termination of the Merger Agreement, the employees did not receive the additional consideration and the Company reversed approximately $6.0 million of compensation expense in the second quarter of 2008, of which $1.2 million was included in (income) loss from discontinued operations.

On April 23, 2008, the Company's Board of Directors approved the cancellation of awards of 67,290 service-based restricted stock units previously granted to certain executive management on December 21, 2007. These awards were replaced with an award granted on April 23, 2008. The total compensation cost reflects the portion of the grant-date fair value of the original award for which the requisite service period was rendered at the date of cancellation plus the incremental cost resulting from the cancellation and replacement.

Subsequent to the termination of the Merger Agreement in April 2008, the Company awarded both service-based and performance-based restricted stock units. The fair value of restricted stock is determined on the date of grant. In accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"), the Company recognizes stock-based compensation expense, net of estimated forfeitures, over the applicable service period. Service-based restricted stock awards typically vest ratably over a three year period. Performance-based restricted stock awards vest if specified performance measures tied to the Company's financial performance are met. During 2008, the Company issued 1,469,677 service-based restricted stock awards and 1,777,698 performance-based restricted stock awards with a weighted average grant date fair value per share of $56.69.

In connection with the sale of the merchant services business, the vesting provisions of the awards for certain employees associated with the business were accelerated on the date of sale and the Company recorded incremental stock-based compensation expense of approximately $0.7 million, which was included in the (income) loss from discontinued operations during the second quarter of 2008.

In connection with the sale of the utility services business, the vesting provisions of the awards for certain employees associated with the business were accelerated on the date of sale and the Company recorded incremental stock-based compensation expense of approximately $4.1 million, which has been included in the (income) loss from discontinued operations during the third quarter of 2008.

Employee Stock Purchase Plan

The Company has an Amended and Restated Employee Stock Purchase Plan (the "ESPP"), which provides for three month offering periods, commencing on the first trading day of each calendar quarter and ending on the last trading day of each calendar quarter. The purchase price of the common stock is 85% of the fair market value of shares on the applicable purchase date as determined by averaging the high and low trading prices of the last trading day of each quarter. An employee may elect to pay the purchase price of such common stock through payroll deductions. The maximum number of shares that were reserved for issuance under the ESPP is 1,500,000 shares, subject to adjustment as provided in the ESPP. Employees are required to hold any stock purchased through the ESPP for 180 days prior to any sale or withdrawal of shares. In accordance with SFAS No. 123R, the Company has recorded compensation expense equal to the difference between the fair value of the stock and the purchase price of the stock.

In connection with the Merger, the Company closed the ESPP to further contributions as of June 29, 2007. In June 2008, the Compensation Committee of the Company's Board of Directors authorized re-opening the ESPP and employee contributions commenced during the third quarter of 2008. During the three months ended September 30, 2008, the Company issued 17,354 shares under the ESPP at a weighted-average issue price of $51.97.

10. INCOME TAXES

For the three months ended September 30, 2008 and September 30, 2007, the Company has utilized an effective tax rate of 38.7 % and 37.4%, respectively, and 38.4% and 37.9% for each of the nine month periods ended September 30, 2008 and 2007, respectively, to calculate its provision for income taxes. In accordance with Accounting Principles Board Opinion No. 28, "Interim Financial Reporting," this effective tax rate is the Company's expected annual effective tax rate for calendar year 2008 based on all known variables.

11. COMPREHENSIVE INCOME

The components of comprehensive income, net of tax effect, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands)			
Net income	$69,259	$29,171	$165,547	$130,120
Unrealized (loss) gain on securities available-for-sale	(2,015)	1,535	(534)	1,260
Reclassification adjustment for the foreign currency translation gain realized upon the sale of the utility services business	(7,535)	—	(7,535)	—
Foreign currency translation adjustments	(6,318)	6,981	(7,192)	14,465
Total comprehensive income	$53,391	$37,687	$150,286	$145,845

12. SEGMENT INFORMATION

Beginning with the first quarter of 2008, the Company reorganized its businesses into four reportable operating segments as follows:

- Loyalty Services, which includes the Company's Canadian AIR MILES Reward Program;
- Epsilon Marketing Services, which provides integrated direct marketing solutions that combine database marketing technology and analytics with a broad range of direct marketing services;
- Private Label Services, which includes transaction processing, customer care and collections services for the Company's private label and other retail card programs; and
- Private Label Credit, which includes risk management solutions, account origination and funding services for the Company's private label and other retail card programs.

In addition, corporate and all other immaterial businesses will be reported collectively as an "all other" category labeled "Corporate/Other." As discussed in Note 4, the Company's merchant services and utility services business units have been classified as discontinued operations.

	Loyalty Services	Epsilon Marketing Services	Private Label Services	Private Label Credit	Corporate / Other	Elimination	Total
				(in thousands)			
Three months ended September 30, 2008							
Revenues	$ 187,657	$ 130,895	$ 94,678	$ 182,357	$ 7,689	$ (92,051)	$ 511,225
Adjusted EBITDA[1]	49,018	40,097	30,562	59,666	(9,337)	—	170,006
Depreciation and amortization	7,016	18,681	2,226	2,955	3,188	—	34,066
Stock compensation expense	3,957	3,545	2,292	513	6,884	—	17,191
Merger and other costs (income)[2]	—	(5)	—	—	(1,057)	—	(1,062)
Operating income	38,045	17,876	26,044	56,198	(18,352)	—	119,811
Interest expense, net	—	—	—	—	16,504	—	16,504
Income from continuing operations before income taxes	38,045	17,876	26,044	56,198	(34,856)	—	103,307
Three months ended September 30, 2007							
Revenues	$ 150,305	$ 122,865	$ 92,553	$ 207,587	$ 8,633	$ (89,916)	$ 492,027
Adjusted EBITDA[1]	35,519	36,818	24,223	89,041	(16,694)	—	168,907
Depreciation and amortization	6,146	18,794	2,009	2,776	3,023	—	32,748
Stock compensation expense	1,833	2,870	1,293	190	8,352	—	14,538
Merger and other costs[2]	—	—	—	—	6,050	—	6,050
Operating income	27,540	15,154	20,921	86,075	(34,119)	—	115,571
Interest expense, net	—	—	—	—	17,771	—	17,771
Income before income taxes	27,540	15,154	20,921	86,075	(51,890)	—	97,800

	Loyalty Services	Epsilon Marketing Services	Private Label Services	Private Label Credit	Corporate / Other	Elimination	Total
				(in thousands)			
Nine months ended September 30, 2008							
Revenues	$ 559,490	$ 361,744	$ 285,028	$ 579,011	$ 9,760	$ (277,348)	$ 1,517,685
Adjusted EBITDA[1]	143,313	90,189	87,375	210,376	(34,771)	—	496,482
Depreciation and amortization	23,681	56,740	6,725	8,587	7,652	—	103,385
Stock compensation expense	8,386	5,091	4,277	1,274	12,165	—	31,193
Merger and other costs[2]	—	2,633	1,435	—	4,233	—	8,301
Loss on the sale of assets	—	—	—	—	1,052	—	1,052
Operating income	111,246	25,725	74,938	200,515	(59,873)	—	352,551
Interest expense, net	—	—	—	—	47,549	—	47,549
Income from continuing operations before income taxes	111,246	25,725	74,938	200,515	(107,422)	—	305,002
Nine months ended September 30, 2007							
Revenues	$ 435,349	$ 330,816	$ 281,995	$ 633,654	$ 30,002	$ (271,622)	$ 1,440,194
Adjusted EBITDA[1]	93,310	81,354	81,346	278,375	(54,672)	—	479,713
Depreciation and amortization	17,637	52,623	6,527	8,394	8,791	—	93,972
Stock compensation expense	5,559	7,375	3,950	585	17,688	—	35,157
Merger and other costs[2]	—	—	—	—	12,221	—	12,221
Operating income	70,114	21,356	70,869	269,396	(93,372)	—	338,363
Interest expense, net	—	—	—	—	52,505	—	52,505
Income before income taxes	70,114	21,356	70,869	269,396	(145,877)	—	285,858

(1) Adjusted EBITDA is a non-GAAP financial measure equal to income from continuing operations, the most directly comparable GAAP financial measure, plus stock compensation expense, provision for income taxes, interest expense, net, loss on the sale of assets, merger and other costs, depreciation and other amortization and amortization of purchased intangibles. Adjusted EBITDA is presented in accordance with Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131") as it is a primary performance metric by which senior management is evaluated.

(2) Merger costs represent advisory, legal, accounting and other costs. Other costs represent compensation charges related to integration and cost savings initiatives and other non-routine costs associated with the disposition of non-core operations.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). In February 2008, FASB issued FASB Staff Position No. 157-2, "Effective Date of FASB Statement No. 157", which provides a one year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at

least annually. Therefore, the Company has adopted the provisions of SFAS No. 157 with respect to its financial assets and liabilities only. Although the adoption of SFAS No. 157 did not materially impact the Company's financial condition, results of operations, or cash flow, the Company is required to provide additional disclosures as part of its financial statements.

SFAS No. 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1, defined as observable inputs such as quoted prices in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table provides the assets carried at fair value measured on a recurring basis as of September 30, 2008:

	Carrying Value at September 30, 2008	Fair Value Measurements at September 30, 2008 Using		
		Level 1	Level 2	Level 3
		(in thousands)		
Government bonds[1]	$ 55,150	$ 55,150	$ —	$ —
Corporate bonds[1]	273,473	237,677	35,796	—
Other available-for-sale securities[2]	19,988	19,988	—	—
Residual interest in securitization trust[3]	154,787	—	154,787	—
Spread deposits[3]	154,172	—	—	154,172
Interest-only strip[3]	168,378	—	—	168,378
Total assets measured at fair value	$ 825,948	$ 312,815	$ 190,583	$ 322,550

(1) Amounts are included in redemption settlement assets in the condensed consolidated balance sheet.

(2) Amounts are included in other current and non-current assets in the condensed consolidated balance sheet.

(3) Amounts are included in due from securitizations in the condensed consolidated balance sheet.

The following table summarizes the changes in fair value of the Company's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in SFAS No. 157 as of September 30, 2008:

	Three Months Ended September 30, 2008		Nine Months Ended September 30, 2008	
	Spread Deposits	Interest Only Strip	Spread Deposits	Interest Only Strip
	(in thousands)			
Balance as of the beginning of the period	$ 134,081	$ 172,027	$ 125,624	$ 154,735
Total (losses) gains (realized or unrealized)				
Included in earnings	(983)	(1,150)	(581)	15,250
Included in other comprehensive income	—	(2,499)	—	(1,607)
Transfers in or out of Level 3	21,074	—	29,129	—
Balance as of September 30, 2008	$ 154,172	$ 168,378	$ 154,172	$ 168,378
(Losses) gains for the period included in earnings attributable to the change in unrealized gains or losses related to assets still held at September 30, 2008	$ (983)	$ (1,150)	$ (581)	$ 15,250

Losses and gains included in earnings for both the spread deposits and the interest-only strip are included in securitization income and finance charges, net.

The following table provides the assets carried at fair value measured on a nonrecurring basis as of September 30, 2008:

	Carrying Value at September 30, 2008	Fair Value Measurements at September 30, 2008 Using			Total Losses
		Level 1	Level 2	Level 3	
			(in thousands)		
Goodwill[1]	$ —	$ —	$ —	$ —	$ 26,185
Long-lived assets held for sale[2]	50,000	—	—	50,000	19,215
Total assets measured at fair value	$ 50,000	$ —	$ —	$50,000	$ 45,400

(1) In accordance with the provisions of Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets,” goodwill associated with discontinued operations with a carrying amount of $26.2 million was written down to $0, resulting in an impairment charge of $26.2 million. Goodwill was included in the condensed consolidated balance sheets in assets held for sale and the impairment charge is included in (income) loss from discontinued operations.

(2) In accordance with SFAS No. 144, long-lived assets held for sale with a carrying amount of $69.2 million were written down to reflect a fair value of $50.0 million, less costs to sell of approximately $2.5 million, resulting in a loss of $19.2 million, which is include in (income) loss from discontinued operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto presented in this quarterly report and the audited consolidated financial statements and related notes thereto included in our Annual Report filed on Form 10-K for the year ended December 31, 2007 filed with the SEC on February 28, 2008 and the Company's Current Report on Form 8-K filed with the SEC on May 30, 2008, which re-issued certain items of the Company's Annual Report on Form 10-K.

Year in Review Highlights

Our results for the first nine months of 2008 included the following new and renewed agreements with significant clients and continued selective execution of our acquisition and disposition strategy:

- In January 2008, we announced the signing of a multi-year agreement with Sharper Image Corporation to provide an integrated private label credit card program and provide permission-based email marketing services for Sharper Image.
- In February 2008, we announced that Century 21 Canada has signed a multi-year renewal agreement as a national sponsor in our AIR MILES Reward Program.
- In February 2008, we announced that InterContinental Hotels Group has signed a multi-year renewal agreement as a sponsor in our AIR MILES Reward Program.
- In March 2008, we announced the signing of a long-term agreement with specialty retailer Hot Topic, Inc. to provide private label credit card services for its Torrid-branded stores.
- In March 2008, we announced the completion of a new financing facility with Barclays Capital by our private label credit card banking subsidiary, World Financial Network National Bank, to accommodate 88 percent of their upcoming maturity of $600.0 million of asset-backed bonds.
- In March 2008, we announced a disposition plan related to the our merchant services and utility services business units based on the conclusion that these business units no longer fit with our business strategy of being a leading provider of data-driven and transaction-based marketing and customer loyalty solutions.
- In April 2008, we announced that our private label credit card banking subsidiary, World Financial Network National Bank, completed the renewal of its $400.0 million conduit facility.
- In April 2008, we announced that Citicorp Credit Services, Inc. has signed a multi-year expansion agreement to design and implement a customized database marketing and analytic platform, including a marketing datamart, campaign management engine, and analysis and reporting tool within Citi's ThankYou® Network.
- In April 2008, we announced the termination of the May 17, 2007, merger agreement providing for the acquisition of Alliance Data by affiliates of the Blackstone Group.
- In April 2008, we announced that RONA Inc., a top-5 AIR MILES' sponsor and Canadian distributor and retailer of hardware, home renovation and gardening products, has signed a multi-year renewal agreement as a national sponsor in our AIR MILES Reward Program.
- In May 2008, we announced the signing of a multi-year contract extension with specialty retailer Dress Barn, Inc. to continue providing private label credit card services for their Dress Barn and Maurice's-branded stores.
- In May 2008, we signed a comprehensive long-term renewal and expansion agreement with BMO Bank of Montreal, as a sponsor in our AIR MILES Reward Program, pursuant to which BMO Bank of Montreal transferred to us the responsibility of reserving for costs associated with the redemption of AIR MILES reward miles issued by BMO Bank of Montreal as a sponsor.
- In May 2008, we completed the sale of our merchant services business to Heartland Payments Systems, Inc.

- In June 2008, we announced the signing of a multi-year renewal agreement with multi-channel home furnishings retailer Crate and Barrel to continue providing private label credit card services for its in-store, web and catalog sales channels.
- In June 2008, we announced the signing of a multi-year extension agreement with Nestlé Purina PetCare Company for to continue to host and manage Nestlé Purina's multi-brand interactive marketing database platform.
- In June 2008, we announced the signing of a long-term agreement with PD Financial Corporation to provide private label credit card services for its catalog and web channels when PD Financial launches its new brand identity, VENUE.
- In June 2008, we sold credit card receivables with a net principal balance of $100.7 million, for which we received cash of $91.9 million and retained $8.8 million in a spread deposit account.
- In July 2008, we announced the signing of a multi-year extension with the National Geographic Society to continue to manage National Geographic's permission-based email communications platform and to provide database services.
- In July 2008, we announced the signing of a multi-year contract extension with women's fashion apparel and accessories retailer New York & Company to continue providing private label credit card services for its in-store and web sales channels.
- In July 2008, we completed the sale of a majority of our utilities services business to VTX Holdings Limited, and its subsidiaries, Vertex U.S. Holdings II Inc. and Vertex Canada Holdings II Limited.
- In July 2008, we entered into a purchase agreement under which we sold $700.0 million aggregate principal amount of 1.75% Convertible Notes due 2013. In August 2008, the initial purchasers of the Convertible Notes exercised their over-allotment option in full and purchased an additional $105.0 million aggregate principal amount of Convertible Notes.
- In July 2008, we announced that our board of directors had approved a stock repurchase program to acquire up to $1.3 billion of our common stock through December 31, 2009.
- In July 2008, we announced the signing of an agreement with Beall's Department Stores, a retailer of brand name clothing and accessories for men, women and children as well as specialty home goods and gourmet food, to provide private label credit card services to its stores throughout Florida and its e-commerce website.
- In August 2008, we announced that Hilton HHonors®, a guest rewards program with more than 25 million global members enrolled, had signed an agreement as a national sponsor and reward supplier in our AIR MILES Reward Program.
- In August 2008, we announced the signing of a multi-year agreement with Southern Pipe & Supply Company, a privately held, independent wholesaler of plumbing and heating and air-conditioning materials, to provide turnkey commercial private label credit card program services.
- In August 2008, we announced the signing of an agreement with Commerce Bank, N.A., a Missouri-based operator of approximately 350 locations in Missouri, Illinois, Kansas, Oklahoma and Colorado, to provide turnkey direct marketing solutions.
- In August 2008, we announced the signing of a new long-term agreement with Orchard Brands, a multi-channel marketer of apparel and home products, to provide fully integrated private label credit services for specialty brands, Old Pueblo Traders, Bedford Fair, Willow Ridge, Lew Magram, Brownstone Studio, Intimate Appeal, Monterey Bay Clothing Company and Coward Shoes.
- In September 2008, we announced the signing of an agreement with Beech-Nut Nutrition Corporation to provide integrated direct marketing and permission-based email marketing services.
- In September 2008, we announced the signing of a multi-year agreement with AnnTaylor Stores Corporation to launch a new co-brand credit card program and to continue to provide private label credit card services.

- In September 2008, we announced the signing of multi-year agreements with Gander Mountain, operator of a retail network of stores for hunting, fishing, camping, boating, marine, and outdoor lifestyle apparel and footwear, products and services, to provide new private label credit card and database marketing services in support of Gander Mountain's multi-channel business and to continue to provide co-brand credit card services.
- In September 2008, we sold credit card receivables with a net principal balance of $130.4 million, for which we received cash of $103.0 million and retained $14.0 million in a cash collateral account along with an interest in Class C bonds of $13.4 million.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, except as follows:

Revenue Recognition – AIR MILES Reward Program

AIR MILES Reward Program. Because management has determined that the earnings process is not complete at the time an AIR MILES reward mile is issued, the recognition of revenue on all fees received based on issuance is deferred. Management believes that there are a certain number of AIR MILES reward miles issued that will go unredeemed by the collector base, or breakage. Revenue is recognized for breakage over the estimated life of an AIR MILES reward mile. Management had historically estimated this amount as one-third of the miles issued.

Breakage is based on management's estimate after viewing and analyzing various historical trends including vintage analysis, current run rates and other pertinent data. Breakage is actively monitored by management and subject to external influences that may cause actual performance to differ from estimates.

In the second quarter of 2008, we expanded and made certain contractual changes to our relationship with BMO Bank of Montreal, under which we assumed the responsibility for reserving the cost associated with the redemption of the AIR MILES reward miles issued by BMO Bank of Montreal. As a result of this transaction, management's estimate of breakage was revised from one-third to 28 percent, as of June 1, 2008. Further information regarding our change in estimate is provided in Note 7 to our condensed consolidated financial statements.

Use of Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP financial measure equal to income from continuing operations, the most directly comparable GAAP financial measure, plus stock compensation expense, provision for income taxes, interest expense, net, loss on the sale of assets, merger and other costs, depreciation and other amortization and amortization of purchased intangibles. Operating EBITDA is a non-GAAP financial measure equal to adjusted EBITDA adjusted for the change in deferred revenue plus the change in redemption settlement assets. We have presented operating EBITDA because we use the financial measure to monitor compliance with financial covenants in our credit facility and our senior note agreements. For the period ended September 30, 2008, senior debt to operating EBITDA was 1.2x compared to a maximum ratio of 2.75x permitted in our credit facility and in our senior note agreements. Operating EBITDA to interest expense was 8.7x compared to a minimum ratio of 3.5x permitted in our credit facility and 3.0x permitted in our senior note agreements. Debt to Operating EBITDA was 2.5x compared to a maximum ratio of 3.75x permitted in our credit facility. As discussed in more detail in the liquidity section of "Management's Discussion and Analysis of Financial Condition and Results of Operations," our credit facility and cash flows from operations are the two main sources of funding for our acquisition strategy and for our future capital needs and capital expenditures. As of September 30, 2008, we had borrowings of $293.0 million outstanding under our credit facility, $805.0 million under our convertible senior notes, $500.0 million under our senior notes and $457.0 million in unused borrowing capacity. We were in compliance with our covenants at September 30, 2008, and we expect to be in compliance with these covenants during the year ended December 31, 2008.

We use adjusted EBITDA as an integral part of our internal reporting to measure the performance of our reportable segments and to evaluate the performance of our senior management. Adjusted EBITDA is considered an important indicator of the operational strength of our businesses. Adjusted EBITDA eliminates the uneven effect across all business segments of considerable amounts of non-cash depreciation of tangible assets and amortization of certain intangible assets that were recognized in business combinations. A limitation of this measure, however, is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our businesses. Management evaluates the costs of such tangible and intangible assets, the impact of related impairments, as well as asset sales through other financial measures, such as capital expenditures, investment spending and return on capital and therefore the effects are excluded from adjusted EBITDA. Adjusted EBITDA also eliminates the non-cash effect of stock compensation expense. Stock compensation expense is not included in the measurement of segment adjusted EBITDA provided to the chief operating decision maker for purposes of assessing segment performance and decision making with respect to resource allocations. Therefore, we believe that adjusted EBITDA provides useful information to our investors regarding our performance and overall results of operations. Adjusted EBITDA and operating EBITDA are not intended to be performance measures that should be regarded as an alternative to, or more meaningful than, either operating income or net income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. In addition, adjusted EBITDA and operating EBITDA are not intended to represent funds available for dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The adjusted EBITDA and operating EBITDA measures presented in this Quarterly Report on Form 10-Q may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in our various agreements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands)			
Income from continuing operations	$ 63,359	$ 61,264	$ 188,007	$177,514
Stock compensation expense	17,191	14,538	31,193	35,157
Provision for income taxes	39,948	36,536	116,995	108,344
Interest expense, net	16,504	17,771	47,549	52,505
Loss on the sale of assets	—	—	1,052	—
Merger and other costs (income)[1]	(1,062)	6,050	8,301	12,221
Amortization of purchased intangibles	16,703	17,380	50,682	49,936
Depreciation and other amortization	17,363	15,368	52,703	44,036
Adjusted EBITDA	170,006	168,907	496,482	479,713
Change in deferred revenue[2]	(37,586)	65,986	313,340	152,656
Change in redemption settlement assets[2]	28,883	(26,623)	(327,140)	(54,644)
Operating EBITDA	$161,303	$208,270	$ 482,682	$577,725

Note: An increase in deferred revenue has a positive impact to operating EBITDA, while an increase in redemption settlement assets has a negative impact to operating EBITDA. Changes in deferred revenue and redemption settlement assets are affected by fluctuations in foreign exchange rates. Changes in redemption settlement assets is also affected by the timing of receipts and transfers of cash.

(1) Represents expenditures directly associated with the proposed merger with an affiliate of The Blackstone Group, compensation charges related to the departure of certain employees related to cost saving initiatives and other non-routine costs associated with the disposition of our non-core operations. In July 2008, we received $3.0 million from the Blackstone Entities as reimbursement of certain costs incurred by us related to the Blackstone Entities' financing of the proposed merger with an affiliate of The Blackstone Group.

(2) Increases to deferred revenue and redemption settlement assets in 2008 were impacted by the transaction completed with the BMO Bank of Montreal in the second quarter of 2008.

Results of Continuing Operations

Three months ended September 30, 2008 compared to the three months ended September 30, 2007

	Three Months Ended September 30,		Change	
	2008	2007	$	%
	(in thousands, except percentages)			
Revenue:				
Loyalty Services	$ 187,657	$ 150,305	$ 37,352	24.9%
Epsilon Marketing Services	130,895	122,865	8,030	6.5
Private Label Services	94,678	92,553	2,125	2.3
Private Label Credit	182,357	207,587	(25,230)	(12.2)
Corporate/Other	7,689	8,633	(944)	(10.9)
Eliminations	(92,051)	(89,916)	(2,135)	2.4
Total	$ 511,225	$ 492,027	$ 19,198	3.9%
Adjusted EBITDA:				
Loyalty Services	$ 49,018	$ 35,519	$ 13,499	38.0%
Epsilon Marketing Services	40,097	36,818	3,279	8.9
Private Label Services	30,562	24,223	6,339	26.2
Private Label Credit	59,666	89,041	(29,375)	(33.0)
Corporate/Other	(9,337)	(16,694)	7,357	(44.1)
Total	$ 170,006	$ 168,907	$ 1,099	0.7%
Stock compensation expense:				
Loyalty Services	$ 3,957	$ 1,833	$ 2,124	115.9%
Epsilon Marketing Services	3,545	2,870	675	23.5
Private Label Services	2,292	1,293	999	77.3
Private Label Credit	513	190	323	170.0
Corporate/Other	6,884	8,352	(1,468)	(17.6)
Total	$ 17,191	$ 14,538	$ 2,653	18.2%
Depreciation and amortization:				
Loyalty Services	$ 7,016	$ 6,146	$ 870	14.2%
Epsilon Marketing Services	18,681	18,794	(113)	(0.6)
Private Label Services	2,226	2,009	217	10.8
Private Label Credit	2,955	2,776	179	6.4
Corporate/Other	3,188	3,023	165	5.5
Total	$ 34,066	$ 32,748	$ 1,318	4.0%
Operating expenses[(1)]:				
Loyalty Services	$ 138,639	$ 114,786	$ 23,853	20.8%
Epsilon Marketing Services	90,798	86,047	4,751	5.5
Private Label Services	64,116	68,330	(4,214)	(6.2)
Private Label Credit	122,691	118,546	4,145	3.5
Corporate/Other	17,026	25,327	(8,301)	(32.8)
Eliminations	(92,051)	(89,916)	(2,135)	2.4
Total	$ 341,219	$ 323,120	$ 18,099	5.6%
Operating income:				
Loyalty Services	$ 38,045	$ 27,540	$ 10,505	38.1%
Epsilon Marketing Services	17,876	15,154	2,722	18.0
Private Label Services	26,044	20,921	5,123	24.5
Private Label Credit	56,198	86,075	(29,877)	(34.7)
Corporate/Other	(18,352)	(34,119)	15,767	(46.2)
Total	$ 119,811	$ 115,571	$ 4,240	3.7%
Adjusted EBITDA margin[(2)]:				
Loyalty Services	26.1%	23.6%	2.5%	
Epsilon Marketing Services	30.6	30.0	0.6	
Private Label Services	32.3	26.2	6.1	
Private Label Credit	32.7	42.9	(10.2)	
Total	33.3%	34.3%	(1.0)%	
Segment operating data:				
Private label statements generated	30,661	33,931	(3,270)	(9.6)%
Credit sales	$1,694,113	$1,773,529	$ (79,416)	(4.5)%
Average managed receivables	$3,840,184	$3,901,632	$ (61,448)	(1.6)%
AIR MILES reward miles issued	1,137,673	1,019,967	117,706	11.5%
AIR MILES reward miles redeemed	736,789	615,348	121,441	19.7%

(1) Operating expenses excludes stock compensation expense, depreciation, amortization expense, loss on sale of assets, merger and other costs.

(2) Adjusted EBITDA margin is adjusted EBITDA divided by revenue. Management uses adjusted EBITDA margin to analyze the operating performance of the segments and the impact revenue growth has on operating expenses. For definition of adjusted EBITDA and reconciliation to net income, the most directly comparable GAAP financial measure, see “Use of Non-GAAP Financial Measures” included in this report.

Revenue. Total revenue increased $19.2 million, or 3.9%, to $511.2 million for the three months ended September 30, 2008 from $492.0 million for the comparable period in 2007. The increase was due to the following:

- *Loyalty Services*. Revenue increased $37.4 million, or 24.9%, to $187.7 million for the three months ended September 30, 2008. The growth in revenue for the period was driven by an increase in redemption revenue of $28.8 million related to a 19.7% increase in the redemption of AIR MILES reward miles. Issuance revenue increased $4.4 million related to growth in issuances of AIR MILES reward miles as the program continues to benefit from the ramp up of new sponsors and the expanded commitment from existing sponsors. Changes in the exchange rate of the Canadian dollar had a negligible impact on revenue for the AIR MILES Reward Program.
- *Epsilon Marketing Services*. Revenue increased $8.0 million, or 6.5%, to $130.9 million for the three months ended September 30, 2008. The increase is primarily attributable to our strategic database services which increased $7.8 million as a result of additional client signings.
- *Private Label Services.* Revenue increased $2.1 million, or 2.3%, to $94.7 million for the three months ended September 30, 2008. Servicing revenue increased by $2.1 million as the impact of the loss of the Lane Bryant Portfolio was offset by higher pricing. In 2008, Private Label Services increased its charges to Private Label Credit due to the increased costs incurred by Private Label Services related to the ramp-up of our collections and client services teams in 2007.
- *Private Label Credit.* Revenue decreased $25.2 million, or 12.2%, to $182.4 million for the three months ended September 30, 2008. The decline was due to a decrease of $23.5 million, or 14.3%, in securitization income and finance charges, net, caused by a combination of the loss of the Lane Bryant portfolio, a decline in the gain of the interest-only strip and increased credit losses offset in part by lower financing costs.
- *Corporate/Other.* Revenue decreased $0.9 million, or 10.9%, to $7.7 million. The decline was primarily due to the sale of our mail services business in November 2007, which had generated $8.2 million in revenue for the third quarter of 2007. This decline was offset, in part in 2008, by revenue of $6.7 million for transition services provided to the acquirers of the utility and merchant services businesses. We expect to provide these services at least through the fourth quarter of 2008.

Operating Expenses. Total operating expenses, excluding depreciation, amortization, stock compensation expense, loss on sale of assets, merger and other costs increased $18.1 million, or 5.6%, to $341.2 million during the three months ended September 30, 2008 from $323.1 million during the comparable period in 2007. Total adjusted EBITDA margin declined to 33.3% for the three months ended September 30, 2008 from 34.3% for the comparable period in 2007. The increase in operating expenses and decline in adjusted EBITDA margins was due to the following:

- *Loyalty Services*. Operating expenses, as defined, increased $23.9 million, or 20.8%, to $138.6 million for the three months ended September 30, 2008. The increase in operating expenses was driven by an increase in AIR MILES reward miles redemptions, which resulted in an additional $18.9 million in cost of sales for the products redeemed. Changes in the exchange rate of the Canadian dollar had a negligible impact on operating expenses. Adjusted EBITDA margin increased to 26.1% for the three months ended September 30, 2008 as compared to 23.6% for the comparable period in 2007. The increase in adjusted EBITDA margin resulted from strong revenue growth combined with a lower cost structure achieved through increased operating leverage.
- *Epsilon Marketing Services*. Operating expenses, as defined, increased $4.8 million, or 5.5%, to $90.8 million for the three months ended September 30, 2008. The increase in operating expenses was primarily attributable to an increase in salaries and benefits associated with the overall growth of the business. Adjusted EBITDA margin increased to 30.6% for the three months ended September 30,

2008 as compared to 30.0% for the comparable period in 2007. Our adjusted EBITDA margin was positively impacted by the margin in our strategic database services division, where the growth in revenue outpaced the growth in attributable expenses.

- *Private Label Services.* Operating expenses, as defined, decreased by $4.2 million, or 6.2%, to $64.1 million for the three months ended September 30, 2008. The decline in operating expenses was attributable to a reduction in the costs associated with a lower volume of statements generated. Adjusted EBITDA margin increased to 32.3% for the three months ended September 30, 2008 as compared to 26.2% for the comparable period in 2007. Our adjusted EBITDA margin was positively impacted by the increases in Private Label Services revenue described above together with a reduction of expenses.
- *Private Label Credit.* Operating expenses, as defined, increased $4.1 million, or 3.5%, to $122.7 million for the three months ended September 30, 2008. The increase in operating expenses was due to higher servicing costs charged by our Private Label Services segment of $2.1 million as well as higher marketing expenses of approximately $2.3 million incurred on behalf of our clients. Adjusted EBITDA margin decreased to 32.7% for the three months ended September 30, 2008 as compared to 42.9% for the comparable period in 2007. Our adjusted EBITDA margin was negatively impacted by the decline in Private Label Credit revenue and the increase in operating expenses described above.
- *Corporate/Other.* Operating expenses, as defined, decreased $8.3 million, or 32.8%, to $17.0 million for the three months ended September 30, 2008. This decline was primarily due to the impact of the sale of our mail services business in November 2007, as this division generated $10.7 million in operating expenses for the three months ended September 30, 2007. This decrease was, in part, offset by certain information technology costs incurred to support the transition services provided to the acquirers of the utility and merchant services businesses. Prior to their sale, these costs had been allocated to the respective businesses. As a result, during 2008, the segment reflects both the revenue and expenses associated with the transition services agreement.
- *Stock compensation expense.* Stock compensation expense increased $2.7 million, or 18.2%, to $17.2 million for the three months ended September 30, 2008. The increase was due to the issuance of employee equity awards comprised of restricted stock units, which cover a multi-year period and were larger than in prior years.
- *Depreciation and Amortization.* Depreciation and amortization increased $1.3 million, or 4.0%, to $34.1 million for the three months ended September 30, 2008. This increase was primarily due to an increase of $2.0 million in depreciation and other amortization, attributable to the higher level of capital expenditures in 2007, offset by a decrease in the amortization of purchased intangibles of $0.7 million as a result of certain assets becoming fully amortized during 2008.
- *Merger and other costs (income).* Merger (income) costs were $(1.1) million for the three months ended September 30, 2008. This amount includes the receipt of $(3.0) million for reimbursement of costs incurred by us related to the Blackstone entities' financing of the proposed merger offset by $0.9 million of expenditures directly associated with the proposed but now terminated merger of the Company with an affiliate of The Blackstone Group. Additionally, the Company incurred approximately $1.0 million in other non-routine costs associated with the disposition of non-core operations.

Operating Income. Operating income increased $4.2 million, or 3.7%, to $119.8 million for the three months ended September 30, 2008 from $115.6 million for the comparable period in 2007. Operating income increased due to the revenue and expense factors discussed above.

Interest Income. Interest income decreased $0.1 million, or 1.8%, to $2.8 million for the three months ended September 30, 2008 from $2.9 million for the comparable period in 2007. This slight decrease was due to lower yields on our short-term investments, offset in part by higher average balances.

Interest Expense. Interest expense decreased $1.3 million, or 6.4%, to $19.3 million for the three months ended September 30, 2008 from $20.6 million for the comparable period in 2007. Interest expense on core debt, which includes the credit facilities, senior notes and the convertible senior notes decreased $2.2 million due to lower average interest rates, offset in part by higher average debt balances. Interest on our certificates of deposit decreased by $1.4 million as a result of lower interest rates and lower average balances. Interest on our capital leases and other debt increased approximately $2.3 million as a result of additional capital leases entered into during 2008 and the amortization of debt issuance costs, which primarily consist of the fees paid in connection with the convertible senior note offering.

Taxes. Income tax expense increased $3.4 million to $39.9 million for the three months ended September 30, 2008 from $36.5 million for the comparable period in 2007, due to an increase in taxable income and an increase in our effective tax rate. Our effective tax rate was 38.7% and 37.4% for the three months ended September 30, 2008 and 2007, respectively.

Discontinued Operations

In March 2008, we determined that our merchant services and utility services businesses were not aligned with our long-term strategy and committed to a disposition plan for these businesses. These businesses have been reported as a discontinued operation in our condensed consolidated financial statements. Our merchant services business was sold in May 2008 and the majority of our utility services business was sold in July 2008. See Note 4 “Dispositions” for additional information related to the sale of these businesses.

On an after tax basis, losses from discontinued operations decreased $38.0 million, to income of $5.9 million for the three months ended September 30, 2008 as compared to a loss $32.1 million for the comparable period in 2007. The decrease in losses from discontinued operations, period over period, primarily resulted from the pretax impairment charge of $40.0 million related to the write-down of certain long-lived assets in our utility services business recorded in the three months ended September 30, 2007.

Results of Continuing Operations

Nine months ended September 30, 2008 compared to the nine months ended September 30, 2007

	Nine Months Ended September 30,		Change	
	2008	2007	$	%
	(in thousands, except percentages)			
Revenue:				
Loyalty Services	$ 559,490	$ 435,349	$ 124,141	28.5%
Epsilon Marketing Services	361,744	330,816	30,928	9.3
Private Label Services	285,028	281,995	3,033	1.1
Private Label Credit	579,011	633,654	(54,643)	(8.6)
Corporate/Other	9,760	30,002	(20,242)	(67.5)
Eliminations	(277,348)	(271,622)	(5,726)	2.1
Total	$1,517,685	$1,440,194	$ 77,491	5.4%
Adjusted EBITDA:				
Loyalty Services	$ 143,313	$ 93,310	$ 50,003	53.6%
Epsilon Marketing Services	90,189	81,354	8,835	10.9
Private Label Services	87,375	81,346	6,029	7.4
Private Label Credit	210,376	278,375	(67,999)	(24.4)
Corporate/Other	(34,771)	(54,672)	19,901	(36.4)
Total	$ 496,482	$ 479,713	$ 16,769	3.5%
Stock compensation expense:				
Loyalty Services	$ 8,386	$ 5,559	$ 2,827	50.9%
Epsilon Marketing Services	5,091	7,375	(2,284)	(31.0)
Private Label Services	4,277	3,950	327	8.3
Private Label Credit	1,274	585	689	117.8
Corporate/Other	12,165	17,688	(5,523)	(31.2)
Total	$ 31,193	$ 35,157	$ (3,964)	(11.3)%
Depreciation and amortization:				
Loyalty Services	$ 23,681	$ 17,637	$ 6,044	34.3%
Epsilon Marketing Services	56,740	52,623	4,117	7.8
Private Label Services	6,725	6,527	198	3.0
Private Label Credit	8,587	8,394	193	2.3
Corporate/Other	7,652	8,791	(1,139)	(13.0)
Total	$ 103,385	$ 93,972	$ 9,413	10.0%
Operating expenses[(1)]:				
Loyalty Services	$ 416,177	$ 342,039	$ 74,138	21.7%
Epsilon Marketing Services	271,555	249,462	22,093	8.9
Private Label Services	197,653	200,649	(2,996)	(1.5)
Private Label Credit	368,635	355,279	13,356	3.8
Corporate/Other	44,531	84,674	(40,143)	(47.4)
Eliminations	(277,348)	(271,622)	(5,726)	2.1
Total	$1,021,203	$ 960,481	$ 60,722	6.3%
Operating income:				
Loyalty Services	$ 111,246	$ 70,114	$ 41,132	58.7%
Epsilon Marketing Services	25,725	21,356	4,369	20.5
Private Label Services	74,938	70,869	4,069	5.7
Private Label Credit	200,515	269,396	(68,881)	(25.6)
Corporate/Other	(59,873)	(93,372)	33,499	(35.9)
Total	$ 352,551	$ 338,363	$ 14,188	4.2%
Adjusted EBITDA margin[(2)]:				
Loyalty Services	25.6%	21.4%	4.2%	
Epsilon Marketing Services	24.9	24.6	0.3	
Private Label Services	30.7	28.8	1.9	
Private Label Credit	36.3	43.9	(7.6)	
Total	32.7%	33.3%	(0.6)%	
Segment operating data:				
Private label statements generated	93,296	102,104	(8,808)	(8.6)%
Credit sales	$5,096,018	$5,277,178	$(181,160)	(3.4)%
Average managed receivables	$3,859,454	$3,890,389	$ (30,935)	(0.8)%
AIR MILES reward miles issued	3,300,559	2,998,156	302,403	10.1%
AIR MILES reward miles redeemed	2,224,713	1,933,600	291,113	15.1%

(1) Operating expenses excludes stock compensation expense, depreciation, amortization expense, loss on sale of assets, merger and other costs.

(2) Adjusted EBITDA margin is adjusted EBITDA divided by revenue. Management uses adjusted EBITDA margin to analyze the operating performance of the segments and the impact revenue growth has on operating expenses. For definition of adjusted EBITDA and reconciliation to net income, the most directly comparable GAAP financial measure, see “Use of Non-GAAP Financial Measures” included in this report.

Revenue. Total revenue increased $77.5 million, or 5.4%, to $1,517.7 million for the nine months ended September 30, 2008 from $1,440.2 million for the comparable period in 2007. The increase was due to the following:

- *Loyalty Services*. Revenue increased $124.1 million, or 28.5%, to $559.5 million for the nine months ended September 30, 2008. The growth in revenue for the period was driven by an increase in redemption revenue of $85.8 million related to a 15.1% increase in the redemption of AIR MILES reward miles. Issuance revenue increased $19.7 million related to growth in issuances of AIR MILES reward miles as the program continues to benefit from the ramp up of new sponsors and the expanded commitment from existing sponsors. The remainder of the increase can be attributable to increases in commission revenue, due to growth in the program, and investment revenue, due to the increase in our redemption settlement assets. Within these revenue increases, changes in the exchange rate of the Canadian dollar also had a $41.0 million positive impact on revenue for the AIR MILES Reward Program.
- *Epsilon Marketing Services*. Revenue increased $30.9 million, or 9.3%, to $361.7 million for the nine months ended September 30, 2008. Revenue attributable to our strategic database services increased $23.6 million primarily as a result of additional client signings. Growth within Epsilon Interactive and Abacus, of $3.6 million and $5.6 million, respectively, was partially offset by declines in revenue of certain data products.
- *Private Label Services.* Revenue increased $3.0 million, or 1.1%, to $285.0 million for the nine months ended September 30, 2008. Servicing revenue increased $5.7 million as the impact of the loss of the Lane Bryant Portfolio was offset by higher pricing. Additionally, revenue attributable to our marketing programs decreased $2.8 million primarily due to the non-renewal of an expiring contract with an existing client.
- *Private Label Credit.* Revenue decreased $54.6 million, or 8.6%, to $579.0 million for the nine months ended September 30, 2008. The decline was primarily due to an 11.8% decrease in securitization income and finance charges, net of $59.6 million, caused by a combination of the loss of the Lane Bryant portfolio, a decline in the gain of the interest-only strip and increased credit losses offset in part by lower financing costs and the sale of certain restricted shares of MasterCard Incorporated class B stock.
- *Corporate/Other.* Revenue decreased $20.2 million, or 67.5%, to $9.8 million, as a result of the sale of our mail services business, which generated $28.7 million in revenue for the nine months ended September 30, 2007 but was sold in November 2007. This decrease was offset by revenue of $7.9 million for transition services provided to the acquirers of our utility and merchant services businesses. We expect to provide these services at least through the fourth quarter of 2008.

Operating Expenses. Total operating expenses, excluding depreciation, amortization, stock compensation expense, loss on sale of assets, merger and other costs increased $60.7 million, or 6.3%, to $1,021.2 million during the nine months ended September 30, 2008 from $960.5 million during the comparable period in 2007. Total adjusted EBITDA margin decreased to 32.7% for the nine months ended September 30, 2008 from 33.3% for the comparable period in 2007. The increase in operating expenses and decrease in adjusted EBITDA margins was due to the following:

- *Loyalty Services*. Operating expenses, as defined, increased $74.1 million, or 21.7%, to $416.2 million for the nine months ended September 30, 2008. The increase in operating expenses was driven by an increase in AIR MILES reward miles redemptions, which resulted in increased cost of sales for the products redeemed. Within these operating expense increases, changes in the exchange rate of the Canadian dollar increased operating expenses by $30.7 million. Adjusted EBITDA margin increased to 25.6% for the nine months ended September 30, 2008 as compared to 21.4% for the comparable period in 2007. The increase in adjusted EBITDA margin resulted from strong revenue growth combined with a lower cost structure achieved through increased operating leverage.

- *Epsilon Marketing Services*. Operating expenses, as defined, increased $22.1 million, or 8.9%, to $271.6 million for the nine months ended September 30, 2008. The increase was attributable to an increase in salaries and benefits associated with the overall growth of the business and the acquisition of Abacus in February 2007. Adjusted EBITDA margin increased to 24.9% for the nine months ended September 30, 2008 as compared to 24.6% for the comparable period in 2007. Our adjusted EBITDA margin was positively impacted by the margin in our strategic database service division, where the growth in revenue outpaced growth in attributable expenses.
- *Private Label Services.* Operating expenses, as defined, decreased $3.0 million, or 1.5%, to $197.7 million for the nine months ended September 30, 2008. The decline in operating expenses was due to a reduction in those costs associated with a lower volume of statements generated. Adjusted EBITDA margin increased to 30.7% for the nine months ended September 30, 2008 as compared to 28.8% for the comparable period in 2007. Our adjusted EBITDA margin was positively impacted by the increase in Private Label Services revenue and the decline in operating expenses as described above.
- *Private Label Credit.* Operating expenses, as defined, increased $13.4 million, or 3.8%, to $368.6 million for the nine months ended September 30, 2008. The increase in operating expenses was primarily driven by higher servicing costs charged by our Private Label Services segment as well as higher marketing expenses incurred on behalf of our clients. Adjusted EBITDA margin decreased to 36.3% for the nine months ended September 30, 2008 as compared to 43.9% for the comparable period in 2007. Our adjusted EBITDA margin was negatively impacted by the decline in Private Label Credit revenue and the increase in operating expenses as described above.
- *Corporate/Other.* Operating expenses, as defined, decreased $40.1 million, or 47.4%, to $44.5 million for the nine months ended September 30, 2008. This decline was primarily due to the impact of the sale of our mail services business in November 2007, as this division generated $34.5 million in operating expenses for the nine months ended September 30, 2007. Corporate operating expenses were also positively impacted by a reduction in benefit costs and payroll expenses resulting from staff reductions made in the third and fourth quarters of 2007.
- *Stock compensation expense.* Stock compensation expense decreased $4.0 million, or 11.3%, to $31.2 million for the nine months ended September 30, 2008. The decrease was due to a combination of factors, which included the impact of certain awards which had fully amortized prior to September 30, 2008 and the true-up of certain estimates for forfeitures which reduced stock compensation as well as the reversal of stock compensation for those awards no longer expected to vest. Following the termination of the Merger, we issued equity awards to our employees comprised of restricted stock units which cover a multi-year period, and were larger than in prior years. These awards were issued in the second quarter of 2008, which offset in part the decrease in expense.
- *Depreciation and Amortization.* Depreciation and amortization increased $9.4 million, or 10.0%, to $103.4 million for the nine months ended September 30, 2008. This increase was due to an increase of $8.7 million in depreciation and other amortization, in part related to our recent acquisitions and capital expenditures and a $0.7 million increase in the amortization of purchased intangibles related to the acquisition of Abacus offset by certain assets which have been fully amortized.
- *Merger and other costs.* Merger and other costs were $8.3 million for the nine months ended September 30, 2008. Costs associated with the proposed merger were approximately $2.3 million and included advisory fees, legal and accounting costs. Although the Merger Agreement was terminated in April 2008, we will expect to incur additional legal costs associated with the termination of the agreement. The $2.3 million includes the $3.0 million reimbursement of costs incurred by us related to the Blackstone entities' financing of the proposed merger received in July 2008. In addition, we incurred $6.0 million in compensation charges related to the severance of certain employees and other non-routine costs associated with the disposition of our utility services and merchant services businesses.

- *Loss on the sale of assets.* In March 2008, we incurred an additional loss of $1.1 million related to the settlement of certain working capital accounts in connection with the disposition of our mail services business.

Operating Income. Operating income increased $14.2 million, or 4.2%, to $352.6 million for the nine months ended September 30, 2008 from $338.4 million for the comparable period in 2007. Operating income increased due to the revenue and expense factors discussed above.

Interest Income. Interest income increased $0.9 million, or 12.3%, to $8.6 million for the nine months ended September 30, 2008 from $7.6 million for the comparable period in 2007 due to higher average balances of our short-term cash investments, offset in part by a decrease in the yield earned on those short-term cash investments.

Interest Expense. Interest expense decreased $4.0 million, or 6.7%, to $56.1 million for the nine months ended September 30, 2008 from $60.1 million for the comparable period in 2007. Interest expense on core debt, which includes the credit facilities, senior notes and convertible senior notes decreased $7.5 million primarily as a result of lower average interest rates. Interest on certificates of deposit decreased $0.5 million as a decline in interest rates was offset in part by higher average balances. Interest on our capital leases and other debt increased approximately $4.0 million as a result of additional capital leases entered into during 2008 and the amortization of debt issuance costs, which primarily consist of the fees paid in connection with the convertible senior note offering.

Taxes. Income tax expense increased $8.7 million to $117.0 million for the nine months ended September 30, 2008 from $108.3 million for the comparable period in 2007 due to an increase in taxable income. Our effective tax rate increased to 38.4% from 37.9% for the nine months ended September 30, 2008 and 2007, respectively.

Discontinued Operations

In March 2008, we determined that our merchant services and utility services businesses were not aligned with our long-term strategy and committed to a disposition plan for these businesses. These businesses have been reported as a discontinued operation in our condensed consolidated financial statements. Our merchant services business was sold in May 2008 and the majority of our utility services business was sold in July 2008. See Note 4 “Dispositions” for additional information related to the sale of these businesses.

On an after tax basis, loss from discontinued operations decreased $24.9 million to a loss of $22.5 million for the nine months ended September 30, 2008 as compared to a loss of $47.4 million for the comparable period in 2007. The third quarter of 2007 was impacted by a pretax impairment charge of $40.0 million related to the write-down of certain long-lived assets in our utility services business. Additionally, we completed the sale of our merchant services business on May 30, 2008 and the majority of our utility services business in July 2008. As a result of the sale of merchant services, we recorded a pretax gain of $29.0 million, which was offset by losses in our utility services business of $20.6 million resulting from the sale and $19.0 million of impairment charges.

2009 Outlook

We expect to benefit from the following:

- Loyalty Services’ revenue and adjusted EBITDA growth of 18 and 20 percent, respectively;
- Epsilon Marketing Services’ revenue and adjusted EBITDA growth of 8 and 13 percent, respectively;
- Private Label Services’ revenue and adjusted EBITDA growth in the mid-single digit range;
- Private Label Credit’s portfolio growth in the low double-digit range;
- Capital expenditures of approximately 3 percent of revenue;
- Strong free cash flow generation;
- Excess liquidity; and
- Accretion from the share repurchase programs.

We expect to be negatively impacted by:

- Significantly lower foreign currency exchange rates on the Canadian dollar than in prior periods which will reduce revenue and adjusted EBITDA in the fourth quarter of 2008 and in 2009;
- Financing cost increases due to the current credit environment and actions taken during 2008 to expand our excess liquidity; and
- Steady and moderate increases in credit loss rates, which will reduce revenue and adjusted EBITDA.

Overall, we expect solid growth to continue during 2009.

Asset Quality

Our delinquency and net charge-off rates reflect, among other factors, the credit risk of our private label credit card receivables, the average age of our various private label credit card account portfolios, the success of our collection and recovery efforts, and general economic conditions. The average age of our private label credit card portfolio affects the stability of delinquency and loss rates of the portfolio. We continue to focus resources on refining our credit underwriting standards for new accounts and on collections and post charge-off recovery efforts to minimize net losses.

An older private label credit card portfolio generally drives a more stable performance in the portfolio. At September 30, 2008, 61.2% of our managed accounts with balances and 61.4% of managed receivables were for accounts with origination dates greater than 24 months old. At September 30, 2007, 58.8% of managed accounts with balances and 59.8% of receivables were for managed accounts with origination dates greater than 24 months old.

Delinquencies. A credit card account is contractually delinquent if we do not receive the minimum payment by the specified due date on the cardholder's statement. It is our policy to continue to accrue interest and fee income on all credit card accounts beyond 90 days, except in limited circumstances, until the account balance and all related interest and other fees are paid or charged off, typically at 180 days delinquent. When an account becomes delinquent, we print a message on the cardholder's billing statement requesting payment. After an account becomes 30 days past due, a proprietary collection scoring algorithm automatically scores the risk of the account rolling to a more delinquent status. The collection system then recommends a collection strategy for the past due account based on the collection score and account balance and dictates the contact schedule and collections priority for the account. If we are unable to make a collection after exhausting all in-house efforts, we engage collection agencies and outside attorneys to continue those efforts.

The following table presents the delinquency trends of our managed credit card portfolio:

	September 30, 2008	% of total	December 31, 2007	% of total
	(dollars in thousands)			
Receivables outstanding	$ 3,897,208	100%	$4,157,287	100%
Receivables balances contractually delinquent:				
31 to 60 days	76,090	2.0%	70,512	1.7%
61 to 90 days	53,328	1.4	48,755	1.2
91 or more days	107,159	2.7	101,928	2.4
Total	$ 236,577	6.1%	$ 221,195	5.3%

We expect delinquency rates to average in the mid-5 percent range for the year ending December 31, 2008. Delinquency rates were below the mid-5 percent range during the first six months of 2008 but are expected to average above this rate during the last six months of 2008.

Net Charge-Offs. Net charge-offs comprise the principal amount of losses from cardholders unwilling or unable to pay their account balances, as well as bankrupt and deceased cardholders, less current period recoveries. The following table presents our net charge-offs for the periods indicated on a managed basis. Average managed receivables represents the average balance of the cardholder receivables at the beginning of each month in the year indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(dollars in thousands)			
Average managed receivables	$3,840,184	$3,901,632	$3,859,454	$3,890,389
Net charge-offs	66,864	55,445	198,722	164,549
Net charge-offs as a percentage of average managed receivables (annualized)	7.0%	5.7%	6.9%	5.6%

Our public securitization master trust is utilized for the majority of our funding and represents the most mature and stable segment of our private label credit card account portfolio. The following table presents our net charge-offs for the periods indicated for the receivables in our public securitization master trust.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(dollars in thousands)			
Average managed receivables	$3,120,802	$3,254,046	$3,130,644	$3,243,139
Net charge-offs	50,104	42,899	148,935	127,815
Net charge-offs as a percentage of average managed receivables (annualized)	6.4%	5.3%	6.3%	5.3%

We expect net charge-offs to average in the mid-6 percent range on our public securitization master trust for the year ending December 31, 2008. Net charge-offs were below the mid-6 percent range during the first six months of 2008 but are expected to average above this rate during the last six months of 2008.

Liquidity and Capital Resources

Operating Activities. We have historically generated cash flows from operations, although that amount may vary based on fluctuations in working capital and the timing of merchant settlement activity. Our operating cash flow is seasonal, with cash utilization peaking at the end of December due to increased activity in our Private Label Credit segment related to holiday retail sales.

	Nine Months Ended September 30,	
	2008	2007
	(in thousands)	
Cash provided by operating activities before change in credit card portfolio activity and merchant settlement activity	$ 629,717	$334,288
Net change in credit card portfolio activity	171,774	(5,780)
Net change in merchant settlement activity	(131,230)	37,341
Cash provided by operating activities	$ 670,261	$365,849

We generated cash flow from operating activities before changes in credit card portfolio activity and merchant settlement activity of $629.7 million for the nine months ended September 30, 2008 as compared to $334.3 million for the comparable period in 2007. The increase in operating cash flows before changes in proceeds from the sale of credit card portfolios and merchant settlement activity was primarily related to an

increase in deferred revenue. In May 2008, we changed the contractual terms with BMO Bank of Montreal, such that we would assume their liability for the cost of redemptions for their outstanding AIR MILES reward miles, for which we received $369.9 million in cash. These amounts were deferred with the cash placed in our redemption settlement asset account.

In connection with the sale of our merchant services business to Heartland Payment Systems, Inc., our private label credit card banking subsidiary, World Financial Network National Bank entered into an interim transition services agreement, for a period of nine months, to provide card processing and certain services to Heartland's merchants, including receipt of funds from the card associations and settlement with Heartland. Merchant settlement activity is driven by the number of days of float at the end of the period. For these purposes, "float" means the difference between the number of days we hold cash before remitting the cash to our merchants and the number of days the card associations hold cash before remitting the cash to us. We utilize our cash flow from operations for ongoing business operations, acquisitions and capital expenditures.

Investing Activities. Cash used by investing activities was $267.5 million for the nine months ended September 30, 2008 compared to cash used by investing activities of $520.8 million for the comparable period in 2007. Significant components of investing activities are as follows:

- *Acquisitions/Dispositions.* Cash outlays, net of cash received, for acquisitions for the nine months ended September 30, 2007 was $438.2 million, relating primarily to the acquisition of Abacus. For the nine months ended September 30, 2008, we received approximately $138.0 million in proceeds from the sale of our merchant services business and the majority of our utility services business.
- *Redemption Settlement Assets.* We invested cash flows for redemption settlement assets of $362.4 million for the nine months ended September 30, 2008 as compared to $11.4 million in the comparable period in 2007. In connection with the transaction with BMO Bank of Montreal, we received $369.9 million to assume their liability for the redemption of outstanding AIR MILES reward miles issued by BMO which we placed in our redemption settlement asset account.
- *Securitizations and Receivables Funding.* We generally fund all private label credit card receivables through a securitization program that provides us with both liquidity and lower borrowing costs. As of September 30, 2008, we had over $3.6 billion of securitized credit card receivables. Securitizations require credit enhancements in the form of cash, spread accounts and additional receivables. The credit enhancement is partially funded through the use of certificates of deposit issued through our subsidiaries, World Financial Network National Bank and World Financial Capital Bank. Net securitization and credit card receivable activity used cash flows of $12.9 million for the nine months ended September 30, 2008 as compared to providing cash flows of $21.3 million for the comparable period in 2007. We intend to utilize our securitization program for the foreseeable future.
- *Capital Expenditures.* Our capital expenditures for the nine months ended September 30, 2008 were $37.1 million compared to $78.7 million for the comparable period in 2007. In 2007, we completed certain office relocations and system conversions, and as a result, in 2008, we anticipate that capital expenditures will continue to decrease to approximately 3% of annual revenues.

Financing Activities. Cash used by financing activities was $281.6 million for the nine months ended September 30, 2008 as compared to cash provided by financing of $182.2 million for the comparable period in 2007. Our financing activities during the nine months ended September 30, 2008 relate primarily to borrowings and repayments of debt, proceeds from certain sales-lease back transactions, the repurchases of our common stock, proceeds from the issuance of Warrants and the payment for our Convertible Note Hedges.

Liquidity Sources. In addition to cash generated from operating activities, we have four main sources of liquidity: the securitization program, certificates of deposit issued by World Financial Network National Bank and World Financial Capital Bank, our credit facility and issuances of equity securities. We believe that internally generated funds and existing sources of liquidity are sufficient to meet current and anticipated financing requirements during the next 12 months.

Securitization Program and Off-Balance Sheet Transactions. Since January 1996, we have sold a majority of the credit card receivables originated by World Financial Network National Bank to WFN Credit Company, LLC and WFN Funding Company II, LLC, which in turn sold them to World Financial Network Credit Card Master Trust, World Financial Network Credit Card Master Note Trust and World Financial Network Credit Card Master Trust III (the "WFN Trusts") as part of our securitization program. In September 2008, we initiated a securitization program for the credit card receivables originated by World Financial Capital Bank, selling them to World Financial Capital Credit Company, LLC which in turn sold them to World Financial Capital Credit Card Master Note Trust (the "WFC Trust"). These securitization programs are the primary vehicle through which we finance World Financial Network National Bank's and World Financial Capital Bank's credit card receivables.

In September 2008, World Financial Network Credit Card Master Note Trust issued $57.0 million of Class A Series 2008-A asset backed notes that have an interest rate not to exceed one-month LIBOR plus 3.00% per year, $2.7 million of Class M Series 2008-A asset backed notes that have an interest rate not to exceed one-month LIBOR plus 5.00% per year, $3.4 million of Class B Series 2008-A asset backed notes that have an interest rate not to exceed one-month LIBOR plus 7.50% per year and $9.0 million of Class C Series 2008-A asset backed notes that have a fixed interest rate of 11.50% per year. These notes will mature in August 2010. The notes are rated AAA through BBB, or its equivalent, by each of Standard and Poor's and Fitch Ratings. In connection with the transaction, World Financial Network Credit Card Master Note Trust also entered into interest rate swaps that effectively fix the interest rate on the notes starting at 3.275% over the two-year term of the interest rate swaps.

Additionally, in September 2008, World Financial Network Credit Card Master Note Trust also issued $120.8 million of Class A Series 2008-B asset backed notes that have a fixed interest rate of 5.55% per year, $5.7 million of Class M Series 2008-B asset backed notes that have a fixed interest rate of 7.80% per year, $7.3 million of Class B Series 2008-B asset backed notes that have a fixed rate of 10.00% per year and $19.1 million of Class C Series 2008-B asset backed notes that have a fixed interest rate of 10.50% per year. These notes will mature in December 2009. The notes are rated AAA through BBB, or its equivalent, by each of Standard and Poor's and Fitch Ratings.

As of September 30, 2008, the WFN and WFC Trusts had over $3.6 billion of securitized credit card receivables. Securitizations require credit enhancements in the form of cash, spread deposits and additional receivables. The credit enhancement is principally based on the outstanding balances of the series issued by the WFN and WFC Trusts and by the performance of the private label credit cards in the securitization trust. The WFN and WFC Trusts are required to maintain a credit enhancement level of between 4% and 10% of securitized credit card receivables.

Certificates of Deposit. We utilize certificates of deposit to finance the operating activities and fund securitization enhancement requirements of our credit card bank subsidiaries, World Financial Network National Bank and World Financial Capital Bank. World Financial Network National Bank and World Financial Capital Bank issue certificates of deposit in denominations of $100,000 in various maturities ranging between three months and two years and with effective annual fixed rates ranging from 2.9% to 5.5%. As of September 30, 2008, we had $345.8 million of certificates of deposit outstanding. Certificate of deposit borrowings are subject to regulatory capital requirements.

Credit Facilities. In June 2008, we, as Borrower, and ADS Alliance Data Systems, Inc., ADS Foreign Holdings, Inc., Alliance Data Foreign Holdings, Inc., Epsilon Marketing Services, LLC and Epsilon Data Management, LLC, as Guarantors, entered into a Credit Agreement with Wachovia Bank, National Association, as Administrative Agent. The Wachovia facility provided for loans in a maximum amount of $150.0 million. At the closing of the Wachovia facility, we borrowed $150.0 million to fund our obligations with respect to share repurchases under an accelerated stock repurchase agreement. The Wachovia facility was unsecured. The loans

under the Wachovia facility were scheduled to mature September 18, 2008 and were paid in full with a portion of the net proceeds from the issuance of our Convertible Notes. The Wachovia facility was terminated effective July 29, 2008.

Our bridge loan facility was repaid in full with a portion of the net proceeds from the issuance of our Convertible Notes and terminated according to its terms effective July 29, 2008.

In July 2008, we exercised the $210.0 million accordion feature of our revolving credit facility, which allowed us to increase our existing $540.0 million unsecured line of credit to a $750.0 million unsecured line of credit.

At September 30, 2008, we had borrowings of $293.0 million outstanding under our credit facility (with a weighted average interest rate of 4.0%) and we had available unused borrowing capacity of approximately $457.0 million. Our credit facility limits our aggregate outstanding letters of credit to $50.0 million.

We utilize our credit facility and excess cash flows from operations to support our acquisition strategy and to fund working capital, capital expenditures and share repurchases. We were in compliance with the covenants under our credit facility at September 30, 2008.

Convertible Senior Notes. In July 2008, we issued $700.0 million aggregate principal amount of convertible senior notes due 2013 (the “Convertible Notes”). We granted to the initial purchasers of the Convertible Notes an option to purchase up to an additional $105.0 million aggregate principal amount of the Convertible Notes solely to cover over-allotments, if any, which was exercised in full on August 4, 2008. Holders of the Convertible Notes have the right to require us to repurchase for cash all or some of their Convertible Notes upon the occurrence of certain fundamental changes.

The Convertible Notes are governed by an indenture dated July 29, 2008 between us and the Bank of New York Mellon Trust Company, National Association, as trustee. Pursuant to the indenture, the Convertible Notes are general unsecured senior obligations, and pay interest semi-annually in arrears at a rate of 1.75% per annum on February 1 and August 1 of each year beginning February 1, 2009, will be convertible during certain periods and under certain circumstances and, subject to earlier repurchase by us or conversion, will mature on August 1, 2013. We may not redeem the Convertible Notes prior to their maturity date.

Holders may convert their Convertible Notes at their option at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date of the Convertible Notes, in equal multiples of $1,000 principal amounts, under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) after the fiscal quarter ending December 31, 2008, if the last reported sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of the Convertible Notes on the last day of such preceding fiscal quarter;
- during the five business-day period after any five consecutive trading-day period, or the measurement period, in which the trading price per $1,000 principal amount of the Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sales price of our common stock and the conversion rate of the Convertible Notes on each such day; or
- upon the occurrence of certain specified corporate transactions.

In addition, holders may convert their Convertible Notes at their option at any time beginning on April 2, 2013 and ending on the close of business on the second scheduled trading day immediately preceding the maturity date, without regard to the foregoing circumstances.

Upon conversion, holders of the Convertible Notes will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock, based on the applicable conversion rate at such time. The Convertible Notes have an initial conversion rate of 12.7392 shares of common stock per $1,000 principal amount of the Convertible Notes (which is equal to an initial conversion price of approximately $78.50 per share), representing an initial conversion premium of approximately 22.5% above the closing price of $64.08 per share of our common stock on July 23, 2008.

Concurrently with the pricing of the Convertible Notes, on July 23, 2008, we entered into convertible note hedge transactions with respect to our common stock (the "Convertible Note Hedges") with J.P. Morgan Securities Inc., as agent to JPMorgan Chase Bank, National Association, London Branch, and Bank of America, N.A., affiliates of two of the initial purchasers (together, the "Hedge Counterparties"). The Convertible Note Hedges cover, subject to customary anti-dilution adjustments, approximately 8.9 million shares of our common stock at an initial strike price equal to the initial conversion price of the Convertible Notes. Following the exercise of the over-allotment in full on August 4, 2008, the Convertible Note Hedges, cover, subject to customary anti-dilution adjustments, approximately 1.3 million additional shares of our common stock.

Separately but also concurrently with the pricing of the Convertible Notes, on July 23, 2008, we entered into warrant transactions (the "Warrants") whereby we sold to the Hedge Counterparties warrants to acquire, subject to customary anti-dilution adjustments, up to approximately 8.9 million shares of our common stock at an initial strike price of approximately $112.14. Following the exercise of the over-allotment in full on August 4, 2008, the Warrants were also amended with each of the Hedge Counterparties to permit them to acquire, subject to customer anti-dilution adjustments, up to approximately 1.3 million additional shares of our common stock. The amended Warrants will be exercisable and will expire in 79 equal tranches of 64,094 Warrants and an 80th tranche of 64,102 Warrants with respect to each of the Hedge Counterparties beginning on October 30, 2013 and continuing on each business day through February 25, 2014.

The cost of the Convertible Note Hedges, taking into account the proceeds from the sale of the Warrants, was approximately $93.6 million. The cost of the additional Convertible Note Hedges, taking into account the proceeds to the Company, from the sale of the additional Warrants related to the exercise of the over-allotment on August 4, 2008, was $14.0 million.

We used the net proceeds of the offering to (i) fund the repurchase of shares of our common stock pursuant to a new repurchase program (ii) pay approximately $93.6 million, the cost of the convertible note hedge transactions, taking into account the proceeds to us from the warrant transaction, each described above, and (iii) repay the bridge loan facility and the Wachovia facility in full.

Recent Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R") and Statement of Financial Accounting Standards No. 160 "Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"). SFAS No. 141R will change how business acquisitions are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. SFAS No. 160 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. Both statements are required to be adopted for the first annual reporting period beginning on or after December 15, 2008. Earlier adoption is prohibited. We are currently evaluating the impact that SFAS No. 141R and SFAS No. 160 will have on our consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS No. 161"). SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and

cash flows. The provisions of SFAS No. 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We do not expect the provisions of SFAS No. 161 to have a material impact on our consolidated financial statements.

In April 2008, the FASB issued Staff Position No. 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP No. 142-3"). FSP No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under Statement of Accounting Standards No. 142, "Goodwill and Other Intangible Assets." FSP No. 142-3 is effective for financial statements beginning after December 15, 2008, and interim periods within those fiscal years; however, early adoption is not permitted. We are currently assessing the impact of adopting FSP No. 142-3 on our consolidated financial statements.

In May 2008, the FASB issued Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion" ("FSP APB No. 14-1"). FSP APB No. 14-1 requires that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. FSP APB No. 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years; however, early adoption is not permitted. Retrospective application to all periods presented is required except for instruments that were not outstanding during any of the periods that will be presented in the annual financial statements for the period of adoption but were outstanding during an earlier period. As a result of the issuance of the Convertible Notes in July 2008, the adoption of FSP APB No.14-1 will have a significant impact on our results of continuing operations beginning January 1, 2009. We expect that net income and earnings per share will be reduced as a result of the adoption of FSP APB No.14-1, but there will be no impact on the amount or timing of the cash interest payments associated with the Convertible Notes.

In June 2008, the FASB ratified the consensus reached on EITF Issue No. 07-05, "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock" ("EITF No. 07-05"). EITF No. 07-05 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years; however, early adoption is not permitted. We are currently assessing the impact that adopting EITF No. 07-05 will have on our consolidated financial statements.

In September 2008, the FASB issued proposed amendments to Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("SFAS No. 140") and FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities" ("FIN 46R") as Exposure Drafts which are open for comment until November 14, 2008. The proposed amendments would eliminate Qualifying Special Purpose Entities (QSPEs) from the guidance in SFAS No. 140. Currently, a portion of the credit card receivables originated by World Financial Network National Bank or World Financial Capital Bank and ultimately sold to either the WFN Trusts or the WFC Trust, which are QSPEs, as part of our securitization program, is not consolidated on the balance sheet of World Financial Network National Bank or World Financial Capital Bank, as applicable, or any of their affiliates, including ADSC. The amendments, if adopted as proposed, may have a significant impact on our consolidated financial statements as we may lose sales treatment for assets previously sold to the WFN Trusts and the WFC Trust as well as for future securitizations, which could result in all or some portion of the receivables being consolidated on the balance sheet of World Financial Network National Bank or World Financial Capital Bank, as applicable, or their affiliates, including ADSC.

It is not clear whether the proposed amendments to SFAS No. 140 and FIN No. 46R will ultimately be adopted by the FASB and if adopted what form they will take, how they will be implemented, how regulatory authorities will respond or how our bank subsidiaries or we may be affected. It is possible that these revisions will have an adverse impact on us and our bank subsidiaries.

In addition, a new FASB Staff Position, which will require additional disclosures for securitization activities prior to the effective date of the amendments to SFAS No. 140 and FIN No. 46R, is expected to be effective for us as early as December 1, 2008.

In October 2008, the FASB issued Staff Position No. SFAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active" ("FSP SFAS 157-3"). FSP SFAS 157-3 provides clarifying guidance on the application of Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," in markets that are not active. FSP SFAS 157-3 was effective upon issuance, including prior periods for which financial statements have not been issued. The provisions of FSP SFAS 157-3 did not have a material impact on our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk is the risk of loss from adverse changes in market prices and rates. Our primary market risks include off-balance sheet risk, interest rate risk, credit risk, foreign currency exchange rate risk and redemption reward risk.

There has been no material change from our Annual Report on Form 10-K for the year ended December 31, 2007 related to our exposure to market risk from off-balance sheet risk, credit risk, foreign currency exchange risk and redemption reward risk.

Interest Rate Risk. Interest rate risk affects us directly in our lending and borrowing activities. Our total interest incurred was approximately $164.0 million for the nine months ended September 30, 2008, which includes both on-and off-balance sheet transactions. Of this total, $56.1 million of the interest expense for 2008 was attributable to on-balance sheet indebtedness and the remainder to our securitized credit card receivables, which are financed off-balance sheet. To manage our risk from market interest rates, we actively monitor the interest rates and the interest sensitive components both on- and off-balance sheet to minimize the impact that changes in interest rates have on the fair value of assets, net income and cash flow. To achieve this objective, we manage our exposure to fluctuations in market interest rates by matching asset and liability repricings and through the use of fixed-rate debt instruments to the extent that reasonably favorable rates are obtainable with such arrangements. In addition, we enter into derivative financial instruments such as interest rate swaps and treasury locks to mitigate our interest rate risk on a related financial instrument or to lock the interest rate on a portion of our variable debt. We do not enter into derivative or interest rate transactions for trading or other speculative purposes.

At September 30, 2008, we had $5.5 billion of debt, including $3.5 billion of off-balance sheet debt from our securitization program.

	As of September 30, 2008		
	Fixed Rate	Variable Rate	Total
		(in millions)	
Off-balance sheet	$1,675.0	$ 1,842.6	$3,517.6
On-balance sheet	1,370.5	638.8	2,009.3
Total	$3,045.5	$ 2,481.4	$5,526.9

- At September 30, 2008, our fixed rate off-balance sheet debt was locked at a current effective interest rate of 4.8% through interest rate swap agreements.
- At September 30, 2008, our fixed rate on-balance sheet debt was subject to fixed rates with a weighted average interest rate of 3.6%.

The approach we use to quantify interest rate risk is a sensitivity analysis which we believe best reflects the risk inherent in our business. This approach calculates the impact on pretax income from an instantaneous and sustained increase in interest rates of 1.0%. In 2008, a 1.0% increase in interest rates would have resulted in a decrease to fiscal year pretax income of approximately $19.4 million. Conversely, a corresponding decrease in interest rates would have resulted in a comparable increase to pretax income. Our use of this methodology to quantify the market risk of financial instruments should not be construed as an endorsement of its accuracy or the appropriateness of the related assumptions.

Item 4. Controls and Procedures

Evaluation

As of September 30, 2008, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2008 (the end of our third fiscal quarter), our disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our evaluation of and conclusion on the effectiveness of internal control over financial reporting as of December 31, 2007 did not include the internal controls of Abacus, because of the timing of the acquisition, which was completed in February 2007. As of December 31, 2007, this entity represented approximately $404.7 million of total assets, $112.2 million of revenues and $9.7 million of net income for the year then ended. During the second quarter of 2008, we completed the process of implementing an automated billing system for our Abacus division.

There have been no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This Form 10-Q and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may use words such as "anticipate," "believe," "estimate," "expect," "intend," "predict," "project" and similar expressions as they relate to us or our management. When we make forward-looking statements, we are basing them on our management's beliefs and assumptions, using information currently available to us. Although we believe that the expectations reflected in the forward-looking statements are reasonable, these forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed in the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2007 and Item 1A of each Quarterly Report on Form 10-Q subsequent to our most recent Annual Report on Form 10-K.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements contained in this quarterly report reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. These risks, uncertainties and assumptions include those made with respect to and any developments related to the termination of the proposed merger with an affiliate of The Blackstone Group, including risks and uncertainties arising from actions that the respective parties to the merger agreement may take in connection therewith. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

PART II

Item 1. Legal Proceedings.

On May 17, 2007, we entered into an Agreement and Plan of Merger by and among the Company, Aladdin Solutions, Inc. (f/k/a Aladdin Holdco, Inc., "Parent") and Aladdin Merger Sub, Inc. ("Merger Sub" and together with Parent, the "Blackstone Entities") (the "Merger Agreement"), pursuant to which the Company was to be acquired by affiliates of The Blackstone Group L.P. (the "Merger").

We are aware of litigation arising from what were originally four lawsuits filed against the Company and its directors in connection with the Merger. On May 18, 2007, Sherryl Halpern filed a putative class action (cause no. 07-04689) on behalf of Company stockholders in the 68th Judicial District of Dallas County, Texas against the Company, all of its directors and The Blackstone Group (the "Halpern Petition"). On May 21, 2007, Levy Investments, Ltd. ("Levy") filed a purported derivative lawsuit (cause no. 219-01742-07) on behalf of the Company in the 219th Judicial District of Collin County, Texas against all of the Company's directors and The Blackstone Group (the "Levy Petition") (this suit was subsequently transferred to the 296th Judicial District of Collin County, Texas and assumed the cause no. 296-01742-07). On May 29, 2007, Linda Levine filed a putative class action (cause no. 07-05009) on behalf of Company stockholders in the 192nd Judicial District of Dallas County, Texas against the Company and all of its directors (the "Levine Petition"). On May 31, 2007, the J&V Charitable Remainder Trust filed a putative class action (cause no. 07-05127-F) on behalf of Company stockholders in the 116th Judicial District of Dallas County, Texas against the Company, all of its directors and The Blackstone Group (the "J&V Petition").

The three putative class actions were consolidated in the 68th Judicial District Court of Dallas County, Texas (the "Court") under the caption In re Alliance Data Corp. Class Action Litigation, No. 07-04689. On July 16, 2007, a consolidated class action petition was filed seeking a declaration that the action was a proper class action, an order preliminarily and permanently enjoining the Merger, a declaration that the director defendants breached their fiduciary duties and an award of fees, expenses and costs. The Company and its directors filed general denials in response to the putative class actions.

The derivative action filed by Levy was voluntarily dismissed and refiled in Dallas County (cause no. 07-06794), and was subsequently transferred to the Court. On July 18, 2007, Levy filed an amended derivative petition seeking an injunction preventing consummation of the Merger, an order directing the director defendants to exercise their fiduciary duties to obtain a transaction beneficial to the Company and its stockholders, a declaration that the Merger Agreement was entered into in breach of the director defendants' fiduciary duties and is unlawful and unenforceable, an order rescinding the Merger Agreement, the imposition of a constructive trust upon any benefits improperly received by the director defendants and an award of costs and disbursements, including reasonable attorneys' and experts' fees. On July 24, 2007, the Company and its directors filed their Motion to Abate, Plea to the Jurisdiction and Special Exceptions to the derivative action.

On July 12, 2007, class plaintiffs filed a motion to enjoin the scheduled August 8, 2007 special meeting of stockholders at which stockholders would be asked to vote to adopt the Merger Agreement. On July 20, 2007, Levy filed a motion reflecting its similar demand. On July 27, 2007, the Company and its directors filed an opposition brief to both motions. The Company continued to deny all of the allegations in the consolidated class action petition and the amended derivative petition, contended that the asserted claims were baseless and strongly believed that its disclosures in the Company's definitive proxy statement filed with the SEC on July 5, 2007 (the "Definitive Proxy") were appropriate and adequate under applicable law. Nevertheless, in order to lessen the risk of any delay of the closing of the Merger as a result of the litigation, the Company made available to its stockholders certain additional information in connection with the Merger, which was filed with the SEC on July 27, 2007 and subsequently mailed to stockholders on or about July 28, 2007 (the "Proxy Supplement"). Class action and derivative plaintiffs subsequently withdrew their motions to enjoin the August 8, 2007 special meeting of stockholders.

Subsequently, on August 7, 2007, Levy filed an Application for Attorneys' Fees, stating that the substantive issues in the case had been resolved and seeking $750,000 in attorney's fees. Levy alleged that its lawsuit caused the Company to issue the Proxy Supplement, which, Levy contended, contained material disclosures critical to the stockholders' assessment of the fairness of the Merger. Levy filed a Second Amended Petition and Amended Application for Attorney's Fees on October 25, 2007, replacing Levy Investments with Yona Levy as plaintiff. In late December 2007, the parties reached a tentative settlement wherein the Company agreed to pay derivative plaintiffs' counsel $290,000 as consideration for their contribution to the issuance of the Proxy Supplement. The settlement includes a mutual release between the Company and Yona Levy, in his individual capacity and in his derivative capacity as a stockholder of the Company. An order approving the settlement and a judgment dismissing the derivative claims were entered on January 31, 2008.

On August 14, 2007, class plaintiffs filed a Second Amended Petition, in which they withdrew all prior claims but added a claim for an equitable award of attorney's fees. Similar to Levy, class plaintiffs allege that their lawsuits caused the Company to issue the Proxy Supplement, and that the supplement constituted a benefit to the Company, its directors and stockholders for which class plaintiffs' attorneys should be compensated. In mid-December 2007, the parties reached a tentative settlement wherein the Company agreed to pay class plaintiffs' counsel $380,000 as consideration for their contribution to the issuance of the Proxy Supplement. The parties entered into a Stipulation of Settlement on May 21, 2008, which the Court overseeing those claims preliminarily approved on May 22, 2008. Pursuant to the Stipulation of Settlement, we mailed a Notice of Proposed Settlement of Class Action to all persons or entities who could be identified through reasonable efforts who were record or beneficial holders of our common stock at any time during the period from, and including, May 17, 2007 through August 14, 2007. Also pursuant to the Stipulation of Settlement, we issued a press release announcing the proposed class action settlement on June 13, 2008. No stockholders filed an objection to the proposed settlement. The Court entered a Final Order and Judgment approving the class action settlement at a fairness hearing held July 28, 2008.

We continue to contend that the disclosures in the Definitive Proxy were appropriate and adequate, and that we made the Proxy Supplement available to stockholders solely to lessen the risk of any delay of the closing of the Merger as a result of the litigation. We deny that the Proxy Supplement contained any material disclosures or constituted any benefit to the Company, its directors or its stockholders.

On January 30, 2008, we filed a lawsuit against the Blackstone Entities in the Delaware Court of Chancery, seeking specific performance to compel the Blackstone Entities to comply with their obligations under the Merger Agreement, including their covenants to obtain required regulatory approvals and to consummate the Merger. On February 8, 2008, we filed a motion to dismiss this lawsuit without prejudice in response to the Blackstone Entities' confirmation of their commitment to work to consummate the Merger.

On March 17, 2008, we notified the Blackstone Entities that they were in breach of the Merger Agreement and demanded that the Blackstone Entities cure the breaches including, among other things, obtaining required regulatory approvals from the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

On April 18, 2008, Parent repudiated the Merger Agreement by sending us a notice purporting to terminate the contract. The notice of termination was ineffective because the Merger Agreement cannot be terminated under the relevant termination provision by a party that is in breach. Subsequently, on April 18, 2008, we terminated the Merger Agreement because of the Blackstone Entities' repudiation and their refusal to timely cure their breaches and perform their covenants and agreements, thereby causing specified closing conditions not to be satisfied.

Pursuant to the Merger Agreement, if we terminate the Merger Agreement as a result of Parent's or Merger Sub's breach or failure to perform that causes specified closing conditions not to be satisfied, Parent is required to pay, or cause to be paid, to us a fee of $170.0 million (the "Business Interruption Fee"). Blackstone Capital

Partners V L.P. (“BCP V”) provided a limited guarantee pursuant to which, among other things, BCP V guarantees payment of the Business Interruption Fee and up to $3.0 million of other amounts for which the Blackstone Entities are liable under the Merger Agreement. We have demanded that Parent pay the Business Interruption Fee, and commenced litigation on April 18, 2008 seeking full and timely payment of this fee by BCP V, as guarantor of the fee, in the New York State Supreme Court (the “New York action”).

On April 21, 2008, the Blackstone Entities filed an action for declaratory judgment in the Delaware Court of Chancery against us seeking an order declaring that, among other things, the Blackstone Entities are not in breach of the Merger Agreement and that they are not obligated to pay the Business Interruption Fee (the “Delaware declaratory judgment action”).

On May 30, 2008, we filed a breach of contract in the Delaware Court of Chancery against BCP V, Parent and Merger Sub seeking payment of the Business Interruption Fee (the “Delaware contract action”).

Pursuant to the parties’ agreement, the New York action was stayed pending completion of the Delaware contract action, and the Blackstone Entities voluntarily dismissed the Delaware declaratory judgment action. We filed an amended complaint in the Delaware contract action on June 25, 2008, asserting the same claims seeking payment of the Business Interruption Fee, though Merger Sub was dropped as a defendant. The remaining defendants, BCP V and Parent, filed a motion to dismiss the amended complaint on July 14, 2008. We filed our opposition brief to the motion to dismiss on August 13, 2008, and defendants filed their reply brief on August 27, 2008. A hearing on the motion to dismiss was held on October 17, 2008.

In addition, from time to time we are involved in various claims and lawsuits arising in the ordinary course of our business that we believe will not have a material adverse affect on our business or financial condition, including claims and lawsuits alleging breaches of our contractual obligations.

Item 1A. Risk Factors.

Other than as set forth below, there have been no material changes to the Risk Factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2008 and June 30, 2008.

If we are unable to securitize our credit card receivables due to changes in the market, the unavailability of credit enhancements, an early amortization event or for other reasons, we would not be able to fund new credit card receivables, which would have a negative impact on our operations and earnings.

Since January 1996, we have sold a majority of the credit card receivables originated by World Financial Network National Bank to WFN Credit Company, LLC and WFN Funding Company II, LLC, which in turn sold them to World Financial Network Credit Card Master Trust, World Financial Network Credit Card Master Note Trust and World Financial Network Credit Card Master Trust III (the “WFN Trusts”) as part of our securitization program. In September 2008, we initiated a securitization program for the credit card receivables originated by World Financial Capital Bank, selling them to World Financial Capital Credit Company, LLC which in turn sold them to World Financial Capital Credit Card Master Note Trust. These securitization programs are the primary vehicle through which we finance World Financial Network National Bank’s and World Financial Capital Bank’s credit card receivables. If World Financial Network National Bank or World Financial Capital Bank were not able to regularly securitize the receivables it originates, our ability to grow or even maintain our Retail business would be materially impaired. World Financial Network National Bank’s and World Financial Capital Bank’s ability to effect securitization transactions is affected by the following factors, some of which are beyond our control:

- conditions in the securities markets in general and the asset-backed securitization market in particular;
- conformity of the quality of credit card receivables to rating agency requirements and changes in that quality or those requirements; and
- our ability to fund required over-collateralizations or credit enhancements, which we routinely utilize in order to achieve better credit ratings, which lowers our borrowing costs.

Beginning in the second half of 2007, conditions in the securities market in general and the asset-backed securitization market in particular deteriorated significantly. If these conditions persist, deteriorate further or recur in the future, neither World Financial Network National Bank nor World Financial Capital Bank may be able to securitize the receivables it originates on terms similar to those it has received historically, or at all. In particular, we have approximately $652.8 million of asset-backed notes that will become due in 2009. Our ability to refinance these notes on favorable terms or at all will depend upon our ability to continue to securitize our receivables, which will depend upon the conditions in the securities market at the time, as well as the other factors described above.

Once World Financial Network National Bank and World Financial Capital Bank securitize receivables, the agreement governing the transaction contains covenants that address the receivables' performance and the continued solvency of the retailer where the underlying sales were generated. In the event such a covenant or other similar covenant is breached, an early amortization event could be declared, whereby the trustee for the securitization trust would retain World Financial Network National Bank's or World Financial Capital Bank's interest in the related receivables, along with the excess interest income that would normally be paid to World Financial Network National Bank or World Financial Capital Bank, until the securitization investors are fully repaid. The occurrence of an early amortization event would significantly limit, or even negate, our ability to securitize additional receivables.

Interest rate increases could significantly reduce the amount we realize from the spread between the yield on our assets and our cost of funding.

Interest Rate Risk. Interest rate risk affects us directly in our lending and borrowing activities. Our total interest incurred was approximately $164.0 million through September 30, 2008, which includes both on-and off-balance sheet transactions. Of this total, $56.1 million of the interest expense for 2008 was attributable to on-balance sheet indebtedness and the remainder was attributable to our securitized credit card receivables, which are financed off-balance sheet. To manage our risk from market interest rates, we actively monitor the interest rates and the interest sensitive components both on- and off-balance sheet to minimize the impact that changes in interest rates have on the fair value of assets, net income and cash flow. To achieve this objective, we manage our exposure to fluctuations in market interest rates by matching asset and liability repricings and through the use of fixed-rate debt instruments to the extent that reasonably favorable rates are obtainable with such arrangements. In addition, we enter into derivative financial instruments such as interest rate swaps and treasury locks to mitigate our interest rate risk on a related financial instrument or to lock the interest rate on a portion of our variable debt. We do not enter into derivative or interest rate transactions for trading or other speculative purposes. At September 30, 2008, we had $5.5 billion of debt, including $3.5 billion of off-balance sheet debt from our securitization programs.

	As of September 30, 2008		
	Fixed Rate	Variable Rate	Total
		(in millions)	
Off-balance sheet	$1,675.0	$ 1,842.6	$3,517.6
On-balance sheet	1,370.5	638.8	2,009.3
Total	$3,045.5	$ 2,481.4	$5,526.9

At September 30, 2008, our fixed rate off-balance sheet debt was locked at a current effective interest rate of 4.8% through interest rate swap agreements.

At September 30, 2008, our fixed rate on-balance sheet debt was subject to fixed rates with a weighted average interest rate of 3.6%

A 1.0% increase in interest rates would result in an estimated decrease to pretax income of approximately $19.4 million related to our debt. The foregoing sensitivity analysis is limited to the potential impact of an interest rate increase of 1.0% on cash flows and fair values, and does not address default or credit risk.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During 2005 and 2006 our Board of Directors authorized three stock repurchase programs to acquire up to an aggregate of $900.0 million of our outstanding common stock through December 2008, as more fully described in the footnote to the table below. In July 2008, we established a new repurchase program, pursuant to which, during the period beginning on July 17, 2008 and ending December 31, 2009, we may repurchase shares of our common stock at an aggregate price not to exceed $1.3 billion.

As of September 30, 2008, we had repurchased 22,898,560 shares of our common stock for approximately $1,272.2 million under these programs. The following table presents information with respect to those purchases of our common stock made during the three months ended September 30, 2008.

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[2] (Dollars in millions)
During 2008:				
July 1 – 31	5,036,177	$58.66	5,029,405	$ 1,052.6
August 1 – 31	1,308,619	63.80	1,306,400	969.2
September 1 – 30	688,527	60.69	682,300	927.8
Total	7,033,323	$59.81	7,018,105	$ 927.8

(1) During the period represented by the table, 15,218 shares of our common stock were purchased by the administrator of our 401(k) and Retirement Saving Plan for the benefit of the employees who participated in that portion of the plan.

(2) On June 9, 2005, we announced that our Board of Directors authorized a stock repurchase program to acquire up to $80.0 million of our outstanding common stock through June 2006. As of the expiration of the program, we acquired the full amount available under this program. On October 27, 2005, we announced that our Board of Directors authorized a second stock repurchase program to acquire up to an additional $220.0 million of our outstanding common stock through October 2006. On October 3, 2006, we announced that our Board of Directors authorized a third stock repurchase program to acquire up to an additional $600.0 million of our outstanding common stock through December 2008, in addition to any amount remaining available at the expiration of the second stock repurchase program. We acquired the full amount under this third stock repurchase program in July 2008. On July 30, 2008, we announced that our Board of Directors authorized a fourth stock repurchase program to acquire up to an additional $1.3 billion of our outstanding common stock through December 2009.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

(a) None
(b) None

Item 6. Exhibits.

(a) *Exhibits:*

EXHIBIT INDEX

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit No. 3.1 to our Registration Statement on Form S-1 filed with the SEC on March 3, 2000, File No. 333-94623).
3.2	Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.2 to our Registration Statement on Form S-1 filed with the SEC on March 3, 2000, File No. 333-94623).
3.3	First Amendment to the Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.3 to our Registration Statement on Form S-1 filed with the SEC on May 4, 2001, File No. 333-94623).
3.4	Second Amendment to the Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.4 to our Annual Report on Form 10-K, filed with the SEC on April 1, 2002, File No. 001-15749).
4	Specimen Certificate for shares of Common Stock of the Registrant (incorporated by reference to Exhibit No. 4 to our Quarterly Report on Form 10-Q filed with the SEC on August 8, 2003, File No. 001-15749).
10.1	Series 2008-A Indenture Supplement, dated as of September 12, 2008 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on September 18, 2008, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.2	Series 2008-B Indenture Supplement, dated as of September 12, 2008 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on September 18, 2008, File Nos. 333-60418, 333-60418-01 and 333-113669).
*10.3	Receivables Purchase Agreement, dated as of September 29, 2008 between World Financial Capital Bank and World Financial Capital Credit Company, LLC.
*10.4	Transfer and Servicing Agreement, dated as of September 29, 2008, among World Financial Capital Credit Company, LLC, World Financial Capital Bank and World Financial Capital Master Note Trust.
*10.5	Receivables Purchase Agreement, dated as of September 28, 2001, between World Financial Network National Bank and WFN Credit Company, LLC.
*10.6	World Financial Network Credit Card Master Trust III Amended and Restated Pooling and Servicing Agreement, dated as of September 28, 2001, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.
*10.7	First Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of April 7, 2004, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.

Exhibit No.	Description
*10.8	Second Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of March 23, 2005, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.
*10.9	Third Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of October 26, 2007, among WFN Credit Company, LLC, World Financial Network National Bank, and Union Bank of California, N.A. (successor to JPMorgan Chase Bank, N.A.).
*31.1	Certification of Chief Executive Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14 (a) promulgated under the Securities Exchange Act of 1934, as amended.
*31.2	Certification of Chief Financial Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
*32.1	Certification of Chief Executive Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.
*32.2	Certification of Chief Financial Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.

* Filed herewith

\+ Management contract, compensatory plan or arrangement

SIGNATURES

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

ALLIANCE DATA SYSTEMS CORPORATION

By: /S/ EDWARD J. HEFFERNAN

Edward J. Heffernan
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Date: November 7, 2008

By: /S/ MICHAEL D. KUBIC

Michael D. Kubic
Senior Vice President and Corporate Controller (Principal Accounting Officer)

Date: November 7, 2008

EXHIBIT INDEX

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit No. 3.1 to our Registration Statement on Form S-1 filed with the SEC on March 3, 2000, File No. 333-94623).
3.2	Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.2 to our Registration Statement on Form S-1 filed with the SEC on March 3, 2000, File No. 333-94623).
3.3	First Amendment to the Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.3 to our Registration Statement on Form S-1 filed with the SEC on May 4, 2001, File No. 333-94623).
3.4	Second Amendment to the Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.4 to our Annual Report on Form 10-K, filed with the SEC on April 1, 2002, File No. 001-15749).
4	Specimen Certificate for shares of Common Stock of the Registrant (incorporated by reference to Exhibit No. 4 to our Quarterly Report on Form 10-Q filed with the SEC on August 8, 2003, File No. 001-15749).
10.1	Series 2008-A Indenture Supplement, dated as of September 12, 2008 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on September 18, 2008, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.2	Series 2008-B Indenture Supplement, dated as of September 12, 2008 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on September 18, 2008, File Nos. 333-60418, 333-60418-01 and 333-113669).
*10.3	Receivables Purchase Agreement, dated as of September 29, 2008 between World Financial Capital Bank and World Financial Capital Credit Company, LLC.
*10.4	Transfer and Servicing Agreement, dated as of September 29, 2008, among World Financial Capital Credit Company, LLC, World Financial Capital Bank and World Financial Capital Master Note Trust.
*10.5	Receivables Purchase Agreement, dated as of September 28, 2001, between World Financial Network National Bank and WFN Credit Company, LLC.
*10.6	World Financial Network Credit Card Master Trust III Amended and Restated Pooling and Servicing Agreement, dated as of September 28, 2001, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.
*10.7	First Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of April 7, 2004, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.
*10.8	Second Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of March 23, 2005, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.
*10.9	Third Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of October 26, 2007, among WFN Credit Company, LLC, World Financial Network National Bank, and Union Bank of California, N.A. (successor to JPMorgan Chase Bank, N.A.).

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Exhibit No.	Description
*31.1	Certification of Chief Executive Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14 (a) promulgated under the Securities Exchange Act of 1934, as amended.
*31.2	Certification of Chief Financial Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
*32.1	Certification of Chief Executive Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.
*32.2	Certification of Chief Financial Officer of Alliance Data Systems Corporation pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.

* Filed herewith

\+ Management contract, compensatory plan or arrangement

EXHIBIT 10.3

RECEIVABLES PURCHASE AGREEMENT

between

WORLD FINANCIAL CAPITAL BANK

RPA Seller,

and

WORLD FINANCIAL CAPITAL CREDIT COMPANY, LLC

Purchaser

Dated as of September 29, 2008

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(continued)

THIS RECEIVABLES PURCHASE AGREEMENT, dated as of September 29, 2008 (this "Agreement") is by and between WORLD FINANCIAL CAPITAL BANK, a Utah industrial bank, ("WFCB"), as seller ("RPA Seller"), and WORLD FINANCIAL CAPITAL CREDIT COMPANY, LLC, a Delaware limited liability company, as purchaser ("Purchaser").

R E C I T A L S:

WHEREAS, Purchaser desires to purchase, from time to time, certain Receivables arising under certain specified Accounts of RPA Seller;

WHEREAS, RPA Seller desires to sell and assign such Receivables to Purchaser, from time to time, upon the terms and conditions hereinafter set forth; and

WHEREAS, it is contemplated that the Receivables purchased hereunder will be transferred by Purchaser to World Financial Capital Master Note Trust (the "Trust") pursuant to the Transfer and Servicing Agreement, dated as of September 29, 2008 between World Financial Capital Credit Company, LLC, as Transferor, WFCB, as Servicer and the Trust, and that the Trust will thereafter pledge all of its right, title and interest therein to U.S. Bank National Association ("Indenture Trustee"), as Indenture Trustee for the benefit of the Noteholders under the Master Indenture, dated as of September 29, 2008 (the "Indenture") between Indenture Trustee and the Trust;

NOW, THEREFORE, it is hereby agreed by and between Purchaser and RPA Seller as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Each capitalized term used herein or in any certificate, document, or Conveyance Paper made or delivered pursuant hereto, and not defined herein or therein, shall have the meaning specified in Annex A to the Indenture.

Section 1.2 Other Definitional Provisions. All terms defined directly or by reference 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 such certificates and other documents, unless the context otherwise requires: (i) 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 generally accepted accounting principles; (ii) terms defined in Article 9 of the UCC as in effect in the State of New York and not otherwise defined in this Agreement are used as defined in that Article; (iii) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (iv) references to any amount as on deposit or outstanding on any particular date means such amount at the

close of business on such day; (v) 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); (vi) 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, Section, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (vii) the term “including” means “including without limitation”; (viii) 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; (ix) references to any Person include that Person’s successors and assigns; (x) references to any agreement refer to that agreement as amended, supplemented or otherwise modified from time to time; and (xi) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

ARTICLE II

SALE AND CONTRIBUTION OF RECEIVABLES

Section 2.1 Sales and Contributions.

(a) RPA Seller hereby transfers, assigns, sets over and otherwise conveys to Purchaser without recourse (except as expressly provided herein), and Purchaser purchases and/or accepts as a capital contribution, as applicable, from RPA Seller, all of RPA Seller’s right, title and interest in and to the Receivables existing as of the opening of business on the Initial Cut Off Date and thereafter arising from time to time in the Accounts and all Related Assets with respect thereto, including Interchange allocated to the Accounts in accordance with Section 5.1(l) from time to time; provided, however, that Principal Receivables originated after the occurrence of an Insolvency Event with respect to RPA Seller shall not be conveyed hereunder.

(b) RPA Seller agrees (i) to record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables now existing and hereafter created, meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain perfection of, the conveyance of the Receivables and the Related Assets to Purchaser and the first priority nature of Purchaser’s interest in the Receivables and the Related Assets and to deliver a file-stamped copy of such financing statements or other evidence of such filings to Purchaser (which evidence may, for purposes of this Section 2.1, consist of telephone confirmation of such filing to Purchaser, followed by delivery of a file stamped copy to Purchaser as soon as is practicable after filing) on or prior to the Effective Date, and in the case of any continuation statements filed pursuant to this Section 2.1, as soon as practicable after receipt thereof by RPA Seller.

(c) RPA Seller further agrees, at its own expense, (i) on or prior to (A) the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date, in the case of any Accounts designated pursuant hereto prior to such date, (B) the applicable Addition Date, in the case of Supplemental Accounts, and (C) the applicable Removal Date, in the case of Removed Accounts, to indicate in its appropriate computer files that Receivables created in connection with the Accounts (other than Removed Accounts) have been sold to Purchaser pursuant to this Agreement, transferred by Purchaser to the Trust pursuant to the Transfer and Servicing Agreement and pledged to the Indenture Trustee pursuant to the Indenture (or conveyed to the Transferor or its designee in accordance with Section 2.7 of the Transfer and Servicing Agreement, in the case of Removed Accounts) by including in such computer files the code identifying each such Account (or, in the case of Removed Accounts, either including such a code identifying the Removed Accounts only if the removal occurs prior to the Automatic Addition Termination Date or Automatic Addition Suspension Date or subsequent to a Restart Date, or deleting such code thereafter) and (ii) on or prior to the date referred to in clauses (i)(A), (B) or (C), as applicable, to deliver to Purchaser an Account Schedule (provided that such Account Schedule shall be provided in respect of Automatic Additional Accounts on or prior to the Determination Date relating to the Monthly Period during which the respective Addition Dates occur) specifying for each such Account, as of the Automatic Addition Termination Date or Automatic Addition Suspension Date, in the case of clause (i)(A), the applicable Addition Cut Off Date, in the case of Supplemental Accounts, and the Removal Date, in the case of Removed Accounts, its account number, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables in such Account. Once the code referenced in clause (i) of this paragraph has been included with respect to any Account, RPA Seller further agrees not to alter such code or other notation during the term of this Agreement unless and until (x) such Account becomes a Removed Account, (y) a Restart Date has occurred on which Purchaser starts including Automatic Additional Accounts as Accounts or (z) RPA Seller shall have delivered to Purchaser and the Indenture Trustee at least 30 days prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the respective interests of Purchaser, the Trust and the Indenture Trustee in the Receivables and other Trust Assets to continue to be perfected with the priority required by this Agreement, the Transfer and Servicing Agreement and the Indenture, respectively.

(d) It is the intention of the parties hereto that the conveyances of the Receivables and the other Related Assets by RPA Seller to Purchaser as provided in this Section 2.1 be, and be construed as, an absolute sales or capital contributions, including for accounting purposes, without recourse except as explicitly provided herein, of the Receivables and the other Related Assets by RPA Seller to Purchaser. Furthermore, it is not intended that such conveyance be deemed a pledge of the Receivables and the other Related Assets by RPA Seller to Purchaser to secure a debt or other obligation of RPA Seller. If, however, notwithstanding the intention of the parties, the conveyance provided for in this Section 2.1 is determined to be a transfer for security, then this Agreement shall also be deemed to be a security agreement and RPA Seller hereby

grants to Purchaser a security interest in all of RPA Seller's right, title and interest, whether now owned or hereafter acquired, in and to the Receivables and the other Related Assets.

Section 2.2 Addition of Additional Accounts.

(a) Required Additions. If Purchaser is required, pursuant to Section 2.6 of the Transfer and Servicing Agreement, to designate additional Eligible Accounts as Supplemental Accounts or to convey Participation Interests to the Trust, Purchaser shall so notify RPA Seller. RPA Seller shall designate such Eligible Accounts as Supplemental Accounts and shall convey to Purchaser Receivables in such Supplemental Accounts or (if it so elects) shall convey such Participation Interests to Purchaser, subject to the same qualifications and restrictions as are set forth in Section 2.6 of the Transfer and Servicing Agreement, as applicable, with respect to Purchaser; provided, however, that the failure of RPA Seller to transfer Receivables or Participation Interests to Purchaser as provided in this paragraph solely as a result of the unavailability of a sufficient amount of Eligible Receivables shall not constitute a breach of this Agreement; provided further, that any such failure which has not been timely cured will nevertheless result in the occurrence of an Early Amortization Event with respect to each Series for which, pursuant to the Indenture Supplement therefor, a failure by Purchaser to convey Receivables in Additional Accounts or Participation Interests to the Trust by the day on which it is required to convey such Receivables or Participation Interests constitutes an "Early Amortization Event" (as defined in such Indenture Supplement) after passage of any applicable grace period specified in the related Indenture Supplement.

(b) Permitted Additions. Subject to the restrictions and qualifications set forth in Section 2.6 of the Transfer and Servicing Agreement, Purchaser shall exercise its rights to designate additional Eligible Accounts as Supplemental Accounts or Automatic Additional Accounts pursuant to Sections 2.6(a) and (c) of the Transfer and Servicing Agreement when requested to do so by RPA Seller.

(c) Additional Approved Portfolios. Subject to the restrictions and qualifications set forth in Section 2.6 of the Transfer and Servicing Agreement, Purchaser shall exercise its rights to designate additional portfolios of accounts as "Approved Portfolios" when requested to do so by RPA Seller.

(d) Delivery of Documents. RPA Seller agrees to provide to Purchaser such information, certificates, financing statements, opinions and other materials as are reasonably necessary to enable Purchaser to satisfy its obligations under Section 2.6 of the Transfer and Servicing Agreement with respect to Supplemental Accounts, Automatic Additional Accounts or Participation Interests of RPA Seller. In the case of the designation of Supplemental Accounts, RPA Seller shall deliver to Purchaser on the date specified in Section 2.1(c) (i) the computer file, compact disc or other written list or electronic file required to be delivered pursuant to Section 1.1 with respect to such Supplemental Accounts and (ii) a duly executed, written assignment, substantially in the form of Exhibit A (the "Supplemental Conveyance").

(e) Representations and Warranties. In connection with the designation of any Eligible Account as a Supplemental Account, the conveyance of any Participation Interests to Purchaser, RPA Seller shall represent and warrant that:

(i) each Supplemental Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Supplemental Account is, as of the Addition Cut Off Date, an Eligible Receivable; no selection procedures believed by RPA Seller to be materially adverse to the interests of Purchaser or the Holders were utilized in selecting the Additional Accounts from the available Eligible Accounts in an Approved Portfolio; and that as of the Addition Date, RPA Seller is not insolvent; and

(ii) as of the Addition Date, the Supplemental Conveyance constitutes a valid sale to Purchaser of all right, title and interest of RPA Seller in and to the Receivables and the Related Assets then existing and thereafter created from time to time in the Supplemental Accounts, and such property will be held by Purchaser free and clear of any Lien (other than Liens permitted by Section 2.5(b) of the Transfer and Servicing Agreement).

Section 2.3 Removal of Accounts. Purchaser may remove Accounts from the Trust in accordance with Section 2.7 of the Transfer and Servicing Agreement. On each day on which Accounts are removed from the Trust pursuant to Section 2.7 of the Transfer and Servicing Agreement, RPA Seller and Purchaser may, but shall not be required to, by mutual agreement, remove Accounts from the operation of this Agreement. RPA Seller agrees to provide to Purchaser such information, certificates, financing statement, opinions and other materials as are reasonably necessary to enable Purchaser to satisfy its obligations under Section 2.7 of the Transfer and Servicing Agreement with respect to the removal of Accounts.

ARTICLE III

CONSIDERATION AND PAYMENT

Section 3.1 Purchase Price.

(a) The "Purchase Price" for the Receivables (including Receivables in Additional Accounts) to be conveyed to Purchaser under this Agreement that come into existence on or after the Effective Date shall be payable on each Business Day on which such Receivables are conveyed by RPA Seller to Purchaser in an amount equal to 100% of the Principal Receivables so conveyed, adjusted from time to time with respect to Principal Receivables originated hereafter to reflect such factors as RPA Seller and Purchaser mutually agree will result in a Purchase Price determined to approximate the fair market value of such Principal Receivables. If and to the extent that Purchaser shall

not have funds available to pay RPA Seller the Purchase Price for the Receivables transferred on any day, an amount equal to the portion of the Purchase Price for such Receivables for which Purchaser shall not have funds shall be deemed to be a borrowing by Purchaser from RPA Seller under the Subordinated Note in the amount of such deficiency; provided that no borrowing may be made under the Subordinated Note if, after giving effect to such borrowing, Purchaser Tangible Equity would be less than Required Purchaser Tangible Equity; and provided, further, that RPA Seller may, in its discretion, contribute Receivables on any Business Day and the Purchase Price of such Receivables shall be deemed to be a capital contribution from RPA Seller to Purchaser.

(b) RPA Seller is hereby authorized by Purchaser to endorse on the schedule attached to the Subordinated Note (or a continuation of such schedule attached thereto and made a part thereof) an appropriate notation evidencing the date and amount of each borrowing thereunder, as well as the date and amount of each payment made with respect thereto; provided that the failure of any Person to make such a notation shall not affect any obligations of Purchaser thereunder.

(c) Subject to the terms and conditions of the Subordinated Note, all borrowings thereunder shall be as follows:

(i) All amounts paid by Purchaser with respect to the Subordinated Note shall be allocated first to the repayment of accrued interest until all such interest is paid, and then to the outstanding principal amount of the Subordinated Note.

(ii) The outstanding principal amount of the Subordinated Note shall bear interest at a fixed rate per annum of 10% from the Effective Date, calculated based on a 360-day year consistently of twelve thirty-day months, or such other rate as shall be agreed upon by RPA Seller and Purchaser on an arms-length basis from time to time (such rate as in effect from time to time, the "Subordinated Note Rate"). Interest on the Subordinated Note shall be payable on the 15th day of each calendar month during which amounts are outstanding thereunder, or if the 15th is not a Business Day, the next succeeding Business Day (each such date, an "Interest Payment Date"). If on any Interest Payment Date, the amount of funds available to pay interest on the Subordinated Note is insufficient to pay any amount due under the Subordinated Note, then interest shall be payable only to the extent funds are available thereof. All interest in the Subordinated Note that is not paid when due pursuant to this paragraph shall be payable on the next Interest Payment Date on which funds are available therefore and all such unpaid interest shall accrue interest at the Subordinated Note Rate until paid in full.

(iii) Purchaser may at its option, prepay the Subordinated Note at any time and from time to time; provided that in no event shall RPA Seller or any holder of the Subordinated Note have any right to demand any payment of

principal under the Subordinated Note prior to the date that is one year and one day after the latest occurring Series Termination Date for any Series of Notes (the "Subordinated Note Maturity Date").

Section 3.2 Adjustments to Purchase Price. During any Monthly Period, if Servicer adjusts downward the amount of any Receivable because of a rebate, refund, unauthorized charge or billing error to an accountholder, or because such Receivable was created in respect of merchandise which was refused or returned by an accountholder, or if Servicer otherwise adjusts downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible, then the Purchase Price shall be reduced as provided below (a "Credit Adjustment"). The amount of such Credit Adjustment with respect to any Receivable adjusted downward as described in the preceding sentence, shall be equal to the amount of such adjustment. The amount of any Credit Adjustment may be offset against any amounts due from Purchaser to RPA Seller on such day; provided that, subject to the following proviso, RPA Seller shall not be obligated to make any cash payment with respect to a Credit Adjustment until the Distribution Date following the Monthly Period in which such Credit Adjustment arose in accordance with Section 3.3; provided, further, that, if, as a result of the occurrence of any event giving rise to a Credit Adjustment, Purchaser is required to deposit funds into the Excess Funding Account pursuant to Section 3.9 of the Transfer and Servicing Agreement, RPA Seller shall pay Purchaser the amount by which the Purchase Price would be reduced in immediately available funds on or before the date Purchaser is required to make such deposit to the Excess Funding Account. To secure its obligations to make the payments required by the preceding sentence, RPA Seller hereby grants to Purchaser and its assigns, a security interest in (i) its rights to receive payments from any Merchant under any Account Processing Agreement on account of rebates, refunds, unauthorized charges, refused or returned merchandise or any other event or circumstance that causes Servicer to adjust downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible ("Merchant Adjustment Payments"), (ii) any collateral security granted to, or guaranty for the benefit of, RPA Seller with respect to Merchant Adjustment Payments, (iii) all amounts received from any Merchant on account of Merchant Adjustment Payments and (iv) all proceeds of such rights and such amounts.

Section 3.3 Settlement and Ongoing Payment of Purchase Price. On each Distribution Date, RPA Seller shall deliver a settlement statement (the "Settlement Statement"), showing the aggregate Purchase Price of Receivables conveyed to Purchaser during the prior Monthly Period (or, with respect to the first Distribution Date following the Effective Date, the period from and including the Effective Date through the last day of the calendar month preceding such Distribution Date), and the amount which remains unpaid as Credit Adjustments made with respect to such period pursuant to Section 3.2 or any adjustment to the Purchase Price of Receivables with respect to such period pursuant to Section 6.1, each of which shall reduce the aggregate Purchase Price payable by Purchaser for such period. Any balance due from Purchaser to RPA Seller shall be paid in accordance with Section 3.1. Any balance due from RPA Seller to Purchaser shall be paid in immediately available funds.

Section 3.4 Netting Arrangements. Except as otherwise required by Section 8.4(a) of the Indenture (with respect to In-Store Payments) and the terms of any Indenture Supplement, RPA Seller may permit or require payments owed by any Merchant with respect to In-Store Payments and Merchant Adjustment Payments to be netted against amounts owed by RPA Seller to that Merchant. RPA Seller shall pay to Purchaser (or, so long as RPA Seller is Servicer, deposit directly into the Collection Account) on each Business Day an amount equal to the aggregate amount of In-Store Payments netted against amounts owed by RPA Seller to the various Merchants on that Business Day. If, however, Purchaser is required under any Indenture Supplement to require RPA Seller to discontinue such netting as to any Merchant, then RPA Seller shall not permit In-Store Payments or Merchant Adjustment Payments to be netted against amounts payable by RPA Seller to that Merchant, but instead RPA Seller shall cause that Merchant to transfer to RPA Seller, not later than the second Business Day following receipt by such Merchant of any In-Store Payments or any event obligating that Merchant to make a Merchant Adjustment Payment, an amount equal to the sum of such In-Store Payments and Merchant Adjustment Payments.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of RPA Seller Relating to RPA Seller.

(a) Representations and Warranties. RPA Seller hereby represents and warrants to, and agrees with, Purchaser as of the Effective Date and on each Closing Date, that:

(i) Organization and Good Standing. RPA Seller is a Utah industrial bank validly existing in good standing under the laws of the State of Utah, and has full corporate power, authority and legal right to own its properties and conduct its business as presently owned and conducted, and to execute, deliver and perform its obligations under this Agreement.

(ii) Due Qualification. RPA Seller is duly qualified to do business and is in good standing (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would have a material adverse effect on the interests of Purchaser or the Holders.

(iii) Due Authorization. The execution, delivery and performance of this Agreement and any other document or instrument delivered pursuant hereto (such other documents or instruments, collectively, the "Conveyance Papers")

and the consummation of the transactions provided for in this Agreement or any other Conveyance Papers have been duly authorized by all necessary corporate action on the part of RPA Seller.

(iv) No Conflict. The execution and delivery of this Agreement and the Conveyance Papers by RPA Seller, the performance of the transactions contemplated by this Agreement and the Conveyance Papers, and the fulfillment of the terms of this Agreement and the Conveyance Papers applicable to RPA Seller will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust, or other instrument to which RPA Seller is a party or by which it or any of its properties are bound.

(v) No Violation. The execution, delivery and performance of this Agreement and the Conveyance Papers by RPA Seller and the fulfillment by RPA Seller of the terms hereof and thereof will not conflict with or violate any Requirements of Law applicable to RPA Seller.

(vi) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of RPA Seller, threatened against RPA Seller, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any of the Conveyance Papers, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the Conveyance Papers, (iii) seeking any determination or ruling that, in the reasonable judgment of RPA Seller, would materially and adversely affect the performance by RPA Seller of its obligations under this Agreement or any of the Conveyance Papers, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or any of the Conveyance Papers or (v) seeking to affect adversely the income tax attributes of the Trust under Federal or applicable state income or franchise tax systems.

(vii) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or any governmental body or official required in connection with the execution and delivery by RPA Seller of this Agreement or any of the Conveyance Papers and the performance of the transactions contemplated by this Agreement or any of the Conveyance Papers by RPA Seller have been obtained.

(viii) Insolvency. RPA Seller is not insolvent and no Insolvency Event with respect to RPA Seller has occurred, and the transfer of the Receivables and Related Assets by RPA Seller to Purchaser contemplated hereby has not been made in contemplation of such insolvency or Insolvency Event.

(b) Notice of Breach; Reliance. The representations and warranties of RPA Seller set forth in this Section 4.1 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser and the transfer and assignment by Purchaser of the Receivables to the Trust. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by RPA Seller set forth in this Section 4.1, the party discovering such breach shall give prompt written notice to the other and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Indenture Supplement. RPA Seller hereby acknowledges that Purchaser intends to rely on the representations hereunder in connection with representations made by Purchaser to secured parties, assignees or subsequent transferees, including transfers made by Purchaser to the Trust pursuant to the Transfer and Servicing Agreement. RPA Seller agrees to cooperate with Purchaser, Servicer and the Indenture Trustee in attempting to cure any such breach.

Section 4.2 Representations and Warranties of RPA Seller Relating to the Agreement and the Receivables.

(a) Representations and Warranties. RPA Seller hereby represents and warrants to Purchaser as of the Effective Date and, with respect to Additional Accounts, as of the related Addition Date that:

(i) this Agreement and, in the case of Supplemental Accounts, the related Supplemental Conveyance, when executed and delivered on behalf of RPA Seller, each constitutes a legal, valid and binding obligation of RPA Seller, enforceable against RPA Seller in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect and by general principles of equity (whether considered in a suit at law or in equity);

(ii) as of the Automatic Addition Termination Date or an Automatic Addition Suspension Date, as of each subsequent Addition Date with respect to Supplemental Accounts, and as of the applicable Removal Date with respect to Removed Accounts, the Account Schedule delivered pursuant to this Agreement, as supplemented to such date, is an accurate and complete listing in all material respects of all the related Accounts as of such Automatic Addition Termination Date or Automatic Addition Suspension Date, the related Addition Cut Off Date or such Removal Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing thereunder is true and correct in all material respects as of such specified date;

(iii) RPA Seller is the legal and beneficial owner of all right, title and interest in each Receivable and the Related Assets and RPA Seller has the full right, power and authority to transfer the Receivables and the Related Assets

conveyed to Purchaser by RPA Seller has been conveyed to Purchaser free and clear of any Lien (other than Liens permitted under Section 2.5(b) of the Transfer and Servicing Agreement) and in compliance, in all material respects, with all Requirements of Law applicable to RPA Seller;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by RPA Seller in connection with the conveyance of the Receivables to Purchaser have been duly obtained, effected or given and are in full force and effect;

(v) this Agreement or, in the case of Supplemental Accounts, the related Supplemental Conveyance, upon execution and delivery on behalf of RPA Seller, constitutes a valid transfer and assignment to Purchaser of all right, title and interest of RPA Seller in and to the Receivables and the other Related Assets, and the Purchaser has a first priority perfected security interest in the Receivables and the Related Assets;

(vi) except as otherwise expressly provided in this Agreement, the Transfer and Servicing Agreement, the Indenture or any Indenture Supplement neither RPA Seller nor any Person claiming through or under RPA Seller has any claim to or interest in the Collection Account, the Excess Funding Account, any Series Account or any Enhancement;

(vii) with respect to each Automatic Additional Account, on the date of its creation or, if later, the date it otherwise becomes an Automatic Additional Account, and with respect to each Supplemental Account, on the related Addition Cut Off Date each such Account is classified as an Eligible Account;

(viii) on the date of creation of each Automatic Additional Account or, if later, on the date the related account otherwise becomes an Automatic Additional Account, each Receivable contained in such Automatic Additional Account is an Eligible Receivable and, on the applicable Addition Cut Off Date, each Receivable contained in any related Supplemental Account is an Eligible Receivable; and

(ix) as of the date of the transfer of any Receivable to Purchaser, such Receivable to the Purchaser is an Eligible Receivable.

(b) Perfection Representations and Warranties. Debtor hereby makes the Perfection Representations and Warranties to the Secured Party. For purposes of this Section 4.2(b): Debtor shall mean RPA Seller, Secured Party shall mean Transferor, and Specified Agreement shall mean this Receivables Purchase Agreement. The rights and remedies with respect to any breach of the Perfection Representations and Warranties made under this Section 4.2(b) shall be continuing and shall survive any termination of the Specified Agreement. Secured Party shall not waive a breach of any

Perfection Representation and Warranty. In order to evidence the interests of Debtor and Secured Party under the Specified Agreement, the Debtor shall, from time to time take such action, and execute and deliver such instruments as are necessary in order to maintain and perfect, as a first priority interest, the Secured Party's security interest in the Receivables. The Debtor hereby authorizes Purchaser and Servicer to file any financing statements and amendments thereto under the UCC as may be required to be filed pursuant to the preceding sentence, or as may be necessary or advisable to perfect the transfer of the Receivables and the Related Assets to the Purchaser.

(c) Notice of Breach; Reliance. The representations and warranties of RPA Seller set forth in this Section 4.2 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser and the transfer and assignment by Purchaser of the Receivables to the Trust. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by RPA Seller set forth in this Section 4.2, the party discovering such breach shall give prompt written notice to the other. RPA Seller hereby acknowledges that Purchaser intends to rely on the representations hereunder in connection with representations made by Purchaser to secured parties, assignees or subsequent transferees, including transfers made by Purchaser to the Trust pursuant to the Transfer and Servicing Agreement. RPA Seller agrees to cooperate with Purchaser, Servicer and the Indenture Trustee in attempting to cure any such breach.

Section 4.3 Representations and Warranties of Purchaser.

(a) Representations and Warranties. As of the Effective Date and each Closing Date, Purchaser hereby represents and warrants to, and agrees with, RPA Seller that:

(i) Organization and Good Standing. Purchaser is a limited liability company validly existing in good standing under the laws of the State of Delaware and has full power and authority to own its properties and conduct its business as presently owned and conducted and to execute, deliver and perform its obligations under this Agreement and the Conveyance Papers.

(ii) Due Authorization. The execution and delivery of this Agreement and the Conveyance Papers and the consummation of the transactions provided for in this Agreement and the Conveyance Papers have been duly authorized by Purchaser by all necessary limited liability company action on the part of Purchaser.

(iii) No Conflict. The execution and delivery of this Agreement and the Conveyance Papers, the performance of the transactions contemplated by this Agreement and the Conveyance Papers, and the fulfillment of the terms hereof and thereof, will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Purchaser is a party or by which it or any of its properties are bound.

(iv) No Violation. The execution, delivery and performance of this Agreement and the Conveyance Papers by Purchaser and the fulfillment by Purchaser of the terms contemplated herein and therein will not conflict with or violate any Requirements of Law applicable to Purchaser.

(v) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of Purchaser, threatened against Purchaser, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any of the Conveyance Papers, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the Conveyance Papers, (iii) seeking any determination or ruling that, in the reasonable judgment of Purchaser, would materially and adversely affect the performance by Purchaser of its obligations under this Agreement or any of the Conveyance Papers or (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or any of the Conveyance Papers.

(vi) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Purchaser of this Agreement and Conveyance Papers, the performance by Purchaser of the transactions contemplated by this Agreement and the Conveyance Papers and the fulfillment by Purchaser of the terms hereof and thereof, have been obtained.

(b) Notice of Breach. The representations and warranties of RPA Seller set forth in this Section 4.3 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by Purchaser set forth in this Section 4.3, the party discovering such breach shall give prompt written notice to the Indenture Trustee. Purchaser agrees to cooperate with RPA Seller, Servicer and Indenture Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this Section 4.3, each reference to an Indenture Supplement shall be deemed to refer only to those Indenture Supplements in effect as of the relevant Closing Date.

ARTICLE V

COVENANTS

Section 5.1 RPA Seller Covenants. RPA Seller hereby covenants and agrees with Purchaser as follows:

(a) Receivables not to be Evidenced by Promissory Notes. Except in connection with the enforcement or collection of an Account, RPA Seller will take no action to cause any Receivable transferred by it pursuant hereto to be evidenced by any instrument or chattel paper and, if any such Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be deemed to be an Ineligible Receivable in accordance with Section 6.1.

(b) Security Interests. Except for the conveyances hereunder or as otherwise provided herein, RPA Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist, any Lien on any Receivable or any Related Asset, whether now existing or hereafter created, or any interest therein; and RPA Seller will immediately notify Purchaser of the existence of any Lien on any Receivable of which RPA Seller has knowledge; and RPA Seller shall defend the right, title and interest of Purchaser in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under RPA Seller; provided that nothing in this Section 5.1(b) shall prevent or be deemed to prohibit RPA Seller from suffering to exist upon any of the Receivables any Lien that is permitted by Section 2.5(b) of the Transfer and Servicing Agreement.

(c) Delivery of Collections or Recoveries. If RPA Seller receives Collections or Recoveries, RPA Seller agrees to pay to Purchaser (or the Servicer if Purchaser so directs) all such Collections and Recoveries as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of Processing by RPA Seller; provided that for so long as RPA Seller is acting as Servicer pursuant to the Transfer and Servicing Agreement, RPA Seller shall apply Collections and Recoveries received by it in accordance with the Transfer and Servicing Agreement.

(d) Notice of Liens. RPA Seller shall notify Purchaser promptly after becoming aware of any Lien on any Receivable other than the conveyances hereunder, the Transfer and Servicing Agreement or the Indenture or any Lien permitted under Section 5.1(b) hereof or Section 2.5(b) of the Transfer and Servicing Agreement.

(e) Documentation of Transfer. RPA Seller shall cause to be executed, filed and delivered to Trustee (with copies to Purchaser) any documents (including financing statements and/or continuation statements under the UCC) that would be necessary to perfect and maintain the security interest (and its priority) in and to the Receivables and the Related Assets contemplated by this Agreement.

(f) Approval. The execution, delivery and performance of RPA Seller's obligations under this Agreement, and the transactions contemplated hereby, have been duly approved by RPA Seller's Board of Directors.

(g) Sale. RPA Seller agrees to treat the conveyance of the Receivables to Purchaser hereunder as a sale for all purposes.

(h) Continuous Perfection. RPA Seller shall not change its name, type or jurisdiction of organization, or organizational identification number unless RPA Seller shall have delivered to Purchaser at least 30 days prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to maintain the perfection and priority of the transfer of the Receivables and the Related Assets to the Purchaser.

(i) Account Agreements and Account Guidelines. RPA Seller shall comply with and perform its obligations under the Account Agreements relating to the Accounts and the Account Guidelines except insofar as any failure to comply or perform would not materially or adversely affect the rights of the Trust, or the Noteholders. RPA Seller may change the terms and provisions of the Account Agreements or the Account Guidelines in any respect (including the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge offs and Periodic Finance Charges and other fees assessed thereon), but only if such change is made applicable to any comparable segment of the revolving credit accounts owned and serviced by RPA Seller which have characteristics the same as, or substantially similar to, the Accounts that are the subject of such change, except as otherwise restricted by an endorsement, sponsorship or other agreement between RPA Seller and an unrelated third party or by the terms of the Account Agreements. In addition, except as otherwise required by any Requirement of Law, or as is deemed by RPA Seller to be necessary in order for RPA Seller to maintain its credit business, based upon a good faith assessment by RPA Seller, in its sole discretion, of the nature of the competition in the credit business, RPA Seller shall not at any time reduce the Periodic Finance Charges assessed on any Receivable or other fees on any Account if, as a result of such reduction, Transferor's reasonable expectation of the Portfolio Yield (as defined in any Indenture Supplement) as of such date would be less than the then Base Rate (as defined in such Indenture Supplement).

(j) Insured Status under the FDIA. RPA Seller shall preserve its status as an insured bank under the FDIA in accordance with the provisions of the FDIA and FDIC regulations.

(k) Separate Corporate Existence. The RPA Seller hereby acknowledges that the Indenture Trustee, the Holders and the Trust are, and will be, entering into the transactions contemplated by the Transaction Documents in reliance upon Purchaser's identity as a legal entity separate from RPA Seller, the Servicer and any other Person. Therefore, RPA Seller shall take all reasonable steps to maintain its existence as a

corporation separate and apart from Purchaser and to make it apparent to third parties that the is an entity with assets and liabilities distinct from those of Purchaser and that Purchaser is not a division of RPA Seller.

(l) Interchange.

(i) On or prior to each Determination Date, RPA Seller shall notify the Servicer of the "Account Interchange Amount", which amount shall be equal to the product of:

(A) The total amount of Interchange paid to RPA Seller during the preceding Monthly Period; and

(B) A fraction the numerator of which is the volume during the preceding Monthly Period of sales net of cash advances on the Accounts in all Co-Branded Programs and the denominator of which is the amount of sales net of cash advances during such Monthly Period on all credit card accounts owned by RPA Seller in all Co-Branded Programs that are Approved Portfolios;

or such other amount as RPA Seller may reasonably calculate or estimate as Interchange attributable to the Accounts.

(ii) On each Transfer Date, RPA Seller shall pay to the Servicer the Account Interchange Amount and such amount shall be treated as Collections of Finance Charge Receivables for the related Monthly Period.

ARTICLE VI

REPURCHASE OBLIGATION

Section 6.1 Reassignment of Ineligible Receivables. If any representation or warranty under Section 4.2(a)(ii), (iii), (iv), (vii), (viii) or (ix) is not true and correct in any material respect as of the date specified therein with respect to any Receivable or any related Account and, as a result thereof, the Purchaser is required to accept a reassignment of Ineligible Receivables pursuant to Section 2.4(d) of the Transfer and Servicing Agreement, RPA Seller shall pay to Purchaser an amount in cash equal to the Purchase Price paid for any such Ineligible Receivable by Purchaser to RPA Seller (including any portion thereof deemed to be a borrowing under the Subordinated Note or deemed to be a capital contribution from RPA Seller to Purchaser). Such amount may be offset against any amounts due from Purchaser to RPA Seller with respect to the Purchase Price for Receivables sold to Purchaser on such day; provided that RPA Seller shall not be obligated to make any such cash payment until the Distribution Date following a Monthly Period with respect to amounts owing for such Monthly Period in accordance with Section 3.3. The obligation of RPA Seller set forth in this Section shall constitute the sole remedy respecting any breach of the representations and

warranties set forth in the above-referenced Sections or failure to meet the conditions set forth in the definition in the Indenture of Eligible Receivable with respect to such Receivable available to Purchaser.

Section 6.2 Reassignment of Holders' Interest in Trust Portfolio. If any representation or warranty set forth in Section 4.1(a)(i), (ii) or (iii) or Section 4.2(a)(i), (v) or (vi) is not true and correct in any material respect and, as a result thereof, the Purchaser is required to accept a reassignment of the Receivables transferred to the Trust by Purchaser pursuant to Section 2.4(f) of the Transfer and Servicing Agreement, RPA Seller shall be obligated to accept a reassignment of Purchaser's interest in such Receivables on the terms set forth below.

RPA Seller shall pay to Purchaser by depositing in the Collection Account in same-day funds, not later than 10:00 A.M. New York City time, on the Transfer Date following the Monthly Period in which such reassignment obligation arises, in payment for such reassignment, an amount equal to the Portfolio Reassignment Price. The obligation of RPA Seller set forth in this Section shall constitute the sole remedy respecting any breach of the representations and warranties set forth in the above-referenced Sections available to Purchaser.

Section 6.3 Conveyance of Reassigned Receivables. Upon the request of RPA Seller, Purchaser shall execute and deliver to RPA Seller a reconveyance substantially in such form and upon such terms as shall be acceptable to RPA Seller, pursuant to which Purchaser evidences the conveyance to RPA Seller of all of Purchaser's right, title, and interest in any Receivables reconveyed to RPA Seller pursuant to Sections 6.1 and 6.2. Purchaser shall execute such other documents or instruments of conveyance or take such other actions as RPA Seller may reasonably require to effect any repurchase of Receivables pursuant to this Article VI.

ARTICLE VII

CONDITIONS PRECEDENT

Section 7.1 Conditions to Purchaser's Obligation to Purchase Receivables on Effective Date. The obligations of the Purchaser to purchase the Receivables arising in the Initial Accounts on the Effective Date shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of the RPA Seller contained in this Agreement shall be true and correct on the Effective Date with the same effect as though such representations and warranties had been made on such date;

(b) All information concerning the Accounts provided to the Purchaser shall be true and correct as of the Effective Date in all material respects;

(c) The RPA Seller shall have (i) delivered to Purchaser a computer file, compact disc or other written list or electronic file containing the information required by Section 2.01(c) and (ii) substantially performed all other obligations required to be performed by the provisions of this Agreement;

(d) RPA Seller shall have recorded and filed, at its expense, any UCC-1 or other financing statement as required as of the Effective Date pursuant to Section 2.1(b); and

(e) On or before the Effective Date, (i) the Purchaser and the Owner Trustee shall have entered into the Trust Agreement, (ii) the RPA Seller, the Purchaser and the Trust shall have entered into the Transfer and Servicing Agreement, (iii) the Trust and the Indenture Trustee shall have entered into the Indenture, and (iv) the closing under all such agreements shall take place simultaneously with the initial closing hereunder.

Section 7.2 Conditions to Purchaser's Obligations Regarding Additional Receivables. The obligations of Purchaser to purchase any Receivables created on or after the Effective Date shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of RPA Seller contained in this Agreement shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of such purchase (unless any representation or warranty relates solely to a specific earlier date, in which case it shall be true and correct in all material respects as of such earlier date);

(b) All information (concerning any Account to which such Receivables relate) provided to Purchaser shall be true and correct in all material respects as of the date of such purchase; and

(c) RPA Seller shall have recorded and filed, at its expense, any UCC-1 or other financing statement as required as of the date of such purchase pursuant to Section 2.1(b).

Section 7.3 Conditions Precedent to Obligations of RPA Seller. The obligations of RPA Seller to sell on any date Receivables shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of such sale (unless any representation or warranty relates solely to a specific earlier date, in which case it shall be true and correct in all material respects as of such earlier date); and

(b) Payment or provision for payment of the Purchase Price in accordance with the provision of Sections 3.1, 3.2 and 3.3 hereof shall have been made.

ARTICLE VIII

TERM AND PURCHASE TERMINATION

Section 8.1 Term. This Agreement shall commence as of the Effective Date and shall continue until the termination of the Trust as provided in Section 8.1 of the Trust Agreement.

Section 8.2 Purchase Termination. If an Insolvency Event shall occur with respect to RPA Seller, then RPA Seller shall immediately cease to transfer Principal Receivables to Purchaser and shall promptly give notice to Purchaser and the Indenture Trustee of such Insolvency Event. Notwithstanding any cessation of the transfer to Purchaser of additional Principal Receivables, Principal Receivables transferred to Purchaser prior to the occurrence of such Insolvency Event and Collections in respect of such Principal Receivables and Finance Charge Receivables whenever created, accrued in respect of such Principal Receivables, shall continue to be property of Purchaser transferable by Purchaser to the Trust pursuant to the Transfer and Servicing Agreement.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1 Amendment. This Agreement and any Conveyance Papers and the rights and obligations of the parties hereunder may not be changed orally, but only by an instrument in writing signed by Purchaser and RPA Seller in accordance with this Section 9.1. This Agreement and any Conveyance Papers may be amended from time to time by Purchaser and RPA Seller (i) to cure any ambiguity, (ii) to correct or supplement any provisions herein which may be inconsistent with any other provisions herein or in any such other Conveyance Papers, (iii) to add any other provisions with respect to matters or questions arising under this Agreement or any Conveyance Papers that shall not be inconsistent with the provisions of this Agreement or any Conveyance Papers, (iv) to change or modify the Purchase Price, (v) to provide for the transfer by RPA Seller or Purchaser of its interest in and to all or part of the Accounts in accordance with the provisions of the Transfer and Servicing Agreement (if such transfer is for less than all of the Accounts, the respective rights, duties and obligations of Purchaser, RPA Seller and Servicer will be determined at the time of such transfer); provided that no amendment pursuant to clause (vi) of this Section 9.1 shall be effective unless RPA Seller and Purchaser have been notified in writing that the Rating Agency Condition has been satisfied and (vi) to change, modify, delete or add any other provision of this Agreement or any Conveyance Paper. Any reconveyance executed in accordance with the provisions hereof shall not be considered to be an amendment to this Agreement. A copy of any amendment to this Agreement shall be sent to Indenture Trustee and each Rating Agency.

SECTION 9.2 GOVERNING LAW. **THIS AGREEMENT AND THE CONVEYANCE PAPERS SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.**

Section 9.3 Notices. All demands, notices, instructions, directions and communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission to (a) in the case of Purchaser, to World Financial Capital Credit Company, LLC, 2855 East Cottonwood Parkway, Suite 600, Salt Lake City, Utah 84121, Attention: President, (b) in the case of RPA Seller, to World Financial Capital Bank, 2855 East Cottonwood Parkway, Suite 600, Salt Lake City, Utah 84121, Attention: President, (c) in the case of the Indenture Trustee, at the Corporate Trust Office and (d) in the case of the Rating Agency for a particular Series, the address, if any, specified in the Indenture Supplement relating to such Series.

Section 9.4 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement or any Conveyance Paper shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, and terms of this Agreement or any Conveyance Paper and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of any Conveyance Paper.

Section 9.5 Merger or Consolidation of, or Assumption of the Obligations of, RPA Seller. (a) RPA Seller shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the Person formed by such consolidation or into which RPA Seller is merged or the Person which acquires by conveyance or transfer the properties and assets of RPA Seller substantially as an entirety shall be, if RPA Seller is not the surviving entity, an entity organized and existing under the laws of the United States of America or any State or the District of Columbia, and, if RPA Seller is not the surviving entity, such entity shall expressly assume, by an agreement supplemental hereto, executed and delivered to Purchaser, in form reasonably satisfactory to Purchaser, the performance of every covenant and obligation of RPA Seller hereunder;

(ii) RPA Seller has delivered to Purchaser (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and

such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(iii) RPA Seller shall have delivered to Purchaser and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer, with respect thereto, an opinion as to the matters described in numbered paragraphs 3 and 4 of Exhibit D to the Transfer and Servicing Agreement;

(iv) if RPA Seller is not the surviving entity, the surviving entity shall file new UCC-1 financing statements necessary or advisable to perfect the transfer of the Receivables and the Related Assets to the Purchaser; and

(v) satisfaction of the Rating Agency Condition.

(b) This Section 9.5 shall not be construed to prohibit or in any way limit RPA Seller's ability to effectuate any consolidation or merger pursuant to which RPA Seller would be surviving entity.

(c) RPA Seller shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section 9.5;

(d) The obligations of RPA Seller hereunder shall not be assignable nor shall any Person succeed to the obligations of RPA Seller hereunder except in each case in accordance with the provisions of the foregoing paragraphs.

Section 9.6 Acknowledgement and Agreement of RPA Seller. By execution below, RPA Seller expressly acknowledges and agrees that all of Purchaser's right, title, and interest in, to, and under this Agreement, including all of Purchaser's right, title, and interest in and to the Receivables purchased pursuant to this Agreement, will be assigned by Purchaser to the Trust, and RPA Seller consents to such assignment and agrees and acknowledges that the provisions of this Agreement and any Supplemental Conveyance may be enforced directly against the RPA Seller by the Issuer or the Indenture Trustee. Additionally, RPA Seller agrees for the benefit of the Holders and the Trust that any amounts payable by RPA Seller to Purchaser hereunder which are to be paid by Purchaser to the Trust shall be paid by RPA Seller, on behalf of Purchaser, directly to the Trust or the Servicer. Any payment required to be made on or before a specified date in same-day funds may be made on the prior business day in next-day funds.

(a) To the extent that RPA Seller retains any interest in the Receivables now existing and arising from time to time in the Accounts and the Related Assets, RPA Seller hereby grants to the Indenture Trustee for benefit of the Noteholders, a security interest in all of RPA Seller's right, title and interest, whether now owned or hereafter arising, in, to and under (i) the Receivables existing at the opening of business on the Effective Date and arising from the Accounts and all Related Assets with respect to such Receivables and (ii) the Receivables now existing and arising from time to time in the Accounts and the Related Assets with respect thereto, (iii) its right to receive Merchant Adjustment Payments from any Merchant, (iv) any collateral security granted to, or guaranty for the benefit of, RPA Seller with respect to Merchant Adjustment Payments, (v) all amounts received from any Merchant on account of Merchant Adjustment Payments and (vi) all proceeds of such rights and such amounts, to secure the performance of all of the obligations of RPA Seller hereunder, under the Indenture and the other Transaction Documents.

Section 9.7 Further Assurances. Each of Purchaser and RPA Seller agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by each other and by their respective permitted successors and assigns in order to more fully to effect the purposes of this Agreement and the Conveyance Papers, including the authorization or execution of any UCC financing statements or continuation statements or equivalent documents relating to the Receivables and the Related Assets for filing under the provisions of the UCC or other law of any applicable jurisdiction.

Section 9.8 Nonpetition Covenant. Notwithstanding any prior termination of this Agreement, RPA Seller shall not, at any time, institute against, solicit or join or cooperate with or encourage any institution against Purchaser of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceedings under any United States federal or state bankruptcy or similar law.

Section 9.9 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of Purchaser or RPA Seller, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 9.10 Counterparts. This Agreement and all Conveyance Papers 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 together shall constitute one and the same instrument.

Section 9.11 Binding Third-Party Beneficiaries. This Agreement and the Conveyance Papers will inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. The parties hereto intend that the Trust, the Owner Trustee, and the Indenture Trustee shall be third-party beneficiaries of this Agreement.

Section 9.12 Merger and Integration. Except as specifically stated otherwise herein, this Agreement and the Conveyance Papers set forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement and the Conveyance Papers.

Section 9.13 Schedules and Exhibits. The schedules and exhibits attached hereto and referred to herein shall constitute a part of this Agreement and are incorporated into this Agreement for all purposes.

IN WITNESS WHEREOF, Purchaser and RPA Seller have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

WORLD FINANCIAL CAPITAL CREDIT COMPANY, LLC,
as Purchaser

By: /s/ Peter Justin Crowley
Name: Peter Justin Crowley
Title: Vice President

WORLD FINANCIAL CAPITAL BANK, as RPA Seller

By: /s/ Marvin Corne
Name: Marvin Corne
Title: Chief Executive Officer and President

Acknowledged and Accepted:

U.S. BANK NATIONAL ASSOCIATION, as Indenture Trustee

By: /s/ Michelle Moeller
Name: Michelle Moeller
Title: Assistant Vice President

EXHIBIT 10.4

TRANSFER AND SERVICING AGREEMENT

between

WORLD FINANCIAL CAPITAL CREDIT COMPANY, LLC,

Transferor,

WORLD FINANCIAL CAPITAL BANK,

Servicer,

and

WORLD FINANCIAL CAPITAL MASTER NOTE TRUST,

Issuer,

Dated as of September 29, 2008

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THIS TRANSFER AND SERVICING AGREEMENT, dated as of September 29, 2008 (this "Agreement"), by and among WORLD FINANCIAL CAPITAL CREDIT COMPANY, LLC, a Delaware limited liability company, as Transferor, WORLD FINANCIAL CAPITAL BANK, a Utah industrial bank, as Servicer, and WORLD FINANCIAL CAPITAL MASTER NOTE TRUST, a statutory trust organized under the laws of the State of Delaware, as Issuer.

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties, the Noteholders and any Enhancement Provider to the extent provided herein, in the Indenture and in any Indenture Supplement:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used herein and not otherwise defined herein are defined in Annex A to the Master Indenture, dated as of the date hereof, between World Financial Capital Master Note Trust and U.S. Bank National Association.

Section 1.2 Other Definitional Provisions. All terms defined directly or by reference 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 such 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; (b) terms defined in Article 9 of the UCC as in effect in the State of New York and not otherwise defined in this Agreement are used as defined in that Article; (c) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (d) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (e) 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); (f) 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; (g) the term "including" means "including without limitation"; (h) 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; (i) references to any Person include that Person's successors and assigns; (j) references to any agreement refer to that agreement as amended, supplemented or otherwise modified form time to time; and (k) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

ARTICLE II

CONVEYANCE OF RECEIVABLES

Section 2.1 Conveyance of Receivables. (a) By execution of this Agreement, Transferor does hereby transfer, assign, set over and otherwise convey to Issuer, without recourse except as provided herein, all its right, title and interest in, to and under (i) the Receivables existing at the opening of business on the Initial Cut Off Date, and thereafter created from time to time until the termination of the Issuer, all Collections and Recoveries allocable to Issuer as provided herein and the right to any Enhancement with respect to any Series, in each case together with all monies due or to become due and all amounts received or receivable with respect thereto and all proceeds thereof and Insurance Proceeds relating thereto and (ii) without limiting the generality of the foregoing or the following, all of Transferor's right, title and interest in and under the Receivables Purchase Agreement, including the right to receive from the RPA Seller payments made by any Merchant under any Account Processing Agreement on account of amounts received by such Merchant in payment of Receivables ("In-Store Payments") and all proceeds of such rights. Such property, together with all monies and other property credited to the Collection Account, the Series Accounts and the Excess Funding Account (including any subaccounts of any such account) and the rights of Issuer under this Agreement and the Trust Agreement shall constitute the assets of Issuer (the "Trust Assets"). The foregoing does not constitute and is not intended to result in the creation or assumption by Issuer, Owner Trustee, Indenture Trustee or any Noteholder of any obligation of any Account Originator, Servicer, Transferor or any other Person in connection with the Accounts or the Receivables or under any agreement or instrument relating thereto, including any obligation to Obligors, merchant banks, merchants, clearance systems or insurers.

(b) The Transferor agrees to (i) authorize, record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables and other Trust Assets conveyed by Transferor existing on the Effective Date and thereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain the perfection and priority of, the transfer and assignment of the Trust Assets to Issuer, and (ii) to deliver a file stamped copy of each such financing statement or other evidence of such filing (which may, for purposes of this Section 2.1 consist of telephone confirmation of such filing promptly followed by delivery to Owner Trustee of a file-stamped copy) to the Owner Trustee on or prior to the Effective Date, in the case of such Receivables arising in the Initial Accounts, and (if any additional filing is so necessary) as soon as practicable after the applicable Addition Date, in the case of Receivables arising in Supplemental Accounts and any related Automatic Additional Accounts. Owner Trustee shall be under no obligation whatsoever to file such financing or continuation statements or to make any other filing under the UCC in connection with such transfer and assignment.

(c) Transferor further agrees, at its own expense, (i) on or prior to (x) the Effective Date, in the case of the Initial Accounts (y) the applicable Addition Date, in the case of Supplemental Accounts and (z) the applicable Removal Date, in the case of Removed Accounts, to indicate in the appropriate computer files that Receivables created (or reassigned, in the case of Removed Accounts) in connection with the Accounts owned by the Originator have been conveyed to Issuer pursuant to this Agreement (or conveyed to Transferor or its designee in

accordance with Section 2.7, in the case of Removed Accounts) by including in such computer files the code identifying each such Account (or, in the case of Removed Accounts, either including such a code identifying the Removed Accounts only if the removal occurs prior to the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date, or deleting such code thereafter) and (ii) on or prior to the date referred to in clauses (i), (x), (y) or (z), as applicable, to deliver to Issuer an Account Schedule (provided that such Account Schedule shall be provided in respect of Automatic Additional Accounts on or prior to the Determination Date relating to the Monthly Period during which their respective Addition Dates occur), specifying for each such Account, as of the Initial Cut Off Date, in the case of clause (i)(x), as of the Automatic Addition Termination Date, the Automatic Addition Suspension Date or Restart Date, in the case of clause (i)(y), the applicable Addition Cut Off Date, in the case of Supplemental Accounts and the Removal Date, in the case of Removed Accounts, its Account Number and, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables outstanding in such Account. Such Account Schedule, as supplemented from time to time to reflect Additional Accounts and Removed Accounts shall be marked as Schedule 1 to this Agreement and is hereby incorporated into and made a part of this Agreement. Once the code referenced in clause (i) of this subsection (c) has been included with respect to any Account, Transferor further agrees not to alter such code during the remaining term of this Agreement unless and until (x) such Account becomes a Removed Account, (y) a Restart Date has occurred on which Transferor starts including Automatic Additional Accounts as Accounts or (z) Transferor shall have delivered to Issuer at least 30 days' prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the interest of Issuer in the Receivables and the other Trust Assets to continue to be perfected with the priority required by this Agreement.

(d) If the arrangements with respect to the Receivables hereunder shall constitute a loan and not a purchase and sale of such Receivables, it is the intention of the parties hereto that this Agreement shall constitute a security agreement under applicable law, and Transferor hereby grants to Issuer, a first priority perfected security interest in all of Transferor's right, title and interest, whether now owned or hereafter acquired, in, to and under the Receivables and the other Trust Assets.

(e) On or prior to each Determination Date, Transferor shall cause the Seller to notify Servicer of the Account Interchange Amount to be included as Collections of Finance Charge Receivables allocable to the Accounts with respect to the related Monthly Period. On each Transfer Date, the Transferor shall pay Servicer, or cause RPA Seller to pay to Servicer, the Account Interchange Amount and Servicer shall treat the Account Interchange Amount as Collections of Finance Charge Receivables and deposit the Account Interchange Amount into the Collection Account to the extent required by Section 5.1(l) of the Receivables Purchase Agreement and treat such amount as Collections of Finance Charge Receivables.

Section 2.2 Acceptance by Issuer.

(a) Issuer hereby acknowledges its acceptance of all right, title and interest to the property, now existing and hereafter created, conveyed to Issuer pursuant to Section 2.1. Owner Trustee shall maintain a copy of each Account Schedule, as delivered to it from time to time, at its Corporate Trust Office.

(b) The Owner Trustee hereby agrees: (a) not to disclose to any Person any Account Numbers or any other information contained in any Account Schedule, or any other consumer information related to the Accounts which meets the definition of "Non-Public Personal Information" under the Gramm-Leach-Bliley Act ("GLB Act") and its implementing regulations (the "Privacy Regulations") (collectively, the "Consumer Information"), except (i) to a Successor Servicer or as required by a Requirement of Law applicable to the Indenture Trustee, or (ii) in connection with the performance of the Owner Trustee's duties hereunder, (b) to take such measures as shall be reasonably requested by the Transferor to protect and maintain the security and confidentiality of such information, (c) to comply with and cause its Affiliates and subcontractors to comply with the GLB Act and the Privacy Regulations (to the extent applicable to any of them) in their handling of the Consumer Information and to maintain (and cause such Affiliates and subcontractors to maintain) applicable physical, electronic and procedural safeguards that comply with the GLB Act and the Privacy Regulations (and any other similar requirements adopted by any Regulatory Authority having authority over the Owner Trustee) with respect to all Consumer Information in its possession (and in connection therewith, the Owner Trustee shall allow the Transferor or its duly authorized representatives to inspect the Owner Trustee's policies and procedures to ensure compliance with the terms of this Section 2.2(b) as they specifically relate to this Agreement or otherwise to its activities as the Owner Trustee from time to time during normal business hours upon prior written notice), and (d) not to use any Account Schedule information or other Consumer Information for any purpose other than the transactions contemplated hereby (including, without limitation, to compete, directly or indirectly, with the Transferor, any Account Originator or their respective Affiliates, or in any manner prohibited by the GLB Act and the Privacy Regulations). The Owner Trustee shall promptly notify the Transferor of any request received by the Owner Trustee to disclose any Consumer Information, which notice shall in any event be provided no later than five (5) Business Days prior to disclosure of any such information unless the Owner Trustee is compelled pursuant to a Requirement of Law to disclose such information prior to the date that is five (5) Business Days after the giving of such notice. Nothing contained herein shall be deemed to restrict in any manner any disclosure of the tax treatment or tax structure of the transaction (as defined in Section 1.6011-4 of the Treasury Regulations or applicable state or local tax law) or any materials relating to such tax treatment and tax structure. The Owner Trustee will promptly report to, and cooperate with the Servicer, Transferor and Administrator in investigating, any security breaches, lapses or vulnerabilities that have resulted in the disclosure of Consumer Information to any Person (except for any disclosures permitted by this Section 2.2(b)). The terms of this Section 2.2(b) shall survive the termination of this Agreement.

Section 2.3 Representations and Warranties of Transferor Relating to Transferor. Transferor hereby represents and warrants to Issuer as of each Closing Date that:

(a) Organization and Good Standing. Transferor is a limited liability company validly existing in good standing under the laws of the State of Delaware, and has full power, authority and legal right to own its properties and conduct its business as presently owned and conducted, to execute, deliver and perform its obligations under each Transaction Document.

(b) Due Qualification. Transferor is duly qualified to do business and is in good standing as a foreign corporation (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain

such licenses and approvals would render any Account Agreement or any Receivable transferred to Issuer by Transferor unenforceable by the Account Originator, Transferor, Servicer, Issuer or Indenture Trustee and would have a material adverse effect on the interests of the Holders.

(c) Due Authorization. The execution, delivery and performance by Transferor of this Agreement and each other Transaction Document to which it is a party, and the consummation by Transferor of the transactions provided for in each Transaction Document to which it is a party have been duly authorized by Transferor by all necessary limited liability company action on the part of Transferor.

(d) No Conflict. The execution and delivery by Transferor of each Transaction Document to which it is a party, the performance by Transferor of the transactions contemplated by each Transaction Document to which it is a party and the fulfillment by Transferor of the terms hereof and thereof will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust, or other instrument to which Transferor is a party or by which it or any of its properties are bound.

(e) No Violation. The execution and delivery by Transferor of each Transaction Document to which it is a party, the performance by Transferor of the transactions contemplated by the Transaction Documents and the fulfillment by Transferor of the terms thereof will not conflict with or violate any Requirements of Law applicable to Transferor.

(f) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of Transferor, threatened against Transferor, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of any Transaction Documents or the Notes, (ii) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by any Transaction Documents or the Notes, (iii) seeking any determination or ruling that, in the reasonable judgment of Transferor, would materially and adversely affect the performance by Transferor of its obligations under any Transaction Document, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of any Transaction Documents or the Notes or (v) seeking to affect adversely the income tax attributes of Issuer under the Federal or applicable state income or franchise tax systems.

(g) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Transferor of each Transaction Document to which the Transferor is a party, the performance by Transferor of the transactions contemplated by each Transaction Document, and the fulfillment of or terms hereof and thereof, have been obtained.

(h) Insolvency. No Insolvency Event with respect to Transferor has occurred. Transferor did not (i) execute the Transaction Documents, (ii) grant to Issuer the security interests described in Section 2.1, (iii) cause, permit, or suffer the perfection or attachment of such a security interest, (iv) otherwise effectuate or consummate any transfer to Issuer pursuant to any Transaction Document or (v) acquire its interest in Issuer, in each case:

(A) in contemplation of insolvency;

(B) with a view to preferring one creditor over another or to preventing the application of its assets in the manner required by applicable law or regulations;

(C) after committing an act of insolvency; or

(D) with any intent to hinder, delay, or defraud itself or its creditors.

The representations and warranties set forth in this Section 2.3 shall survive the transfer and assignment by Transferor of the Receivables and other Trust Assets to Issuer and the pledge thereof to Indenture Trustee pursuant to the Indenture. Upon discovery by Transferor, Servicer or Owner Trustee of a breach of any of the representations and warranties set forth in this Section 2.3, the party discovering such breach shall give prompt written notice to the others and each Enhancement Provider, if any, entitled thereto pursuant to the relevant Indenture Supplement. Transferor agrees to cooperate with Servicer and Owner Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this Section 2.3, each reference to an Indenture Supplement shall be deemed to refer only to those Indenture Supplements in effect as of the relevant Closing Date.

Section 2.4 Representations and Warranties of Transferor Relating to Transaction Documents and the Receivables.

(a) Representations and Warranties. Transferor represents and warrants to Issuer as of the date of the Effective Date, each Closing Date, and, with respect to Supplemental Accounts, the related Addition Date that:

(i) each Transaction Document to which the Transferor is a party constitutes and, in the case of Supplemental Accounts, the related Assignment, when executed and delivered on behalf of the Transferor, will constitute a legal, valid and binding obligation of Transferor, enforceable against Transferor in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect and by general principles of equity (whether considered in a suit at law or in equity);

(ii) as of the Effective Date, Automatic Addition Termination Date or any Automatic Addition Suspension Date and as of each subsequent Addition Date with respect to Supplemental Accounts, and as of the applicable Removal Date with respect to the Removed Accounts, the Account Schedule delivered pursuant to this Agreement, as supplemented to such date, is an accurate and complete listing in all material respects of all the Accounts as of such Effective Date, Automatic Addition Termination Date, such Automatic Addition Suspension Date, the related Addition Cut Off Date or such Removal Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing in such Accounts is true and correct in all material respects as of such specified date;

(iii) Transferor is the legal and beneficial owner of all right, title and interest in each Receivable and Transferor has the full right, power and authority to transfer such Receivables to Issuer, and each Receivable conveyed to Issuer by Transferor has been

conveyed to Issuer free and clear of any Lien of any Person claiming through or under Transferor or any of its Affiliates (other than Liens permitted under Section 2.5(b)) and in compliance, in all material respects, with all Requirements of Law applicable to Transferor;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by Transferor in connection with the conveyance by Transferor of the Receivables to Issuer have been duly obtained, effected or given and are in full force and effect;

(v) this Agreement or, in the case of Supplemental Accounts, the related Assignment, upon execution and delivery on behalf of Transferor, constitutes either a valid sale, transfer and assignment to Issuer of all right, title and interest of Transferor in the Receivables and other Trust Assets conveyed to Issuer by Transferor and all monies due or to become due with respect thereto and the proceeds thereof or a grant of a security interest in such property to Issuer, which, (A) with respect to Receivables existing on the Effective Date and the proceeds thereof, is enforceable upon the Effective Date, or (B) with respect to the then existing Receivables in Supplemental Accounts, as of the applicable Addition Date, and which will be enforceable with respect to such Receivables thereafter created and the proceeds thereof upon such creation, in each case except as such enforceability may be limited by applicable Debtor Relief Laws, now or hereafter in effect, and by general principles of equity (whether considered in a suit at law or in equity). Upon the filing of the financing statements pursuant to Section 2.1 and, in the case of Receivables hereafter created and the proceeds thereof, upon the creation thereof, Issuer shall have a first priority perfected security interest in the Trust Assets and proceeds except for Liens permitted under Section 2.5(b);

(vi) except as otherwise expressly provided in this Agreement, the Indenture or any Indenture Supplement, neither Transferor nor any Person claiming through or under Transferor has any claim to or interest in the Collection Account, the Excess Funding Account, any Series Account or any Enhancement;

(vii) on the date of its creation or, if later, the date it otherwise becomes an Automatic Additional Account, with respect to each Automatic Additional Account and, on the applicable Addition Cut Off Date, with respect to each related Supplemental Account, each such Account is an Eligible Account;

(viii) on the date of creation of each Automatic Additional Account or, if later, the date the related account otherwise becomes an Automatic Additional Account, each Receivable contained in such Automatic Additional Account is an Eligible Receivable and, on the applicable Addition Cut Off Date, each Receivable contained in any related Supplemental Account is an Eligible Receivable; and

(ix) as of the date of the transfer of any new Receivable to Issuer, such Receivable is an Eligible Receivable.

(b) Notice of Breach. The representations and warranties of Transferor set forth in this Section 2.4 shall survive the transfer and assignment by Transferor of the Receivables to Issuer and the pledge thereof to Indenture Trustee pursuant to the Indenture. Upon discovery by Transferor, Servicer or a Responsible Officer of Owner Trustee of a breach of any of the representations and warranties by Transferor set forth in this Section 2.4, the party discovering such breach shall give prompt written notice to the others and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Indenture Supplement. Transferor agrees to cooperate with Servicer and Owner Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this Section 2.4, each reference to an Indenture Supplement shall be deemed to refer only to those Indenture Supplements in effect as of the date of the relevant representations or warranties.

(c) Reassignment of Ineligible Receivables. If (i) any representation or warranty of Transferor contained in Section 2.4(a)(ii), (iii), (iv), (ix), (x) or (xi) is not true and correct in any material respect as of the date specified therein with respect to any Receivable transferred to Issuer by Transferor or any Account and as a result of such breach any Receivables in the related Account become Defaulted Receivables or Issuer's rights in, to or under such Receivables or the proceeds of such Receivables are impaired or such proceeds are not available for any reason to Issuer free and clear of any Lien, unless cured within 60 days (or such longer period, not in excess of 150 days, as may be agreed to by Indenture Trustee) after the earlier to occur of the discovery thereof by Transferor or receipt by Transferor or a designee of Transferor of notice thereof given by Indenture Trustee, or (ii) it is so provided in Section 2.5(a) with respect to any Receivables transferred to Issuer by Transferor, then such Receivable shall be designated an "Ineligible Receivable" and shall be assigned a principal balance of zero for the purpose of determining the aggregate amount of Principal Receivables on any day; provided that such Receivables will not be deemed to be Ineligible Receivables but will be deemed Eligible Receivables and such Principal Receivables shall be included in determining the aggregate Principal Receivables in Issuer if, on any day prior to the end of such 60-day or longer period, (x) either (A) in the case of an event described in clause (i), the relevant representation and warranty shall be true and correct in all material respects as if made on such day or (B) in the case of an event described in clause (ii), the circumstances causing such Receivable to become an Ineligible Receivable shall no longer exist and (y) Transferor shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct.

(d) Price of Reassignment. On and after the date of its designation as an Ineligible Receivable, each Ineligible Receivable shall not be given credit in determining the aggregate amount of Principal Receivables used to calculate the Transferor Amount or the Allocation Percentages applicable to any Series. If, following the exclusion of such Principal Receivables from the calculation of the Transferor Amount, the Transferor Amount would be less than the Specified Transferor Amount, Transferor shall make a deposit into the Excess Funding Account in immediately available funds prior to the next succeeding Business Day in an amount equal to the amount by which the Transferor Amount would be less than the Specified Transferor Amount (up to the amount of such Principal Receivables). The payment of such deposit amount in immediately available funds shall otherwise be considered payment in full of all of the Ineligible Receivables.

The obligation of Transferor to make the deposits, if any, required to be made to the Excess Funding Account as provided in this Section, shall constitute the sole remedy respecting the event giving rise to such obligation available to Issuer, Owner Trustee, the Holders (or Indenture Trustee on behalf of the Noteholders) or any Enhancement Provider.

(e) Reassignment of Receivables in Trust Portfolio. If any representation or warranty of Transferor contained in Section 2.3(a), (b) or (c) or Section 2.4(a)(i), (vii) or (viii) of this Agreement is not true and correct in any material respect and such breach has a material adverse effect on the Receivables transferred to Issuer by Transferor or the availability of the proceeds thereof to Issuer, then any of Issuer, Indenture Trustee or the Majority Holders, by notice then given to Transferor and Servicer (and to Indenture Trustee if given by the Noteholders), may direct Transferor to accept a reassignment of the Receivables transferred to Issuer by Transferor if such breach and any material adverse effect caused by such breach is not cured within 60 days of such notice (or within such longer period, not in excess of 150 days, as may be specified in such notice), and upon those conditions Transferor shall be obligated to accept such reassignment on the terms set forth below; provided that such Receivables will not be reassigned to Transferor if, on any day prior to the end of such 60-day or longer period (i) the relevant representation and warranty shall be true and correct in all material respects as if made on such day and (ii) Transferor shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct.

Transferor shall deposit in the Collection Account in immediately available funds not later than 12:00 noon, New York City time, on the first Distribution Date following the Monthly Period in which such reassignment obligation arises, in payment for such reassignment, an amount equal to the sum of the amounts specified therefor with respect to each outstanding Series in the related Indenture Supplement. Notwithstanding anything to the contrary in this Agreement, such amounts shall be distributed on such Distribution Date in accordance with the Indenture and each Indenture Supplement. The payment of such deposit amount in immediately available funds shall otherwise be considered payment in full of all of the Receivables.

Upon the deposit, if any, required to be made to the Collection Account as provided in this Section 2.4(e), Issuer shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Transferor or its designee, without recourse, representation or warranty, all the right, title and interest of Issuer in and to the applicable Receivables, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof and Interchange (if any) allocable to the related Accounts. Issuer shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Transferor to effect the conveyance of such Receivables pursuant to this Section. The obligation of Transferor to accept reassignment of any Receivables, and to make the deposits required to be made to the Collection Account as provided in this Section, shall constitute the sole remedy respecting the event giving rise to such obligation available to Issuer, Owner Trustee, the Holders (or Indenture Trustee on behalf of the Noteholders).

Section 2.5 Covenants of Transferor. Transferor hereby covenants that:

(a) Receivables to be Accounts. Except in connection with the enforcement or collection of an Account, Transferor will take no action to cause any Receivable transferred by it to Issuer to be evidenced by any instrument and, if any such Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be deemed to be an Ineligible Receivable in accordance with Section 2.4(d) and shall be reassigned to Transferor in accordance with Section 2.4(d).

(b) Security Interests. Except for the conveyances hereunder, Transferor will not sell, pledge, assign or transfer or otherwise convey to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Receivable, whether now existing or hereafter created, or any interest therein. Transferor will immediately notify Issuer and Indenture Trustee of the existence of any Lien on any Receivable of which Transferor has knowledge; and Transferor shall defend the right, title and interest of the Issuer and Indenture Trustee in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under Transferor or RPA Seller; provided that nothing in this Section 2.5(b) shall prevent or be deemed to prohibit Transferor from suffering to exist upon any of the Receivables any Liens for taxes if such taxes shall not at the time be due and payable or if Transferor or RPA Seller, as applicable, shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto. Notwithstanding the foregoing, nothing in this Section 2.5(b) shall be construed to prevent or be deemed to prohibit the transfer of the Transferor Interest in accordance with this Agreement and the Trust Agreement.

(c) The Transferor Interest. Except as otherwise permitted herein and in the Trust Agreement, including in Sections 2.9 and 4.2 of this Agreement and in Section 3.4 of the Trust Agreement, Transferor agrees not to transfer, assign, exchange, participate or otherwise convey or pledge, hypothecate, rehypothecate or otherwise grant a security interest in the Transferor Interest (or any interest therein) or any Supplemental Interest (or any interest therein) and any such attempted transfer, assignment, exchange,, participation, conveyance, pledge, hypothecation, rehypothecation or grant shall be void.

(d) Delivery of Collections or Recoveries. If Transferor receives Collections or Recoveries, then Transferor agrees to pay Servicer all such Collections and Recoveries as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of Processing by Transferor.

(e) Notice of Liens. Transferor shall notify Issuer, Indenture Trustee and each Enhancement Provider, if any, entitled to such notice pursuant to the relevant Indenture Supplement promptly after becoming aware of any Lien on any Receivable other than the conveyances hereunder or Liens permitted under Section 2.5(b).

(f) Continuous Perfection. Transferor shall not change its name, type or jurisdiction or organization, or organizational identification number unless Transferor shall have delivered to Issuer at least 30 days prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to perfect, and maintain the perfection and priority of, the transfer of the Trust Assets to the Issuer.

(g) Account Agreement and Account Guidelines. Transferor shall enforce the covenant in the Receivables Purchase Agreement requiring the Originator to comply with and perform its obligations under the Account Agreements relating to the Accounts and the Account Guidelines except insofar as any failure to comply or perform would not materially or adversely affect the rights of Issuer or the Holders under any Transaction Document or the Notes. Transferor may permit the Originator to change the terms and provisions of the Account Agreements or the Account Guidelines in any respect (including the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge offs and Periodic Finance Charges and other fees assessed thereon), but only if such change is made applicable to any comparable segment of the revolving credit card accounts owned and serviced by the Originator which have characteristics the same as, or substantially similar to, the Accounts that are the subject of such change, except as otherwise restricted by an endorsement, sponsorship or other agreement between the Originator and an unrelated third party or by the terms of the Account Agreements.

(h) Receivables Purchase Agreement. Transferor, in its capacity as Purchaser of Receivables from the RPA Seller under the Receivables Purchase Agreement, shall enforce the covenants and agreements of the RPA Seller set forth in such Receivables Purchase Agreement, where a failure of the RPA Seller to comply would have an Adverse Effect.

(i) Account Allocations. If Transferor is unable for any reason to transfer Receivables to Issuer in accordance with the provisions of this Agreement (including by reason of the application of the provisions of Section 6.1 or an order by any Federal governmental agency having regulatory authority over Transferor or any court of competent jurisdiction that Transferor not transfer any additional Principal Receivables to the Issuer) then, in any such event: (A) Transferor agrees to allocate and pay to the Issuer, after the date of such inability, all Collections with respect to Principal Receivables, all Discount Option Receivables Collections, and all amounts which would have constituted Collections with respect to Principal Receivables and all Discount Option Receivables Collections but for Transferor's inability to transfer such Receivables (up to an aggregate amount equal to the amount of Principal Receivables and the Discount Option Receivables Amount in Issuer on such date); (B) Transferor agrees to have such amounts applied as Collections in accordance with Article VIII of the Indenture; and (C) for only so long as all Collections and all amounts which would have constituted Collections are allocated and applied in accordance with clauses (A) and (B), Principal Receivables and Discount Option Receivables (and all amounts which would have constituted Principal Receivables or Discount Option Receivables, as the case may be, but for Transferor's inability to transfer Receivables to the Trust) that are charged off as uncollectible in accordance with this Agreement shall continue to be allocated in accordance with Article VIII of the Indenture, and all amounts that would have constituted Principal Receivables or Discount Option Receivables, as the case may be, but for Transferor's inability to transfer Receivables to the Trust shall be deemed to be Principal Receivables or Discount Option Receivables, as the case may be, for the purpose of calculating the applicable Allocation Percentage with respect to any Series. If Transferor is unable pursuant to any Requirement of Law to allocate Collections as described above, Transferor agrees that it shall in any such event allocate, after the occurrence of such event, payments on each Account

with respect to the principal balance of such Account first to the oldest principal balance of such Account and to have such payments applied as Collections in accordance with Article VIII of the Indenture. The parties hereto agree that Finance Charge Receivables, whenever created, accrued in respect of Principal Receivables that have been conveyed to Issuer, or that would have been conveyed to Issuer but for the above described inability to transfer such Receivables, shall continue to be property of Issuer notwithstanding any cessation of the transfer of additional Principal Receivables and Discount Option Receivables to Issuer, and Collections with respect thereto shall continue to be allocated and paid in accordance with Article VIII of the Indenture.

(j) Periodic Finance Charges and Other Fees. Transferor hereby agrees that, except as otherwise required by any Requirement of Law, or as is deemed by the Originator to be necessary in order for it to maintain its credit card business, based upon the Account Originator's good faith assessment, in its sole discretion, of the nature of the competition in the credit card business, it shall not at any time permit the Originator to reduce the Periodic Finance Charges assessed on any Receivable or other fees on any Account if, as a result of such reduction, Transferor's reasonable expectation of the Portfolio Yield for any Series as of such date would be less than the then Base Rate for that Series.

(k) Notices of Certain Events. Transferor shall promptly notify each Rating Agency after Transferor obtains knowledge that: (i) any Merchant whose program gives rise to more than 10% of the Principal Receivables (measured as of the end of the most recent Monthly Period) terminates its program with WFCB; (ii) Indenture Trustee gives a resignation notice pursuant to Section 6.8 of the Indenture; or (iii) an Additional Limitation Event or an Automatic Addition Limitation Event occurs.

(l) Sale Treatment. Transferor agrees to treat the conveyance hereunder of the Receivables and the proceeds thereof as a sale for accounting purposes.

(m) Amendment of the Organizational Documents. Transferor shall not amend in any material respect its certificate of formation or its limited liability company agreement without providing the Rating Agencies with notice no later than the fifth Business Day prior to such amendment (unless the right to such notice is waived by the Rating Agency) and satisfying the Rating Agency Condition.

(n) Other Indebtedness. Except as contemplated by the Receivables Purchase Agreement, Transferor shall not incur any additional debt, unless (i) such debt is contemplated by the Transaction Documents or (ii) the Rating Agencies are provided with notice no later than the fifth Business Day prior to the incurrence of such additional debt (unless the right to such notice is waived by the Rating Agency) and the Rating Agency Condition is satisfied with respect to the incurrence of such debt.

(o) Separate Corporate Existence. Transferor shall:

(i) Maintain in full effect its existence, rights and franchises as a limited liability company under the laws of the state of its organization and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement and the

Receivables Purchase Agreement and each other instrument or agreement necessary or appropriate to proper administration hereof and permit and effectuate the transactions contemplated hereby.

(ii) Except as provided herein, maintain its own deposit, securities and other account or accounts, separate from those of any Affiliate of Transferor, with financial institutions. The funds of Transferor shall not be diverted to any other Person or for other than the corporate use of Transferor, and, except as may be expressly permitted by this Agreement or the Receivables Purchase Agreement, the funds of Transferor shall not be commingled with those of any other person or entity.

(iii) Ensure that, to the extent that it shares the same officers or other employees as any of its stockholders or Affiliates, the salaries of and the expenses related to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with all such common officers and employees.

(iv) Ensure that, to the extent that it jointly contracts with any of its stockholders or Affiliates to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing shall be allocated fairly among entities, and each such entity shall bear its fair share of such costs. To the extent that Transferor contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other Person, the costs incurred in so doing shall be fairly allocated to or among such entities for whose benefit the goods and services are provided, and each such entity shall bear its fair share of such costs. All material transactions between Transferor and any of its Affiliates shall be only on an arm's-length basis and shall receive the approval of Transferor's Board of Directors including at least one Independent Director (defined below).

(v) Maintain a principal executive and administrative office through which its business is conducted and a telephone number separate from those of its stockholders and Affiliates. To the extent that Transferor and any of its members or Affiliates have offices in contiguous space, there shall be fair and appropriate allocation of overhead costs (including rent) among them, and each such entity shall bear its fair share of such expenses.

(vi) Conduct its affairs strictly in accordance with its certificate of formation and observe all necessary, appropriate and customary corporate formalities including, but not limited to, holding all regular and special directors' meetings appropriate to authorize all limited liability company action, keeping separate and accurate minutes of such meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, but not limited to, intercompany transaction accounts. Regular directors' meetings shall be held at least annually.

(vii) Ensure that its board of directors shall at all times include at least two Independent Directors (for purposes hereof, "Independent Director" shall mean any

member of the board of directors of such Transferor that is not and has not at any time been (x) an officer, agent, advisor, consultant, attorney, accountant, employee or shareholder of any Affiliate which is not a special purpose entity of such Transferor, (y) a director of any Affiliate of such Transferor other than an independent director of any Affiliate which is a special purpose entity or (z) a member of the immediate family of any of the foregoing.

(viii) Ensure that decisions with respect to its business and daily operations shall be independently made by Transferor (although the officer making any particular decision may also be an officer or director of an Affiliate of Transferor) and shall not be dictated by any Affiliate of Transferor.

(ix) Act solely in its own legal name and through its own authorized officers and agents, and, except as contemplated by the Transaction Documents, no Affiliate of Transferor shall be appointed to act as agent of Transferor. Transferor shall at all times use its own stationery and business forms and describe itself as a separate legal entity.

(x) Ensure that none of its Affiliates shall advance funds to it, and no Affiliate of Transferor will otherwise guaranty its debts.

(xi) Other than organizational expenses and as expressly provided herein, pay all expenses, indebtedness and other obligations incurred by it using its own funds.

(xii) Not enter into any guaranty, or otherwise become liable, with respect to or hold its assets or creditworthiness out as being available for the payment of any obligation of any of its Affiliates.

(xiii) Ensure that any financial reports required of Transferor shall comply with GAAP and shall be issued separately from, but may be consolidated with, any reports prepared for any of its Affiliates so long as such consolidated reports contain footnotes identifying Transferor as a separate entity and describing the effect of the transactions between Transferor and such Affiliate.

(xiv) Ensure that at all times it is adequately capitalized to engage in the transactions contemplated in its certificate of formation and limited liability company agreement.

Section 2.6 Addition of Accounts.

(a) Automatic Additional Accounts. Subject to the limitations specified below in this Section 2.6(a) and to any further limitations specified in any Indenture Supplement, Automatic Additional Accounts shall be included as Accounts from and after the date upon which they are created, and all Receivables in Automatic Additional Accounts purchased by Transferor pursuant to the Receivables Purchase Agreement, whether such Receivables are then existing or thereafter created, shall be transferred automatically to Issuer upon their creation. For all purposes of this Agreement, all receivables relating to Automatic Additional Accounts shall be treated as Receivables upon their creation and shall be subject to the eligibility criteria specified in the definitions of “Eligible Receivable” and “Eligible Account.” Transferor may elect at any time to

terminate the inclusion in Accounts of new accounts which would otherwise be Automatic Additional Accounts as of any Business Day (the "Automatic Addition Termination Date"), or suspend any such inclusion as of any Business Day (an "Automatic Addition Suspension Date") until a date (the "Restart Date") to be notified in writing by Transferor to Issuer by delivering to Issuer, Indenture Trustee, Servicer and each Rating Agency ten days prior written notice of such election at least 10 days prior to such Automatic Addition Termination Date, Automatic Addition Suspension Date or Restart Date, as the case may be. Promptly after each of an Automatic Addition Termination Date, an Automatic Addition Suspension Date and a Restart Date, Transferor agrees to record and file at its own expense, an amendment to the financing statements referred to in Section 2.1 to specify the accounts then subject to this Agreement (which specification may incorporate a list of accounts by reference) and, except in connection with any such filing made after a Restart Date, to release any security interest in any accounts created after the Automatic Addition Termination Date or Automatic Addition Suspension Date. Notwithstanding the foregoing, during any period after an Automatic Addition Limitation Event has occurred and before the Rating Agency Condition has been satisfied as to the resumption of treating new accounts as Automatic Additional Accounts, no new accounts that would otherwise be Automatic Additional Accounts shall be treated as such on any Addition Date if the number of such Automatic Additional Accounts would exceed an amount equal to the lesser of:

(i) the excess (if any) of (1) 20% of the aggregate number of Accounts determined as of the first day of the fiscal year of Transferor in which the Addition Date occurs over (2) the aggregate amount of Automatic Additional Accounts and Supplemental Accounts the Addition Date for which has occurred since the first day of such fiscal year; and

(ii) the excess (if any) of (1) 15% of the aggregate number of Accounts determined as of the first day of the fiscal quarter of Transferor in which the Addition Date occurs over (2) the aggregate amount of Automatic Additional Accounts and Supplemental Accounts the Addition Date for which has occurred since the first day of such fiscal quarter.

In addition, during any period after an Additional Limitation Event has occurred and before the Rating Agency Condition has been satisfied as to the resumption of treating new accounts as Automatic Additional Accounts, no new accounts that would otherwise be Automatic Additional Accounts shall be treated as such on any Addition Date if:

(i) the aggregate balance of Principal Receivables in Automatic Additional Accounts and Supplemental Accounts designated during a twelve month (or shorter) period beginning on the Additional Limitation Event (or any anniversary thereof) would exceed an amount equal to 20% of the aggregate balance of Principal Receivables determined as of the first day after the Additional Limitation Event (or such anniversary); or

(ii) the aggregate balance of Principal Receivables in Automatic Additional Accounts and Supplemental Accounts designated during a three month (or shorter) period beginning on the Additional Limitation Event (or the first day of the third month commencing thereafter or of any ensuing third month) would exceed 15% of the

aggregate balance of Principal Receivables determined as of the first day after the occurrence of the Additional Limitation Event (or the first day of such third month or ensuing third month).

(b) Required Additions of Supplemental Accounts. Subject to the second following sentence, if during any period of thirty consecutive days, the Transferor Amount averaged over that period is less than the Minimum Transferor Amount for that period, Transferor shall designate additional Eligible Accounts ("Supplemental Accounts") to be included as Accounts in a sufficient amount such that the average of the Transferor Amount for such 30-day period, computed by assuming that the amount of the Principal Receivables of such Supplemental Accounts shall be deemed to be outstanding in Issuer during each day of such 30-day period, is at least equal to the Minimum Transferor Amount. Subject to the following sentence, if on any Business Day the Aggregate Principal Balance is less than the Required Principal Balance, Transferor shall designate Supplemental Accounts from any Approved Portfolio to be included as Accounts in a sufficient amount such that the Aggregate Principal Balance will be equal to or greater than the Required Principal Balance. Receivables from all such Supplemental Accounts shall be transferred to Issuer on or before the tenth Business Day following such thirty-day period or Business Day (the "Required Designation Date"), as the case may be; provided that no designation of Supplemental Accounts shall be required pursuant to the preceding two sentences if the Transferor Amount would be equal to or greater than the Minimum Transferor Amount and the Aggregate Principal Balance would otherwise be equal to or greater than the Required Principal Balance on the Required Designation Date. In lieu of, or in addition to, designating Supplemental Accounts as required above, Transferor may convey to Issuer participations or trust certificates representing undivided legal or beneficial interests in a pool of assets primarily consisting of receivables arising under revolving credit card accounts or other revolving credit accounts owned by Transferor or any of its Affiliates and collections thereon ("Participation Interests"). Any addition of Participation Interests to Issuer (whether pursuant to this paragraph (b) or paragraph (c) below) shall be effected by an amendment hereto, dated the applicable Addition Date, pursuant to subsection 9.1(a).

(c) Permitted Additions. In addition to its obligation under paragraph (b), Transferor may, but shall not be obligated to, from time to time designate Supplemental Accounts or Participation Interests to be included as Trust Assets, in either case as of the applicable Addition Date, so long as after giving effect to such addition no more than 20% of the Receivables, by outstanding balance, will be 30 or more days delinquent.

(d) Certain Conditions for Additions of Supplemental Accounts and Participation Interests. Transferor agrees that any transfer of Receivables from Supplemental Accounts or Participation Interests under paragraphs (b) or (c) shall occur only upon satisfaction of the following conditions (to the extent applicable):

(i) on or before the tenth Business Day prior to the Addition Date (the "Notice Date"), Transferor shall give Issuer, Indenture Trustee, each Rating Agency and Servicer written notice that such Supplemental Accounts or Participation Interests will be included, which notice shall specify the approximate aggregate amount of the Receivables or Participation Interests to be transferred; and, in the case of any transfer pursuant to paragraph (c), the Rating Agency Condition shall have been satisfied;

(ii) on or before the Addition Date, Transferor shall have delivered to Issuer (with a copy to the Indenture Trustee) a written assignment (including an acceptance by Issuer) in substantially the form of Exhibit A (the "Assignment") and the Originator shall have indicated in its computer files that the Receivables created in connection with the Supplemental Accounts have been transferred to Issuer and, within five Business Days thereafter, Transferor shall have delivered to Issuer an Account Schedule listing such Supplemental Accounts, which as of the date of such Assignment, shall be deemed incorporated into and made a part of such Assignment and this Agreement;

(iii) Transferor shall represent and warrant that (x) each Supplemental Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Supplemental Account is, as of the Addition Cut Off Date, an Eligible Receivable, (y) no selection procedures believed by Transferor to be materially adverse to the interests of the Noteholders were utilized in selecting the Additional Accounts from the available Eligible Accounts in an Approved Portfolio, and (z) as of the Addition Date, Transferor is not insolvent; and

(iv) Transferor shall deliver an Opinion of Counsel with respect to the Receivables in the Supplemental Accounts to Indenture Trustee (with a copy to each Rating Agency) substantially in the form of Exhibit D.

(e) Additional Approved Portfolios. Transferor may from time to time designate additional portfolios of accounts as "Approved Portfolios" if the Rating Agency Condition is satisfied with respect to that designation (except as to any Series or Class that expressly waives this requirement in the applicable Indenture Supplement). Transferor agrees that prior to any transfer of Receivables from Automatic Additional Accounts arising in a portfolio that is designated as an Approved Portfolio pursuant to the immediately preceding sentence Transferor shall satisfy the following requirements:

(i) on or before the tenth Business Day prior to the Addition Date, Transferor shall give Issuer, Indenture Trustee, each Rating Agency and Servicer written notice that such Automatic Additional Accounts will be included;

(ii) on or before the Addition Date, Transferor shall have delivered to Issuer (with a copy to Indenture Trustee) a written Assignment (including an acceptance by Issuer) substantially in the form of Exhibit A (with appropriate modifications) and the Originator shall have indicated in its computer files that the Receivables created in connection with the Automatic Additional Accounts have been transferred to Issuer;

(iii) Transferor shall represent and warrant that (x) each Automatic Additional Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Automatic Additional Account is, as of the Addition Date, an Eligible Receivable, (y) no selection procedures believed by Transferor to be materially adverse to the interests of the Noteholders were utilized in selecting the new Approved Portfolio, and (z) as of the Addition Date, Transferor is not insolvent;

(iv) Transferor shall deliver an Opinion of Counsel with respect to the Receivables in the Automatic Additional Accounts to Indenture Trustee (with a copy to each Rating Agency) substantially in the form of Exhibit D-2 (with appropriate modifications).

Section 2.7 Removal of Accounts.

(a) Transferor shall have the right to require the reassignment to it or its designee of all Issuer's right, title and interest in, to and under the Receivables then existing and thereafter created, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof in or with respect to the Accounts then owned by the Originator and designated by Transferor (the "Removed Accounts") or Participation Interests (unless otherwise set forth in the applicable Indenture Supplement), upon satisfaction of the following conditions:

(i) on or before the tenth Business Day immediately preceding the Removal Date (the "Removal Notice Date") Transferor shall have given Issuer, Servicer, each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement written notice of such removal and specifying the date for removal of the Removed Accounts and Participation Interests (the "Removal Date"); Transferor shall provide each Rating Agency with such additional information relating to such removal as the Rating Agency shall reasonably request;

(ii) with respect to Removed Accounts, on or prior to the date that is three (3) Business Days after the Removal Date, Transferor shall have delivered to Issuer (with a copy to Indenture Trustee) an Account Schedule listing the Removed Accounts and specifying for each such Account, as of the Removal Notice Date, its Account Number, the aggregate amount outstanding, and the aggregate amount of Principal Receivables outstanding in such Account;

(iii) with respect to Removed Accounts, Transferor shall have represented and warranted as of the Removal Date that the list of Removed Accounts delivered pursuant to paragraph (ii), as of the Removal Date, is true and complete in all material respects;

(iv) with respect to any removal pursuant to Section 2.7(b) that is being made as a result of the applicable Merchant exercising a purchase right as to which Transferor has no reasonable control (an "Involuntary Removal"), Transferor shall use reasonable efforts to satisfy the Rating Agency Condition; and as to any other removal, the Rating Agency Condition shall have been satisfied;

(v) Transferor shall have delivered to Indenture Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement an Officer's Certificate, dated as of the Removal Date, to the effect that Transferor reasonably believes that (A) in the case of any removal other than an Involuntary Removal, such removal will not, based on the facts known to such officer at the time of such certification, then or thereafter cause an Early Amortization Event to occur with respect to any Series, (B) in the case of any Involuntary Removal, Transferor has used reasonable efforts to avoid having such removal result in an Early Amortization Event and (C) in

either case, (i) no selection procedure believed by Transferor to be materially adverse to the interests of the Noteholders has been used in removing Removed Accounts from among any pool of Accounts or Participation Interests of a similar type (it being understood that Transferor will not be deemed to have used such an adverse selection procedure in connection with any Involuntary Removal); and (ii) Accounts (or administratively convenient groups of Accounts, such as billing cycles) were chosen for removal on a random basis or another basis that Transferor believes is consistent which achieving derecognition of the Receivables under GAAP;

(vi) in the case of any removal pursuant to Section 2.7(a), the aggregate Principal Receivables in the Removed Accounts shall not exceed the lesser of (A) the excess of the Transferor Amount over the Minimum Transferor Amount or (B) the excess of the Aggregate Principal Balance over the Required Principal Balance, all measured as of the end of the most recently ended Monthly Period; and

(vii) in the case of any removal pursuant to Section 2.7(b), Transferor shall concurrently with such removal make a deposit into the Collection Account in immediately available funds in an amount equal to the aggregate outstanding balance of Principal Receivables in the Accounts being removed, minus the amount of any deposit into the Excess Funding Account made pursuant to Sections 2.7(b) and 2.4(e) in connection with such removal.

Upon satisfaction of the above conditions, Issuer shall execute and deliver to Transferor or its designee a written reassignment in substantially the form of Exhibit B (the "Reassignment") and shall, without further action, be deemed to transfer, assign, set over and otherwise convey to Transferor or its designee, effective as of the Removal Date, without recourse, representation or warranty, all the right, title and interest of Issuer in and to the Receivables arising in the Removed Accounts or the Participation Interests, all moneys due and to become due and all amounts received with respect thereto and all proceeds thereof. In addition, Issuer shall execute such other documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Transferor to effect the conveyance of Receivables pursuant to this Section.

(b) Transferor may from time to time designate as Removed Accounts any Accounts designated for purchase by a Merchant pursuant to the terms of the related Account Processing Agreement. Any repurchase of the Receivables in Removed Accounts designated pursuant to this Section 2.7(b) shall be effected in the manner and at a price determined in accordance with Section 2.4(e), as if the Receivables being repurchased were Ineligible Receivables. Amounts deposited in the Collection Account in connection therewith shall be deemed to be Collections of Principal Receivables and shall be applied in accordance with the terms of Article VIII of the Indenture and each Indenture Supplement.

(c) Treatment of Defaulted Receivables. On the date when any Receivable in an Account becomes a Defaulted Receivable, the Trust shall automatically and without further action be deemed to sell, transfer, set over and otherwise convey to the Transferor, without recourse, representation or warranty, all right, title and interest of the Trust in and to the Defaulted Receivables and related Finance Charge Receivables in such Account, all monies and

amounts due or to become due with respect thereto and all proceeds thereof. The purchase price for the receivables conveyed pursuant to this Section 2.7(c) during any Monthly Period shall equal the amount of Recoveries received by the Transferor during such Monthly Period, including any proceeds received by the Transferor from the sale of Defaulted Receivables, and all such Recoveries shall be deposited into the Collection Account as provided in this Agreement.

Section 2.8 Discount Option. (a) Transferor shall have the option to designate at any time a fixed or floating percentage (the "Discount Percentage") of the amount of Receivables arising in the Accounts on or after the date such designation becomes effective that would otherwise constitute Principal Receivables (prior to subtracting from Principal Receivables, Finance Charge Receivables that are Discount Option Receivables) to be treated as Finance Charge Receivables. Transferor may from time to time increase (subject to the limitations described below), reduce or eliminate the Discount Percentage for Discount Option Receivables arising in the Accounts on and after the date of such change. Transferor must provide 30 days' prior written notice to Servicer, Issuer, Indenture Trustee and each Rating Agency of any such increase, reduction or elimination, and such increase, reduction or elimination shall become effective on the date specified therein only if (i) Transferor has delivered to Indenture Trustee an Officer's Certificate to the effect that, based on the facts known to such officer at the time, Transferor reasonably believes that such increase, reduction or elimination will not at the time of its occurrence cause an Early Amortization Event, or an event which with notice or the lapse of time would constitute an Early Amortization Event, to occur with respect to any Series and (ii) in the case of any increase, the Discount Percentage shall not exceed 3% after giving effect to that increase, unless the Rating Agency Condition has been satisfied with respect to the increase.

(b) On each Date of Processing after the date on which Transferor's exercise of its discount option takes effect, Transferor shall treat Discount Option Receivables Collections as Collections of Finance Charge Receivables.

Section 2.9 Additional Transferors. Transferor may designate additional or substitute Persons to be included as Transferors under this Agreement by an amendment to this Agreement (which amendment shall be subject to Section 9.1, any applicable restrictions in the Indenture Supplement for any outstanding Series and satisfaction of the Rating Agency Condition) and in connection with such designation, the initial Transferor shall transfer a portion of the Transferor Interest to such additional Transferor reflecting such additional Transferor's interest in the Transferor Interest; provided that prior to any such designation and issuance the conditions set forth in Section 3.4(b) of Trust Agreement shall have been satisfied with respect to a transfer of Transferor's Interest.

Section 2.10 Additional Account Originators. Transferor may designate additional Persons as Account Originators under this Agreement by an amendment to this Agreement (which amendment shall be subject to Section 9.1, satisfaction of the Rating Agency condition and any applicable restrictions in the Indenture Supplement for any outstanding Series).

Section 2.11 Perfection Representations and Warranties. The parties hereto agree that the Perfection Representations and Warranties shall be a part of this Agreement for all purposes. For purposes of the Perfection Representations and Warranties, this Agreement shall be the "Specified Agreement", the Transferor shall be the "Debtor" and the Issuer shall be the "Secured Party".

ARTICLE III

ADMINISTRATION AND SERVICING OF RECEIVABLES

Section 3.1 Acceptance of Appointment and Other Matters Relating to Servicer.

(a) WFCB agrees to act as Servicer under this Agreement. The Noteholders by their acceptance of the Notes consent to WFCB acting as Servicer.

(b) Subject to the provisions of this Agreement, Servicer shall service and administer the Receivables, shall collect payments due under the Receivables and shall charge off as uncollectible Receivables, all in accordance with its customary and usual servicing procedures for servicing credit card and other credit receivables comparable to the Receivables. Servicer shall have full power and authority, acting alone or through any party properly designated by it hereunder, to do any and all things in connection with such servicing and administration which it may deem necessary or desirable. Without limiting the generality of the foregoing, subject to Section 7.1, Servicer or its designee (rather than Indenture Trustee or Owner Trustee) is hereby authorized and empowered (i) to instruct Indenture Trustee to make withdrawals from the Collection Account and any Series Account, as set forth in this Agreement, the Indenture or any Indenture Supplement, (ii) to instruct Indenture Trustee to make withdrawals and payments from the Collection Account and any Series Accounts in accordance with such instructions as set forth in this Agreement, the Indenture or any Indenture Supplement, (iii) to instruct Indenture Trustee in writing as provided herein, (iv) to take any action required or permitted under any Enhancement, as set forth in this Agreement, the Indenture or any Indenture Supplement and (v) to execute and deliver, on behalf of Issuer for the benefit of the Noteholders, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to the Receivables and, after the delinquency of any Receivable and to the extent permitted under and in compliance with applicable law and regulations, to commence enforcement proceedings with respect to such Receivables. Without limiting the generality of the foregoing and subject to Section 7.1, Servicer or its designee is authorized and empowered to make any filings, reports, notices, applications and registrations with, and to seek any consents or authorizations from, the Commission and any state securities authority on behalf of Issuer as may be necessary or advisable to comply with any federal or state securities laws or reporting requirements. Indenture Trustee shall furnish Servicer with any powers of attorney or other documents necessary or appropriate to enable Servicer to carry out its servicing and administrative duties hereunder. Owner Trustee shall furnish Servicer with any powers of attorney and other documents necessary or appropriate to enable Servicer to carry out its servicing and administrative duties hereunder.

(c) Servicer shall not be obligated to use separate servicing procedures, offices, employees or accounts for servicing the Receivables from the procedures, offices, employees and accounts used by Servicer in connection with servicing other credit card receivables.

(d) Servicer shall comply with and perform its servicing obligations with respect to the Accounts and Receivables in accordance with the Account Agreements relating to the Accounts and the Account Guidelines except insofar as any failure to so comply or perform would not materially and adversely affect Issuer or the Noteholders.

(e) Servicer shall be liable for the payment, without reimbursement, of all expenses incurred in connection with Issuer and the servicing activities hereunder including expenses related to enforcement of the Receivables, fees and disbursements of Owner Trustee that are due and payable to it under Article 7 of the Trust Agreement, Indenture Trustee, the Administrator, any Paying Agent and any Transfer Agent and Registrar (including the reasonable fees and expenses of its counsel), fees and disbursements of independent accountants and all other fees and expenses, including the costs of filing UCC continuation statements and the costs and expenses relating to obtaining and maintaining the listing of any Notes on any stock exchange, that are not expressly stated in this Agreement to be payable by Issuer, the Noteholders of a Series or Transferor (other than federal, state, local and foreign income, franchise and other taxes, if any, or any interest or penalties with respect thereto, assessed on Issuer).

(f) Servicer shall maintain fidelity bond or other appropriate insurance coverage insuring against losses through wrongdoing of its officers and employees who are involved in the servicing of credit card receivables covering such actions and in such amounts as Servicer believes to be reasonable from time to time.

Section 3.2 Servicing Compensation. Subject to Section 7.2(c) hereof, as full compensation for its servicing activities hereunder and as reimbursement for any expense incurred by it in connection therewith, Servicer shall be entitled to receive a servicing fee (the "Servicing Fee") with respect to each Monthly Period, payable monthly on the related Distribution Date, in an amount equal to one-twelfth of the product of (a) the weighted average of the Series Servicing Fee Percentages with respect to each outstanding Series (based upon the Series Servicing Fee Percentage for each Series and the Collateral Amount (or such other amount as specified in the related Indenture Supplement) of such Series, in each case as of the last day of the prior Monthly Period) and (b) the amount of Principal Receivables on the last day of the prior Monthly Period. The share of the Servicing Fee allocable to each Series with respect to any Monthly Period (the "Noteholder Servicing Fee") will be determined in accordance with the relevant Indenture Supplement. The portion of the Servicing Fee with respect to any Monthly Period not so allocated to a particular Series, or otherwise allocated in any Indenture Supplement, shall be paid from Finance Charge Collections allocable to Transferor on the related Distribution Date. In no event shall Issuer, Indenture Trustee, the Noteholders of any Series or any Enhancement Provider be liable for the share of the Servicing Fee with respect to any Monthly Period allocable to the Transferor Amount.

Section 3.3 Representations, Warranties and Covenants of Servicer. WFCB, as initial Servicer, hereby makes, and any successor Servicer by its appointment hereunder shall make, on each Closing Date (and on the date of any such appointment) the following representations and warranties and covenants to Issuer on which Owner Trustee has relied in accepting the Receivables in trust, Owner Trustee has relied in executing the Notes and Indenture Trustee has relied in authenticating Notes:

(a) Organization and Good Standing. Servicer is a Utah industrial bank (or with respect to such Successor Servicer, such other corporate entity as may be applicable) duly organized, validly existing and in good standing under the laws of the State of Utah, and has full corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement and, in all material respects, to own its properties and conduct its business as such properties are presently owned and as such business is presently conducted.

(b) Due Qualification. Servicer is duly qualified to do business and is in good standing as a foreign corporation (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would have a material adverse effect on the interests of the Noteholders.

(c) Due Authorization. The execution, delivery, and performance of this Agreement have been duly authorized by Servicer by all necessary corporate action on the part of Servicer.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of Servicer, enforceable against Servicer in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect (or with respect to such Successor Servicer, such other corporate entity as may be applicable) and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(e) No Violation. The execution and delivery of this Agreement by Servicer, the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof applicable to Servicer, will not conflict with, violate, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any Requirement of Law applicable to Servicer or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Servicer is a party or by which it or any of its properties are bound.

(f) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of Servicer, threatened against Servicer before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party, or seeking any determination or ruling that, in the reasonable judgment of Servicer, would materially and adversely affect the performance by Servicer of its obligations under this Agreement and the other Transaction Documents, or seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement and the other Transaction Documents.

(g) Compliance with Requirements of Law. Servicer shall duly satisfy all obligations on its part to be fulfilled under or in connection with the Receivables and the related Accounts, will maintain in effect all qualifications required under Requirements of Law in order to properly service the Receivables and the related Accounts and will comply in all material respects with all

other Requirements of Law in connection with servicing the Receivables and the related Accounts, the failure to comply with which would have a material adverse effect on the interests of the Noteholders.

(h) No Rescission or Cancellation. Servicer shall not permit any rescission or cancellation of a Receivable except as ordered by a court of competent jurisdiction or other Governmental Authority or in the ordinary course of its business and in accordance with the Account Guidelines. Servicer shall reflect any such rescission or cancellation in its computer file of revolving credit card accounts. In addition, Servicer may waive the accrual and/or payment of certain Finance Charge Receivables in respect of certain past due Accounts, the Obligors of which have enrolled with a consumer credit counseling service, and the Receivables in such Accounts shall not fail to be Eligible Receivables solely as a result of such waiver.

(i) Protection of Holders' Rights. Servicer shall take no action which, nor omit to take any action the omission of which, would materially impair the rights of Holders in any Receivable or Account, nor shall it, except in the ordinary course of its business and in accordance with the Account Guidelines, reschedule, revise or defer Collections due on the Receivables.

(j) Receivables Not to Be Evidenced by Promissory Notes. Except in connection with its enforcement or collection of an Account, Servicer will take no action to cause any Receivable to be evidenced by any instrument, other than an instrument that, taken together with one or more other writings, constitutes chattel paper and, if any Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be reassigned or assigned to Servicer as provided in this Section.

(k) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Servicer of this Agreement, the performance by Servicer of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment by Servicer of the terms hereof and thereof have been obtained; provided that Servicer makes no representation or warranty as to state securities or "blue sky" laws.

(l) Maintenance of Records and Books of Account. Servicer shall maintain and implement administrative and operating procedures (including the ability to recreate records evidencing the Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, computer records and other information, reasonably necessary or advisable for the collection of all the Receivables. Such documents, books and computer records shall reflect all facts giving rise to the Receivables, all payments and credits with respect thereto, and, to the extent required pursuant to Section 2.1, such documents, books and computer records shall indicate the interests of Issuer in the Receivables.

If any of the representations, warranties or covenants of Servicer contained in paragraph (g), (h), (i) or (j) of this Section 3.3 with respect to any Receivable or the related Account is breached, and as a result of such breach Issuer's rights in, to or under any Receivables in the related Account or the proceeds of such Receivables are materially impaired or such proceeds are not available for any reason to Issuer free and clear of any Lien, then no later than the expiration

of 60 days from the earlier to occur of the discovery of such event by Servicer, or receipt by Servicer of notice of such event given by Indenture Trustee, all Receivables in the Account or Accounts to which such event relates shall be reassigned or assigned to Servicer as set forth below; provided that such Receivables will not be reassigned or assigned to Servicer if, on any day prior to the end of such 60-day, (i) the relevant representation and warranty shall be true and correct, or the relevant covenant shall have been complied with, in all material respects and (ii) Servicer shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which such breach was cured.

Servicer shall effect such assignment by making a deposit into the Collection Account in immediately available funds prior to the next succeeding Business Day in an amount equal to the amount of such Receivables, which deposit shall be considered a Collection with respect to such Receivables and shall be applied in accordance with Article VIII of the Indenture and each Indenture Supplement.

Upon each such assignment to Servicer, Issuer shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Servicer, without recourse, representation or warranty all right, title and interest of Issuer in and to such Receivables, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof. Issuer shall execute such documents and instruments of transfer or assignment and take such other actions as shall be reasonably requested by Servicer to effect the conveyance of any such Receivables pursuant to this Section. The obligation of Servicer to accept assignment of such Receivables, and to make the deposits, if any, required to be made to the Collection Account as provided in the preceding paragraph, shall constitute the sole remedy respecting the event giving rise to such obligation available to Issuer, Owner Trustee, Holders (or Indenture Trustee on behalf of the Noteholders) or any Enhancement Provider.

Section 3.4 Reports and Records for Indenture Trustee.

(a) Daily Reports. On the second Business Day immediately following each Date of Processing, Servicer shall prepare and make available at the office of Servicer for inspection by Indenture Trustee a report (the "Daily Report") that shall set forth (i) the aggregate amounts of Collections, Collections with respect to Principal Receivables and Collections with respect to Finance Charge Receivables processed by Servicer on such Date of Processing, (ii) the aggregate amount of Defaulted Receivables for such Date of Processing, and (iii) the aggregate amount of Principal Receivables in the Receivables Trust as of such Date of Processing.

(b) Monthly Servicer's Certificate. Unless otherwise stated in any Indenture Supplement as to the related Series, on each Determination Date, Servicer shall forward to Indenture Trustee, the Paying Agent, each Rating Agency and each Enhancement Provider, if any, a certificate of a Servicing Officer setting forth (i) the aggregate amounts for the preceding Monthly Period with respect to each of the items specified in clause (i) of Section 3.4(a), (ii) the aggregate Defaulted Receivables and Recoveries for the preceding Monthly Period, (iii) a calculation of the Portfolio Yield and Base Rate for each Series then outstanding, (iv) the aggregate amount of Receivables and the balance on deposit in the Collection Account (or any subaccount thereof) or any Series Account applicable to any Series then outstanding with respect to Collections processed as of the end of the last day of the preceding Monthly Period, (v) the

aggregate amount of adjustments from the preceding Monthly Period, (vi) the aggregate amount, if any, of withdrawals, drawings or payments under any Enhancement with respect to each Series required to be made with respect to the previous Monthly Period, (vii) the sum of all amounts payable to the Noteholders on the succeeding Distribution Date in respect of interest and principal payable with respect to the Notes and (viii) such other amounts, calculations, and/or information as may be required by any relevant Indenture Supplement.

(c) Transferred Accounts. Servicer covenants and agrees hereby to deliver to Indenture Trustee, after the Automatic Addition Termination Date or any Automatic Addition Suspension Date (but in the latter case, prior to a Restart Date) within a reasonable time period after any Transferred Account is created, but in any event not later than 15 days after the end of the month within which the Transferred Account is created, a notice specifying the new Account Number for any Transferred Account.

Section 3.5 Annual Servicer's Certificate. Unless Servicer has been relieved of all of its obligations under this Agreement because the final Series has been repaid during the prior calendar year, Servicer shall deliver to Indenture Trustee, any Enhancement Provider and any Rating Agency on or before the 90th day following the end of Servicer's fiscal year beginning in 2009 and each subsequent fiscal year, an Officer's Certificate substantially in the form of Exhibit C.

Section 3.6 Tax Treatment. Transferor has structured this Agreement and the Notes to facilitate a secured, credit-enhanced financing on favorable terms with the intention that the Notes will constitute indebtedness of Transferor for federal income and state and local income and franchise tax purposes; and Transferor and each Noteholder by acceptance of its Note (and each Note Owner, by its acceptance of an interest in the applicable Note) agrees to recognize and report the Notes as indebtedness of Transferor for purposes of federal, state and local income and franchise taxes and any other tax imposed on or measured by gross or net income, and to report all receipts and payments relating thereto in a manner that is consistent with such characterization.

Section 3.7 Notices to Transferor. If WFCB is no longer acting as Servicer, any Successor Servicer appointed pursuant to Section 7.2 shall deliver or make available to Transferor each certificate and report required to be prepared, forwarded or delivered thereafter pursuant to Sections 3.4(b), 3.5 and 3.6.

Section 3.8 Adjustments.

(a) If Servicer adjusts downward the amount of any Receivable because of a rebate, refund, unauthorized charge, or billing error to an accountholder, or because such Receivable was created in respect of merchandise which was refused or returned by an accountholder, or if Servicer otherwise adjusts downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible, then, in any such case, the amount of Principal Receivables used to calculate the Transferor Amount or the Allocation Percentages applicable to any Series will be reduced by the amount of the adjustment. Similarly, the amount of Principal Receivables used to calculate the Transferor Amount and the Allocation Percentages applicable to any Series will be reduced by the amount of any Principal Receivable

with respect to which the covenant of Transferor contained in Section 2.5(b) has been breached. Any adjustment required pursuant to the preceding sentence shall be made on the first Business Day after the Date of Processing for the event giving rise to such adjustment. If, following the exclusion of such Principal Receivables from the calculation of the Transferor Amount, the Transferor Amount would be less than the Specified Transferor Amount, not later than the close of business on such first Business Day, Transferor shall make a deposit into the Excess Funding Account in immediately available funds in an amount equal to the amount by which the Transferor Amount would be less than the Specified Transferor Amount (up to the amount of such Principal Receivables). Any amount deposited into the Excess Funding Account pursuant to the preceding sentence shall be considered Collections of Principal Receivables and shall be applied in accordance with Article VIII of the Indenture and each Indenture Supplement.

(b) If (i) Servicer makes a deposit into the Collection Account in respect of a Collection of a Receivable and such Collection was received by Servicer in the form of a check which is not honored for any reason or (ii) Servicer makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any Receivable in respect of which a dishonored check is received shall be deemed not to have been paid. Notwithstanding the first two sentences of this paragraph, any adjustments made pursuant to this paragraph will be reflected in a current report but will not change any amount of Collections previously reported pursuant to Section 3.4(b).

ARTICLE IV

OTHER MATTERS RELATING TO TRANSFEROR

Section 4.1 Liability of Transferor. Transferor shall be liable in accordance herewith to the extent, and only to the extent, of the obligations specifically undertaken by it in its capacity as Transferor hereunder.

Section 4.2 Merger or Consolidation of, or Assumption of the Obligations of, Transferor etc.

(a) Transferor shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the Person formed by such consolidation or into which Transferor is merged or the Person which acquires by conveyance or transfer the properties and assets of Transferor substantially as an entirety shall be, if Transferor is not the surviving entity, an entity organized and existing under the laws of the United States of America or any state therein or the District of Columbia, and, if Transferor is not the surviving entity, such entity shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Owner, in form reasonably satisfactory to Owner Trustee, the performance of every covenant and obligation of Transferor hereunder;

(ii) Transferor has delivered to Indenture Trustee (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(iii) Transferor shall have delivered to Indenture Trustee and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer, with respect thereto, and an opinion as to the matters described in numbered paragraphs 1 and 2 of Exhibit D;

(iv) in connection with any merger or consolidation, or any conveyance or transfer referred to above, the business entity into which Transferor shall merge or consolidate, or to which such conveyance or transfer is made, shall be (x) a business entity that may not become a debtor in any case, action or other proceeding under Title 11 of the United States Code or (y) a special-purpose entity, the powers and activities of which shall be limited to the performance of Transferor's obligations under this Agreement and the other Transaction Documents;

(v) if Transferor is not the surviving entity, the surviving entity shall file new UCC-1 financing statements with respect to the transfer of the Trust Assets to the Issuer; and

(vi) the Rating Agency Condition has been satisfied with respect to such merger, conveyance or transfer.

(b) This Section 4.2 shall not be construed to prohibit or in any way limit Transferor's ability to effectuate any consolidation or merger pursuant to which Transferor would be the surviving entity.

(c) Transferor shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section 4.2.

(d) The obligations of Transferor hereunder shall not be assignable nor shall any Person succeed to the obligations of Transferor hereunder except in each case in accordance with (i) the provisions of the foregoing paragraphs or (ii) Section 2.9 of this Agreement or Section 3.4 of the Trust Agreement.

Section 4.3 Limitation on Liability of Transferor. Subject to Section 4.1, neither Transferor, any Holder of the Transferor Interest nor any of the directors, officers, employees or agents of Transferor or any Holder of the Transferor Interest acting in such capacities shall be under any liability to Issuer, Owner Trustee, the Holders, any Enhancement Provider or any other Person for any action taken or for refraining from the taking of any action in good faith in

their capacities as Transferor pursuant to this Agreement; provided that this provision shall not protect Transferor, any Holder of the Transferor Interest or any such Person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Transferor and any director, officer, employee or agent of Transferor may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than Transferor) respecting any matters arising hereunder.

ARTICLE V

OTHER MATTERS RELATING TO SERVICER

Section 5.1 Liability of Servicer. Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by Servicer in such capacity herein.

Section 5.2 Merger or Consolidation of, or Assumption of the Obligations of, Servicer.

(a) Servicer shall not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the Person formed by such consolidation or into which Servicer is merged or the Person which acquires by conveyance or transfer the properties and assets of Servicer substantially as an entirety shall be an entity organized and existing under the laws of the United States of America or any State or the District of Columbia and, if Servicer is not the surviving entity, shall expressly assume, by an agreement supplemental hereto, executed and delivered to Owner Trustee in form satisfactory to Owner Trustee, the performance of every covenant and obligation of Servicer hereunder;

(ii) Servicer has delivered to Indenture Trustee (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity); and

(iii) either (x) the entity formed by such consolidation or into which Servicer is merged or the Person which acquired by conveyance or transfer the properties and assets of Servicer substantially as an entirety shall be an Eligible Servicer (taking into account, in making such determination, the experience and operations of the predecessor Servicer) or (y) upon the effectiveness of such consolidation, merger, conveyance or transfer, a Successor Servicer shall have assumed the obligations of Servicer in accordance with this Agreement;

(b) This Section 5.2 shall not be construed to prohibit or in any way limit Servicer's ability to effectuate any consolidation or merger pursuant to which Servicer would be the surviving entity.

(c) Servicer shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section 5.2.

Section 5.3 Limitation on Liability of Servicer and Others. Except as provided in Section 5.4 with respect to Issuer and Owner Trustee and Section 6.7 of the Indenture with respect to Indenture Trustee, neither Servicer nor any of the directors, officers, employees or agents of Servicer in its capacity as Servicer shall be under any liability to Issuer, Owner Trustee, Indenture Trustee, the Holders, any Enhancement Providers or any other person for any action taken or for refraining from the taking of any action in good faith in its capacity as Servicer pursuant to this Agreement; provided that this provision shall not protect Servicer or any such Person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Servicer and any director, officer, employee or agent of Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than Servicer) respecting any matters arising hereunder. Servicer shall not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties as Servicer in accordance with this Agreement and which in its reasonable judgment may involve it in any expense or liability. Servicer may, in its sole discretion, undertake any such legal action which it may deem necessary or desirable for the benefit of the Holders with respect to this Agreement and the rights and duties of the parties hereto and the interests of the Holders hereunder.

Section 5.4 Indemnification of Issuer and Owner Trustee. Servicer shall indemnify and hold harmless Issuer and Owner Trustee and their respective officers, directors, employees and agents, from and against any loss, liability, expense, damage or injury (i) suffered or sustained by reason of any acts or omissions of Servicer with respect to Issuer pursuant to this Agreement, and (ii) arising from or incurred in connection with Owner Trustee's administration of Issuer and the performance of its duties hereunder or under the Indenture or Indenture Supplements or any transaction or document contemplated in connection herewith or therewith including any judgment, award, settlement, reasonable attorneys' fees and expenses and other costs or expenses incurred in connection with the defense of any action, proceeding or claim; provided that (a) Servicer shall not indemnify Owner Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, gross negligence, or willful misconduct by Owner Trustee, (b) Servicer shall not indemnify Issuer, the Noteholders or the Note Owners for any liabilities, costs or expenses of Issuer with respect to any action taken by Owner Trustee at the request of the Noteholders, (c) Servicer shall not indemnify Issuer, the Noteholders or the Note Owners as to any losses, claims or damages incurred by any of them in their capacities as investors, including losses with respect to market or investment risks associated with ownership of the Notes or losses incurred as a result of Defaulted Receivables and (d) Servicer shall not indemnify Issuer, the Noteholders or the Note Owners for any liabilities, costs or expenses of Issuer, the Noteholders or the Note Owners arising under any tax law, including any Federal, state, local or foreign income or franchise taxes or any other tax imposed on or measured by income (or any interest or penalties with respect thereto or arising from a failure to comply

therewith) required to be paid by Issuer, the Noteholders or the Note Owners in connection herewith to any taxing authority. Indemnification pursuant to this Section shall not be payable from the Trust Assets. The provisions of this indemnity shall run directly to and be enforceable by an indemnitee subject to the limitations hereof. This Section 5.4 shall survive the termination of this Agreement and the earlier removal or resignation of Owner Trustee.

Servicer shall indemnify Indenture Trustee as provided in Section 6.7 of the Indenture.

Section 5.5 Servicer Not to Resign. Servicer shall not resign from the obligations and duties hereby imposed on it except (x) upon the determination that (i) the performance of its duties hereunder is no longer permissible under Requirements of Law (other than the charter and by-laws of Servicer) and (ii) there is no reasonable action which Servicer could take to make the performance of its duties hereunder permissible under such Requirements of Law, (y) as may be required, in connection with Servicer's consolidation with, or merger into any other corporation or Servicer's conveyance or transfer of its properties and assets substantially as an entirety to any person in each case, in accordance with Section 5.2, or (z) it finds a replacement Servicer that is an Eligible Servicer. Any determination permitting the resignation of Servicer pursuant to clause (x) above shall be evidenced by an Opinion of Counsel to such effect delivered to Indenture Trustee. No resignation shall become effective until Indenture Trustee or a Successor Servicer shall have assumed the responsibilities and obligations of Servicer in accordance with Section 7.2. If within 120 days of the date of the determination that Servicer may no longer act as Servicer, and if Indenture Trustee is unable to appoint a Successor Servicer, Indenture Trustee shall serve as Successor Servicer. Notwithstanding the foregoing, Indenture Trustee shall, if it is legally unable so to act, petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than $50,000,000 and whose regular business includes the servicing of credit card accounts as the Successor Servicer hereunder. Indenture Trustee shall give prompt notice to each Rating Agency and each Enhancement Provider, if any, entitled thereto under the applicable Indenture Supplement upon the appointment of a Successor Servicer.

Section 5.6 Access to Certain Documentation and Information Regarding the Receivables. Servicer shall provide to Indenture Trustee access to the documentation regarding the Accounts and the Receivables in such cases where Indenture Trustee is required in connection with the enforcement of the rights of the Noteholders, or by applicable statutes or regulations to review such documentation, such access being afforded without charge but only (i) upon reasonable request, (ii) during normal business hours, (iii) subject to Servicer's normal security and confidentiality procedures and (iv) at offices designated by Servicer. Nothing in this Section 5.6 shall derogate from the obligation of each Account Originator, Transferor, Indenture Trustee and Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors and the failure of Servicer to provide access as provided in this Section 5.6 as a result of such obligation shall not constitute a breach of this Section 5.6.

Section 5.7 Delegation of Duties. In the ordinary course of business, Servicer may at any time delegate any duties hereunder to any Person who agrees to conduct such duties in accordance with the Account Guidelines and this Agreement. Any such delegations shall not relieve Servicer of its liability and responsibility with respect to such duties, and shall not constitute a resignation within the meaning of Section 5.5, and Servicer shall remain jointly and

severally liable with such Person for any amounts which would otherwise be payable pursuant to this Article V as if Servicer had performed such duty; provided that in the case of any significant delegation to a Person other than an Affiliate of WFCB, at least 30 days' prior written notice shall be given to Indenture Trustee and each Rating Agency of such delegation to any entity that is not an Affiliate of Servicer.

ARTICLE VI

INSOLVENCY EVENTS

Section 6.1 Rights upon the Occurrence of an Insolvency Event. If an Insolvency Event occurs with respect to Transferor or any Holder of the Transferor Interest (excluding any Supplemental Interest), Transferor shall on the day any such event occurs, immediately cease to transfer Principal Receivables, or interests in Principal Receivables represented by any Participation Interests to Issuer and shall promptly give notice to Indenture Trustee, Owner Trustee and the Rating Agencies thereof. Notwithstanding any cessation of the transfer to Issuer of additional Principal Receivables or any Participation Interests, Principal Receivables or any Participation Interests transferred to Issuer prior to the occurrence of such Insolvency Event and Collections in respect of such Principal Receivables and Participation Interests, and Finance Charge Receivables whenever created accrued in respect of such Principal Receivables, shall continue to be property of Issuer.

ARTICLE VII

SERVICER DEFAULTS

Section 7.1 Servicer Defaults. If any one of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by Servicer to make any payment, transfer or deposit or to give instructions or notice to Indenture Trustee on or before the date occurring five Business Days after the date such payment, transfer, deposit, or such instruction or notice is required to be made or given by Servicer, as the case may be, under the terms of this Agreement, the Indenture or any Indenture Supplement; or

(b) failure on the part of Servicer duly to observe or perform in any material respect any other covenants or agreements of Servicer set forth in this Agreement which has a material adverse effect on the Noteholders of any Series or Class (which determination shall be made without regard to whether funds are then available pursuant to any Enhancement), which continues unremedied for a period of 60 days after the date on which written notice of such failure requiring the same to be remedied shall have been given to Servicer by Indenture Trustee, or to Servicer and Indenture Trustee by the Noteholders holding not less than 25% of the Outstanding Amount (or, with respect to any failure that does not relate to all Series, 25% of the aggregate outstanding principal amount of all Series to which such failure relates); or Servicer shall delegate its duties under this Agreement except as permitted by Section 5.2 or 5.7, a Responsible Officer of Indenture Trustee has actual knowledge of such delegation and such delegation continues unremedied for 15 days after the date on which written notice thereof,

requiring the same to be remedied, shall have been given to Servicer by Indenture Trustee, or to Servicer and Indenture Trustee by Noteholders holding not less than 25% of the Outstanding Amount; or

(c) any representation, warranty or certification made by Servicer in this Agreement or in any certificate delivered pursuant to this Agreement shall prove to have been incorrect when made, which has a material adverse effect on the rights of the Noteholders of any Series or Class (which determination shall be made without regard to whether funds are then available pursuant to any Enhancement) and which continues to be incorrect in any material respect for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Servicer by Indenture Trustee, or to Servicer and Indenture Trustee by the Noteholders holding not less than 25% of the Outstanding Amount (or, with respect to any such representation, warranty or certification that does not relate to all Series, 25% of the aggregate outstanding principal amount of all Series to which such representation, warranty or certification relates);

(d) Servicer shall fail generally to, or admit in writing its inability to, pay its debts as they become due; or a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Servicer in an involuntary case under any Debtor Relief Law, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or for the winding-up or liquidation of its affairs and, if instituted against Servicer, any such proceeding shall continue undismissed or unstayed and in effect, for a period of 60 consecutive days, or any of the actions sought in such proceeding shall occur; or the commencement by Servicer, of a voluntary case under any Debtor Relief Law, or such Person's consent to the entry of an order for relief in an involuntary case under any Debtor Relief Law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or any general assignment for the benefit of creditors; or such Person or any Subsidiary of such Person shall have taken any corporate action in furtherance of any of the foregoing actions; or

(e) with respect to any Series, any other event specified in the Indenture Supplement for such Series,

then, in the event of any Servicer Default, so long as Servicer Default shall not have been remedied, either Indenture Trustee or Noteholders holding more than 50% of the Outstanding Amount, by notice given to Servicer (and to Indenture Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement if given by the Noteholders) (a "Termination Notice"), may terminate all but not less than all the rights and obligations of Servicer, as Servicer, under this Agreement and in and to the Receivables and the proceeds thereof. Upon the occurrence of a Servicer Default, the Indenture Trustee shall promptly notify each Rating Agency of such Servicer Default.

After receipt by Servicer of such Termination Notice, and on the date that a Successor Servicer shall have been appointed by Indenture Trustee pursuant to Section 7.2, all authority and power of Servicer under this Agreement shall pass to and be vested in the Successor Servicer

(a "Service Transfer"); and, without limitation, Indenture Trustee is hereby authorized and empowered (upon the failure of Servicer to cooperate) to execute and deliver, on behalf of Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of Servicer to execute or deliver such documents or instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. Servicer agrees to cooperate with Indenture Trustee and the Successor Servicer in effecting the termination of the responsibilities and rights of Servicer to conduct servicing hereunder including the transfer to the Successor Servicer of all authority of Servicer to service the Receivables provided for under this Agreement, including all authority over all Collections which shall on the date of transfer be held by Servicer for deposit, or which have been deposited by Servicer, in the Collection Account, or which shall thereafter be received with respect to the Receivables, and in assisting the Successor Servicer and in enforcing all rights to Insurance Proceeds. Servicer shall promptly transfer its electronic records relating to the Receivables to the Successor Servicer in such electronic form as the Successor Servicer may reasonably request and shall promptly transfer to the Successor Servicer all other records, correspondence and documents necessary for the continued servicing of the Receivables in the manner and at such times as the Successor Servicer shall reasonably request. To the extent that compliance with this Section 7.1 shall require Servicer to disclose to the Successor Servicer information of any kind which Servicer reasonably deems to be confidential, the Successor Servicer shall be required to enter into such customary licensing and confidentiality agreements as Servicer shall deem appropriate to protect its interests.

Notwithstanding the foregoing, any delay in or failure of performance under Section 7.1(a) for a period of five Business Days or under Section 7.1(b) or (c) for a period of 60 days (in addition to any period provided in Section 7.1(a), (b) or (c)) shall not constitute a Servicer Default until the expiration of such additional five Business Days or 60 days, respectively, if such delay or failure could not be prevented by the exercise of reasonable diligence by Servicer and such delay or failure was caused by an act of God or the public enemy, acts of declared or undeclared war, public disorder, rebellion or sabotage, epidemics, landslides, lightning, fire, hurricanes, earthquakes, floods or similar causes. The preceding sentence shall not relieve Servicer from the obligation to use its best efforts to perform its obligations in a timely manner in accordance with this Agreement and Servicer shall provide Indenture Trustee, each Rating Agency, any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement and Transferor with an Officer's Certificate giving immediate notice of such failure or delay by it, together with a description of its efforts to so perform its obligations.

Section 7.2 Indenture Trustee to Act; Appointment of Successor. (a) On and after the receipt by Servicer of a Termination Notice pursuant to Section 7.1, Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Termination Notice or otherwise specified by Indenture Trustee or until a date mutually agreed upon by Servicer and Indenture Trustee. Indenture Trustee shall, as promptly as possible after the giving of a Termination Notice, appoint an Eligible Servicer as a successor servicer (the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to Indenture Trustee. If a Successor Servicer has not been appointed or has not accepted its appointment at the time when Servicer ceases to act as Servicer, Indenture Trustee without further action shall automatically be appointed the Successor Servicer. Indenture Trustee may delegate any of its servicing obligations to an Affiliate of Indenture Trustee or agent in

accordance with Section 3.1(b) and 5.7. Notwithstanding the foregoing, Indenture Trustee shall, if it is legally unable so to act, petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than $50,000,000 and whose regular business includes the servicing of credit card receivables as the Successor Servicer hereunder. Indenture Trustee shall give prompt notice to each Rating Agency and each Enhancement Provider, if any, entitled thereto pursuant to the applicable Indenture Supplement upon the appointment of a Successor Servicer.

(b) Upon its appointment, the Successor Servicer shall be the successor in all respects to Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities (except for liabilities arising during the period of time when the prior Servicer was performing and acting as Servicer) relating thereto placed on Servicer by the terms and provisions hereof, and all references in this Agreement to Servicer shall be deemed to refer to the Successor Servicer.

(c) In connection with any Termination Notice, Indenture Trustee will review any bids which it obtains from Eligible Servicers and shall be permitted to appoint any Eligible Servicer submitting such a bid as a Successor Servicer. Any successor Servicer shall be entitled to compensation equal to the greater of (a) the aggregate Servicing Fees for all Series or (b) the lowest of the servicing fee bids obtained by Indenture Trustee from third-party servicers selected by Indenture Trustee; provided that the Indenture Trustee shall use its best efforts to obtain bids from not less than three third-party servicers if the servicing compensation shall be greater than the aggregate Servicing Fees for all Series; and provided, however, that the Holder of the Transferor Interest shall be responsible for payment of the portion of such compensation of the Successor Servicer allocable to the Holder of the Transferor Interest, including any portion thereof in excess of the aggregate Servicing Fees for all Series. Each Holder of the Transferor Interest agrees that, if WFCB (or any Successor Servicer) is terminated as Servicer hereunder, the portion of the Collections in respect of Finance Charge Receivables that Transferor is entitled to receive pursuant to this Agreement or any Indenture Supplement shall be reduced by an amount sufficient to pay Transferor's share (determined by reference to the Indenture Supplements with respect to any outstanding Series) of the compensation of the Successor Servicer and, without duplication, any compensation of the Successor Servicer in excess of the initial aggregate Servicing Fees for all Series.

(d) All authority and power granted to the Successor Servicer under this Agreement shall automatically cease and terminate upon termination of Issuer pursuant to the Trust Agreement and shall pass to and be vested in Transferor and, Transferor is hereby authorized and empowered to execute and deliver, on behalf of the Successor Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Successor Servicer agrees to cooperate with Transferor in effecting the termination of the responsibilities and rights of the Successor Servicer to conduct servicing on the Receivables. The Successor Servicer shall transfer its electronic records relating to the Receivables to Transferor in such electronic form as Transferor may reasonably request and shall transfer all other records, correspondence and documents to Transferor in the manner and at such times as Transferor shall reasonably request. To the extent that compliance with this Section 7.2 shall require the Successor Servicer to disclose to Transferor information of any kind which the

Successor Servicer deems to be confidential, Transferor shall be required to enter into such customary licensing and confidentiality agreements as the Successor Servicer shall deem necessary to protect its interests.

Section 7.3 Notification to Noteholders. Within two Business Days after Servicer becomes aware of any Servicer Default, Servicer shall give notice thereof to Indenture Trustee, each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement and Indenture Trustee shall give notice to the Noteholders at their respective addresses appearing in the Note Register. Upon any termination or appointment of a Successor Servicer pursuant to this Article VII, Indenture Trustee shall give prompt written notice thereof to Noteholders at their respective addresses appearing in the Note Register.

ARTICLE VIII

TERMINATION

Section 8.1 Termination of Agreement. This Agreement and the respective obligations and responsibilities of Issuer, Transferor and Servicer under this Agreement shall terminate, except with respect to the duties described in Section 5.4, on the Trust Termination Date.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1 Amendment; Waiver of Past Defaults.

(a) This Agreement may be amended, modified or altered and any provision of this Agreement may be waived in writing from time to time by Servicer, Transferor and Issuer, without the consent of any of Indenture Trustee or any Noteholder to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provisions herein or to add any other provisions with respect to matters or questions raised under this Agreement which shall not be inconsistent with the provisions of this Agreement; provided, however, that any such action shall not adversely affect in any material respect the interests of any of the Noteholders. Additionally, this Agreement may be amended, modified or altered and any provision of this Agreement may be waived in writing from time to time by Servicer, Transferor and Issuer by a written instrument signed by each of them, without the consent of Indenture Trustee or any of the Noteholders; provided that (i) Transferor shall have delivered to Indenture Trustee and Owner Trustee an Officer's Certificate, dated the date of any such action, stating that Transferor reasonably believes that such amendment will not have an Adverse Effect and (ii) the Rating Agency Condition shall have been satisfied with respect to any such action. Additionally, notwithstanding the preceding sentence, this Agreement will be amended by Servicer and Issuer at the direction of Transferor without the consent of Indenture Trustee or any of the Noteholders or Enhancement Providers to add, modify or eliminate such provisions as may be necessary or advisable in order to enable all or a portion of Issuer to avoid the imposition of state or local income or franchise taxes imposed on Issuer's property or its income; provided, however, that (A) Transferor delivers to Indenture Trustee and Owner Trustee an Officer's

Certificate to the effect that the proposed amendments meet the requirements set forth in this Section, (B) the Rating Agency Condition has been satisfied, and (C) such amendment does not affect the rights, duties or obligations of Indenture Trustee or Owner Trustee hereunder. The amendments which Transferor may make without the consent of Noteholders or Enhancement Providers pursuant to the preceding sentence may include the addition of a Transferor.

(b) This Agreement may also be amended, modified or altered and any provision of this Agreement may be waived in writing from time to time by Servicer, Transferor and Issuer, with the consent of the Noteholders holding more than 50% of the Outstanding principal amount of the Notes of each Series affected thereby for which Transferor has not delivered an Officer's Certificate stating that there is no Adverse Effect, for the purpose of adding any provisions to or changing in any manner or eliminating or waiving any of the provisions of this Agreement or of modifying in any manner the rights of the Noteholders; provided, however, that no such action shall (i) reduce the interest rate or principal amount of any Note or delay the final maturity date of any Note or the amount available under any Enhancement without the consent of each affected Noteholder, (ii) change the definition of or the manner of calculating the interest of any Noteholder without the consent of each affected Noteholder or (iii) reduce the aforesaid percentage required to consent to any such action without the consent of each Noteholder.

(c) Promptly after the execution of any such amendment or waiver, Issuer shall furnish notification of the substance of such action to Indenture Trustee and each Noteholder, and Servicer shall furnish notification of the substance of such amendment to each Rating Agency and each Enhancement Provider.

(d) It shall not be necessary for the consent of Noteholders under this Section 9.1 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Noteholders shall be subject to such reasonable requirements as Indenture Trustee may prescribe.

(e) Any Indenture Supplement executed in accordance with the provisions of Article X of the Indenture shall not be considered an amendment of this Agreement for the purposes of this Section 9.1.

(f) Owner Trustee may, but shall not be obligated to, enter into any such amendment which affects Owner Trustee's rights, duties or immunities under this Agreement or otherwise. In connection with the execution of any amendment hereunder, Owner Trustee shall be entitled to receive the Opinion of Counsel described in Section 9.2(d).

Section 9.2 Protection of Right, Title and Interest to Issuer.

(a) Transferor shall cause this Agreement, all amendments and supplements hereto and all financing statements and continuation statements and any other necessary documents covering Indenture Trustee's and Issuer's right, title and interest in the Trust Assets to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve, perfect and protect the right, title and interest of Indenture Trustee, Noteholders and Issuer hereunder to all

property comprising the Trust Assets. Transferor shall deliver to Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. Transferor shall cooperate fully with Servicer in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this paragraph.

(b) Each of Transferor and Servicer shall at all times be organized under the laws of a jurisdiction located within the United States.

Section 9.3 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 9.4 Notices; Payments.

(a) All demands, notices, instructions, directions and communications (collectively, "Notices") under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission (i) in the case of Transferor, to World Financial Credit Company, LLC, 2855 East Cottonwood Parkway, Suite 600, Salt Lake City, Utah 84121, Attention: President, (ii) in the case of Servicer, World Financial Capital Bank, 2855 East Cottonwood Parkway, Suite 600, Salt Lake City, Utah 84121, Attention: President, (iii) in the case of Issuer or Owner Trustee, to the Corporate Trust Office, Attn: Institutional Trust Services, with a copy to the Administrator, (iv) in the case of the Rating Agency for a particular Series, the address, if any, specified in the Indenture Supplement relating to such Series, and (v) to any other Person as specified in the Indenture or any Indenture Supplement; or, as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to each other party.

(b) Any Notice required or permitted to be given to a Holder of Registered Notes shall be given by first-class mail, postage prepaid, at the address of such Holder as shown in the Note Register. Any Notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder receives such Notice.

Section 9.5 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such provisions shall be deemed severable from the remaining provisions of this Agreement and shall in no way affect the validity or enforceability of the remaining provisions of this Agreement or of the Notes or the rights of the Noteholders.

Section 9.6 Further Assurances. Transferor and Servicer agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by Owner Trustee and Indenture Trustee more fully to effect the purposes of this Agreement, including the authorization of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

Section 9.7 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of Owner Trustee, Indenture Trustee or the Noteholders, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided under this Agreement are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 9.8 Counterparts. This Agreement 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 together shall constitute one and the same instrument.

Section 9.9 Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the parties hereto, Indenture Trustee, the Noteholders, and any Enhancement Provider. Except as otherwise expressly provided in this Agreement, no other Person will have any right or obligation hereunder.

Section 9.10 Actions by Noteholders.

(a) Wherever in this Agreement a provision is made that an action may be taken or a Notice given by Noteholders, such action or Notice may be taken or given by any Noteholder, unless such provision requires a specific percentage of Noteholders.

(b) Any Notice, request, authorization, direction, consent, waiver or other act by the Noteholder shall bind such Holder and every subsequent Holder of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by Issuer, Owner Trustee, Transferor or Servicer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 9.11 Rule 144A Information. For so long as any of the Notes of any Series or Class are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, each of Transferor, Owner Trustee, Indenture Trustee, Servicer and any Enhancement Provider agree to cooperate with each other to provide to any Noteholders of such Series or Class and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the condition set forth in Rule 144A(d)(4) under the Securities Act.

Section 9.12 Merger and Integration. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

Section 9.13 No Bankruptcy Petition. Each of Issuer (with respect to Transferor only), Servicer, each Enhancement Provider, if any, and each Holder of a Supplemental Interest and

Transferor (with respect to Issuer only) severally and not jointly, hereby covenants and agrees that it will not at any time institute against, solicit or join or cooperate with or encourage any institution against Issuer or Transferor of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under any United States federal or state bankruptcy or similar law. Nothing in this Section 9.13 shall preclude, or be deemed to estop, any of the foregoing Persons from taking (to the extent such action is otherwise permitted to be taken by such Person hereunder) or omitting to take any action prior to such date in (i) any case or proceeding with respect to Issuer or Transferor voluntarily filed or commenced by or on behalf of Issuer or Transferor, respectively, under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to Issuer or Transferor, as applicable under or pursuant to any such law, which involuntary use was not commenced by any of the foregoing Persons.

Section 9.14 Rights of Indenture Trustee. Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture.

Section 9.15 Rights of Owner Trustee. Each of the parties hereto acknowledges and agrees that this Agreement is being executed and delivered by BNY Mellon Trust of Delaware not individually but solely and exclusively in its capacity as Owner Trustee on behalf of World Financial Capital Master Note Trust for the purpose and with the intention of binding World Financial Capital Master Note Trust. No obligations or liabilities hereunder shall run against BNY Mellon Trust of Delaware in its individual capacity or against its properties or assets.

IN WITNESS WHEREOF, Transferor, Servicer and Issuer have caused this Transfer and Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

WORLD FINANCIAL CAPITAL CREDIT COMPANY, LLC, as Transferor

By: /s/ Peter Justin Crowley
Name: Peter Justin Crowley
Title: Vice President

WORLD FINANCIAL CAPITAL BANK, as Servicer

By: /s/ Marvin Corne
Name: Marvin Corne
Title: Chief Executive Officer and President

WORLD FINANCIAL CAPITAL MASTER NOTE TRUST, Issuer

By: BNY Mellon Trust of Delaware, not in its individual capacity but solely as Owner Trustee on behalf of Issuer

By: /s/ Kristine K. Gullo
Name: Kristine K. Gullo
Title: Vice President

Acknowledged and Accepted:

U.S. BANK NATIONAL ASSOCIATION, not in its individual capacity but solely as Indenture Trustee

By: /s/ Michelle Moeller
Name: Michelle Moeller
Title: Assistant Vice President

EXHIBIT 10.5

RECEIVABLES PURCHASE AGREEMENT

between

WORLD FINANCIAL NETWORK NATIONAL BANK

RPA Seller,

and

WFN CREDIT COMPANY, LLC

Purchaser

Dated as of September 28, 2001

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RECEIVABLES PURCHASE AGREEMENT, dated as of September 28, 2001 (this "Agreement") between WORLD FINANCIAL NETWORK NATIONAL BANK, a national banking association ("WFN"), as seller ("RPA Seller"), and WFN CREDIT COMPANY, LLC, a Delaware limited liability company, as purchaser ("Purchaser").

R E C I T A L S:

WHEREAS, Purchaser desires to purchase, from time to time, certain Receivables arising under certain specified Accounts of RPA Seller;

WHEREAS, RPA Seller desires to sell and assign such Receivables to Purchaser, from time to time, upon the terms and conditions hereinafter set forth;

WHEREAS, it is contemplated that the Receivables purchased hereunder will be transferred by Purchaser to The Chase Manhattan Bank, as Trustee for World Financial Network Credit Card Master Trust III, pursuant to the Amended and Restated Pooling and Servicing Agreement dated as of January 30, 1998 and amended and restated as of September 28, 2001 (the "Pooling and Servicing Agreement") among WFN Credit Company, LLC, as Transferor, WFN, as Servicer, and Trustee in connection with the issuance of certain Investor Certificates;

NOW, THEREFORE, it is hereby agreed by and between Purchaser and RPA Seller as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Each capitalized term used herein or in any certificate, document, or Conveyance Paper made or delivered pursuant hereto, and not defined herein or therein, shall have the meaning specified in the Pooling and Servicing Agreement. In addition, the following words and phrases shall have the following meanings:

"Conveyance Papers" is defined in Section 4.1(a)(iii).

"Credit Adjustment" is defined in Section 3.2.

"Existing Assets" means (i) the Transferor Interest, (ii) the Receivables existing at the opening of business on the Effective Date and arising from the Accounts (other than the Initial Restatement Date Portfolio Accounts), (iii) all Related Assets with respect to such Receivables, (iv) all right, title and interest of RPA Seller (in its capacity as Transferor but not as Servicer under the Existing PSA and the other Transaction Documents, including any loan agreements and Supplements executed in connection with any Series of Investor Certificates and

(v) all right, title and interest of RPA Seller, in its capacity as Transferor under the Pooling and Servicing Agreement to any funds on deposit in any Series Account maintained for the benefit of any Series or Class of Investor Certificates.

"Interest Payment Date" is defined in Section 3.1(c).

"Merchant Adjustment Payment" is defined in Section 3.2.

"Purchaser Tangible Equity" means, at any date of determination, an amount equal to:

(a) the Transferor Amount; *plus*

(b) the aggregate amount on deposit in all cash collateral accounts or spread accounts established for the benefit of any Series or Class of Investor Certificates; *minus*

(c) the outstanding balance of the Subordinated Note; *plus*

(d) the "Purchaser Tangible Equity" or other similar amounts for any other transactions to which the Purchaser is a party.

"Required Purchaser Tangible Equity" means, at any date of determination, the sum of:

(a) the product of (i) the Transferor Amount, multiplied by (ii) the higher of (A) 3% and (B) the highest required enhancement percentage then in effect for any outstanding Class of Investor Certificates that was rated BBB (or an equivalent rating) by any of Moody's, S&P or Fitch at the time of its issuance, which shall be calculated as the quotient (expressed as a percentage) of (x) the amount of Enhancement (including any cash collateral account, the subordination of other Classes of Investor Certificates or the subordination of other interests in the Receivables) that is available or junior to such Class in covering Defaulted Receivables allocated to the related Series, divided by (y) the initial Invested Amount for the Series of Investor Certificates of which such Class is a part; *plus*

(b) the aggregate amount on deposit in all cash collateral accounts or spread accounts established for the benefit of any Series or Class of Investor Certificate, *plus*

(c) the "Required Purchaser Tangible Equity" or other similar amounts for any other transactions to which the Purchaser is a party.

"Related Assets" means, with respect to any Receivable, all monies due or to become due with respect thereto, all Collections, all Recoveries, all Insurance Proceeds, all rights, remedies, powers and privileges with respect to such Receivables, and all proceeds of the foregoing, and without limiting the generality of the foregoing, all of the RPA Seller's rights to receive In-Store Payments, and all proceeds of such rights.

"Subordinated Note" shall mean a note substantially in the form of Exhibit B evidencing borrowings made by Purchaser from RPA Seller pursuant to this Agreement.

"Subordinated Note Maturity Date" is defined in Section 3.1(c).

"Subordinated Note Rate" is defined in Section 3.1(c).

Section 1.2 Other Definitional Provisions. All terms defined directly or by reference 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 such certificates and other documents, unless the context otherwise requires: (i) 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 generally accepted accounting principles; (ii) terms defined in Article 9 of the UCC as in effect in the State of Ohio and not otherwise defined in this Agreement are used as defined in that Article; (iii) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (iv) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (v) 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); (vi) 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, Section, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (vii) the term "including" means "including without limitation"; (viii) 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; (ix) references to any Person include that Person's successors and assigns; and (x) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

ARTICLE II

SALE AND CONTRIBUTION OF RECEIVABLES

Section 2.1 Sales and Contributions.

(a) In consideration of the membership interest in Purchaser held by RPA Seller, RPA Seller agrees to contribute, and does hereby contribute to

Purchaser, and Purchaser agrees to accept, and does hereby accept, the Existing Assets from RPA Seller on the Effective Date. The contribution of the Existing Assets from RPA Seller to Purchaser is subject to any rights in the Existing Assets transferred, assigned, set over or otherwise conveyed to the Trustee pursuant to the Existing PSA. It is understood and agreed that the obligations of RPA Seller specified herein with respect to the Receivables, including its repurchase obligations under Article VI of this Agreement, shall apply to all Receivables, whether originated before, on or after the Effective Date. RPA Seller and Purchaser hereby agree that each existing Receivable sold by RPA Seller to the Trust pursuant to the Existing PSA before the Effective Date shall be deemed to have been sold by RPA Seller to Purchaser on the date on which it was so sold to the Trust.

(b) RPA Seller hereby transfers, assigns, sets over and otherwise conveys to Purchaser without recourse (except as expressly provided herein), and Purchaser purchases and/or accepts as a capital contribution, as applicable, from RPA Seller, all of RPA Seller's right, title and interest in and to the Receivables now existing and arising from time to time in the Accounts and Related Assets with respect thereto (other than the Existing Assets); provided, however, that Principal Receivables originated after the occurrence of an Insolvency Event with respect to RPA Seller shall not be conveyed hereunder.

(c) RPA Seller agrees (i) to record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables now existing and hereafter created, meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain perfection of, the conveyance of the Receivables to Purchaser and the first priority nature of Purchaser's interest in the Receivables and to deliver a file-stamped copy of such financing statements or other evidence of such filings to Purchaser and Trustee (which evidence may, for purposes of this Section 2.1, consist of telephone confirmation of such filing to Purchaser and Trustee, followed by delivery of a file stamped copy to Trustee with a copy to Purchaser as soon as is practicable after filing) on or prior to the Effective Date, and in the case of any continuation statements filed pursuant to this Section 2.1, as soon as practicable after receipt thereof by RPA Seller.

(d) RPA Seller further agrees, at its own expense, (i) on or prior to (A) the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date, in the case of any Accounts designated pursuant hereto prior to such date, (B) the applicable Addition Date, in the case of Supplemental Accounts and Initial Restatement Date Portfolio Accounts, and (C) the applicable Removal Date, in the case of Removed Accounts, to indicate in its appropriate computer files that Receivables created in connection with the Accounts (other than Removed Accounts) have been sold to Purchaser pursuant to this Agreement and transferred by Purchaser to the Trustee pursuant to the Pooling and Servicing Agreement for the benefit of the Holders (or conveyed to the Transferor or its designee in accordance with Section 2.9 of the Pooling and

Servicing Agreement, in the case of Removed Accounts) by including in such computer files the code identifying each such Account (or, in the case of Removed Accounts, either including such a code identifying the Removed Accounts only if the removal occurs prior to the Automatic Addition Termination Date or Automatic Addition Suspension Date or subsequent to a Restart Date, or deleting such code thereafter) and (ii) on or prior to the date referred to in clauses (i)(A), (B) or (C), as applicable, to deliver to Purchaser and Trustee an Account Schedule (provided that such Account Schedule shall be provided in respect of Automatic Additional Accounts on or prior to the Determination Date relating to the Monthly Period during which the respective Addition Dates occur) specifying for each such Account, as of the Automatic Addition Termination Date or Automatic Addition Suspension Date, in the case of clause (i)(A), the applicable Addition Cut Off Date, in the case of Supplemental Accounts and Initial Restatement Date Portfolio Accounts, and the Removal Date, in the case of Removed Accounts, its account number, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables in such Account. Such Account Schedule shall be supplemented from time to time to reflect Supplemental Accounts and Removed Accounts. Once the code referenced in clause (i) of this paragraph has been included with respect to any Account, RPA Seller further agrees not to alter such code or other notation during the term of this Agreement unless and until (x) such Account becomes a Removed Account, (y) a Restart Date has occurred on which Purchaser starts including Automatic Additional Accounts as Accounts or (z) RPA Seller shall have delivered to Purchaser and Trustee at least 30 days prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the respective interests of Purchaser and Trustee in the Receivables and other Trust Assets to continue to be perfected with the priority required by this Agreement and the Pooling and Servicing Agreement, respectively.

(e) It is the intention of the parties hereto that the conveyances of the Existing Assets, the Receivables and the other Related Assets by RPA Seller to Purchaser as provided in this Section 2.1 be, and be construed as, an absolute sales or capital contributions, including for accounting purposes, without recourse except as explicitly provided herein, of the Existing Assets, the Receivables and the other Related Assets by RPA Seller to Purchaser. Furthermore, it is not intended that such conveyance be deemed a pledge of the Existing Assets, the Receivables and the other Related Assets by RPA Seller to Purchaser to secure a debt or other obligation of RPA Seller. If, however, notwithstanding the intention of the parties, the conveyance provided for in this Section 2.1 is determined to be a transfer for security, then this Agreement shall also be deemed to be a security agreement and RPA Seller hereby grants to Purchaser a security interest in all of RPA Seller’s right, title and interest in and to the Existing Assets, the Receivables and the other Related Assets.

Section 2.2 Addition of Additional Accounts.

(a) Required Additions. If Purchaser is required, pursuant to Section 2.8(b) of the Pooling and Servicing Agreement, to designate additional Eligible Accounts as Supplemental Accounts or to convey Participation Interests to the Trust, Purchaser shall so notify RPA Seller. RPA Seller shall designate such Eligible Accounts as Supplemental Accounts and shall convey to Purchaser Receivables in such Supplemental Accounts or (if it so elects) shall convey such Participation Interests to Purchaser, subject to the same qualifications and restrictions as are set forth in Section 2.8 of the Pooling and Servicing Agreement with respect to Purchaser; provided, however, that the failure of RPA Seller to transfer Receivables or Participation Interests to Purchaser as provided in this paragraph solely as a result of the unavailability of a sufficient amount of Eligible Receivables shall not constitute a breach of this Agreement; provided further, that any such failure which has not been timely cured will nevertheless result in the occurrence of an Early Amortization Event with respect to each Series for which, pursuant to the Supplement therefor, a failure by Purchaser to convey Receivables in Additional Accounts or Participation Interests to the Trust by the day on which it is required to convey such Receivables or Participation Interests constitutes an "Early Amortization Event" (as defined in such Supplement).

(b) Permitted Additions. Subject to the restrictions and qualifications set forth in Section 2.8 of the Pooling and Servicing Agreement, Purchaser shall exercise its rights to designate additional Eligible Accounts as Supplemental Accounts or Automatic Additional Accounts pursuant to Sections 2.8(a) and (c) of the Pooling and Servicing Agreement when requested to do so by RPA Seller.

(c) Additional Approved Portfolios. Subject to the restrictions and qualifications set forth in Section 2.8(e) of the Pooling and Servicing Agreement, Purchaser shall exercise its rights to designate additional portfolios of accounts as "Approved Portfolios" when requested to do so by RPA Seller.

(d) Delivery of Documents. RPA Seller agrees to provide to Purchaser such information, certificates, financing statements, opinions and other materials as are reasonably necessary to enable Purchaser to satisfy its obligations under Section 2.8 of the Pooling and Servicing Agreement with respect to Supplemental Accounts, Automatic Additional Accounts or Participation Interests of RPA Seller. In the case of the designation of Supplemental Accounts, RPA Seller shall deliver to Purchaser on the date designated by Purchaser (i) the computer file, microfiche list or written list required to be delivered pursuant to Section 1.1 with respect to such Supplemental Accounts and (ii) a duly executed, written assignment, substantially in the form of Exhibit A (the "Supplemental Conveyance").

(e) Representations and Warranties. In connection with the designation of any Eligible Account as a Supplemental Account, the conveyance of any Participation Interests to Purchaser, RPA Seller shall represent and warrant that:

(i) each Supplemental Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Supplemental Account is, as of the Addition Cut Off Date, an Eligible Receivable; no selection procedures believed by RPA Seller to be materially adverse to the interests of Purchaser or the Holders were utilized in selecting the Additional Accounts from the available Eligible Accounts in an Approved Portfolio; and that as of the Addition Date, RPA Seller is not insolvent; and

(ii) as of the Addition Date, the Supplemental Conveyance constitutes a valid sale to Purchaser of all right, title and interest of RPA Seller in and to the Receivables and the Related Assets then existing and thereafter created from time to time in the Supplemental Accounts, and such property will be held by Purchaser free and clear of any Lien of any Person claiming through or under RPA Seller or any of its Affiliates

Section 2.3 Removal of Accounts. Purchaser may remove Accounts from the Trust in accordance with Section 2.9 of the Pooling and Servicing Agreement. On each day on which Accounts are removed from the Trust pursuant to Section 2.9 of the Pooling and Servicing Agreement, RPA Seller and Purchaser may, but shall not be required to, by mutual agreement, remove Accounts from the operation of this Agreement. RPA Seller agrees to provide to Purchaser such information, certificates, financing statement, opinions and other materials as are reasonably necessary to enable Purchaser to satisfy its obligations under Section 2.9 of the Pooling and Servicing Agreement with respect to the removal of Accounts.

ARTICLE III

CONSIDERATION AND PAYMENT

Section 3.1 Purchase Price.

(a) The "Purchase Price" for the Receivables (including Receivables in Additional Accounts) to be conveyed to Purchaser under this Agreement that come into existence on or after the Effective Date shall be payable on each Business Day on which such Receivables are conveyed by RPA Seller to Purchaser in an amount equal to 100% of the Principal Receivables so conveyed, adjusted from time to time with respect to Principal Receivables originated hereafter to reflect such factors as RPA Seller and Purchaser mutually agree will result in a Purchase Price determined to approximate the fair market value of such Principal Receivables. If and to the extent that Purchaser shall not have funds available to pay RPA Seller the Purchase Price for the Receivables transferred on any day, an amount equal to the portion of the Purchase Price for such Receivables for which Purchaser shall not have funds shall be deemed to be a

borrowing by Purchaser from RPA Seller under the Subordinated Note in the amount of such deficiency; provided that no borrowing may be made under the Subordinated Note if, after giving effect to such borrowing, Purchaser Tangible Equity would be less than Required Purchaser Tangible Equity; and provided, further, that RPA Seller may, in its discretion, contribute Receivables on any Business Day and the Purchase Price of such Receivables shall be deemed to be a capital contribution from RPA Seller to Purchaser.

(b) RPA Seller is hereby authorized by Purchaser to endorse on the schedule attached to the Subordinated Note (or a continuation of such schedule attached thereto and made a part thereof) an appropriate notation evidencing the date and amount of each borrowing thereunder, as well as the date and amount of each payment made with respect thereto; provided that the failure of any Person to make such a notation shall not affect any obligations of Purchaser thereunder.

(c) The terms and conditions of the Subordinated Note and all borrowings thereunder shall be as follows:

(i) All amounts paid by Purchaser with respect to the Subordinated Note shall be allocated first to the repayment of accrued interest until all such interest is paid, and then to the outstanding principal amount of the Subordinated Note.

(ii) The outstanding principal amount of the Subordinated Note shall bear interest at a fixed rate per annum of 10% from the Effective Date, calculated based on a 360-day year consistently of twelve thirty-day months, or such other rate as shall be agreed upon by RPA Seller and Purchaser from time to time (such rate as in effect from time to time, the "Subordinated Note Rate"). Interest on the Subordinated Note shall be payable on October 15, 2001 and the 15th day of each calendar month thereafter, or if the 15th is not a Business Day, the next succeeding Business Day (each such date, an "Interest Payment Date"). If on any Interest Payment Date, the amount of funds available to pay interest on the Subordinated Note is insufficient to pay any amount due under the Subordinated Note, then interest shall be payable only to the extent funds are available thereof. All interest in the Subordinated Note that is not paid when due pursuant to this paragraph shall be payable on the next Interest Payment Date on which funds are available therefore and all such unpaid interest shall accrue interest at the Subordinated Note Rate until paid in full.

(iii) Purchaser may at its option, prepay the Subordinated Note at any time and from time to time; provided that in no event shall RPA Seller or any holder of the Subordinated Note have any right to demand any payment of principal under the Subordinated Note prior to the date that is one year and one day after the latest occurring Series Termination Date for any Series of Investor Certificates or any series of asset-backed securities issued in any securitization transaction to which the Transferor is a party (the "Subordinated Note Maturity Date").

Section 3.2 Adjustments to Purchase Price. During any Monthly Period, if (a) Servicer adjusts downward the amount of any Receivable because of a rebate, refund, unauthorized charge or billing error to an accountholder, or because such Receivable was created in respect of merchandise which was refused or returned by an accountholder, or if Servicer otherwise adjusts downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible or (b) any Principal Receivable is discovered by Servicer as having been created through a fraudulent or counterfeit charge, then the Purchase Price shall be reduced as provided below (a "Credit Adjustment"). The amount of such Credit Adjustment with respect to any Receivable adjusted downward as described in clause (a) of the preceding sentence, shall be equal to the amount of such adjustment and, with respect to any Receivable described in clause (b) of the preceding sentence, shall equal either (i) the Purchase Price paid with respect to such Receivable (including any portion thereof deemed to be a borrowing under the Subordinated Note or deemed to be a capital contribution from RPA Seller to Purchaser) as determined on the date on which such Receivable was purchased computed in accordance with Section 3.1 or (ii) in the case of any Receivable that was deemed to have been sold to Purchaser by RPA Seller prior to the Effective Date, the principal balance of such Receivable. The amount of any Credit Adjustment may be offset against any amounts due from Purchaser to RPA Seller on such day; provided that, subject to the following proviso, RPA Seller shall not be obligated to make any cash payment with respect to a Credit Adjustment until the Distribution Date following the Monthly Period in which such Credit Adjustment arose in accordance with Section 3.3; provided, further, that, if, as a result of the occurrence of any event giving rise to a Credit Adjustment, Purchaser is required to deposit funds into the Excess Funding Account pursuant to Section 3.9 of the Pooling and Servicing Agreement, RPA Seller shall pay Purchaser the amount by which the Purchase Price would be reduced in immediately available funds on or before the date Purchaser is required to make such deposit to the Excess Funding Account. To secure its obligations to make the payments required by the preceding sentence, RPA Seller hereby grants to Purchaser and its assigns, a security interest in (i) its rights to receive payments from any Merchant under any Credit Card Processing Agreement on account of rebates, refunds, unauthorized charges, refused or returned merchandise or any other event or circumstance that causes Servicer to adjust downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible ("Merchant Adjustment Payments"), (ii) any collateral security granted to, or guaranty for the benefit of, RPA Seller with respect to Merchant Adjustment Payments, (iii) all amounts received from any Merchant on account of Merchant Adjustment Payments and (iv) all proceeds of such rights and such amounts.

Section 3.3 Settlement and Ongoing Payment of Purchase Price. On each Distribution Date, RPA Seller shall deliver a settlement statement (the

"Settlement Statement"), showing the aggregate Purchase Price of Receivables conveyed to Purchaser during the prior Monthly Period (or, with respect to the first Distribution Date following the Effective Date, the period from and including the Effective Date through the last day of the calendar month preceding such Distribution Date), and the amount which remains unpaid as Credit Adjustments made with respect to such period pursuant to Section 3.2 or any adjustment to the Purchase Price of Receivables with respect to such period pursuant to Section 6.1, each of which shall reduce the aggregate Purchase Price payable by Purchaser for such period. Any balance due from Purchaser to RPA Seller shall be paid in accordance with Section 3.1. Any balance due from RPA Seller to Purchaser shall be paid in immediately available funds.

Section 3.4 Netting Arrangements. RPA Seller may permit or require payments owed by any Merchant with respect to In-Store Payments and Merchant Adjustment Payments to be netted against amounts owed by RPA Seller to that Merchant; provided that, during any Amortization Period, RPA Seller shall pay to Purchaser (or, so long as RPA Seller is Servicer, deposit directly into the Collection Account) on each Business Day an amount equal to the aggregate amount of In-Store Payments netted against amounts owed by RPA Seller to the various Merchants on that Business Day.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of RPA Seller Relating to RPA Seller.

(a) Representations and Warranties. RPA Seller hereby represents and warrants to, and agrees with, Purchaser as of the Effective Date and on each Closing Date, that:

(i) Organization and Good Standing. RPA Seller is a national banking association validly existing in good standing under the laws of the United States, and has full corporate power, authority and legal right to own its properties and conduct its business as presently owned and conducted, and to execute, deliver and perform its obligations under this Agreement.

(ii) Due Qualification. RPA Seller is duly qualified to do business and is in good standing (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would render any Credit Card Agreement relating to an Account owned by RPA Seller or any Receivable unenforceable by RPA Seller, Purchaser, the Servicer or Trustee or would have a material adverse effect on the interests of Purchaser or the Holders.

(iii) Due Authorization. The execution, delivery and performance of this Agreement and any other document or instrument delivered pursuant hereto (such other documents or instruments, collectively, the "Conveyance Papers") and the consummation of the transactions provided for in this Agreement or any other Conveyance Papers have been duly authorized by all necessary corporate action on the part of RPA Seller.

(iv) No Conflict. The execution and delivery of this Agreement and the Conveyance Papers by RPA Seller, the performance of the transactions contemplated by this Agreement and the Conveyance Papers, and the fulfillment of the terms of this Agreement and the Conveyance Papers applicable to RPA Seller will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust, or other instrument to which RPA Seller is a party or by which it or any of its properties are bound.

(v) No Violation. The execution, delivery and performance of this Agreement and the Conveyance Papers by RPA Seller and the fulfillment by RPA Seller of the terms hereof and thereof will not conflict with or violate any Requirements of Law applicable to RPA Seller.

(vi) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of RPA Seller, threatened against RPA Seller, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any of the Conveyance Papers, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the Conveyance Papers, (iii) seeking any determination or ruling that, in the reasonable judgment of RPA Seller, would materially and adversely affect the performance by RPA Seller of its obligations under this Agreement or any of the Conveyance Papers, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or any of the Conveyance Papers or (v) seeking to affect adversely the income tax attributes of the Trust under Federal or applicable state income or franchise tax systems.

(vii) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or any governmental body or official required in connection with the execution and delivery by RPA Seller of this Agreement or any of the Conveyance Papers and the performance of the transactions contemplated by this Agreement or any of the Conveyance Papers by RPA Seller have been obtained.

(viii) Insolvency. RPA Seller is not insolvent and no Insolvency Event with respect to RPA Seller has occurred, and the transfer of the Existing Assets, the Receivables and Related Assets by RPA Seller to Purchaser contemplated hereby has not been made in contemplation of such insolvency or Insolvency Event.

(b) Notice of Breach; Reliance. The representations and warranties of RPA Seller set forth in this Section 4.1 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser and the transfer and assignment by Purchaser of the Receivables to the Trust. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by RPA Seller set forth in this Section 4.1, the party discovering such breach shall give prompt written notice to the other and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement. RPA Seller hereby acknowledges that Purchaser intends to rely on the representations hereunder in connection with representations made by Purchaser to secured parties, assignees or subsequent transferees, including transfers made by Purchaser to the Trust pursuant to the Pooling and Servicing Agreement. RPA Seller agrees to cooperate with Purchaser, Servicer and Trustee in attempting to cure any such breach.

Section 4.2 Representations and Warranties of RPA Seller Relating to the Agreement and the Receivables.

(a) Representations and Warranties. RPA Seller hereby represents and warrants to Purchaser as of the Effective Date and, with respect to Additional Accounts, as of the related Addition Date that:

(i) this Agreement and, in the case of Supplemental Accounts, the related Supplemental Conveyance, when executed and delivered on behalf of RPA Seller, each constitutes a legal, valid and binding obligation of RPA Seller, enforceable against RPA Seller in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect and by general principles of equity (whether considered in a suit at law or in equity);

(ii) as of the Automatic Addition Termination Date or an Automatic Addition Suspension Date, as of each subsequent Addition Date with respect to Supplemental Accounts and Initial Restatement Date Portfolio Accounts, and as of the applicable Removal Date with respect to Removed Accounts, the Account Schedule delivered pursuant to this Agreement, as supplemented to such date, is an accurate and complete listing in all material respects of all the Accounts as of such Automatic Addition Termination Date or Automatic Addition Suspension Date, the related Addition Cut Off Date or such Removal Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing thereunder is true and correct in all material respects as of such specified date;

(iii) RPA Seller is the legal and beneficial owner of all right, title and interest in each Receivable and RPA Seller has the full right, power and authority to transfer the Receivables pursuant to this Agreement, and each Receivable conveyed to Purchaser by RPA Seller has been conveyed to Purchaser free and clear of any Lien of any Person claiming through or under RPA Seller or any of its Affiliates (other than Liens permitted under Section 5.1(b) of this Agreement, or Section 2.7(b) of the Pooling and Servicing Agreement and in compliance, in all material respects, with all Requirements of Law applicable to RPA Seller;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by RPA Seller in connection with the conveyance of such Receivable to Purchaser have been duly obtained, effected or given and are in full force and effect;

(v) this Agreement or, in the case of Supplemental Accounts, the related Supplemental Conveyance, upon execution and delivery on behalf of RPA Seller, constitutes a valid transfer and assignment to Purchaser of all right, title and interest of RPA Seller in and to the Existing Assets, the Receivables and the other Related Assets conveyed to Purchaser by RPA Seller;

(vi) except as otherwise expressly provided in this Agreement, the Pooling and Servicing Agreement or any Supplement thereto, neither RPA Seller nor any Person claiming through or under RPA Seller has any claim to or interest in the Collection Account, the Excess Funding Account, any Series Account or any Enhancement;

(vii) with respect to each Automatic Additional Account, on the date of its creation or the date it otherwise becomes an Automatic Additional Account, and with respect to each Supplemental Account and each Initial Restatement Date Portfolio Account, on the related Addition Cut Off Date each such Account is classified as an Eligible Account;

(viii) on the date of creation of each Automatic Additional Account or on the date the related account otherwise becomes an Automatic Additional Account, each Receivable contained in such Automatic Additional Account is an Eligible Receivable and, on the applicable Addition Cut Off Date, each Receivable contained in any related Supplemental Account or any related Initial Restatement Date Portfolio Account is an Eligible Receivable; and

(ix) as of the date of the creation of any new Receivable, such Receivable is an Eligible Receivable.

(b) Perfection Representations and Warranties. Debtor hereby makes the Perfection Representations and Warranties to the Secured Party. For purposes of this Section 4.2(b): Debtor shall mean RPA Seller, Secured Party shall mean Transferor, and Specified Agreement shall mean this Receivables Purchase Agreement. The rights and remedies with respect to any breach of the Perfection Representations and Warranties made under this Section 4.2(b) shall be continuing and shall survive any termination of the Specified Agreement. Secured Party shall not waive a breach of any Perfection Representation and Warranty. In order to evidence the interests of Debtor and Secured Party under the Specified Agreement, the Debtor and Servicer shall, from time to time take such action, and execute and deliver such instruments (including, without limitation, such actions or filings as are requested by the Secured Party and financing statements under the UCC as enacted and then in effect in any other jurisdiction in which the Debtor is organized, has its principal place of business or maintains any books, records, files or other information concerning the Receivables) in order to maintain and perfect, as a first priority interest, the Secured Party's security interest in the Receivables. The Debtor hereby authorizes Servicer to file financing statements under the UCC without the Debtor's signature where allowed by applicable law.

(c) Notice of Breach; Reliance. The representations and warranties of RPA Seller set forth in this Section 4.2 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser and the transfer and assignment by Purchaser of the Receivables to the Trust. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by RPA Seller set forth in this Section 4.2, the party discovering such breach shall give prompt written notice to the other and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement. RPA Seller hereby acknowledges that Purchaser intends to rely on the representations hereunder in connection with representations made by Purchaser to secured parties, assignees or subsequent transferees, including transfers made by Purchaser to the Trust pursuant to the Pooling and Servicing Agreement. RPA Seller agrees to cooperate with Purchaser, Servicer and Trustee in attempting to cure any such breach.

Section 4.3 Representations and Warranties of Purchaser.

(a) Representations and Warranties. As of the Effective Date and each Closing Date, Purchaser hereby represents and warrants to, and agrees with, RPA Seller that:

(i) Organization and Good Standing. Purchaser is a limited liability company validly existing in good standing under the laws of the State of Delaware and has full power and authority to own its properties and conduct its business as presently owned and conducted and to execute, deliver and perform its obligations under this Agreement and the Conveyance Papers.

(ii) Due Authorization. The execution and delivery of this Agreement and the Conveyance Papers and the consummation of the transactions provided for in this Agreement and the Conveyance Papers have been duly authorized by Purchaser by all necessary limited liability company action on the part of Purchaser.

(iii) No Conflict. The execution and delivery of this Agreement and the Conveyance Papers, the performance of the transactions contemplated by this Agreement and the Conveyance Papers, and the fulfillment of the terms hereof and thereof, will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Purchaser is a party or by which it or any of its properties are bound.

(iv) No Violation. The execution, delivery and performance of this Agreement and the Conveyance Papers by Purchaser and the fulfillment by Purchaser of the terms contemplated herein and therein will not conflict with or violate any Requirements of Law applicable to Purchaser.

(v) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of Purchaser, threatened against Purchaser, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any of the Conveyance Papers, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the Conveyance Papers, (iii) seeking any determination or ruling that, in the reasonable judgment of Purchaser, would materially and adversely affect the performance by Purchaser of its obligations under this Agreement or any of the Conveyance Papers or (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or any of the Conveyance Papers.

(vi) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Purchaser of this Agreement and Conveyance Papers, the performance by Purchaser of the transactions contemplated by this Agreement and the Conveyance Papers and the fulfillment by Purchaser of the terms hereof and thereof, have been obtained.

(b) Notice of Breach. The representations and warranties of RPA Seller set forth in this Section 4.3 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser. Upon discovery by RPA Seller or

Purchaser of a breach of any of the representations and warranties by Purchaser set forth in this Section 4.3, the party discovering such breach shall give prompt written notice to Trustee and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement. Purchaser agrees to cooperate with RPA Seller, Servicer and Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this Section 4.3, each reference to a Supplement shall be deemed to refer only to those Supplements in effect as of the relevant Closing Date

ARTICLE V

COVENANTS

Section 5.1 RPA Seller Covenants. RPA Seller hereby covenants and agrees with Purchaser as follows:

(a) Receivables not to be Evidenced by Promissory Notes. Except in connection with the enforcement or collection of an Account, RPA Seller will take no action to cause any Receivable transferred by it pursuant hereto to be evidenced by any "instrument," and, if any such Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be deemed to be an Ineligible Receivable in accordance with Section 6.1.

(b) Security Interests. Except for the conveyances hereunder or as otherwise provided herein, RPA Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist, any Lien on any Receivable, whether now existing or hereafter created, or any interest therein; and RPA Seller will immediately notify Purchaser of the existence of any Lien on any Receivable of which RPA Seller has knowledge; and RPA Seller shall defend the right, title and interest of Purchaser in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under RPA Seller; provided that nothing in this Section 5.1(b) shall prevent or be deemed to prohibit RPA Seller from suffering to exist upon any of the Receivables (i) any Lien for taxes if such taxes shall not at the time be due and payable or if RPA Seller shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto, or (ii) at any time when accounts subject to any Co-Branding Agreement are included in the Identified Portfolio, rights of the counterparty to such Co-Branding Agreement in respect of such accounts and related receivables, which rights arise pursuant to the terms of such Co-Branding Agreement and do not constitute a Lien on any Receivables transferred to the Trust under the Pooling and Servicing Agreement.

(c) Delivery of Collections or Recoveries. If RPA Seller receives Collections or Recoveries, RPA Seller agrees to pay to Purchaser (or the Servicer if Purchaser so directs) all such Collections and Recoveries as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of

Processing by RPA Seller; provided that for so long as RPA Seller is acting as Servicer pursuant to the Pooling and Servicing Agreement, RPA Seller shall apply Collections and Recoveries received by it in accordance with the Pooling and Servicing Agreement.

(d) Notice of Liens. RPA Seller shall notify Purchaser promptly after becoming aware of any Lien on any Receivable other than the conveyances hereunder or under the Pooling and Servicing Agreement or any Lien permitted under Section 5.1(b) hereof or Section 2.7(b) of the Pooling and Servicing Agreement.

(e) Documentation of Transfer. RPA Seller shall cause to be executed, filed and delivered to Trustee (with copies to Purchaser) any documents (including financing statements and/or continuation statements under the UCC) that would be necessary to perfect and maintain the security interest in and to the Existing Assets, the Receivables and the Related Assets contemplated by this Agreement.

(f) Approval. The execution, delivery and performance of RPA Seller's obligations under this Agreement, and the transactions contemplated hereby, have been duly approved by RPA Seller's Board of Directors.

(g) Sale. RPA Seller agrees to treat the conveyance of the Receivables to Purchaser hereunder as a sale for all purposes (including all tax and financial accounting purposes).

(h) Continuous Perfection. RPA Seller shall not change its name, identity or structure in any manner that might cause any financing or continuation statement filed pursuant to this Agreement to be misleading unless RPA Seller shall have delivered to Purchaser at least 30 days prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to amend such financing statement or continuation statement so that it is not misleading. RPA Seller shall not change the jurisdiction under whose laws it is organized, its chief executive office or change the location of its principal records concerning the Receivables or the Collections unless it has delivered to Purchaser at least 30 days prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the interest of Purchaser in the Receivables and other Related Assets to continue to be perfected with the priority required by this Agreement.

(i) Credit Card Agreements and Guidelines. RPA Seller shall comply with and perform its obligations under the Credit Card Agreements relating to the Accounts and the Credit Card Guidelines and with respect to Accounts arising under any Co-Branding Agreement, all applicable rules and regulations of VISA U.S.A., Inc. and MasterCard International Inc., except insofar as any failure to comply or perform would not materially or adversely affect the rights of the Trust or the Investor Holders. RPA Seller may change the terms and provisions of the

Credit Card Agreements or the Credit Card Guidelines in any respect (including the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge offs and Periodic Finance Charges and other fees assessed thereon), but only if such change is made applicable to any comparable segment of the revolving credit card accounts owned and serviced by RPA Seller which have characteristics the same as, or substantially similar to, the Accounts that are the subject of such change, except as otherwise restricted by an endorsement, sponsorship or other agreement between RPA Seller and an unrelated third party or by the terms of the Credit Card Agreements. In addition, except as otherwise required by any Requirement of Law, or as is deemed by RPA Seller to be necessary in order for RPA Seller to maintain its credit card business, based upon a good faith assessment by RPA Seller, in its sole discretion, of the nature of the competition in the credit card business, RPA Seller shall not at any time reduce the Periodic Finance Charges assessed on any Receivable or other fees on any Account if, as a result of such reduction, Transferor's reasonable expectation of the Portfolio Yield (as defined in any Supplement) as of such date would be less than the then Base Rate (as defined in such Supplement).

(j) Insured Status under the FDIA. RPA Seller shall preserve its status as an insured bank under the FDIA by insuring its deposits with the FDIC in accordance with the provisions of the FDIA and FDIC regulations.

(k) Separate Corporate Existence. The RPA Seller hereby acknowledges that the Trustee and the Holders are, and will be, entering into the transactions contemplated by the Transaction Documents in reliance upon Purchaser's identity as a legal entity separate from RPA Seller, the Servicer and any other Person. Therefore, RPA Seller shall take all reasonable steps to maintain its existence as a corporation separate and apart from Purchaser and to make it apparent to third parties that the is an entity with assets and liabilities distinct from those of Purchaser and that Purchaser is not a division of RPA Seller.

ARTICLE VI

REPURCHASE OBLIGATION

Section 6.1 Reassignment of Ineligible Receivables. If (a) any representation or warranty under Section 4.2(a)(ii), (iii), (iv), (vii), (viii) or (ix) is not true and correct in any material respect as of the date specified therein with respect to any Receivable or any related Account or (b) any representation or warranty made by RPA Seller pursuant to Section 2.4(a)(ii), (iii), (iv), (vii), (viii) or (ix) of the Existing PSA is not true and correct in any material respect as of the date specified therein with respect to any Receivable transferred to the Trust prior to the Effective Date or any related Account and, in either case, as a result thereof Purchaser is required to accept a reassignment of Ineligible Receivables pursuant to Section 2.5 of the Pooling and Servicing Agreement, RPA Seller shall pay to Purchaser an amount in cash equal to either (i) the Purchase Price paid for any

such Ineligible Receivable by Purchaser to RPA Seller (including any portion thereof deemed to be a borrowing under the Subordinated Note or deemed to be a capital contribution from RPA Seller to Purchaser) or (ii) in the case of any Receivable that was deemed to have been sold to Purchaser by RPA Seller prior to the Effective Date, the principal balance of such Receivable. Such amount may be offset against any amounts due from Purchaser to RPA Seller with respect to the Purchase Price for Receivables sold to Purchaser on such day; provided that RPA Seller shall not be obligated to make any such cash payment until the Distribution Date following a Monthly Period with respect to amounts owing for such Monthly Period in accordance with Section 3.3. The obligation of RPA Seller set forth in this Section shall constitute the sole remedy respecting any breach of the representations and warranties set forth in the above-referenced Sections or failure to meet the conditions set forth in the definition in the Pooling and Servicing Agreement of Eligible Receivable with respect to such Receivable available to Purchaser.

Section 6.2 Reassignment of Holders' Interest in Trust Portfolio. If (a) any representation or warranty set forth in Section 4.1(a)(i), (ii) or (iii) or Section 4.2(a)(i), (v) or (vi) is not true and correct in any material respect or (b) any representation or warranty made by RPA Seller pursuant to Section 2.3(a), (b) or (c) of the Existing PSA or Section 2.4(a)(i), (v) or (vi) of the Existing PSA with respect to any Receivable transferred to the Trust prior to the Effective Date or any related Account is not true and correct in any material respect and, in either case, as a result thereof Purchaser is required to accept a reassignment of the Receivables transferred to the Trust by Purchaser pursuant to Section 2.6 of the Pooling and Servicing Agreement, RPA Seller shall be obligated to accept a reassignment of Purchaser's interest in such Receivables on the terms set forth below.

RPA Seller shall pay to Purchaser by depositing in the Collection Account in same-day funds, not later than 10:00 A.M. New York City time, on the Transfer Date following the Monthly Period in which such reassignment obligation arises, in payment for such reassignment, an amount equal to the Portfolio Reassignment Price. The obligation of RPA Seller set forth in this Section shall constitute the sole remedy respecting any breach of the representations and warranties set forth in the above-referenced Sections available to Purchaser.

Section 6.3 Conveyance of Reassigned Receivables. Upon the request of RPA Seller, Purchaser shall execute and deliver to RPA Seller a reconveyance substantially in such form and upon such terms as shall be acceptable to RPA Seller, pursuant to which Purchaser evidences the conveyance to RPA Seller of all of Purchaser's right, title, and interest in any Receivables reconveyed to RPA Seller pursuant to Sections 6.1 and 6.2. Purchaser shall (and shall cause Trustee to) execute such other documents or instruments of conveyance or take such other actions as RPA Seller may reasonably require to effect any repurchase of Receivables pursuant to this Article VI.

ARTICLE VII

CONDITIONS PRECEDENT

Section 7.1 Conditions to Purchase. The obligations of Purchaser to make its initial purchase of Receivables hereunder shall be subject to RPA Seller delivering to Purchaser on or before the Effective Date such document, certificates and resolutions that Purchaser is required to deliver to the Trustee, any Enhancement Provider or any Rating Agency in connection with the amendment and restatement of the Existing PSA on the date of this Agreement.

Section 7.2 Conditions to Purchaser's Obligations Regarding Additional Receivables. The obligations of Purchaser to purchase any Receivables created on or after the Effective Date shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of RPA Seller contained in this Agreement shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of such purchase;

(b) All information (concerning any Account to which such Receivables relate) provided to Purchaser shall be true and correct in all material respects as of the date of such purchase; and

(c) RPA Seller shall have recorded and filed, at its expense, any UCC-1 or other financing statement as required as of the date of such purchase pursuant to Section 2.1(b).

Section 7.3 Conditions Precedent to Obligations of RPA Seller. The obligations of RPA Seller to sell on any date Receivables shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of such sale; and

(b) Payment or provision for payment of the Purchase Price in accordance with the provision of Sections 3.1, 3.2 and 3.3 hereof shall have been made.

ARTICLE VIII

TERM AND PURCHASE TERMINATION

Section 8.1 Term. This Agreement shall commence as of the date of execution and delivery hereof and shall continue until the later of the termination of the Trust as provided in Article XII of the Pooling and Servicing Agreement.

Section 8.2 Purchase Termination. If an Insolvency Event shall occur with respect to RPA Seller, then RPA Seller shall immediately cease to transfer Principal Receivables to Purchaser and shall promptly give notice to Purchaser and Trustee of such Insolvency Event. Notwithstanding any cessation of the transfer to Purchaser of additional Principal Receivables, Principal Receivables transferred to Purchaser prior to the occurrence of such Insolvency Event and Collections in respect of such Principal Receivables and Finance Charge Receivables whenever created, accrued in respect of such Principal Receivables, shall continue to be property of Purchaser transferable by Purchaser to the Trust pursuant to the Pooling and Servicing Agreement.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1 Amendment. This Agreement and any Conveyance Papers and the rights and obligations of the parties hereunder may not be changed orally, but only by an instrument in writing signed by Purchaser and RPA Seller in accordance with this Section 9.1. This Agreement and any Conveyance Papers may be amended from time to time by Purchaser and RPA Seller (i) to cure any ambiguity, (ii) to correct or supplement any provisions herein which may be inconsistent with any other provisions herein or in any such other Conveyance Papers, (iii) to add any other provisions with respect to matters or questions arising under this Agreement or any Conveyance Papers that shall not be inconsistent with the provisions of this Agreement or any Conveyance Papers, (iv) to change or modify the Purchase Price, (v) to change, modify, delete or add any other obligation of RPA Seller or Purchaser and (vi) to provide for the transfer by RPA Seller or Purchaser of its interest in and to all or part of the Accounts in accordance with the provisions of the Pooling and Servicing Agreement (if such transfer is for less than all of the Accounts, the respective rights, duties and obligations of Purchaser, RPA Seller and Servicer will be determined at the time of such transfer); provided that no amendment pursuant to clause (v) of this Section 9.1 shall be effective unless RPA Seller and Purchaser have been notified in writing that the Rating Agency Condition has been satisfied. Any reconveyance executed in accordance with the provisions hereof shall not be considered to be an amendment to this Agreement. A copy of any amendment to this Agreement shall be sent to Trustee and each Rating Agency.

SECTION 9.2 GOVERNING LAW. **THIS AGREEMENT AND THE CONVEYANCE PAPERS 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.**

Section 9.3 Notices. All demands, notices, instructions, directions and communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission to (a) in the case of Purchaser, to WFN Credit Company, LLC, 220 West Schrock Road, Westerville, Ohio 43801, Attention: President, (b) in the case of RPA Seller, to World Financial Network National Bank, 800 Techcenter Drive, Gahanna, Ohio 43230, Attention: President, (c) in the case of the Trustee, to the Corporate Trust Office and (d) in the case of the Rating Agency for a particular Series, the address, if any, specified in the Supplement relating to such Series.

Section 9.4 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement or any Conveyance Paper shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, and terms of this Agreement or any Conveyance Paper and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of any Conveyance Paper.

Section 9.5 Merger or Consolidation of, or Assumption of the Obligations of, RPA Seller. (a) RPA Seller shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the Person formed by such consolidation or into which RPA Seller is merged or the Person which acquires by conveyance or transfer the properties and assets of RPA Seller substantially as an entirety shall be, if RPA Seller is not the surviving entity, an entity organized and existing under the laws of the United States of America or any State or the District of Columbia, and, if RPA Seller is not the surviving entity, such entity shall expressly assume, by an agreement supplemental hereto, executed and delivered to Trustee, in form reasonably satisfactory to Purchaser and Trustee, the performance of every covenant and obligation of RPA Seller hereunder;

(ii) RPA Seller has delivered to Purchaser and Trustee (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such

transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(iii) RPA Seller shall have delivered to Purchaser and Trustee and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer, with respect thereto;

(iv) if Transferor is not the surviving entity, the surviving entity shall file new UCC-1 financing statements with respect to the interest of Purchaser in the Receivables; and

(v) satisfaction of the Rating Agency Condition.

(b) This Section 9.5 shall not be construed to prohibit or in any way limit RPA Seller's ability to effectuate any consolidation or merger pursuant to which RPA Seller would be surviving entity.

(c) RPA Seller shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section 9.5;

(d) The obligations of RPA Seller hereunder shall not be assignable nor shall any Person succeed to the obligations of RPA Seller hereunder except in each case in accordance with (i) the provisions of the foregoing paragraphs or (ii) conveyances, mergers, consolidations, assumptions, sales or transfers to other entities (1) for which RPA Seller delivers an Officer's Certificate to Purchaser and Trustee indicating that RPA Seller reasonably believes that such action will not adversely affect in any material respect the interests of Purchaser or any Investor Certificateholder, (2) which meet the requirements of clause (ii) of paragraph (a) and (3) for which such purchaser, transferee, pledgee or entity shall expressly assume, in an agreement supplemental hereto, executed and delivered to Purchaser and Trustee in writing in form satisfactory to RPA Seller and Trustee, the performance of every covenant and obligation of RPA Seller thereby conveyed.

Section 9.6 Acknowledgement and Agreement of RPA Seller. (a) By execution below, RPA Seller expressly acknowledges and agrees that all of Purchaser's right, title, and interest in, to, and under this Agreement, including all of Purchaser's right, title, and interest in and to the Receivables purchased pursuant to this Agreement, will be assigned by Purchaser to the Trustee for the benefit of the Holders, and RPA Seller consents to such assignment.

Additionally, RPA Seller agrees for the benefit of the Trustee and the Holders that any amounts payable by RPA Seller to Purchaser hereunder which are to be paid by Purchaser to Trustee for the benefit of the Holders shall be paid by RPA Seller, on behalf of Purchaser, directly to Trustee. Any payment required to be made on or before a specified date in same-day funds may be made on the prior business day in next-day funds.

(b) To the extent that RPA Seller retains any interest in the Receivables now existing and arising from time to time in the Accounts and the Related Assets, RPA Seller hereby grants to the Trustee for the benefit of the Investor Certificateholders, a security interest in all of RPA Seller's right, title and interest, whether now owned or hereafter arising, in, to and under (i) the Receivables existing at the opening of business on the Effective Date and arising from the Accounts and all Related Assets with respect to such Receivables and (ii) the Receivables now existing and arising from time to time in the Accounts and the Related Assets with respect thereto (other than the Existing Assets), (iii) its right to receive Merchant Adjustment Payments from any Merchant, (iv) any collateral security granted to, or guaranty for the benefit of, RPA Seller with respect to Merchant Adjustment Payments, (v) all amounts received from any Merchant on account of Merchant Adjustment Payments and (vi) all proceeds of such rights and such amounts, to secure the performance of all of the obligations of RPA Seller hereunder and under the Pooling and Servicing Agreement and the other Transaction Documents.

Section 9.7 Further Assurances. Each of Purchaser and RPA Seller agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by each other and by their respective permitted successors and assigns in order to more fully to effect the purposes of this Agreement and the Conveyance Papers, including the execution of any UCC financing statements or continuation statements or equivalent documents relating to the Receivables for filing under the provisions of the UCC or other law of any applicable jurisdiction.

Section 9.8 Nonpetition Covenant. Notwithstanding any prior termination of this Agreement, RPA Seller shall not, at any time, institute against, solicit or join or cooperate with or encourage any institution against Purchaser of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceedings under any United States federal or state bankruptcy or similar law.

Section 9.9 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of Purchaser or RPA Seller, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 9.10 Counterparts. This Agreement and all Conveyance Papers 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 together shall constitute one and the same instrument.

Section 9.11 Binding Third-Party Beneficiaries. This Agreement and the Conveyance Papers will inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. The parties hereto intend that the Trustee shall be a third-party beneficiary of this Agreement.

Section 9.12 Merger and Integration. Except as specifically stated otherwise herein, this Agreement and the Conveyance Papers set forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement and the Conveyance Papers.

Section 9.13 Schedules and Exhibits. The schedules and exhibits attached hereto and referred to herein shall constitute a part of this Agreement and are incorporated into this Agreement for all purposes.

IN WITNESS WHEREOF, Purchaser and RPA Seller have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

WFN CREDIT COMPANY, LLC,
as Purchaser

By: /s/ Robert P. Armiak
Name: Robert P. Armiak
Title: Vice President and Treasurer

WORLD FINANCIAL NETWORK NATIONAL BANK, as RPA Seller

By: /s/ Robert P. Armiak
Name: Robert P. Armiak
Title: Vice President and Treasurer

WFN CREDIT COMPANY, LLC,
Transferor

WORLD FINANCIAL NETWORK NATIONAL BANK,
Servicer

and

THE CHASE MANHATTAN BANK
Trustee

WORLD FINANCIAL NETWORK CREDIT CARD MASTER TRUST III
AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

Dated as of January 30, 1998,

and hereby amended and restated as of September 28, 2001

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AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT, dated as of January 30, 1998 and amended and restated as of September 28, 2001, among WFN CREDIT COMPANY, LLC, a Delaware limited liability company, as Transferor, WORLD FINANCIAL NETWORK NATIONAL BANK, a national banking association ("*WFN*"), as Servicer, and THE CHASE MANHATTAN BANK, USA, NATIONAL ASSOCIATION, a New York banking corporation, as Trustee.

WHEREAS, World Financial Network National Bank, as transferor and servicer, and the Trustee are parties to that certain Pooling and Servicing Agreement, dated as of January 30, 1998 (the "*Existing PSA*");

WHEREAS, the parties desire to amend and restate in its entirety the Existing PSA in order to, among other things, provide for the substitution of WFN Credit Company, LLC for World Financial Network National Bank, in its capacity as Transferor under the Existing PSA;

NOW THEREFORE, in consideration of the mutual agreements herein contained, the Existing PSA is hereby amended and restated in its entirety as follows and each party agrees as follows for the benefit of the other parties, the Holders and any Enhancement Provider to the extent provided herein and in any Supplement:

ARTICLE I DEFINITIONS

SECTION 1.1 *Definitions*. When used in this Agreement, the following words and phrases have the following meanings. The definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

"*Account*" means each Initial Account, each Initial Restatement Date Portfolio Account, each Automatic Additional Account and each Supplemental Account, but excludes any Account all the Receivables in which are either reassigned or assigned to Transferor or its designee or Servicer in accordance with this Agreement and any inactive Accounts which in accordance with the Credit Card Guidelines have been removed from the computer records of the Credit Card Originator. The term "Account" includes each account into which an Account is transferred (a "*Transferred Account*") so long as (a) such transfer is made in accordance with the Credit Card Guidelines and (b) such Transferred Account can be traced or identified, by reference to or by way of the Account Schedule delivered to Trustee pursuant to *Section 2.1 or 2.8(d)*, as an account into which an Account has been transferred. The term "Account" includes an Automatic Additional Account or a Supplemental Account only from and after its Addition Date and includes any Removed Account only prior to its Removal Date.

"*Account Schedule*" means a computer file or microfiche list containing a true and complete list of Accounts, identified by account number and setting forth

the Receivable balance as of (a) the Trust Cut Off Date (for the Account Schedule delivered on the Initial Closing Date), (b) the end of the related Monthly Period (for any Account Schedule relating to Automatic Additional Accounts), (c) September 25, 2001 for the Account Schedule relating to the Initial Restatement Date Portfolio Accounts or (d) the related Addition Cut Off Date (for any Account Schedule delivered in connection with any designation of Supplemental Accounts).

"*Acquired Portfolio Receivable*" means any receivable acquired by a Credit Card Originator from an Other Originator in connection with such Credit Card Originator's acquisition of a portfolio of revolving credit card accounts from such Other Originator (prior to the transfer of such receivable to the Transferor).

"*Addition*" means the designation of additional Eligible Accounts to be included as Accounts pursuant to *Section 2.8(a)*, *(b)* or *(c)* or of Participation Interests to be included as Trust Assets pursuant to *Section 2.8(b)* or *(c)*, as applicable.

"*Addition Cut Off Date*" means the date as of which any Supplemental Accounts or Participation Interests are designated for inclusion in the Trust, as specified in the related Assignment. The "Addition Cut Off Date" for the Initial Restatement Date Portfolio Accounts is September 25, 2001.

"*Addition Date*" means (a) as to Supplemental Accounts, the date on which the Receivables in such Supplemental Accounts are conveyed to the Trust pursuant to *Section 2.8(b)* or *(c)*, as applicable, (b) as to Automatic Additional Accounts, the date on which such accounts are created or otherwise become Automatic Additional Accounts, (c) as to the Initial Restatement Date Portfolio Accounts, September 28, 2001 and (d) as to Participation Interests, the date from and after which such Participation Interests are to be included as Trust Assets pursuant to *Section 2.8(b)* or *(c)*.

"*Additional Account*" means an Automatic Additional Account or a Supplemental Account.

"*Adjusted Invested Amount*" is defined, as to any Series, in the related Supplement.

"*Affiliate*" means, as to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For this purpose, "control" means the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and "controlling" and "controlled" have correlative meanings.

"*Agreement*" means this Amended and Restated Pooling and Servicing Agreement and, for purposes of any Series, the related Supplement.

"*Amortization Period*" means, as to any Series or any Class within a Series, any period specified in the related Supplement during which a share of principal collections is set aside to repay the principal investment in that Series (excluding repayments of a Variable Interest during its revolving period).

"*Applicants*" is defined in Section 6.8.

"*Appointment Date*" is defined in Section 9.2(a).

"*Approved Portfolio*" means any Identified Portfolio and any additional portfolio that is designated as an Approved Portfolio pursuant to *Section 2.8(e)*, including any portfolio designated as an Approved Portfolio prior to the Effective Date pursuant to Section 2.8(e) of the Existing PSA.

"*Assignment*" is defined in Section 2.8(d)(ii).

"*Authorized Newspaper*" means any newspaper or newspapers of general circulation in the Borough of Manhattan, The City of New York printed in the English language (and, with respect to any Series or Class, if and so long as the Investor Certificates of such Series or Class are listed on the Luxembourg Stock Exchange and such exchange shall so require, in Luxembourg, printed in any language satisfying the requirements of such exchange) and customarily published on each business day at such place, whether or not published on Saturdays, Sundays or holidays.

"*Automatic Addition Suspension Date*" is defined in Section 2.8(a).

"*Automatic Addition Termination Date*" is defined in Section 2.8(a).

"*Automatic Additional Account*" means each open end credit card account in any Approved Portfolio that is established pursuant to a Credit Card Agreement coming into existence after (a) the Trust Cut Off Date (in the case of an account in the Identified Portfolio) or (b) the Addition Cut Off Date relating to the first Addition Date on which receivables from accounts in the applicable portfolio are transferred to the Trust (in the case of an account in any other Approved Portfolio) and, in either case, prior to the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date. In addition, accounts in an Approved Portfolio that were in existence, but were not Eligible Accounts, on (x) the Trust Cut Off Date (in the case of an account in the Identified Portfolio) or (y) the Addition Cut Off Date relating to the first Addition Date on which receivables from accounts in the applicable portfolio are transferred to the Trust (in the case of an account in any other Approved Portfolio) but which, in either case, become Eligible Accounts prior to the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date, shall also be "Automatic Additional Accounts" and shall be deemed, for purposes of the definition of "Eligible Account" and *Section 2.8(a)*, to have been created on the first day after the Trust Cut Off Date or applicable Addition Cut Off Date on which they are Eligible Accounts.

"*Banc One*" means Banc One, Dayton, N.A., a national banking association.

"*Base Rate*" is defined, as to any Series, in the related Supplement.

"*Bearer Certificate*" is defined in Section 6.1.

"*Benefit Plan*" is defined in Section 6.4(c).

"*Book-Entry Certificates*" means beneficial interests in the Investor Certificates, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in *Section 6.10.*

"*Business Day*" means any day other than (a) a Saturday or Sunday, (b) any other day on which national banking associations or state banking institutions in New York, New York or Columbus, Ohio are authorized or obligated by law, executive order or governmental decree to be closed or (c) for purposes of any particular Series, any other day specified in the related Supplement.

"*Certificate*" means an Investor Certificate or a certificate representing a Supplemental Interest.

"*Certificate Owner*" means, with respect to a Book-Entry Certificate, the Person who is the owner of such Book-Entry Certificate, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly or as an indirect participant, in accordance with the rules of such Clearing Agency).

"*Certificate Register*" is defined in Section 6.4.

"*Class*" means any class of Investor Certificates of any Series.

"*Clearing Agency*" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"*Clearing Agency Participant*" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"*Closing Date*" means, as to any Series, the date on which that Series is issued.

"*Co-Branding Agreement*" means an agreement entered into by WFN with Service Merchandise, relating to the origination by WFN of MasterCard and/or VISA credit card accounts and which includes benefits for the obligors of such accounts provided by Service Merchandise.

"*Collection Account*" is defined in Section 4.2.

"*Collections*" means all payments (including Recoveries of Principal Receivables or Finance Charge Receivables and Insurance Proceeds, whether or not treated as Recoveries) received by Servicer with respect to the Receivables, including In-Store Payments, in the form of cash, checks (to the extent collected), wire transfers or other form of payment in accordance with the Credit Card Agreement in effect from time to time on any Receivables. If so specified in any Supplement, Collections shall also include any payments received by Servicer with respect to Participation Interests.

"*Commission*" means the Securities and Exchange Commission.

"*Confidential Information*" is defined in Section 11.17.

"*Corporate Trust Office*" is defined in Section 11.16.

"*Coupon*" is defined in *Section 6.1*.

"*Credit Card Agreement*" means, as to any Account, the agreements between the Credit Card Originator that owns the Account (including WFN as assignee of an Other Originator) and the related Obligor that govern the Account, as amended or otherwise modified from time to time.

"*Credit Card Guidelines*" means the written policies and procedures of the Credit Card Originator relating to the operation of its consumer revolving lending business, including written policies and procedures for determining the creditworthiness of credit card customers, the extension of credit to credit card customers and the maintenance of credit card accounts and collection of related receivables, as amended or otherwise modified from time to time.

"*Credit Card Originator*" means (i) WFN and/or any transferee of the Accounts from WFN or (ii) any other originator of Accounts which is designated from time to time pursuant to Section 2.12 and, directly or indirectly, enters into a receivables purchase agreement with Transferor.

"*Credit Card Processing Agreement*" means one or more agreements between the Credit Card Originator (including WFN as assignee of an Other Originator) and a Merchant pursuant to which the Credit Card Originator agrees to extend open end credit card accounts to customers of the Merchant and the Merchant agrees to allow purchases to be made at its retail establishments, or in its catalogue sales business, under such accounts.

"*Daily Report*" is defined in Section 3.4(a).

"*Date of Processing*" means, as to any transaction, the Business Day on which the transaction is first recorded on Servicer's computer file of consumer revolving accounts (without regard to the effective date of such recordation).

"*Debtor Relief Laws*" means Title 11 of the United States Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, readjustment of debt, marshalling of assets or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect, affecting the rights of creditors generally.

"*Defaulted Receivable*" means, as to any date of determination, all Principal Receivables in any Account which are charged off as uncollectible on that date in accordance with the Credit Card Guidelines and Servicer's customary and usual servicing procedures for servicing open end credit card account receivables comparable to the Receivables. A Principal Receivable in any Account shall become a Defaulted Receivable on the day on which such Principal Receivable is recorded as charged off in accordance with the Credit Card Guidelines.

"*Deferred Payment Receivables*" means any amount owed by any Merchant to Credit Card Originator in respect of accrued finance charges on any Principal Receivable incurred in connection with a deferred payment plan.

"*Definitive Certificates*" is defined in Section 6.10.

"*Definitive Euro-Certificates*" is defined in Section 6.13.

"*Depository Agreement*" means, as to any Series or Class, any agreement among Transferor, Trustee and any applicable Clearing Agency.

"*Determination Date*" means, unless otherwise specified in any Supplement with respect to the related Series, the second Business Day preceding each Distribution Date.

"*Discount Option Receivables*" means, on any Date of Processing on and after the date on which Transferor's exercise of its discount option pursuant to *Section 2.10* takes effect, the sum of (a) the product of the Discount Percentage and the aggregate Principal Receivables (before subtracting Finance Charge Receivables which are Discount Option Receivables) at the end of the prior day (which amount, prior to the date on which Transferor's exercise of its discount option takes effect and with respect to Receivables generated prior to such date, shall be zero), plus (b) any New Discount Option Receivables created on such day, minus (c) any Discount Option Receivables Collections received on such Date of Processing.

"*Discount Option Receivables Collections*" means on any Date of Processing on and after the date on which Transferor's exercise of its discount

option pursuant to *Section 2.10* takes effect, the product of (a) a fraction the numerator of which is the amount of the Discount Option Receivables and the denominator of which is the sum of the Principal Receivables plus the amount of Discount Option Receivables in each case (for both numerator and denominator) at the end of the prior Monthly Period and (b) Collections of Principal Receivables, prior to any reduction for Finance Charge Receivables which are Discount Option Receivables, received on such Date of Processing.

"*Discount Percentage*" is defined in Section 2.10.

"*Distribution Date*" means, with respect to any Series, the date specified in the related Supplement.

"*Early Amortization Event*" means, as to any Series, each event specified in Section 9.1 and each additional event, if any, specified in the relevant Supplement as an Early Amortization Event for that Series.

"*Effective Date*" shall mean September 28, 2001.

"*Eligible Account*" means an open end credit card account in an Approved Portfolio owned by the Credit Card Originator that, as of the Trust Cut Off Date (in the case of an Initial Account), the date of creation thereof (in the case of an Automatic Additional Account) or the related Addition Cut Off Date (in the case of a Supplemental Account or an Initial Restatement Date Portfolio Account):

(a) is in existence and is serviced by the Credit Card Originator, any Affiliate of the Credit Card Originator or an Other Originator;

(b) is payable in United States dollars;

(c) except as provided below, has not been identified as an account (i) the credit cards for which have been reported to the Credit Card Originator or the related Other Originator (if any) as lost or stolen or (ii) the Obligor of which is the subject of a bankruptcy proceeding;

(d) none of the Receivables in which have been, sold, pledged, assigned or otherwise conveyed to any Person (except by an Other Originator to the Credit Card Originator or otherwise pursuant to the Receivables Purchase Agreement or this Agreement), unless any such pledge or assignment is released on or before the Initial Closing Date or the Addition Date, as applicable;

(e) except as provided below, none of the Receivables in which are Defaulted Receivables or have been identified by the Credit Card Originator or the related Other Originator (if any), or by the relevant Obligor to the Credit Card Originator or the related Other Originator (if any), as having been incurred as a result of fraudulent use of a credit card; and

(f) has an Obligor who has provided as his or her most recent billing address, an address located in the United States or a United States military address, *provided* that an account shall not fail to be an "Eligible Account" solely due to the Obligor having provided a billing address not satisfying the foregoing if as of the Trust Cut Off Date (in the case of an Initial Account), the end of the most recently ended Monthly Period (in the case of an Automatic Additional Account) or the related Addition Cut Off Date (in the case of a Supplemental Account or an Initial Restatement Date Portfolio Account) the aggregate Principal Receivables in Accounts the most recent billing address for which does not satisfy the foregoing made up less than 2% (or any higher percentage as to which the Rating Agency Condition has been satisfied) of the aggregate Principal Receivables.

Notwithstanding the foregoing, Eligible Accounts may include accounts, the receivables in which have been written off, or as to which the Credit Card Originator or related Other Originator (if any) believes the related Obligor is bankrupt and certain receivables that have been identified by the Obligor as having been incurred as a result of fraudulent use of credit cards or any credit cards have been reported to the Credit Card Originator or the related Other Originator (if any) as lost or stolen, so long as (1) the balance of all receivables included in such accounts is reflected on the books and records of the Credit Card Originator (and is treated for purposes of this Agreement) as "zero" and (2) charging privileges with respect to all such accounts have been canceled and are not reinstated.

"*Eligible Deposit Account*" means either (a) a segregated account with an Eligible Institution or (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States or any one of the states thereof, including the District of Columbia (or any domestic branch of a foreign bank), and acting as a trustee for funds deposited in such account, so long as any of the securities of such depository institution shall have a credit rating from each of Moody's, S&P and, if rated by Fitch, Fitch in one of its generic credit rating categories that signifies investment grade.

"*Eligible Institution*" means (a) a depository institution (which may be Trustee or an affiliate) organized under the laws of the United States or any one of the states thereof (i) that has either (A) a long-term unsecured debt rating of "A2" or better by Moody's or (B) a certificate of deposit rating of "P-1" by Moody's, (ii) that has either (A) a long-term unsecured debt rating of "AAA" by S&P or (B) a certificate of deposit rating of at least "A-1" by S&P, (iii) that, if rated by Fitch, has either (A) a long-term unsecured debt rating of "AAA" by Fitch or (B) a certificate of deposit rating of at least "F-1" by Fitch and (iv) the deposits of which are insured by the FDIC or (b) any other institution that is acceptable to each Rating Agency, Servicer and Trustee.

"*Eligible Investments*" means book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence:

(a) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America;

(b) demand deposits, time deposits or certificates of deposit (having original maturities of no more than 365 days) of depository institutions or trust companies incorporated under the laws of the United States of America or any state thereof (or domestic branches of foreign banks) and subject to supervision and examination by federal or state banking or depository institution authorities; *provided* that at the time of the Trust's investment or contractual commitment to invest therein, the short-term debt rating of such depository institution or trust company shall be in the highest investment category of each of Moody's and S&P, which in the case of S&P means A-1+, and, if rated by Fitch, Fitch in its highest investment category;

(c) commercial paper or other short-term obligations having, at the time of the Trust's investment or contractual commitment to invest therein, a rating from each of Moody's and S&P in its highest investment category, which in the case of S&P means A-1+, and, if rated by Fitch, Fitch in its highest investment category;

(d) demand deposits, time deposits and certificates of deposit which are fully insured by the FDIC, with a Person the commercial paper of which has a credit rating from each of Moody's and S&P in its highest investment category, which in the case of S&P means A-1+, and, if rated by Fitch, Fitch in its highest investment category;

(e) notes or bankers acceptances (having original maturities of no more than 365 days) issued by any depository institution or trust company referred to in *clause (b)*;

(f) investments in money market funds (including funds of Trustee or its affiliates as well as funds for which Trustee and its affiliates may receive compensation) rated in the highest investment category by each of Moody's and S&P, and, if rated by Fitch, Fitch in its highest investment category, or otherwise approved in writing by each Rating Agency;

(g) time deposits, other than as referred to in *clause (d)*, with a Person the commercial paper of which has a credit rating in its highest investment category, from each of Moody's and S&P, which in the case of S&P means A-1+, and, if rated by Fitch, Fitch in its highest investment category; or

(h) any other investments approved in writing by each Rating Agency, *provided* that making such investments shall not cause the Trust to be required to register as an investment company within the meaning of the Investment Company Act.

"*Eligible Receivable*" means a Receivable:

(a) that has arisen under an Eligible Account;

(b) that was created in compliance with the Credit Card Guidelines and all Requirements of Law applicable to the Credit Card Originator (or, in the case of an Acquired Portfolio Receivable, the related Other Originator) the failure to comply with which would have a material adverse effect on Investor Holders, and pursuant to a Credit Card Agreement that complies with all Requirements of Law applicable to the Credit Card Originator (and, in the case of an Acquired Portfolio Receivable, the related Other Originator during the time prior to the transfer of such Acquired Portfolio Receivable to the Credit Card Originator), the failure to comply with which would have a material adverse effect on Investor Holders;

(c) with respect to which all consents, licenses, approvals or authorizations of, or registrations with, any Governmental Authority required to be obtained or made by the Credit Card Originator (and, in the case of an Acquired Portfolio Receivable, the related Other Originator with respect to such actions prior to the transfer of such Acquired Portfolio Receivable to the Credit Card Originator) in connection with the creation of such Receivable or the execution, delivery and performance by the Credit Card Originator (and, in the case of an Acquired Portfolio Receivable, the related Other Originator with respect to such actions prior to the transfer of such Acquired Portfolio Receivable to the Credit Card Originator) of the related Credit Card Agreement, have been duly obtained or made and are in full force and effect as of the date of creation of such Receivable, but failure to comply with this *clause (c)* shall not cause a Receivable not to be an Eligible Receivable if, and to the extent that, the failure to so obtain or make any such consent, license, approval, authorization or registration would not have a material adverse effect on the Investor Holders;

(d) as to which, at the time of its transfer to the Trust, Transferor or the Trust will have good and marketable title free and clear of all Liens (other than any Lien permitted by *Section 2.7(b)*);

(e) that is the subject of a valid transfer and assignment (or the grant of a security interest) from Transferor to the Trust of all Transferor's right, title and interest therein;

(f) that at and after the time of transfer to the Trust is the legal, valid and binding payment obligation of the Obligor thereof, legally enforceable against such Obligor in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws, and by general principles of equity (whether considered in a suit at law or in equity);

(g) that constitutes an account;

(h) as to which, at the time of its transfer to the Trust, Transferor has not taken any action which, or failed to take any action the omission of which, would, at the time of transfer to the Trust, impair the rights therein of the Trust or the Holders;

(i) that, at the time of its transfer to the Trust, has not been waived or modified except as permitted in accordance with *Section 3.3(h)*;

(j) that, at the time of its transfer to the Trust, is not subject to any right of rescission, setoff, counterclaim or any other defense of the Obligor (including the defense of usury), other than defenses arising out of Debtor Relief Laws and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or equity) or as to which Servicer makes an adjustment pursuant to *Section 3.9*; and

(k) as to which, at the time of its transfer to the Trust, the Transferor has satisfied all obligations to be fulfilled at the time it is transferred to the Trust.

"*Eligible Servicer*" means Trustee, a wholly owned subsidiary of Trustee, an Other Originator or an entity that, at the time of its appointment as Servicer: (a) is servicing a portfolio of consumer open end credit card accounts or other consumer open end credit accounts; (b) is legally qualified and has the capacity to service the Accounts; (c) is qualified (or licensed) to use the software that is then being used to service the Accounts or obtains the right to use, or has its own, software which is adequate to perform its duties under this Agreement; (d) has, in the reasonable judgment of Trustee, the ability to professionally and competently service a portfolio of similar accounts; and (e) has a net worth of at least $50,000,000 as of the end of its most recent fiscal quarter.

"*Enhancement*" means the rights and benefits provided to the Investor Holders of any Series or Class pursuant to any letter of credit, surety bond, cash collateral account, guaranty collateral invested amount, spread account, guaranteed rate agreement, maturity guaranty facility, tax protection agreement, interest rate swap agreement, interest rate cap agreement or other similar

arrangement. The subordination of any Class to another Class, or a cross support feature which requires collections on Receivables allocated to one Series to be paid as principal and/or interest with respect to another Series shall be deemed to be an Enhancement for the Class or Series benefitting from the subordination or cross support feature.

"*Enhancement Agreement*" means any agreement, instrument or document governing any Enhancement or pursuant to which any Enhancement is issued or outstanding.

"*Enhancement Provider*" means the Person or Persons providing any Enhancement, other than the Investor Holders of any Class which is subordinated to another Class.

"*ERISA*" means the Employee Retirement Income Security Act of 1974.

"*Excess Finance Charge Collections*" means all amounts that any Supplement designates as "Excess Finance Charge Collections."

"*Excess Funding Account*" is defined in Section 4.2.

"*Exchange Act*" means the Securities Exchange Act of 1934.

"*Existing PSA*" is defined in the recitals hereto.

"*FDIC*" means the Federal Deposit Insurance Corporation.

"*Finance Charge Receivables*" means, with respect to any Monthly Period, the sum of (a) all amounts billed to the Obligors on any Account at the beginning of such Monthly Period in respect of Periodic Finance Charges, (b) Late Fees, return check fees and any other fees that may after the Trust Cut Off Date be charged with respect to any Account, to the extent that Servicer designates such fees to be treated as Finance Charge Receivables in an Officer's Certificate delivered to Trustee, (c) Discount Option Receivables and (d) Deferred Payment Receivables. Collections of Finance Charge Receivables with respect to any Monthly Period include the amount of Interchange (if any) allocable to any Series of Certificates pursuant to the related Supplement with respect to such Monthly Period (to the extent received by the Trust and deposited into the Finance Charge Account or any Series Account, as the case may be, on the Transfer Date following such Monthly Period). Except as otherwise specified in any Supplement as to the related Series, Recoveries shall be treated as Collections of Finance Charge Receivables.

"*Finance Charge Shortfalls*" is defined, as to any Series, in the related Supplement.

"*Fitch*" means Fitch, Inc.

"*flow-through entity*" is defined in Section 6.4(d).

"*Global Certificate*" is defined in Section 6.13.

"*Governmental Authority*" means the United States of America, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"*Group*" means, with respect to any Series, the group of Series, if any, in which the related Supplement specifies such Series is to be included.

"*Holder*" means an Investor Holder or a Person in whose name the Transferor Interest is registered.

"*Identified Portfolio*" means any Accounts owned from time to time by WFN and included in the private label credit card program of Service Merchandise or issued under a Co-Branding Agreement.

"*Ineligible Receivables*" is defined in Section 2.5(a).

"*Initial Account*" means each open end credit card account in the Identified Portfolio existing on the Trust Cut Off Date and identified in the Account Schedule delivered on the Initial Closing Date.

"*Initial Closing Date*" means January 30, 1998.

"*Initial Restatement Date Portfolio Accounts*" means the open end credit card accounts in the Restatement Date Portfolios existing on September 25, 2001 and identified in the Account Schedule delivered on the Effective Date.

"*Insolvency Event*" means, (a) with respect to the Transferor, that the Transferor shall consent or fail to object to the appointment of a bankruptcy trustee or conservator, receiver or liquidator in any bankruptcy proceeding or other insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Transferor or relating to all or substantially all of the Transferor's property, or the commencement of an action seeking a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a bankruptcy trustee or conservator, receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up, insolvency, bankruptcy, reorganization, conservatorship, receivership or liquidation of such entity's affairs, or notwithstanding an objection by the Transferor any such action shall have remained undischarged or unstayed for a period of sixty (60) days or upon entry of any order or decree providing for such relief; or such Person shall admit in writing its inability to pay its debts generally as they become due, file, or consent or fail to object (or object without dismissal of any such filing within sixty (60) days of such filing) to the filing of, a petition

to take advantage of any applicable bankruptcy, insolvency or reorganization, receivership or conservatorship statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations and (b) with respect to WFN, WFN shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to all or substantially all of its property, or a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against WFN; or WFN shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations.

"*Insolvency Proceeds*" is defined in Section 9.2(b).

"*In-Store Payments*" is defined in Section 2.1(a).

"*Insurance Proceeds*" means any amounts recovered by Servicer pursuant to any credit insurance policies covering any Obligor with respect to Receivables under such Obligor's Account.

"*Interchange*" means interchange fees payable to Transferor or an Other Originator, in its capacity as credit card issuer, through VISA U.S.A., Inc. and Mastercard International Inc. in connection with cardholder charges for goods and services, and cash advances, as calculated pursuant to the related Series Supplement for any Series.

"*Internal Revenue Code*" means the Internal Revenue Code of 1986.

"*Invested Amount*" is defined, as to any Series, in the related Supplement.

"*Investment Company Act*" means the Investment Company Act of 1940.

"*Investor Certificate*" means any one of the certificates (including the Bearer Certificates, the Registered Certificates or any Global Certificate) executed by Transferor and authenticated by or on behalf of Trustee, substantially in the form attached to the related Supplement, other than any Certificates representing the Supplemental Interests, if any.

"*Investor Holder*" means the Person in whose name a Registered Certificate is registered in the Certificate Register or the holder of any Bearer Certificate (or the Global Certificate, as the case may be) or Coupon.

"*Investor Interest*" is defined in Section 4.1.

"*Investor Percentage*" is defined, as to any Series, in the related Supplement.

"*Investor Servicing Fee*" is defined, as to any Series, in the related Supplement.

"*Late Fees*" means the fees specified in the Credit Card Agreement applicable to each Account for late fees with respect to such Account.

"*Lien*" means any mortgage, deed of trust, pledge, hypothecation, assignment, participation or equity interest, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any conditional sale or other title retention agreement, excluding any lien or filing pursuant to this Agreement; *provided* that any assignment or transfer pursuant to *Section 6.3(c)* or *(d)* or *Section 7.2* shall not constitute a Lien.

"*Majority Holders*" means the Holders of Investor Certificates evidencing more than 50% of the aggregate unpaid principal amount of all outstanding Investor Certificates.

"*Merchant*" means (a) Service Merchandise and (b) any other Person that operates retail establishments at which, or a catalogue sales business in which, goods or services may be purchased under an Account.

"*Minimum Transferor Amount*" means, as of any date of determination, the sum of (a) the product of (i) the sum of (A) the aggregate Principal Receivables and (B) the amounts on deposit in the Excess Funding Account and (ii) the Required Retained Transferor Percentage plus (b) any additional amounts specified in the Supplement for any outstanding Series.

"*Monthly Period*" means as to each Distribution Date, the immediately preceding calendar month, unless otherwise defined in any Supplement.

"*Moody's*" means Moody's Investors Service, Inc.

"*New Discount Option Receivables*" means, as of any date of determination, the product of the Discount Percentage and the amount of Principal Receivables (before subtracting Finance Charge Receivables which are Discount Option Receivables) arising on such date of determination.

"*Notice Date*" is defined in Section 2.8(d)(i).

"*Notices*" is defined in Section 13.5(a).

"*Obligor*" means, as to any Account, the Person or Persons obligated to make payments on such Account, including any guarantor.

"*Officer's Certificate*" means a certificate delivered to Trustee signed by the Chairman of the Board, President, any Vice President or the Treasurer or any Assistant Treasurer of Transferor or Servicer, as the case may be.

"*Opinion of Counsel*" means a written opinion of counsel, who may be counsel for, or an employee of, the Person providing the opinion and which counsel shall be reasonably acceptable to Trustee.

"*Other Originator*" means Banc One and any other Person designated as an Other Originator in a Supplement.

"*Participation Interests*" is defined in Section 2.8(b).

"*Paying Agent*" means any paying agent and co-paying agent appointed pursuant to Section 6.7.

"*Perfection Representations and Warranties*" means the representations and warranties set forth below:

1. General. This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Receivables and the proceeds thereof in favor of the Trust, which (a) in the case of existing Receivables and the proceeds thereof, is enforceable upon execution of this Agreement against creditors of and purchasers from Transferor, or with respect to then existing Receivables in Additional Accounts, as of the applicable Addition Date, and which will be enforceable with respect to Receivables hereafter and thereafter created and the proceeds thereof upon such creation, in each case as such enforceability may be limited by applicable Debtor Relief Laws, now or hereafter in effect, and by general principles of equity (whether considered in a suit at law or in equity) and (b) upon filing of the financing statements described in *clause 4* below and, in the case of Receivables hereafter created, upon the creation thereof, will be prior to all other Liens (other than Liens permitted pursuant to *clause 3* below).

2. General. The Receivables constitute "accounts" within the meaning of UCC Section 9-102.

3. Creation. Immediately prior to the conveyance of the Receivables pursuant to this Agreement, Transferor owns and has good and marketable title to the Receivables free and clear of any Lien, claim or encumbrance of any Person; *provided* that nothing in this *clause 3* shall prevent or be deemed to prohibit Transferor from suffering to exist upon any of the Receivables any Liens for any taxes if such taxes shall not at the time be due and payable or if Transferor or RPA Seller, as applicable, shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto.

4. Perfection. Transferor has caused or will have caused, within ten days of the Effective Date, 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 by the Transferor to the Trust under this Agreement in the Receivables arising in the Initial Accounts, Automatic Additional Accounts included in the Identified Portfolio and the Initial Restatement Date Portfolio Accounts, and (if any additional filing is so necessary) within 10 days of the applicable Addition Date, in the case of such Receivables arising in Supplemental Accounts and related Automatic Additional Accounts.

5. Priority. Other than the security interest granted to the Trust pursuant to this Agreement, Transferor has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Receivables. Transferor has not authorized the filing of and is not aware of any financing statements against Transferor that include a description of collateral covering the Receivables other than any financing statement (i) relating to the security interest granted to Trust hereunder or (ii) that has been terminated.

"*Periodic Finance Charges*" means any finance charges (due to periodic rate) applicable to any Account.

"*Person*" means any legal person, including any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, governmental entity or other entity of similar nature.

"*Portfolio Yield*" is defined, as to any Series, in the related Supplement.

"*Principal Receivable*" means all Receivables other than Finance Charge Receivables. In calculating the aggregate amount of Principal Receivables on any day, the amount of Principal Receivables shall not include Defaulted Receivables and shall be reduced by the aggregate amount of credit balances in the Accounts on such day.

"*Principal Sharing Series*" means a Series that, pursuant to the Supplement therefor, is entitled to receive Shared Principal Collections.

"*Principal Shortfalls*" is defined, as to any Series, in the related Supplement.

"*Principal Terms*" means, with respect to any Series: (a) its name or designation; (b) its initial principal amount (or method for calculating such amount) and its invested amount in the Trust; (c) its interest rate (or method for the determination thereof); (d) the payment date or dates and the date or dates from which interest shall accrue; (e) the method for allocating Collections to Holders of such Series; (f) the designation of any Series Accounts and the terms governing the operation of any such Series Accounts; (g) the percentage used to calculate the servicing fee with respect thereto; (h) the provider, if any, and the

terms of any form of Enhancement with respect thereto; (i) the terms on which the Investor Certificates of such Series may be repurchased by Transferor or any Affiliate of Transferor or remarketed to other investors; (j) the Series Termination Date; (k) the number of Classes of Investor Certificates of such Series and, if such Series consists of more than one Class, the rights and priorities of each such Class; (l) the extent to which the Investor Certificates of such Series will be issuable in temporary or permanent global form (and, in such case, the depositary for such Global Certificate or Certificates, the conditions, if any, upon which such Global Certificates may be exchanged, in whole or in part, for Definitive Certificates, and the manner in which any interest payable on a Global Certificate will be paid); (m) whether the Investor Certificates of such Series may be issued as Bearer Certificates and any limitation imposed thereon; (n) the priority of such Series with respect to any other Series; (o) the Group, if any, to which such Series belongs; (p) whether Interchange or other fees will be included in the funds available to be paid for such Series; and (q) any other terms of such Series.

"*Rating Agency*" means, as to each Series, the rating agency or agencies, if any, specified in the related Supplement.

"*Rating Agency Condition*" means, with respect to any action, that each Rating Agency, if any, shall have notified Transferor, Servicer and Trustee in writing that such action will not result in a reduction or withdrawal of the rating, if any, of any outstanding Series or Class with respect to which it is a Rating Agency.

"*Reassignment*" is defined in Section 2.9(a).

"*Receivable*" means any amount owing from time to time by an Obligor under an Account, including amounts owing for purchases of goods and services, and amounts payable as Finance Charge Receivables. A Receivable shall be deemed to have been created at the end of the day on the Date of Processing of such Receivable. Receivables which become Defaulted Receivables shall not be shown on Servicer's records as amounts payable (and shall cease to be included as Receivables) on the day on which they become Defaulted Receivables.

"*Receivable Purchase Agreement*" means the Receivables Purchase Agreement, dated as of September 28, 2001 between RPA Seller and Transferor.

"*Record Date*" means, as to any Distribution Date, the date specified in the related Supplement.

"*Recoveries*" means (a) all amounts received by Servicer with respect to Principal Receivables that have previously become Defaulted Receivables and with respect to Finance Charge Receivables that have been charged off as uncollectible (including Insurance Proceeds) and (b) proceeds of any collateral securing any Receivable, in each case less related collection expenses.

"*Registered Certificates*" is defined in Section 6.1.

"*Registered Holder*" means the Holder of a Registered Certificate.

"*Removal Date*" is defined in Section 2.9(a)(i).

"*Removal Notice Date*" is defined in Section 2.9(a)(i).

"*Removed Accounts*" is defined in Section 2.9(a).

"*Required Principal Balance*" means, as of any date of determination, the sum of the numerators used at such date to calculate the Investor Percentage with respect to Principal Receivables for all Series outstanding on such date, less the amount on deposit in the Excess Funding Account as of the date of determination.

"*Required Retained Transferor Percentage*" means, as of any date of determination, 7% or, if less, the highest of the Required Retained Transferor Percentages specified in the Supplements for all outstanding Series.

"*Requirements of Law*" means, as to any Person, the certificate of incorporation or articles of association and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation, or determination of an arbitrator or Governmental Authority, in each case applicable to or binding upon such Person or to which such Person is subject, whether Federal, state or local.

"*Responsible Officer*" means any officer (a) within the Corporate Trust Department (or any successor group of Trustee), including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at Trustee's Corporate Trust Office because of such officer's knowledge of and familiarity with the particular subject and (b) who shall have direct responsibility for this Agreement.

"*Restart Date*" is defined in Section 2.8(a).

"*Restatement Date Portfolios*" means any Accounts owned from time to time by WFN and included in the private label credit card programs of Maurices Inc., Harlem Furniture Inc. and Valuevision International Inc.

"*RPA Seller*" means WFN, in its capacity as RPA Seller under the Receivables Purchase Agreement.

"*Rule 144A*" means Rule 144A under the Securities Act, as such Rule may be amended from time to time.

"*S&P*" means Standard & Poor's Ratings Service, a division of the McGraw Hill Companies, Inc.

"*S&P Condition*" means, with respect to any action, that Standard & Poor's, a division of the McGraw Hill Companies, Inc., for so long as S&P shall, at the request of the Transferor, rate any outstanding series or class of securities issued by the Transferor or a securitization trust for which the Transferor acts as depositor, shall have notified Transferor, Servicer and Trustee that such action will not result in a reduction or withdrawal of the rating, if any, of any such outstanding series or class of securities rated by S&P.

"*Securities Act*" means the Securities Act of 1933.

"*Series*" means any series of Investor Certificates established pursuant to a Supplement.

"*Series Account*" means any deposit, trust, escrow or similar account maintained for the benefit of the Investor Holders of any Series or Class, as specified in any Supplement.

"*Series Servicing Fee Percentage*" is defined, as to any Series, in the related Supplement.

"*Series Termination Date*" is defined, as to any Series, in the related Supplement.

"*Service Merchandise*" means Service Merchandise Company, Inc., a Tennessee corporation.

"*Service Transfer*" is defined in Section 10.1.

"*Servicer*" means WFN, in its capacity as Servicer pursuant to this Agreement, and, after any Service Transfer, the Successor Servicer.

"*Servicer Default*" is defined in Section 10.1.

"*Servicing Fee*" means, as to any Series, the servicing fee specified in *Section 3.2.*

"*Servicing Officer*" means any officer of Servicer involved in, or responsible for, the administration and servicing of the Receivables whose name appears on a list of servicing officers furnished to Trustee by Servicer on the Initial Closing Date, as such list may from time to time be amended.

"*Shared Principal Collections*" means all amounts that any Supplement designates as "Shared Principal Collections."

"*Specified Transferor Amount*" means, as of any date of determination, 0 or, if more, the highest amount identified as the "Specified Transferor Amount" in the Supplement for any outstanding Series.

"*Subject Certificate*" is defined in Section 6.4(d).

"*Successor Servicer*" is defined in Section 10.2(a).

"*Supplement*" means, as to any Series, a supplement to this Agreement, executed and delivered in connection with the original issuance of the Investor Certificates of such Series pursuant to Section 6.3, and all amendments thereof and supplements thereto.

"*Supplemental Account*" is defined in Section 2.8(b).

"*Supplemental Interest*" is defined in Section 6.3(c).

"*Tax Opinion*" means, with respect to any action, an Opinion of Counsel to the effect that, for Federal income tax purposes, (a) such action will not adversely affect the tax characterization as debt of Investor Certificates of any outstanding Series or Class with respect to which an Opinion of Counsel was delivered at the time of their issuance that such Investor Certificates would be characterized as debt, (b) such actions will not cause the Trust to be classified, for federal income tax purposes, as an association (or publicly traded partnership) taxable as a corporation and (c) such action will not cause or constitute an event in which gain or loss would be recognized by any Investor Holder.

"*Termination Notice*" is defined in Section 10.1.

"*Transaction Documents*" means, at any time, this Agreement, the Receivables Purchase Agreement, the Supplement for each outstanding Series, any document pursuant to which any outstanding purchased interest is sold as permitted by *Section 6.3(b)* and any other document designated as a Transaction Document in any Supplement or any document pursuant to which any outstanding purchased interest is sold as permitted by *Section 6.3(b)*.

"*Transfer Agent and Registrar*" is defined in Section 6.4.

"*Transfer Date*" means the Business Day immediately preceding each Distribution Date.

"*Transferor*" means WFN Credit Company, LLC, a Delaware limited liability company, and additional transferors, if any, designated in accordance with *Section 2.11* or *6.3(d)*.

"*Transferor Amount*" means, on any date of determination, the excess, if any, of (a) the aggregate amount of Principal Receivables on such day, plus the principal amount on deposit in the Excess Funding Account on such day over (b) the sum of the Invested Amounts (or, as to any Series that has an Adjusted Invested Amount, the Adjusted Invested Amount) with respect to all Series then outstanding, plus the outstanding principal amount of all Supplemental Interests (and of any purchased interest sold pursuant to *Section 6.3(b)*).

"*Transferor Interest*" is defined in Section 4.1.

"*Transferor Retained Certificate*" means any Certificate in any Class of Investor Certificates that is designated as a "Transferor Retained Class" in any Supplement.

"*Transferor Percentage*" means as to Finance Charge Receivables, Defaulted Receivables and Principal Receivables, 100% less the sum of the applicable Investor Percentages for all outstanding Series.

"*Transferred Account*" is defined in the definition of "Account."

"*Trust*" means the Trust created by this Agreement, which shall be known as the World Financial Network Credit Card Master Trust III.

"*Trust Assets*" is defined in Section 2.1.

"*Trust Cut Off Date*" means January 30, 1998.

"*Trustee*" means The Chase Manhattan Bank, a New York banking corporation, in its capacity as trustee of the Trust, or any successor trustee appointed as herein provided.

"*UCC*" means the Uniform Commercial Code, as in effect in the State of Ohio and in any other State where the filing of a financing statement is required to perfect Transferor's or the Trust's interest in the Receivables and the proceeds thereof or in any other specified jurisdiction.

"*United States*" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"*Variable Interest*" means either of (a) any Investor Certificate that is designated as a variable funding certificate in the related Supplement and (b) any purchased interest sold as permitted by *Section 6.3(b)*.

"*WFN*" is defined in the preamble.

SECTION 1.2 *Other Interpretive Provisions*. With respect to any Series, all terms used and not defined herein are used as defined in the related Supplement. All terms defined 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 such 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 generally accepted accounting principles; (b) terms defined in Article 9 of the UCC and not otherwise defined in

this Agreement are used as defined in that Article; (c) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (d) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (e) 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); (f) 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; (g) the term “including” means “including without limitation”; (h) 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; (i) references to any agreement refer to that agreement as amended from time to time; (j) references to any Person include that Person’s permitted successors and assigns; and (k) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof. The agreements, representations and warranties of WFN in this Agreement, in its respective capacities as Transferor and Servicer, shall be deemed to be the separate agreements, representations and warranties of WFN only so long as it remains a party to this Agreement in such capacity (but the foregoing shall not impair rights arising during or with respect to the time that such Person was a party to this Agreement in such capacity).

ARTICLE II CONVEYANCE OF RECEIVABLES

SECTION 2.1 *Conveyance of Receivables*. (a) By execution of this Agreement, Transferor transfers, assigns, sets over and otherwise conveys to the Trustee, for the benefit of the Investor Holders, all of its right, title and interest in, to and under (i) the Receivables existing at the close of business on the Trust Cut Off Date and thereafter arising from time to time in the Initial Accounts and the Receivables existing on each applicable Addition Date and thereafter arising from time to time in the Initial Restatement Date Portfolio Accounts and the Additional Accounts, all Recoveries allocable to the Trust as provided herein, all moneys due or to become due and all amounts received with respect to, and proceeds of, any of the foregoing, (ii) all of its rights, remedies, powers and privileges under the Receivables Purchase Agreement and (iii) without limiting the generality of the foregoing or the following, all of Transferor’s rights pursuant to the Receivables Purchase Agreement to receive from RPA Seller Deferred Payment Receivables and payments made by any Merchant under any Credit Card Processing Agreement on account of amounts received by such Merchant in payment of Receivables (“*In-Store Payments*”) and all proceeds of such rights, and (iv) the right to receive certain amounts paid or payable as Interchange (if provided for in any Supplement). Such property, together with all moneys on deposit in the Collection Account, the Excess Funding Account, the Series Accounts and any

Enhancement shall constitute the assets of the Trust (the "*Trust Assets*"). The foregoing does not constitute and is not intended to result in the creation or assumption by the Trust, Trustee, any Investor Holders or any Enhancement Provider of any obligation of the Credit Card Originator, Servicer, Transferor or any other Person in connection with the Accounts or the Receivables or under any agreement or instrument relating thereto, including any obligation to obligors, merchant banks, merchants clearance systems or insurers. The parties hereto intend that each transfer of Receivables and other property pursuant to the Agreement or any Assignment constitute a sale, and not a secured borrowing, for accounting purposes. If the foregoing transfer, assignment, setover and conveyance is not deemed to be an absolute assignment of the subject property to the Trustee, for the benefit of the Holders, then it shall be deemed to constitute a grant of a security interest in such property to the Trustee, for the benefit of the Investor Holders, and the Transferor Interest shall be deemed to represent Transferor's equity in the collateral granted.

(b) Transferor agrees to record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables now existing and hereafter created in Accounts owned by the Credit Card Originator and other Trust Assets meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain the perfection of, the assignment of such Receivables to the Trust, and to deliver a file stamped copy of each such financing statement or other evidence of such filing (which may, for purposes of this *Section 2.1* consist of telephone confirmation of such filing promptly followed by delivery to Trustee of a file-stamped copy) to Trustee on or prior to the Initial Closing Date, in the case of such Receivables arising in the Initial Accounts and Automatic Additional Accounts included in the Identified Portfolio, and (if any additional filing is so necessary) the applicable Addition Date, in the case of such Receivables arising in Supplemental Accounts and the Initial Restatement Date Portfolio Accounts and any related Automatic Additional Accounts. Trustee shall be under no obligation whatsoever to file such financing or continuation statements or to make any other filing under the UCC in connection with such assignment.

(c) Transferor further agrees, at its own expense, (i) on or prior to (A) the Automatic Addition Termination Date or any Automatic Addition Suspension Date, or subsequent to a Restart Date, in the case of the Initial Accounts and any Additional Accounts designated pursuant hereto prior to such date, (B) the applicable Addition Date, in the case of Supplemental Accounts and the Initial Restatement Date Portfolio Accounts and (C) the applicable Removal Date, in the case of Removed Accounts, to cause to be indicated in the appropriate computer files that Receivables created in connection with the Accounts owned by the Credit Card Originator (other than Removed Accounts) have been conveyed to the Trust pursuant to this Agreement for the benefit of the Holders (or conveyed to Transferor or its designee in accordance with *Section 2.9*, in the case of Removed Accounts) by including in such computer files the code identifying each such Account (or, in the case of Removed Accounts, either including such a code

identifying the Removed Accounts only if the removal occurs prior to the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date, or deleting such code thereafter) and (ii) on or prior to the date referred to in *clauses (i)(A), (B)* or *(C)*, as applicable, to deliver to Trustee an Account Schedule (*provided* that such Account Schedule shall be provided in respect of Automatic Additional Accounts on or prior to the Determination Date relating to the Monthly Period during which their respective Addition Dates occur), specifying for each such Account, as of the Automatic Addition Termination Date or Automatic Addition Suspension Date, in the case of *clause (i)(B)*, the applicable Addition Cut Off Date, in the case of Supplemental Accounts and Initial Restatement Date Portfolio Accounts, and the Removal Date, in the case of Removed Accounts, its account number, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables outstanding in such Account. Such Account Schedule shall be supplemented from time to time to reflect Supplemental Accounts and Removed Accounts. Once the code referenced in *clause (i)* of this paragraph has been included with respect to any Account, Transferor further agrees not to permit such code to be altered during the remaining term of this Agreement unless and until (x) such Account becomes a Removed Account, (y) a Restart Date has occurred on which the Transferor starts including Automatic Additional Accounts as Accounts or (z) Transferor shall have delivered to Trustee at least 30 days' prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the interest of Trustee in the Receivables and other Trust Assets to continue to be perfected with the priority required by this Agreement.

(d) By executing this Agreement and the Receivables Purchase Agreement, the parties hereto and thereto do not intend to cancel, release or in any way impair the conveyance made by WFN, in its capacity as "Transferor" under the Existing PSA. Without limiting the foregoing, the parties hereto acknowledge and agree as follows:

(i) Any transfer, assignment or other conveyance by the RPA Seller to the Transferor of assets under the Receivables Purchase Agreement or under any Transaction Document shall be subject to any rights in such assets granted by WFN, as "Transferor" under the Existing PSA, to the Trustee pursuant to the Existing PSA.

(ii) The trust created by and maintained under the Existing PSA shall continue to exist and be maintained under this Agreement.

(iii) All series of investor certificates issued under the Existing PSA shall constitute Series issued and outstanding under this Agreement, and any supplement executed in connection with such series shall constitute a Supplement executed hereunder.

(iv) All references to the Existing PSA in any other instruments or documents shall be deemed to constitute references to this Agreement.

All references in such instruments or documents to WFN in its capacity as the "Transferor" of receivables and related assets under the Existing PSA shall be deemed to include reference to the Transferor in such capacity hereunder.

(v) The Transferor hereby assumes and agrees to perform all obligations of WFN, in its capacity as "Transferor" (but not as "Servicer"), under or in connection with the Existing PSA (as amended and restated by this Agreement) and any supplements to the Existing PSA.

(vi) To the extent this Agreement requires that certain actions are to be taken as of the Initial Closing Date or another date prior to the Effective Date, WFN's execution of such action under the Existing PSA shall constitute satisfaction of such requirement.

SECTION 2.2 *Acceptance by Trustee*. (a) Trustee accepts on behalf of the Trust all right, title and interest to the property, now existing and hereafter created, conveyed to the Trust pursuant to *Section 2.1* and declares that it shall maintain such right, title and interest, upon the trust herein set forth, for the benefit of all Holders.

(b) Trustee shall have no power to create, assume or incur indebtedness or other liabilities in the name of the Trust other than as contemplated in this Agreement or any Supplement. Trustee, in the name of the Trust, shall have no power to hold any derivative financial instrument unless such derivative financial instrument complies with the requirements of paragraph 40 of Statement of Financial Accounting Standards No. 140 issued by the Financial Accounting Standards Board, including any interpretations thereof or any successor regulations issued by the Financial Accounting Standards Board.

SECTION 2.3 *Representations and Warranties of Transferor Relating to Transferor*. Transferor represents and warrants to the Trust as of each Closing Date and as of the Effective Date as follows:

(a) *Organization and Good Standing*. Transferor is a limited liability company validly existing in good standing under the laws of the State of Delaware, and has full power, authority and legal right to own its properties and conduct its business as presently owned and conducted, to execute, deliver and perform its obligations under each Transaction Document and to execute and deliver to Trustee the Certificates.

(b) *Due Qualification*. Transferor is duly qualified to do business and is in good standing as a foreign limited liability company (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would render any Credit Card Agreement or any Receivable transferred to the Trust by Transferor

unenforceable by the Credit Card Originator, Transferor, Servicer or Trustee and would have a material adverse effect on the interests of the Holders hereunder or under any Supplement.

(c) *Due Authorization*. The execution, delivery and performance of this Agreement and each other Transaction Document by Transferor, the execution and delivery to Trustee of the Certificates by Transferor and the consummation by Transferor of the transactions provided for in each Transaction Document have been duly authorized by Transferor by all necessary limited liability company action on the part of Transferor.

(d) *No Conflict*. The execution and delivery by Transferor of each Transaction Document and the Certificates, the performance by Transferor of the transactions contemplated by each Transaction Document and the fulfillment by Transferor of the terms hereof and thereof will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust, or other instrument to which Transferor is a party or by which it or any of its properties are bound.

(e) *No Violation*. The execution and delivery by Transferor of each Transaction Document and the Certificates, the performance by Transferor of the transactions contemplated by this Agreement and each Supplement and the fulfillment by Transferor of the terms hereof and thereof will not conflict with or violate any Requirements of Law applicable to Transferor.

(f) *No Proceedings*. There are no proceedings or investigations pending or, to the best knowledge of Transferor, threatened against Transferor, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of any Transaction Document or the Certificates, (ii) seeking to prevent the issuance of the Certificates or the consummation of any of the transactions contemplated by any Transaction Document or the Certificates, (iii) seeking any determination or ruling that, in the reasonable judgment of Transferor, would materially and adversely affect the performance by Transferor of its obligations under any Transaction Document, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of any Transaction Document or the Certificates or (v) seeking to affect adversely the income tax attributes of the Trust under the Federal or applicable state income or franchise tax systems.

(g) *All Consents Required*. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental

body or official required in connection with the execution and delivery by Transferor of each Transaction Document and the Certificates, the performance by Transferor of the transactions contemplated by each Transaction Document and the fulfillment by Transferor of the terms hereof and thereof, have been obtained.

(h) *Insolvency*. No Insolvency Event with respect to Transferor has occurred. Transferor did not (i) execute the Transaction Documents, (ii) grant to the Trustee the security interests described in *Section 2.1*, (iii) cause, permit, or suffer the perfection or attachment of such a security interest, (iv) otherwise effectuate or consummate any transfer to Trustee pursuant to any Transaction Document or (v) acquire its interest in the Trust, in each case:

(A) in contemplation of insolvency;

(B) with a view to preferring one creditor over another or to preventing the application of its assets in the manner required by applicable law or regulations;

(C) after committing an act of insolvency; or

(D) with any intent to hinder, delay, or defraud itself or its creditors.

(i) *Trustee*. Trustee is not an insider or Affiliate of Transferor.

The representations and warranties of Transferor set forth in this *Section 2.3* shall survive the transfer and assignment by Transferor of the respective Receivables to the Trust. Upon discovery by Transferor, Servicer or Trustee of a breach of any of the representations and warranties by Transferor set forth in this *Section 2.3*, the party discovering such breach shall give prompt written notice to the others and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement. Transferor agrees to cooperate with Servicer and Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this *Section 2.3*, each reference to a Supplement shall be deemed to refer only to those Supplements in effect as of the relevant Closing Date.

SECTION 2.4 *Representations and Warranties of Transferor Relating to Transaction Documents and the Receivables*. (a) Representations and Warranties. Transferor represents and warrants to the Trust as of the Effective Date, each Closing Date and, with respect to Additional Accounts, the related Addition Date that:

(i) each Transaction Document and, in the case of Supplemental Accounts, the related Assignment, each constitutes a legal, valid and binding obligation of Transferor, enforceable against Transferor

in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect and by general principles of equity (whether considered in a suit at law or in equity);

(ii) as of the Automatic Addition Termination Date or any Automatic Addition Suspension Date and as of each subsequent Addition Date with respect to Supplemental Accounts and the Initial Restatement Date Portfolio Accounts, and as of the applicable Removal Date with respect to the Removed Accounts, the Account Schedule delivered pursuant to this Agreement, as supplemented to such date, is an accurate and complete listing in all material respects of all the Accounts as of such Automatic Addition Termination Date, such Automatic Addition Suspension Date, the related Addition Cut Off Date or such Removal Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing in such Accounts is true and correct in all material respects as of such specified date;

(iii) Transferor is the legal and beneficial owner of all right, title and interest in each Receivable and Transferor has the full right to transfer such Receivables to the Trust, and each Receivable conveyed to the Trust by Transferor has been conveyed to the Trust free and clear of any Lien of any Person claiming through or under Transferor or any of its Affiliates (other than Liens permitted under *Section 2.7(b))* and in compliance, in all material respects, with all Requirements of Law applicable to Transferor;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by Transferor in connection with the conveyance by Transferor of Receivables to the Trust have been duly obtained, effected or given and are in full force and effect;

(v) this Agreement or, in the case of Supplemental Accounts, the related Assignment constitutes either a valid transfer and assignment to the Trust of all right, title and interest of Transferor in the Receivables and other Trust Assets conveyed to the Trust by Transferor and all monies due or to become due with respect thereto and the proceeds thereof or a grant of a security interest in such property to the Trustee, for the benefit of the Investor Holders, which, in the case of existing Receivables and the proceeds thereof, is enforceable upon execution and delivery of this Agreement, or, with respect to then existing Receivables in Additional Accounts, as of the applicable Addition Date, and which will be enforceable with respect to such Receivables hereafter and thereafter created and the proceeds thereof upon such creation, in each case except as such enforceability may be limited by applicable Debtor Relief Laws, now or hereafter in effect, and by general principles of equity (whether

considered in a suit at law or in equity). Upon the filing of the financing statements pursuant to *Section 2.1* and, in the case of Receivables hereafter created and the proceeds thereof, upon the creation thereof, the Trust shall have a first priority security interest in such property and proceeds except for Liens permitted under *Section 2.7(b)*;

(vi) except as otherwise expressly provided in this Agreement or any Supplement, neither Transferor nor any Person claiming through or under Transferor has any claim to or interest in the Collection Account, the Excess Funding Account, any Series Account or any Enhancement;

(vii) on the Trust Cut Off Date, with respect to each Initial Account, on the date of its creation or the date it otherwise becomes an Automatic Additional Account, with respect to each Automatic Additional Account and, on the applicable Addition Cut Off Date, with respect to each related Supplemental Account or Initial Restatement Date Portfolio Account, each such Account is an Eligible Account;

(viii) on the Trust Cut Off Date, each Receivable then existing is an Eligible Receivable, on the date of creation of each Automatic Additional Account or the date the related account otherwise becomes an Automatic Additional Account, each Receivable contained in such Automatic Additional Account is an Eligible Receivable and, on the applicable Addition Cut Off Date, each Receivable contained in any related Supplemental Account or related Initial Restatement Date Portfolio Account is an Eligible Receivable; and

(ix) as of the date of the creation of any new Receivable, such Receivable is an Eligible Receivable.

(b) *Perfection Representations and Warranties*. Transferor hereby makes the Perfection Representations and Warranties to the Trust. The rights and remedies with respect to any breach of the Perfection Representations and Warranties made under this *Section 2.4(b)* shall be continuing and shall survive any termination of this Agreement. Neither the Trust nor the Trustee shall waive a breach of any Perfection Representation and Warranty. In order to evidence the interests of the Transferor and the Trust under this Agreement, the Transferor and Servicer shall, from time to time take such action, and execute and deliver such instruments (including, without limitation, such actions or filings as are requested by the Trustee and financing statements under the UCC as enacted and then in effect in any other jurisdiction in which the Transferor is organized, has its principal place of business or maintains any books, records, files, or other information concerning the Receivables) in order to maintain and perfect, as a first priority interest, the security interest in the Receivables. The Transferor hereby authorizes Servicer to file financing statements under the UCC without the Transferor’s signature where allowed by applicable law.

(c) *Notice of Breach*. The representations and warranties of Transferor set forth in this *Section 2.4* shall survive the transfer and assignment by Transferor of Receivables to the Trust. Upon discovery by Transferor, Servicer or Trustee of a breach of any of the representations and warranties by Transferor set forth in this *Section 2.4*, the party discovering such breach shall give prompt written notice to the others and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement. Transferor agrees to cooperate with Servicer and Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this *Section 2.4*, each reference to a Supplement shall be deemed to refer only to those Supplements in effect as of the date of the relevant representations or warranties.

SECTION 2.5 *Reassignment of Ineligible Receivables*. (a) *Reassignment of Receivables*. If (i) any representation or warranty of Transferor contained in *Section 2.4(a)(ii)*, *(iii)*, *(iv)*, *(vii)*, *(viii)* or *(ix)* is not true and correct in any material respect as of the date specified therein with respect to any Receivable transferred to the Trust by Transferor or any Account and as a result of such breach any Receivables in the related Account become Defaulted Receivables or the Trust's rights in, to or under such Receivables or the proceeds of such Receivables are impaired or such proceeds are not available for any reason to the Trust free and clear of any Lien, unless cured within 60 days (or such longer period, not in excess of 150 days, as may be agreed to by Trustee) after the earlier to occur of the discovery thereof by Transferor or receipt by Transferor or a designee of Transferor of notice thereof given by Trustee, or (ii) it is so provided in *Section 2.7(a)* with respect to any Receivables transferred to the Trust by Transferor, then such Receivable shall be designated an "*Ineligible Receivable*" and shall be assigned a principal balance of zero for the purpose of determining the aggregate amount of Principal Receivables on any day; *provided* that such Receivables will not be deemed to be Ineligible Receivables but will be deemed Eligible Receivables and such Principal Receivables shall be included in determining the aggregate Principal Receivables in the Trust if, on any day prior to the end of such 60-day or longer period, (x) either (A) in the case of an event described in *clause (i)*, the relevant representation and warranty shall be true and correct in all material respects as if made on such day or (B) in the case of an event described in *clause (ii)*, the circumstances causing such Receivable to become an Ineligible Receivable shall no longer exist and (y) Transferor shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct.

(b) *Price of Reassignment*. On and after the date of its designation as an Ineligible Receivable, each Ineligible Receivable shall not be given credit in determining the aggregate amount of Principal Receivables used to calculate the Transferor Amount or the Investor Percentages applicable to any Series. If, following the exclusion of such Principal Receivables from the calculation of the Transferor Amount, the Transferor Amount would be less than the Specified Transferor Amount, Transferor shall make a deposit into the Excess Funding

Account in immediately available funds prior to the next succeeding Business Day in an amount equal to the amount by which the Transferor Amount would be less than the Specified Transferor Amount (up to the amount of such Principal Receivables). The payment of such deposit amount in immediately available funds shall otherwise be considered payment in full of all of the Ineligible Receivables.

The obligation of Transferor to make the deposits, if any, required to be made to the Excess Funding Account as provided in this Section, shall constitute the sole remedy respecting the event giving rise to such obligation available to Holders (or Trustee on behalf of the Holders) or any Enhancement Provider.

SECTION 2.6 *Reassignment of Receivables in Trust Portfolio*. If any representation or warranty of Transferor set forth in *Section 2.3(a)*, *(b)* or *(c)* or *Section 2.4(a)(i)*, *(v)* or *(vi)* is not true and correct in any material respect and such breach has a material adverse effect on the Investor Interest in the Receivables transferred to the Trust by Transferor, then either Trustee or the Majority Holders, by notice then given to Transferor and Servicer (and to Trustee if given by the Investor Holders), may direct Transferor to accept a reassignment of the Receivables transferred to the Trust by Transferor if such breach and any material adverse effect caused by such breach is not cured within 60 days of such notice (or within such longer period, not in excess of 150 days, as may be specified in such notice), and upon those conditions Transferor shall be obligated to accept such reassignment on the terms set forth below; *provided* that such Receivables will not be reassigned to Transferor if, on any day prior to the end of such 60-day or longer period (i) the relevant representation and warranty shall be true and correct in all material respects as if made on such day and (ii) Transferor shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct.

Transferor shall deposit in the Collection Account in immediately available funds not later than 12:00 noon, New York City time, on the first Distribution Date following the Monthly Period in which such reassignment obligation arises, in payment for such reassignment, an amount equal to the sum of the amounts specified therefor with respect to each outstanding Series in the related Supplement. Notwithstanding anything to the contrary in this Agreement, such amounts shall be distributed on such Distribution Date in accordance with *Article IV* and each Supplement. The payment of such deposit amount in immediately available funds shall otherwise be considered payment in full of all of the Receivables.

Upon the deposit, if any, required to be made to the Collection Account as provided in this Section or *Section 2.5*, Trustee, on behalf of the Trust, shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Transferor or its designee, without recourse, representation or warranty (except for the warranty that since the date of transfer

by Transferor, Trustee has not sold, transferred or encumbered any such Receivables or interest therein), all the right, title and interest of the Trust in and to the applicable Receivables, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof. Trustee shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Transferor to effect the conveyance of such Receivables pursuant to this Section. The obligation of Transferor to accept reassignment of any Receivables, and to make the deposits, if any, required to be made to the Collection Account as provided in this Section, shall constitute the sole remedy respecting the event giving rise to such obligation available to Holders (or Trustee on behalf of the Holders).

SECTION 2.7 *Covenants of Transferor*. Transferor covenants as follows:

(a) *Receivables to be Accounts*. Except in connection with the enforcement or collection of an Account, Transferor will take no action to cause any Receivable transferred by it to the Trust to be evidenced by any instrument and, if any such Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be deemed to be an Ineligible Receivable in accordance with *Section 2.5(a)* and shall be reassigned to Transferor in accordance with *Section 2.5(b)*.

(b) *Security Interests*. Except for the conveyances hereunder, Transferor will not sell, pledge, assign or transfer or otherwise convey to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Receivable, whether now existing or hereafter created, or any interest therein; Transferor will immediately notify Trustee of the existence of any Lien on any Receivable of which Transferor has knowledge; and Transferor shall defend the right, title and interest of the Trust in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under Transferor or RPA Seller; *provided* that nothing in this *Section 2.7(b)* shall prevent or be deemed to prohibit Transferor from suffering to exist upon any of the Receivables (i) any Liens for taxes if such taxes shall not at the time be due and payable or if Transferor or RPA Seller, as applicable, shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto, or (ii) at any time when accounts subject to any Co-Branding Agreement are included in the Identified Portfolio, rights of the counterparty to such Co-Branding Agreement in respect of such accounts and related receivables, which rights arise pursuant to the terms of such Co-Branding Agreement and do not constitute a Lien on any Receivables transferred to the Trust hereunder. Notwithstanding the foregoing, nothing in this *Section 2.7(b)* shall be construed to prevent or be deemed to prohibit the transfer of the Transferor Interest and certain other rights of Transferor in accordance with this Agreement and any related Supplement.

(c) *Transferor Interest*. Except as otherwise permitted herein, including in *Sections 2.11*, *6.3* and *7.2*, Transferor agrees not to transfer, assign, exchange or otherwise convey or pledge, hypothecate or otherwise grant a security interest in the Transferor Interest (or any interest therein) or any Supplemental Interest (or any interest therein) and any such attempted transfer, assignment, exchange, conveyance, pledge, hypothecation or grant shall be void.

(d) *Delivery of Collections or Recoveries*. If Transferor receives Collections or Recoveries, then Transferor agrees to pay Servicer all such Collections and Recoveries as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of Processing by Transferor.

(e) *Notice of Liens*. Transferor shall notify Trustee and each Enhancement Provider, if any, entitled to such notice pursuant to the relevant Supplement promptly after becoming aware of any Lien on any Receivable other than the conveyances hereunder or Liens permitted under Section 2.7(b).

(f) *Continuous Perfection*. Transferor shall not change its name, identity or structure in any manner that might cause any financing or continuation statement filed pursuant to this Agreement to be misleading within the meaning of Section 9-402(7) of the UCC (or any other then applicable provision of the UCC) unless Transferor shall have delivered to Trustee at least 30 days prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to amend such financing statement or continuation statement so that it is not misleading. Transferor shall not change its chief executive office, jurisdiction of organization or change the location of its principal records concerning the Receivables, the Trust Assets or the Collections unless it has delivered to Trustee at least 30 days prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the interest of Trustee in the Receivables and other Trust Assets to continue to be perfected with the priority required by this Agreement.

(g) *Credit Card Agreement and Guidelines*. Transferor shall enforce the covenant in the Receivables Purchase Agreement requiring the Credit Card Originator to comply with and perform its obligations under the Credit Card Agreements relating to the Accounts, the Credit Card Guidelines and with respect to Accounts arising under any Co-Branding Agreement, all applicable rules and regulations of VISA U.S.A., Inc. and MasterCard International Inc., except insofar as any failure to comply or perform would not materially or adversely affect the rights of the Trust or the Holders under any Transaction Document or the Certificates. Transferor may permit the Credit Card Originator to change the terms and

provisions of the Credit Card Agreements or the Credit Card Guidelines in any respect (including the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge offs and Periodic Finance Charges and other fees assessed thereon), but only if such change is made applicable to any comparable segment of the revolving credit card accounts owned and serviced by the Credit Card Originator which have characteristics the same as, or substantially similar to, the Accounts that are the subject of such change, except as otherwise restricted by an endorsement, sponsorship or other agreement between Transferor and an unrelated third party or by the terms of the Credit Card Agreements.

(h) *Receivables Purchase Agreement*. Transferor, in its capacity as purchaser of Receivables from RPA Seller under the Receivables Purchase Agreement, shall enforce the covenants and agreement of RPA Seller as set forth in the Receivables Purchase Agreement if the failure of RPA Seller to comply with such covenants and agreements would (i) result in the occurrence of an Early Amortization Event or (ii) materially and adversely effect the amount or timing of distributions to be made to the Investor Certificateholders of any Series or Class pursuant to the Transaction Documents.

(i) *Official Records*. The resolutions of Transferor's Board of Directors approving each of the Transaction Documents and all documents relating thereto are and shall be continuously reflected in the minutes of Transferor's Board of Directors. Each of the Transaction Documents and all documents relating thereto are and shall, continuously from the time of their respective execution by Transferor, be official records of Transferor.

(j) *Amendment of Organizational Documents*. Transferor shall not amend in any material respect its certificate of formation or its limited liability company agreement without providing the Rating Agencies with notice no later than the fifth Business Day prior to such amendment (unless the right to such notice is waived by the Rating Agency) and satisfying the Rating Agency Condition.

(k) *Other Indebtedness*. Except as contemplated by the Receivables Purchase Agreement, the Transferor shall not incur any additional debt, unless (i) such debt is contemplated by the Transaction Documents, (ii) such debt is contemplated by the Receivables Purchase Agreement dated as of August 1, 2001 between WFN and WFN Credit Company, LLC, executed in connection with World Financial Credit Card Master Trust and World Financial Credit Card Master Note Trust or (iii) the Rating Agencies are provided with notice no later than the fifth Business Day prior to the incurrence of such additional debt (unless the right to such notice is waived by the Rating Agency) and the Rating Agency Condition is satisfied with respect to the incurrence of such debt.

(l) *Separate Corporate Existence*. The Transferor shall:

(i) Maintain in full effect its existence, rights and franchises as a limited liability company under the laws of the state of its organization and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement and the Receivables Purchase Agreement and each other instrument or agreement necessary or appropriate to proper administration hereof and permit and effectuate the transactions contemplated hereby.

(ii) Except as provided herein, maintain its own deposit, securities and other account or accounts, separate from those of any Affiliate of the Transferor, with financial institutions. The funds of the Transferor shall not be diverted to any other Person or for other than the corporate use of the Transferor, and, except as may be expressly permitted by this Agreement or the Receivables Purchase Agreement, the funds of the Transferor shall not be commingled with those of any other person or entity.

(iii) Ensure that, to the extent that it shares the same officers or other employees as any of its stockholders or Affiliates, the salaries of and the expenses related to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with all such common officers and employees.

(iv) Ensure that, to the extent that it jointly contracts with any of its stockholders or Affiliates to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing shall be allocated fairly among entities, and each such entity shall bear its fair share of such costs. To the extent that the Transferor contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other Person, the costs incurred in so doing shall be fairly allocated to or among such entities for whose benefit the goods and services are provided, and each such entity shall bear its fair share of such costs. All material transactions between the Transferor and any of its Affiliates shall be only on an arm’s-length basis and shall receive the approval of the Transferor’s Board of Directors including at least one Independent Director (defined below).

(v) Maintain a principal executive and administrative office through which its business is conducted and a telephone

number separate from those of its stockholders and Affiliates. To the extent that the Transferor and any of its members or Affiliates have offices in contiguous space, there shall be fair and appropriate allocation of overhead costs (including rent) among them, and each such entity shall bear its fair share of such expenses.

(vi) Conduct its affairs strictly in accordance with its certificate of formation and observe all necessary, appropriate and customary corporate formalities including, but not limited to, holding all regular and special directors' meetings appropriate to authorize all limited liability company action, keeping separate and accurate minutes of such meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, but not limited to, intercompany transaction accounts. Regular directors' meetings shall be held at least annually.

(vii) Ensure that decisions with respect to its business and daily operations shall be independently made by the Transferor (although the officer making any particular decision may also be an officer or director of an Affiliate of the Transferor) and shall not be dictated by any Affiliate of the Transferor.

(viii) Act solely in its own legal name and through its own authorized officers and agents, and, except as contemplated by the Transaction Documents, no Affiliate of the Transferor shall be appointed to act as agent of the Transferor. The Transferor shall at all times use its own stationery and business forms and describe itself as a separate legal entity.

(ix) Except as contemplated by the Receivables Purchase Agreement, ensure that none of its Affiliates shall advance funds to it, and no Affiliate of the Transferor will otherwise guaranty its debts.

(x) Other than organizational expenses and as expressly provided herein, pay all expenses, indebtedness and other obligations incurred by it using its own funds.

(xi) Not enter into any guaranty, or otherwise become liable, with respect to or hold its assets or creditworthiness out as being available for the payment of any obligation of any of its Affiliates.

(xii) Ensure that any financial reports required of the Transferor shall comply with GAAP and shall be issued separately from, but may be consolidated with, any reports prepared for any

of its Affiliates so long as such consolidated reports contain footnotes describing the effect of the transactions between the Transferor and such Affiliate and also state that the assets of the Transferor are not available to pay creditors of the Affiliate.

(xiii) Ensure that at all times it is adequately capitalized to engage in the transactions contemplated in its certificate of formation and limited liability company agreement.

SECTION 2.8 *Addition of Accounts*. (a) *Automatic Additional Accounts*. Subject to any limitations specified in any Supplement, Automatic Additional Accounts shall be included as Accounts from and after the date upon which they are created, and all Receivables in Automatic Additional Accounts, whether such Receivables are then existing or thereafter created, shall be transferred automatically to the Trust upon their creation. For all purposes of this Agreement, all receivables relating to Automatic Additional Accounts shall be treated as Receivables upon their creation and shall be subject to the eligibility criteria specified in the definitions of "Eligible Receivable" and "Eligible Account." Transferor may elect at any time to terminate the inclusion in Accounts of new accounts which would otherwise be Automatic Additional Accounts as of any Business Day (the "*Automatic Addition Termination Date*"), or suspend any such inclusion as of any Business Day (an "*Automatic Addition Suspension Date*") until a date (the "*Restart Date*") to be notified in writing by Transferor to Trustee by delivering to Trustee, Servicer and each Rating Agency ten days prior written notice of such election at least 10 days prior to such Automatic Addition Termination Date, Automatic Addition Suspension Date or Restart Date, as the case may be. Promptly after each of an Automatic Addition Termination Date, an Automatic Addition Suspension Date and a Restart Date, Transferor and Trustee agree to execute, and Transferor agrees to record and file at its own expense, an amendment to the financing statements referred to in *Section 2.1* to specify the accounts then subject to this Agreement (which specification may incorporate a list of accounts by reference) and, except in connection with any such filing made after a Restart Date, to release any security interest in any accounts created after the Automatic Addition Termination Date or Automatic Addition Suspension Date. Notwithstanding the foregoing, no new account arising in the Valuevision International Inc. portfolio will be treated as an Automatic Additional Account if, as a result of doing so, the aggregate amount of Principal Receivables in Accounts in the [Valuevision International Inc. portfolio would exceed $10,000,000.

(b) *Required Additions of Supplemental Accounts*. If during any period of thirty consecutive days, the Transferor Amount averaged over that period is less than the Minimum Transferor Amount for that period, Transferor shall designate additional Eligible Accounts ("*Supplemental Accounts*") to be included as Accounts in a sufficient amount such that the average of the Transferor Amount, computed by assuming that the amount of the Principal Receivables of such Supplemental Accounts shall be deemed to be outstanding in the Trust during each day of such 30-day period, is at least equal to the Minimum

Transferor Amount. In addition, if on any Record Date the aggregate amount of Principal Receivables plus amounts on deposit in the Excess Funding Account is less than the Required Principal Balance, Transferor shall designate Supplemental Accounts from any Approved Portfolio to be included as Accounts in a sufficient amount such that the aggregate amount of Principal Receivables plus amounts on deposit in the Excess Funding Account will be equal to or greater than the Required Principal Balance. Receivables from all such Supplemental Accounts shall be transferred to the Trust on or before the tenth Business Day following such thirty-day period or Record Date, as the case may be. In lieu of, or in addition to, designating Supplemental Accounts as required above, Transferor may convey to the Trust participations or trust certificates representing undivided legal or beneficial interests in a pool of assets primarily consisting of receivables arising under revolving credit card accounts or other revolving credit accounts owned by Credit Card Originator or any of its Affiliates and collections thereon ("*Participation Interests*"). Any addition of Participation Interests to the Trust (whether pursuant to this *paragraph (b)* or *paragraph (c)* below) shall be effected by an amendment hereto, dated the applicable Addition Date, pursuant to *subsection 13.1(a)*.

(c) *Permitted Additions*. In addition to its obligation under *paragraph (b)*, Transferor may, but shall not be obligated to, from time to time designate Supplemental Accounts or Participation Interests to be included as Trust Assets, in either case as of the applicable Addition Date.

(d) *Certain Conditions for Additions of Supplemental Accounts and Participation Interests*. Transferor agrees that any transfer of Receivables from Supplemental Accounts or Participation Interests under *paragraphs (b)* or *(c)* shall occur only upon satisfaction of the following conditions (to the extent applicable):

(i) on or before the tenth Business Day prior to the Addition Date (the "*Notice Date*"), Transferor shall give Trustee, each Rating Agency and Servicer written notice that such Supplemental Accounts or Participation Interests will be included, which notice shall specify the approximate aggregate amount of the Receivables or Participation Interests to be transferred; and, in the case of any transfer pursuant to *paragraph (c)*, the Rating Agency Condition shall have been satisfied;

(ii) on or before the Addition Date, Transferor shall have delivered to Trustee a written assignment (including an acceptance by Trustee on behalf of the Trust for the benefit of the Investor Holders) in substantially the form of *Exhibit B* (the "*Assignment*") and the Credit Card Originator shall have indicated in its computer files that the Receivables created in connection with the Supplemental Accounts have been transferred to the Trust and, within five Business Days thereafter, Transferor shall have delivered to Trustee an Account Schedule listing such Supplemental Accounts, which as of the date of such Assignment, shall be deemed incorporated into and made a part of such Assignment and this Agreement;

(iii) Transferor shall represent and warrant that (x) each Supplemental Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Supplemental Account is, as of the Addition Date, an Eligible Receivable, (y) no selection procedures believed by Transferor to be materially adverse to the interests of the Investor Holders were utilized in selecting the Additional Accounts from the available Eligible Accounts in an Approved Portfolio, and (z) as of the Addition Date, Transferor is not insolvent;

(iv) Transferor shall represent and warrant that, as of the Addition Date, the Assignment constitutes either (x) a valid transfer and assignment to the Trust of all right, title and interest of Transferor in and to the Receivables then existing and thereafter created in the Supplemental Accounts, and all proceeds of such Receivables and Insurance Proceeds relating thereto and such Receivables and all proceeds thereof and Insurance Proceeds and Recoveries relating thereto will be held by the Trust free and clear of any Lien of any Person claiming through or under Transferor or any of its Affiliates, except for (i) Liens permitted under *Section 2.7(b)*, (ii) the interest of Transferor as Holder of the Transferor Interest and (iii) Transferor's right to receive interest accruing on, and investment earnings in respect of, the Excess Funding Account, or any Series Account as provided in this Agreement and any related Supplement or (y) a grant of a security interest in such property to the Trustee, for the benefit of the Investor Holders, which is enforceable with respect to then existing Receivables in the Supplemental Accounts, the proceeds thereof and Insurance Proceeds and Recoveries relating thereto upon the conveyance of such Receivables to the Trust, and which will be enforceable with respect to the Receivables thereafter created in respect of Supplemental Accounts conveyed on such Addition Date, the proceeds thereof and Insurance Proceeds and Recoveries relating thereto upon such creation; and (z) if the Assignment constitutes the grant of a security interest to the Trustee in such property, upon the filing of a financing statement as described in *Section 2.1* with respect to such Supplemental Accounts and in the case of the Receivables thereafter created in such Supplemental Accounts and the proceeds thereof, and Insurance Proceeds and Recoveries relating thereto, upon such creation, the Trust shall have a first priority perfected security interest in such property (subject to Section 9-306 of the UCC), except for Liens permitted under *Section 2.7(b)*;

(v) Transferor shall deliver an Officer's Certificate to Trustee confirming the items set forth in *clause (ii)*; and

(vi) Transferor shall deliver an Opinion of Counsel with respect to the Receivables in the Supplemental Accounts to Trustee (with a copy to each Rating Agency) substantially in the form of *Exhibit E-2*.

(e) *Additional Approved Portfolios*. As of the Effective Date, each of the Restatement Date Portfolios is designated as an Approved Portfolio. The Transferor may also from time to time designate additional portfolios of accounts as "Approved Portfolios" if all conditions, if any, in each Supplement for the designation of an Approved Portfolio are satisfied.

SECTION 2.9 *Removal of Accounts*. (a) On any day of any Monthly Period Transferor shall have the right to require the reassignment to it or its designee of all the Trust's right, title and interest in, to and under the Receivables then existing and thereafter created, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof in or with respect to the Accounts then owned by the Credit Card Originator and designated by Transferor (the "*Removed Accounts*") or Participation Interests (unless otherwise set forth in the applicable Supplement), upon satisfaction of the following conditions (*provided* that the conditions listed in *clauses (iv)* through *(vii)* below need not be satisfied if the Removed Accounts relate to a repurchase pursuant to *Section 2.9(b)*):

(i) on or before the tenth Business Day immediately preceding the Removal Date (the "*Removal Notice Date*") Transferor shall have given Trustee, Servicer, each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Supplement written notice of such removal and specifying the date for removal of the Removed Accounts and Participation Interests (the "*Removal Date*");

(ii) with respect to Removed Accounts, on or prior to the date that is 10 Business Days after the Removal Date, Transferor shall have delivered to Trustee an Account Schedule listing the Removed Accounts and specifying for each such Account, as of the Removal Notice Date, its account number, the aggregate amount outstanding, and the aggregate amount of Principal Receivables outstanding in such Account;

(iii) with respect to Removed Accounts, Transferor shall have represented and warranted as of the Removal Date that the list of Removed Accounts delivered pursuant to *paragraph (ii)*, as of the Removal Date, is true and complete in all material respects;

(iv) the Rating Agency Condition shall have been satisfied with respect to such removal;

(v) Transferor shall have delivered to Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Supplement an Officer's Certificate, dated as of the Removal Date, to the

effect that Transferor reasonably believes that (A) such removal will not, based on the facts known to such officer at the time of such certification, then or thereafter cause an Early Amortization Event to occur with respect to any Series, (B) no selection procedure believed by Transferor to be materially adverse to the interests of the Investor Holders has been used in removing Removed Accounts from among any pool of Accounts or Participation Interests of a similar type or (C) Accounts (or administratively convenient groups of Accounts, such as billing cycles) were chosen for removal on a random basis or another basis that the Transferor believes is consistent with achieving derecognition of the Receivables under generally accepted accounting principles in the United States of America in effect from time to time;

(vi) the aggregate Principal Receivables in the Removed Accounts shall not exceed the excess of the Transferor Amount over the Minimum Transferor Amount, all measured as of the end of the most recently ended Monthly Period; and

(vii) such removal shall not cause a decrease in the sum of the Invested Amounts for all outstanding Series.

Upon satisfaction of the above conditions, Trustee shall execute and deliver to Transferor or its designee a written reassignment in substantially the form of Exhibit B (the "*Reassignment*") and shall, without further action, be deemed to transfer, assign, set over and otherwise convey to Transferor or its designee, effective as of the Removal Date, without recourse, representation or warranty, all the right, title and interest of the Trust in and to the Receivables arising in the Removed Accounts or the Participation Interests, all moneys due and to become due and all amounts received with respect thereto and all proceeds thereof. In addition, Trustee shall execute such other documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Transferor to effect the conveyance of Receivables pursuant to this Section.

(b) Transferor may from time to time designate as Removed Accounts any Accounts designated for repurchase by a Merchant pursuant to the terms of the related Credit Card Processing Agreement. Any repurchase of the Receivables in Removed Accounts designated pursuant to this *Section 2.9(b)* shall be effected in the manner and at a price determined in accordance with *Section 2.5(b)*, as if the Receivables being repurchased were Ineligible Receivables. Amounts deposited in the Collection Account in connection therewith shall be deemed to be Collections of Principal Receivables and shall be applied in accordance with the terms of *Article IV* and each Supplement.

SECTION 2.10 *Discount Option*. (a) Transferor shall have the option, to designate at any time a fixed or floating percentage (the "*Discount Percentage*"), of the amount of Receivables arising in the Accounts on or after the date such

designation becomes effective that would otherwise constitute Principal Receivables (prior to subtracting from Principal Receivables, Finance Charge Receivables that are Discount Option Receivables) to be treated as Finance Charge Receivables. Transferor may from time to time increase (subject to the limitations described below), reduce or eliminate the Discount Percentage for Discount Option Receivables arising in the Accounts on and after the date of such change. Transferor must provide 30 days' prior written notice to Servicer, Trustee and each Rating Agency of any such increase, reduction or elimination, and such increase, reduction or elimination shall become effective on the date specified therein only if (i) Transferor has delivered to Trustee an Officer's Certificate to the effect that, based on the facts known to such officer at the time, Transferor reasonably believes that such increase, reduction or elimination will not at the time of its occurrence cause an Early Amortization Event, or an event which with notice or the lapse of time would constitute an Early Amortization Event, to occur with respect to any Series and (ii) in the case of any increase, the Discount Percentage shall not exceed 3% after giving effect to that increase.

(b) On each Date of Processing after the date on which the Transferor's exercise of its discount option takes effect, the Transferor shall treat Discount Option Receivables Collections as Collections of Finance Charge Receivables.

SECTION 2.11 *Additional Transferors*. Transferor may designate additional or substitute Persons to be included as Transferors under this Agreement by an amendment to this Agreement (which amendment shall be subject to *Section 13.1* and to any applicable restrictions in the Supplement for any outstanding Series) and, in connection with such designation, the initial Transferor shall surrender a portion of the Transferor Interest to such additional Transferor reflecting such additional Transferor's interest in the Transferor Interest; *provided that* prior to any such designation and issuance the conditions set forth in *Section 6.3(d)* shall have been satisfied.

SECTION 2.12 *Additional Credit Card Originators*. Transferor may designate additional Persons as Credit Card Originators under this Agreement by an amendment to this Agreement (which amendment shall be subject to *Section 13.1* and to any applicable restrictions in the Supplement for any outstanding Series).

ARTICLE III ADMINISTRATION AND SERVICING

SECTION 3.1 *Acceptance of Appointment and Other Matters Relating to Servicer*. (a) WFN is appointed, and agrees to act, as Servicer.

(b) Servicer shall service and administer the Receivables, shall collect payments due under the Receivables and shall charge off as uncollectible Receivables, all in accordance with its customary and usual servicing procedures for servicing credit card and other consumer open end credit receivables

comparable to the Receivables and in accordance with the Credit Card Guidelines. Servicer shall have full power and authority, acting alone or through any party properly designated by it hereunder, to do any and all things in connection with such servicing and administration which it may deem necessary or desirable. Without limiting the generality of the foregoing, subject to *Section 10.1* and provided WFN is Servicer, Servicer or its designee (rather than Trustee) is hereby authorized and empowered (i) to make withdrawals and payments or to instruct Trustee to make withdrawals and payments from the Collection Account and any Series Account, as set forth in this Agreement or any Supplement, and (ii) to take any action required or permitted under any Enhancement, as set forth in this Agreement or any Supplement. Without limiting the generality of the foregoing and subject to *Section 10.1*, Servicer or its designee is authorized and empowered to make any filings, reports, notices, applications and registrations with, and to seek any consents or authorizations from, the Commission and any state securities authority on behalf of the Trust as may be necessary or advisable to comply with any Federal or state securities laws or reporting requirements. Trustee shall furnish Servicer with any powers of attorney or other documents necessary or appropriate to enable Servicer to carry out its servicing and administrative duties hereunder.

(c) Servicer shall not be obligated to use separate servicing procedures, offices, employees or accounts for servicing the Receivables from the procedures, offices, employees and accounts used by Servicer in connection with servicing other credit card receivables.

(d) Servicer shall comply with and perform its servicing obligations with respect to the Accounts and Receivables in accordance with the Credit Card Agreements relating to the Accounts and the Credit Card Guidelines except insofar as any failure to so comply or perform would not materially and adversely affect the Trust or the Investor Holders.

(e) Servicer shall be liable for the payment, without reimbursement, of all expenses incurred in connection with the Trust and the servicing activities hereunder including expenses related to enforcement of the Receivables, fees and disbursements of Trustee, any Paying Agent and any Transfer Agent and Registrar (including the reasonable fees and expenses of its counsel) in accordance with *Section 11.5*, fees and disbursements of independent accountants and all other fees and expenses, including the costs of filing UCC continuation statements and the costs and expenses relating to obtaining and maintaining the listing of any Investor Certificates on any stock exchange, that are not expressly stated in this Agreement to be payable by the Trust, the Investor Holders of a Series or Transferor (other than Federal, state, local and foreign income, franchise and other taxes, if any, or any interest or penalties with respect thereto, assessed on the Trust).

SECTION 3.2 *Servicing Compensation*. As full compensation for its servicing activities hereunder and as reimbursement for any expense incurred by

it in connection therewith, Servicer shall be entitled to receive a servicing fee (the "*Servicing Fee*") with respect to each Monthly Period, payable monthly on the related Distribution Date, in an amount equal to one-twelfth of the product of (a) the weighted average of the Series Servicing Fee Percentages with respect to each outstanding Series (based upon the Series Servicing Fee Percentage for each Series and the Invested Amount (or such other amount as specified in the related Supplement) of such Series, in each case as of the last day of the prior Monthly Period) and (b) the amount of Principal Receivables on the last day of the prior Monthly Period. The share of the Servicing Fee allocable to the Investor Interest of each Series with respect to any Monthly Period (the "*Investor Servicing Fee*") will be determined in accordance with the relevant Supplement. The portion of the Servicing Fee with respect to any Monthly Period not so allocated to the Investor Interest of a particular Series, or otherwise allocated in any Supplement, shall be paid from Finance Charge Collections allocable to Transferor on the related Distribution Date. In no event shall the Trust, Trustee, the Investor Holders of any Series or any Enhancement Provider be liable for the share of the Servicing Fee with respect to any Monthly Period to be paid by Transferor.

SECTION 3.3 *Representations, Warranties and Covenants of Servicer*. WFN, in its capacity as initial Servicer, hereby makes, and any Successor Servicer by its appointment hereunder shall make, on each Closing Date (and on the date of any such appointment), the following representations, warranties and covenants to the Trust:

(a) *Organization and Good Standing*. Servicer is a national banking association (or with respect to such Successor Servicer, such other corporate entity as may be applicable) duly organized, validly existing and in good standing under the laws of the United States, and has full corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement and each Supplement and, in all material respects, to own its properties and conduct its business as such properties are presently owned and as such business is presently conducted.

(b) *Due Qualification*. Servicer is duly qualified to do business and is in good standing as a foreign corporation (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would have a material adverse effect on the interests of the Investor Holders hereunder or under any Supplement.

(c) *Due Authorization*. The execution, delivery, and performance of this Agreement and each Supplement have been duly authorized by Servicer by all necessary corporate action on the part of Servicer.

(d) *Binding Obligation*. This Agreement and each Supplement constitutes a legal, valid and binding obligation of Servicer, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereinafter in effect, affecting the enforcement of creditors' rights in general (or with respect to such Successor Servicer, such other corporate entity as may be applicable) and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(e) *No Violation*. The execution and delivery of this Agreement and each Supplement by Servicer, the performance of the transactions contemplated by this Agreement and each Supplement and the fulfillment of the terms hereof and thereof applicable to Servicer, will not conflict with, violate, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any Requirement of Law applicable to Servicer or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Servicer is a party or by which it or any of its properties are bound.

(f) *No Proceedings*. There are no proceedings or investigations pending or, to the best knowledge of Servicer, threatened against Servicer before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality seeking to prevent the issuance of the Certificates or the consummation of any of the transactions contemplated by this Agreement or any Supplement, seeking any determination or ruling that, in the reasonable judgment of Servicer, would materially and adversely affect the performance by Servicer of its obligations under this Agreement or any Supplement, or seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or any Supplement.

(g) *Compliance with Requirements of Law*. Servicer shall duly satisfy all obligations on its part to be fulfilled under or in connection with the Receivables and the related Accounts, will maintain in effect all qualifications required under Requirements of Law in order to properly service the Receivables and the related Accounts and will comply in all material respects with all other Requirements of Law in connection with servicing the Receivables and the related Accounts, the failure to comply with which would have a material adverse effect on the interests of the Investor Holders.

(h) *No Rescission or Cancellation*. Servicer shall not permit any rescission or cancellation of a Receivable except as ordered by a court of competent jurisdiction or other Governmental Authority or in the ordinary course of its business and in accordance with the Credit Card

Guidelines. Servicer shall reflect any such rescission or cancellation in its computer file of revolving credit card accounts. In addition, Servicer may waive the accrual and/or payment of certain Finance Charge Receivables in respect of certain past due Accounts, the Obligors of which have enrolled with a consumer credit counseling service, and the Receivables in such Accounts shall not fail to be Eligible Receivables solely as a result of such waiver.

(i) *Protection of Holders' Rights*. Servicer shall take no action which, nor omit to take any action the omission of which, would materially impair the rights of Holders in any Receivable or Account, nor shall it, except in the ordinary course of its business and in accordance with the Credit Card Guidelines, reschedule, revise or defer Collections due on the Receivables.

(j) *Receivables Not to Be Evidenced by Promissory Notes*. Except in connection with its enforcement or collection of an Account, Servicer will take no action to cause any Receivable to be evidenced by any instrument, other than an instrument that, taken together with one or more other writings, constitutes chattel paper and, if any Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be reassigned or assigned to Servicer as provided in this Section.

(k) *All Consents Required*. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Servicer of this Agreement and each Supplement, the performance by Servicer of the transactions contemplated by this Agreement and each Supplement and the fulfillment by Servicer of the terms hereof and thereof, have been obtained; *provided* that Servicer makes no representation or warranty as to state securities or "blue sky" laws.

(l) *Maintenance of Records and Books of Account*. Servicer shall maintain and implement administrative and operating procedures (including the ability to recreate records evidencing the Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, computer records and other information, reasonably necessary or advisable for the collection of all the Receivables. Such documents, books and computer records shall reflect all facts giving rise to the Receivables, all payments and credits with respect thereto, and, to the extent required pursuant to *Section 2.1*, such documents, books and computer records shall indicate the interests of the Trust in the Receivables.

For purposes of the representations and warranties set forth in this *Section 3.3*, each reference to a Supplement shall be deemed to refer only to those Supplements in effect as of the relevant Closing Date or the date of appointment of a Successor Servicer, as applicable.

If any of the representations, warranties or covenants of Servicer contained in *paragraph (g), (h), (i)* or *(j)* with respect to any Receivable or the related Account is breached, and as a result of such breach the Trust's rights in, to or under any Receivables in the related Account or the proceeds of such Receivables are materially impaired or such proceeds are not available for any reason to the Trust free and clear of any Lien, then no later than the expiration of 60 days (or such longer period, not in excess of 150 days, as may be agreed to by Trustee) from the earlier to occur of the discovery of such event by Servicer, or receipt by Servicer of notice of such event given by Trustee, all Receivables in the Account or Accounts to which such event relates shall be reassigned or assigned to Servicer as set forth below; *provided* that such Receivables will not be reassigned or assigned to Servicer if, on any day prior to the end of such 60-day or longer period, (i) the relevant representation and warranty shall be true and correct, or the relevant covenant shall have been complied with, in all material respects and (ii) Servicer shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which such breach was cured.

Servicer shall effect such assignment by making a deposit into the Collection Account in immediately available funds prior to the next succeeding Business Day in an amount equal to the amount of such Receivables, which deposit shall be considered a Collection with respect to such Receivables and shall be applied in accordance with *Article IV* and each Supplement.

Upon each such assignment to Servicer, Trustee, on behalf of the Trust, shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Servicer, without recourse, representation or warranty (except for the warranty that since the date of transfer by Transferor, Trustee has not sold, transferred or encumbered any such Receivables or interest therein), all right, title and interest of the Trust in and to such Receivables, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof. Trustee shall execute such documents and instruments of transfer or assignment and take such other actions as shall be reasonably requested by Servicer to effect the conveyance of any such Receivables pursuant to this Section. The obligation of Servicer to accept assignment of such Receivables, and to make the deposits, if any, required to be made to the Excess Funding Account or the Collection Account as provided in the preceding paragraph, shall constitute the sole remedy respecting the event giving rise to such obligation available to Holders (or Trustee on behalf of Holders) or any Enhancement Provider.

SECTION 3.4 *Reports to Trustee*.

(a) *Daily Reports*. On the second Business Day immediately following each Date of Processing, Servicer shall prepare and make available at

the office of Servicer for inspection by Trustee a report (the "*Daily Report*") that shall set forth (i) the aggregate amounts of Collections, Collections with respect to Principal Receivables and Collections with respect to Finance Charge Receivables processed by Servicer on such Date of Processing, (ii) the aggregate amount of Defaulted Receivables for such Date of Processing, and (iii) the aggregate amount of Principal Receivables in the Trust as of such Date of Processing.

(b) *Monthly Servicer's Certificate*. Unless otherwise stated in any Supplement as to the related Series, on each Determination Date, Servicer shall forward to Trustee, the Paying Agent, each Rating Agency and each Enhancement Provider, if any, a certificate of a Servicing Officer setting forth (i) the aggregate amounts for the preceding Monthly Period with respect to each of the items specified in *clause (i)* of *Section 3.4(a)*, (ii) the aggregate Defaulted Receivables and Recoveries for the preceding Monthly Period, (iii) a calculation of the Portfolio Yield and Base Rate for each Series then outstanding, (iv) the aggregate amount of Receivables and the balance on deposit in the Collection Account (or any subaccount thereof) or any Series Account applicable to any Series then outstanding with respect to Collections processed as of the end of the last day of the preceding Monthly Period, (v) the aggregate amount of adjustments from the preceding Monthly Period, (vi) the aggregate amount, if any, of withdrawals, drawings or payments under any Enhancement with respect to each Series required to be made with respect to the previous Monthly Period, (vii) the sum of all amounts payable to the Investor Holders on the succeeding Distribution Date in respect of interest and principal payable with respect to the Investor Certificates and (viii) such other amounts, calculations, and/or information as may be required by any relevant Supplement.

(c) *Transferred Accounts*. Servicer covenants and agrees hereby to deliver to Trustee, on or prior to the Automatic Addition Termination Date or any Automatic Addition Suspension Date (but in the latter case, prior to a Restart Date) within a reasonable time period after any Transferred Account is created, but in any event not later than 15 days after the end of the month within which the Transferred Account is created, a notice specifying the new account number for any Transferred Account and the replaced account number.

SECTION 3.5 *Annual Certificate of Servicer*. Servicer shall deliver to Trustee, each Rating Agency and each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement, on or before the 90th day following fiscal year 1998 and each subsequent fiscal year, an Officer's Certificate (with appropriate insertions) substantially in the form of *Exhibit C*.

SECTION 3.6 *Annual Servicing Report of Independent Public Accountants; Copies of Reports Available*. (a) On or before the 90th day following the end of its fiscal year 1998 and each subsequent fiscal year, Servicer shall cause a firm of nationally recognized independent public accountants (who may also render other services to Servicer, the Credit Card Originator or Transferor) to furnish a report (addressed to Trustee) to Trustee, Servicer and

each Rating Agency to the effect that they have applied certain procedures with Servicer and such firm has examined certain documents and records relating to the servicing of Accounts under this Agreement and each Supplement, compared the information contained in Servicer's certificates delivered pursuant to this Agreement during the period covered by such report with such documents and records and that, on the basis of such agreed upon procedures (and assuming the accuracy of any reports generated by Servicer's third party agents), such servicing was conducted in compliance with this Agreement during the period covered by such report (which shall be the prior fiscal year, or the portion thereof falling after the Initial Closing Date), except for such exceptions, errors or irregularities as such firm shall believe to be immaterial and such other exceptions, errors or irregularities as shall be set forth in such report. Such report shall set forth the agreed upon procedures performed. A copy of such report shall be delivered to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement.

(b) On or before the 90th day following the end of fiscal year 1998 and each subsequent fiscal year, Servicer shall cause a firm of nationally recognized independent public accountants (who may also render other services to Servicer, the Credit Card Originator or Transferor) to furnish a report to Trustee, Servicer and each Rating Agency to the effect that they have applied certain procedures agreed upon with Servicer to compare the mathematical calculations of certain amounts set forth in Servicer's Certificates delivered pursuant to *Section 3.4(b)* during the period covered by such report with Servicer's computer reports which were the source of such amounts and that on the basis of such agreed upon procedures and comparison, such amounts are in agreement, except for such exceptions as they believe to be immaterial and such other exceptions as shall be set forth in such statement. A copy of such report shall be delivered to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement.

(c) A copy of each certificate and report provided pursuant to *Section 3.4(b)*, *3.5* or *3.6* may be obtained by any Investor Holder or Certificate Owner by a request to Trustee addressed to the Corporate Trust Office.

SECTION 3.7 *Tax Treatment*. Transferor has entered into this Agreement, and the Certificates will be issued, with the intention that for Federal, state and local income and franchise tax purposes, the Investor Certificates (except Transferor Retained Certificates which are held by Transferor) of each Series will qualify as debt secured by the Receivables. Transferor, by entering into this Agreement, each Holder, by the acceptance of its Certificate (and each Certificate Owner, by its acceptance of an interest in the applicable Certificate), agree to treat such Investor Certificates for Federal, state and local income and franchise tax purposes as debt. Each Holder of such Investor Certificate agrees that it will cause any Certificate owner acquiring an interest in a Certificate through it to comply with this Agreement as to treatment as debt under applicable tax law, as described in this *Section 3.7*. Furthermore, subject to *Section 11.11*, or

unless Transferor shall determine that the filing of returns is appropriate, Trustee shall treat the Trust solely as a security device and not as an entity separate from the Transferor and shall not file tax returns or obtain an employer identification number on behalf of the Trust.

SECTION 3.8 *Notices to Transferor*. If WFN is no longer acting as Servicer, any Successor Servicer shall deliver to Transferor each certificate and report required to be provided thereafter pursuant to *Section 3.4(b)*, *3.5* or *3.6*.

SECTION 3.9 *Adjustments*. (a) If Servicer adjusts downward the amount of any Receivable because of a rebate, refund, unauthorized charge or billing error to an accountholder, or because such Receivable was created in respect of merchandise which was refused or returned by an accountholder, or if Servicer otherwise adjusts downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible, then, in any such case, the amount of Principal Receivables used to calculate the Transferor Interest or the Investor Percentages applicable to any Series will be reduced by the amount of the adjustment. Similarly, the amount of Principal Receivables used to calculate the Transferor Amount and the Investor Percentages applicable to any Series will be reduced by the amount of any Principal Receivable which was discovered as having been created through a fraudulent or counterfeit charge or with respect to which the covenant of Transferor contained in *Section 2.7(b)* has been breached. Any adjustment required pursuant to either of the two preceding sentences shall be made on or prior to the end of the Monthly Period in which such adjustment obligation arises. If, following the exclusion of such Principal Receivables from the calculation of the Transferor Amount, the Transferor Amount would be less than the Specified Transferor Amount, not later than 12:00 noon, New York City time, on the Distribution Date following the Monthly Period in which such adjustment obligation arises, Transferor shall make a deposit into the Excess Funding Account in immediately available funds in an amount equal to the amount by which the Transferor Amount would be less than the Specified Transferor Amount (up to the amount of such Principal Receivables). Any amount deposited into the Excess Funding Account pursuant to the preceding sentence shall be considered Collections of Principal Receivables and shall be applied in accordance with *Article IV* and each Supplement.

(b) If (i) Servicer makes a deposit into the Collection Account in respect of a Collection of a Receivable and such Collection was received by Servicer in the form of a check which is not honored for any reason or (ii) Servicer makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any Receivable in respect of which a dishonored check is received shall be deemed not to have been paid. Notwithstanding the first two sentences of this paragraph, any adjustments made pursuant to this paragraph will be reflected in a current report but will not change any amount of Collections previously reported pursuant to *Section 3.4(b)*.

ARTICLE IV RIGHTS OF HOLDERS; ALLOCATIONS

SECTION 4.1 *Rights of Holders*. The Investor Certificates shall represent fractional undivided interests in the Trust, which, with respect to each Series, shall consist of the right to receive, to the extent necessary to make the required payments with respect to the Investor Certificates of such Series at the times and in the amounts specified in the related Supplement, the portion of Collections allocable to Investor Holders of such Series pursuant to this Agreement and such Supplement, funds on deposit in the Collection Account allocable to Holders of such Series pursuant to this Agreement and such Supplement, funds on deposit in any related Series Account and funds available pursuant to any related Enhancement (the "*Investor Interest*"), it being understood that, unless otherwise specified in the Supplements with respect to each affected Series, the Investor Certificates of any Series or Class shall not represent any interest in any Series Account or Enhancement for the benefit of any other Series or Class. The Transferor shall own the remaining interest in the Trust Assets not allocated pursuant to this Agreement or any Supplement to the Investor Interest (the "*Transferor Interest*"), including the right to receive Collections with respect to the Receivables and other amounts at the times and in the amounts specified in this Agreement or any Supplement to be paid on account of the Transferor Interest; *provided* that (x) the Transferor Interest shall not represent any interest in the Collection Account, any Series Account or any Enhancement, except as specifically provided in this Agreement or any Supplement and (y) if this Agreement or, in the case of Supplemental Accounts, the related Assignment is deemed to constitute a grant to the Trustee, for the benefit of the Investor Holders, of a security interest in the Receivables and other Trust Assets, then the Transferor Interest shall be deemed to represent Transferor's equity in the collateral granted.

SECTION 4.2 *Establishment of Collection Account and Excess Funding Account*. Servicer, for the benefit of the Holders, shall establish and maintain in the name of Trustee, on behalf of the Trust, two Eligible Deposit Accounts (the "*Collection Account*" and the "*Excess Funding Account*"), each bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Holders. The Collection Account and the Excess Funding Account shall initially be established with Trustee. Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Collection Account and the Excess Funding Account and in all proceeds thereof for the benefit of the Holders. The Collection Account and the Excess Funding Account shall be under the sole dominion and control of Trustee for the benefit of the Holders. Except as expressly provided in this Agreement, Trustee agrees that it shall have no right of set-off or banker's lien against, and no right to otherwise deduct from, any funds held in the Collection Account or the Excess Funding Account for any amount owed to it by the Trust, any Holder or any Enhancement Provider. If at any time

the Collection Account or the Excess Funding Account ceases to be an Eligible Deposit Account, Trustee (or Servicer on its behalf) shall within 10 Business Days (or such longer period, not to exceed 30 calendar days, as to which the Rating Agency Condition is satisfied) establish a new Eligible Deposit Account meeting the conditions specified above and transfer any cash or any investments from the affected account to such new account, and from the date such new account is established, it shall be the "Collection Account" or the "Excess Funding Account," as the case may be.

Funds on deposit in the Collection Account and the Excess Funding Account shall, at the direction of Servicer, be invested by Trustee in Eligible Investments selected by Servicer, except that funds on deposit in either such account on any Transfer Date need not be invested through the immediately following Distribution Date. All such Eligible Investments shall be held by Trustee for the benefit of the Holders. Trustee shall maintain for the benefit of the Holders possession of the negotiable instruments or securities, if any, evidencing such Eligible Investments. Investments of funds representing Collections collected during any Monthly Period shall be invested in Eligible Investments that will mature so that all funds will be available at the close of business on the Transfer Date following such Monthly Period. No Eligible Investment shall be disposed of prior to its maturity unless Servicer so directs and either (i) such disposal will not result in a loss of all or part of the principal portion of such Eligible Investment or (ii) prior to the maturity of such Eligible Investment, a default occurs in the payment of principal, interest or any other amount with respect to such Eligible Investment. On each Distribution Date, all interest and other investment earnings (net of losses and investment expenses) on funds on deposit in the Collection Account and the Excess Funding Account shall be treated as Collections of Finance Charge Receivables with respect to the last day of the related Monthly Period, except as otherwise specified in any Supplement. For purposes of determining the availability of funds or the balances in the Collection Account or the Excess Funding Account for any reason under this Agreement, all investment earnings net of investment expenses and losses on such funds shall be deemed not to be available or on deposit.

Unless otherwise directed by Servicer, funds on deposit in the Excess Funding Account will be withdrawn and paid to Transferor on any day to the extent that the Transferor Amount exceeds the Specified Transferor Amount on such day. On any Transfer Date on which one or more Series is in an Amortization Period, Servicer shall determine the aggregate amounts of Principal Shortfalls, if any, with respect to each such Series that is a Principal Sharing Series (after giving effect to the allocation and payment provisions in the Supplement with respect to each such Series), and Servicer shall instruct Trustee to withdraw such amount from the Excess Funding Account (up to an amount equal to the lesser of (x) the amount on deposit in the Excess Funding Account after application of the preceding sentence on that day and (y) the amount, if any, by which the Transferor Amount would be less than zero if there were no funds on deposit in the Excess Funding Account on that day) on such Transfer Date and allocate such amount among each such Series as specified in each related Supplement.

SECTION 4.3 *Collections and Allocations*. (a) Servicer shall apply, or instruct Trustee to apply, all funds on deposit in the Collection Account as described in this *Article IV* and in each Supplement. Except as otherwise provided below, Servicer shall deposit Collections into the Collection Account no later than the second Business Day following the Date of Processing of such Collections. Transferor may permit the Credit Card Originator to net payments owed by any Merchant with respect to In-Store Payments against amounts owed by the Credit Card Originator to that Merchant; provided that, during any Amortization Period, Transferor shall require the Credit Card Originator to deposit into the Collection Account on each Business Day an amount equal to the aggregate amount of In-Store Payments netted against amounts owed by the Credit Card Originator to the various Merchants on that Business Day.

Subject to the express terms of any Supplement, but notwithstanding anything else in this Agreement to the contrary, if WFN remains Servicer and (x) for so long as WFN maintains a short term debt rating of A-1 or better by S&P, P-1 or better by Moody's and, if rated by any other Rating Agency, the equivalent rating by that Rating Agency (or such other rating below A-1, P-1 or such equivalent rating, as the case may be, which is satisfactory to each Rating Agency, if any), (y) with respect to Collections allocable to any Series, any other conditions specified in the related Supplement are satisfied or (z) WFN has provided to Trustee a letter of credit, surety bond or other similar arrangement covering collection risk of Servicer and in each case acceptable to each Rating Agency (as evidenced by a letter from each Rating Agency to the effect that the Rating Agency Condition has been satisfied), if any, Servicer need not make the daily deposits of Collections into the Collection Account as provided in the preceding paragraph, but may make a single deposit in the Collection Account in immediately available funds not later than 12:00 noon, New York City time, on the related Transfer Date.

(b) On each Date of Processing, Collections of Finance Charge Receivables and of Principal Receivables shall be allocated to the Investor Interest of each Series in accordance with the related Supplement. On each Determination Date, Defaulted Receivables will be allocated to the Investor Interest of each Series in accordance with the related Supplement.

(c) Throughout the existence of the Trust, unless otherwise stated in any Supplement, on each Date of Processing Servicer shall allocate to Transferor an amount equal to the product of (A) the Transferor Percentage and (B) the aggregate amount of Collections allocated to Principal Receivables and Finance Charge Receivables, respectively, on that Date of Processing; *provided* that, if the Transferor Amount (determined after giving effect to any transfer of Principal Receivables to the Trust on such date), is less than or equal to the Specified Transferor Amount, Servicer shall not allocate to Transferor any such amounts

that otherwise would be allocated to Transferor, but shall instead deposit such funds in the Excess Funding Account. Unless otherwise stated in any Supplement, neither Servicer nor Transferor need deposit any amounts allocated to the Transferor pursuant to the foregoing into the Collection Account and shall pay, or be deemed to pay, such amounts as collected to Transferor.

The payments to be made to Transferor, pursuant to this *Section 4.3(c)* do not apply to deposits to the Collection Account or other amounts that do not represent Collections, including payment of the purchase price for Receivables pursuant to *Section 2.6* or *10.1*, proceeds from the sale, disposition or liquidation of Receivables pursuant to *Section 9.2* or *12.2* or payment of the purchase price for the Investor Interest of a specific Series pursuant to the related Supplement.

SECTION 4.4 *Shared Principal Collections*. On each Business Day, Shared Principal Collections may, at the option of Transferor, be applied (or held in the Collection Account for later application) as principal with respect to any Variable Interest or, so long as either no Series is in an Amortization Period or no Series that is in an Amortization Period will have a Principal Shortfall on the related Transfer Date (assuming no Early Amortization Event occurs), withdrawn from the Collection Account and paid to Transferor; and on each Transfer Date, (a) Servicer shall allocate Shared Principal Collections not previously so applied or paid to each applicable Principal Sharing Series, pro rata, in proportion to the Principal Shortfalls, if any, with respect to each such Series, and any remainder may, at the option of Transferor, be applied as principal with respect to any Variable Interest and (b) Servicer shall withdraw from the Collection Account and pay to Transferor any amounts representing Shared Principal Collections remaining after the allocations and applications referred to in *clause (a)*; *provided* that, if, on any day the Transferor Amount (determined after giving effect to any transfer of Principal Receivables to the Trust on such day), is less than or equal to the Specified Transferor Amount, Servicer shall not distribute to Transferor any Shared Principal Collections that otherwise would be distributed to Transferor, but shall deposit such funds in the Excess Funding Account to the extent required so that the Transferor Amount equals the Specified Transferor Amount.

SECTION 4.5 *Excess Finance Charge Collections*. On each Transfer Date, (a) for each Group, Servicer shall allocate the aggregate amount for all outstanding Series in such Group of the amounts which the related Supplements specify are to be treated as “Excess Finance Charge Collections” for such Transfer Date to each Series in such Group, pro rata, in proportion to the Finance Charge Shortfalls, if any, with respect to each such Series, and (b) Servicer shall on the related Distribution Date withdraw (or shall instruct Trustee in writing to withdraw) from the Collection Account and pay to Transferor an amount equal to the excess, if any, of (x) the aggregate amount for all outstanding Series in a Group of the amounts which the related Supplements specify are to be treated as “Excess Finance Charge Collections” for such Distribution Date over (y) the aggregate amount for all outstanding Series in such Group which the related Supplements specify are “Finance Charge Shortfalls”, for such Distribution Date.

THE REMAINDER OF ARTICLE IV IS RESERVED AND SHALL BE SPECIFIED IN ANY SUPPLEMENT WITH RESPECT TO ANY SERIES

ARTICLE V DISTRIBUTIONS AND REPORTS

DISTRIBUTIONS SHALL BE MADE TO, AND REPORTS SHALL BE PROVIDED TO, HOLDERS AS SET FORTH IN THE APPLICABLE SUPPLEMENT.

ARTICLE VI THE CERTIFICATES

SECTION 6.1 *The Certificates*. The Investor Certificates of any Series or Class may be issued in bearer form ("*Bearer Certificates*") with attached interest coupons and any other applicable coupon (collectively, the "*Coupons*") or in fully registered form ("*Registered Certificates*") and shall be substantially in the form of the exhibits with respect thereto attached to the applicable Supplement. Except as otherwise provided in *Section 6.3* or in any Supplement, Bearer Certificates shall be issued in minimum denominations of $5,000 and Registered Certificates shall be issued in minimum denominations of $1,000 and in integral multiples of $1,000 in excess thereof. If specified in any Supplement, the Investor Certificates of any Series or Class shall be issued upon initial issuance as a single certificate evidencing the aggregate original principal amount of such Series or Class as described in *Section 6.13*. Each Certificate shall be executed by manual or facsimile signature on behalf of Transferor by its President, Treasurer or any Vice President. Certificates bearing the manual or facsimile signature of an individual who was, at the time when such signature was affixed, authorized to sign on behalf of Transferor shall not be rendered invalid, notwithstanding that such individual ceased to be so authorized prior to the authentication and delivery of such Certificates or does not hold such office at the date of such Certificates. No Certificates shall be entitled to any benefit under this Agreement, or be valid for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by or on behalf of Trustee by the manual or facsimile signature of a duly authorized signatory, and such certificate of authentication upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder. Bearer Certificates shall be dated the applicable Closing Date. All Registered Certificates shall be dated the date of their authentication.

SECTION 6.2 *Authentication of Certificates*. Trustee shall authenticate and deliver the Investor Certificates of each Series and Class that are issued upon original issuance to or upon the order of Transferor against payment to Transferor of the purchase price therefor. If specified in the related Supplement for any Series or Class, Trustee shall authenticate and deliver outside the United States the Global Certificate that is issued upon original issuance thereof.

SECTION 6.3 *New Issuances*. (a) Transferor may from time to time direct Trustee, on behalf of the Trust, to authenticate one or more new Series of Investor Certificates. The Investor Certificates of all outstanding Series shall be equally and ratably entitled as provided herein to the benefits of this Agreement without preference, priority or distinction, all in accordance with the terms and provisions of this Agreement and the applicable Supplement except, with respect to any Series or Class, as provided in the related Supplement.

(b) On or before the Closing Date for any new Series, the parties hereto will execute and deliver a Supplement specifying the Principal Terms of the new Series. Such Supplement may modify or amend the terms of this Agreement solely as applied to the new Series and may grant the Holders of the Investor Certificates in that Series, or an agent or other representative of such Holders, notice and consultation rights with respect to any rights or actions of Trustee. Trustee's obligation to authenticate the Investor Certificates of a new Series and to execute and deliver the related Supplement is subject to the satisfaction of the following conditions (except that the conditions set forth in *clauses (i)*, *(iii)*, *(iv)* and *(v)* shall not be applicable to the issuance of the first Series):

(i) on or before the fifth Business Day immediately preceding the Closing Date, Transferor shall have given Trustee, Servicer, each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Supplement notice of such issuance and the Closing Date;

(ii) Transferor shall have delivered to Trustee the related Supplement, executed by each party hereto other than Trustee;

(iii) Transferor shall have delivered to Trustee any related Enhancement Agreement executed by each of the parties thereto, other than Trustee;

(iv) the Rating Agency Condition and the S&P Condition shall have been satisfied with respect to such issuance;

(v) Transferor shall have delivered to Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Supplement an Officer's Certificate, dated the applicable Closing Date, to the effect that Transferor reasonably believes that such issuance will not, based on the facts known to such officer at the time of such certification, then or thereafter cause an Early Amortization Event to occur with respect to any Series;

(vi) Transferor shall have delivered to Trustee and each Rating Agency a Tax Opinion, dated the Closing Date, with respect to such issuance; and

(vii) Transferor shall have delivered to Trustee an Officer's Certificate stating that the Transferor Amount shall not be less than the Minimum Transferor Amount as of the Closing Date and after giving effect to such issuance.

Upon satisfaction of the above conditions, Trustee shall execute the Supplement and authenticate the Investor Certificates of such Series upon execution thereof by Transferor. Upon satisfaction of the above conditions (mutatis mutandis), Transferor may also cause Trustee to enter into one or more agreements pursuant to which Trustee shall sell purchased interests in the Receivables and other Trust Assets to one or more purchasers. Such agreement(s) shall specify terms similar to Principal Terms for any such purchased interests and may grant the purchaser(s) of such interests, or an agent or other representative of such purchaser(s), notice and consultation rights with respect to any rights or actions of Trustee. Any such purchased interests shall be treated as a Series of Investor Certificates for purposes of all voting and allocation provisions, and calculations of the Transferor Amount and Transferor Percentage, under this Agreement.

(c) Transferor may from time to time transfer a portion of the Transferor Interest by causing the issuance of one or more additional interests (each a "*Supplemental Interest*"), which may be in certificated or uncertificated form. The form and terms of any Supplemental Interest shall be defined in a Supplement (which Supplement shall be subject to *Section 13.1(a)* to the extent that it amends any of the terms of this Agreement), to be delivered to or upon the order of Transferor (or the Holder of a Supplemental Interest, in the case of the transfer or exchange thereof, as provided below), upon satisfaction of the following conditions:

(i) Transferor shall have delivered to Trustee an Officer's Certificate stating that the Transferor Amount shall not be less than the Minimum Transferor Amount, as of the date of and after giving effect to, such action;

(ii) the Rating Agency Condition shall have been satisfied with respect to such action; and

(iii) Transferor shall have delivered to Trustee and each Rating Agency a Tax Opinion, dated the date of such action, with respect thereto.

Any Supplemental Interest may be transferred or exchanged, and the Transferor Interest may be pledged, only upon satisfaction of the conditions set forth in clause (ii).

(d) The Transferor Interest may be transferred in its entirety to a Person which is a member of the "affiliated group" as defined in Internal Revenue Code Section 1504(a) of which WFN is a member without the consent or approval of the Holders of the Investor Certificates, provided that (i) the Rating

Agency Condition shall have been satisfied with respect to such transfer, (ii) Transferor shall have delivered to Trustee and each Rating Agency Opinions of Counsel of the type described in *Section 6.3(c)(iii)*, dated the date of such transfer, with respect thereto and (iii) Transferor shall have delivered to Trustee an Officer's Certificate stating that the Transferor Amount shall not be less than the Minimum Transferor Amount. In connection with any such transfer, the Person to whom the Transferor Interest is transferred will, by its acquisition and holding of its interest in the Transferor Interest, assume all of the rights and obligations of Transferor as described in this Agreement and in any Supplement or amendment thereto (including the right under this *paragraph (d)* with respect to subsequent transfers of the Transferor Interest).

SECTION 6.4 *Registration of Transfer and Exchange of Certificates*. (a) Trustee shall cause to be kept at the office or agency to be maintained in accordance with the provisions of *Section 11.16* a register (the "*Certificate Register*") in which, subject to such reasonable regulations as it may prescribe, a transfer agent and registrar (which may be Trustee) (the "*Transfer Agent and Registrar*") shall provide for the registration of the Registered Certificates and of transfers and exchanges of the Registered Certificates as herein provided. The Transfer Agent and Registrar on the Effective Date shall be The Chase Manhattan Bank and any co-transfer agent and co-registrar chosen by Transferor and acceptable to Trustee, including, if and so long as any Series or Class is listed on the Luxembourg Stock Exchange and such exchange shall so require, a co-transfer agent and co-registrar in Luxembourg. So long as any Investor Certificates are outstanding, Transferor shall maintain a co-transfer agent and co-registrar in New York City. Any reference in this Agreement to the Transfer Agent and Registrar shall include any co-transfer agent and co-registrar unless the context requires otherwise.

Trustee may revoke such appointment and remove any Transfer Agent and Registrar if Trustee determines in its sole discretion that such Transfer Agent and Registrar failed to perform its obligations under this Agreement in any material respect. Any Transfer Agent and Registrar shall be permitted to resign as Transfer Agent and Registrar upon 30 days' notice to Transferor, Trustee and Servicer; *provided* that such resignation shall not be effective and such Transfer Agent and Registrar shall continue to perform its duties as Transfer Agent and Registrar until Trustee has appointed a successor Transfer Agent and Registrar reasonably acceptable to Transferor.

Subject to *paragraph (c)*, upon surrender for registration of transfer of any Registered Certificate at any office or agency of the Transfer Agent and Registrar maintained for such purpose, one or more new Registered Certificates (of the same Series and Class) in authorized denominations of like aggregate fractional undivided interests in the Investor Interest shall be executed, authenticated and delivered, in the name of the designated transferee or transferees.

At the option of a Registered Holder, Registered Certificates (of the same Series and Class) may be exchanged for other Registered Certificates of authorized denominations of like aggregate fractional undivided interests in the Investor Interest, upon surrender of the Registered Certificates to be exchanged at any such office or agency; Registered Certificates, including Registered Certificates received in exchange for Bearer Certificates, may not be exchanged for Bearer Certificates. At the option of the Holder of a Bearer Certificate, subject to applicable laws and regulations, Bearer Certificates may be exchanged for other Bearer Certificates or Registered Certificates (of the same Series and Class) of authorized denominations of like aggregate fractional undivided interests in the Investor Interest, upon surrender of the Bearer Certificates to be exchanged at an office or agency of the Transfer Agent and Registrar located outside the United States. Each Bearer Certificate surrendered pursuant to this Section shall have attached thereto all unmatured Coupons; *provided* that any Bearer Certificate, so surrendered after the close of business on the Record Date preceding the relevant payment date or distribution date after the expected final payment date need not have attached the Coupon relating to such payment date or distribution date (in each case, as specified in the applicable Supplement).

Whenever any Investor Certificates are so surrendered for exchange, Transferor shall execute, Trustee shall authenticate and the Transfer Agent and Registrar shall deliver (in the case of Bearer Certificates, outside the United States) the Investor Certificates which the Investor Holder making the exchange is entitled to receive. Every Investor Certificate presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in a form satisfactory to Trustee or the Transfer Agent and Registrar duly executed by the Investor Holder or the attorney-in-fact thereof duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Investor Certificates, but the Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any such transfer or exchange.

All Investor Certificates (together with any Coupons) surrendered for registration of transfer and exchange or for payment shall be canceled and disposed of in a manner satisfactory to Trustee. Trustee shall cancel and destroy any Global Certificate upon its exchange in full for Definitive Euro-Certificates and shall deliver a certificate of destruction to Transferor. Such certificate shall also state that a certificate or certificates of a foreign Clearing Agency to the effect required by the applicable Supplement was received with respect to each portion of the Global Certificate exchanged for Definitive Euro-Certificates.

Transferor shall execute and deliver to Trustee Bearer Certificates and Registered Certificates in such amounts and at such times as are necessary to enable Trustee to fulfill its responsibilities under this Agreement, each Supplement and the Certificates.

(b) The Transfer Agent and Registrar will maintain at its expense in the City of New York and, if and so long as any Series or Class is listed on the Luxembourg Stock Exchange, Luxembourg, an office or agency where Investor Certificates may be surrendered for registration of transfer or exchange (except that Bearer Certificates may not be surrendered for exchange at any such office or agency in the United States).

(c)(i) Registration of transfer of Investor Certificates containing (x) a legend substantially to the effect set forth on *Exhibit D-1* shall be effected only if such transfer is made pursuant to an effective registration statement under the Securities Act or is exempt from the registration requirements under the Securities Act and (y) a legend substantially to the effect set forth on *Exhibit D-3* shall be effected only if such transfer is made to a Person that is not (1) an employee benefit plan or other plan, trust or account (including an individual retirement account) that is subject to ERISA or Section 4975 of the Internal Revenue Code or (2) any collective investment fund, insurance company separate or general account or other entity whose underlying assets include "plan assets" under ERISA by reason of an employee benefit plan's or other plan's investment in such entity (a "*Benefit Plan*"). If registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the Securities Act, the transferor or the transferee shall deliver, at its expense, to Transferor, Servicer and Trustee, an investment letter from the transferee, substantially in the form of the investment representation letter attached hereto as *Exhibit D-2*, and no registration of transfer shall be made until such letter is so delivered.

Investor Certificates issued upon registration or transfer of, or Investor Certificates issued in exchange for, Investor Certificates bearing a legend referred to above shall also bear such legend unless Transferor, Servicer, Trustee and the Transfer Agent and Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever an Investor Certificate containing a legend referred to above is presented to the Transfer Agent and Registrar for registration of transfer, the Transfer Agent and Registrar shall promptly seek instructions from Servicer regarding such transfer and shall be entitled to receive instructions signed by a Servicing Officer prior to registering any such transfer. Transferor hereby agrees to indemnify the Transfer Agent and Registrar and Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this paragraph.

(ii) Registration of transfer of Investor Certificates containing a legend to the effect set forth on *Exhibit E-3* shall be effected only if such transfer is made to a Person which is not a Benefit Plan. By accepting and holding any such Investor Certificate, an Investor Holder shall be deemed to have represented

and warranted that it is not a Benefit Plan. By acquiring any interest in a Book-Entry Certificate which contains such legend, a Certificate Owner shall be deemed to have represented and warranted that it is not a Benefit Plan.

(iii) If so requested by Transferor, Trustee will make available to any prospective purchaser of Investor Certificates who so requests, a copy of a letter provided to Trustee by or on behalf of Transferor relating to the transferability of any Series or Class to a Benefit Plan.

(d) Notwithstanding any other provision of this Agreement, any Certificate for which an Opinion of Counsel has not been issued opining on the treatment of such Certificates as debt for Federal income tax purposes (each, a "*Subject Certificate*") shall be subject to the following. No transfer (or purported transfer) of all or any part of a Subject Certificate (or any economic interest therein), whether to another Certificateholder or to a person who is not a Certificateholder, shall be effective, and any such transfer (or purported transfer) shall be void *ab initio*, and no Person shall otherwise become a Holder of a Subject Certificate if (i) at the time of such transfer (or purported transfer) any Subject Certificates are traded on an established securities market, (ii) after such transfer (or purported transfer) (A) the Trust would have more than 95 Holders of Subject Certificates and any other interests in the Trust for which an Opinion of Counsel is not rendered in connection with the issuance of such interest to the effect that such interest will be characterized as debt for federal income tax purposes and (B) the Subject Certificates have been issued in a transaction or transactions that were required to be registered under the Securities Act, and to the extent such offerings or sales were not required to be registered under the Securities Act by reason of Regulation S (17 CFR 230.901 through 230.904 or any successor thereto) such offerings or sales would have been required to be registered under the Securities Act if the interests so offered or sold had been offered and sold within the United States. For purposes of *clause (i)* of the preceding sentence, an established securities market is a national securities exchange that is either registered under Section 6 of the Exchange Act or exempt from registration because of the limited volume of transactions, a foreign securities exchange that, under the law of the jurisdiction where it is organized, satisfies regulatory requirements that are analogous to the regulatory requirements of the Exchange Act, a regional or local exchange, or an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise. For purposes of determining whether the Trust will have more than 95 Holders of Subject Certificates, each Person indirectly owning an interest in the Trust through a partnership (including any entity treated as a partnership for federal income tax purposes), a grantor trust or an S corporation (each such entity a "*flow-through entity*") shall be treated as a Holder of a Subject Certificate unless Servicer determines in its sole discretion, after consulting with qualified tax counsel, that less than substantially all of the value of the beneficial owner's interest in the flow-through entity is attributable to the flow-through entity's interest (direct or indirect) in the Trust.

SECTION 6.5 *Mutilated, Destroyed, Lost or Stolen Certificates*. If (a) any mutilated Certificate (together, in the case of Bearer Certificates, with all unmatured Coupons (if any) appertaining thereto) is surrendered to the Transfer Agent and Registrar, or the Transfer Agent and Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Transfer Agent and Registrar and Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to Trustee that such Certificate has been acquired by a bona fide purchaser, Transferor shall execute, Trustee shall authenticate and the Transfer Agent and Registrar shall deliver (in the case of Bearer Certificates, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like tenor and aggregate fractional undivided interest. In connection with the issuance of any new Certificate under this Section, Trustee or the Transfer Agent and Registrar may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of Trustee and Transfer Agent and Registrar) connected therewith. Any duplicate Certificate issued pursuant to this Section shall constitute complete and indefeasible evidence of ownership in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

SECTION 6.6 *Persons Deemed Owners*. Trustee, the Paying Agent, the Transfer Agent and Registrar and any agent of any of these may (a) prior to due presentation of a Registered Certificate for registration of transfer, treat the Person in whose name any Registered Certificate is registered as the owner of such Registered Certificate for the purpose of receiving distributions pursuant to the applicable Supplement and for all other purposes whatsoever, and (b) treat the bearer of a Bearer Certificate or Coupon as the owner of such Bearer Certificate or Coupon for the purpose of receiving distributions pursuant to the applicable Supplement and for all other purposes whatsoever; and, in any such case, neither Trustee, the Paying Agent, the Transfer Agent and Registrar nor any agent of any of these shall be affected by any notice to the contrary. Notwithstanding the foregoing, in determining whether the Holders of the requisite Investor Certificates have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Certificates owned by Transferor, Servicer, any Holder of the Transferor Interest, Trustee or any Affiliate thereof, shall be disregarded and deemed not to be outstanding, except that, in determining whether Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Certificates which Trustee actually knows to be so owned shall be so disregarded. Certificates so owned which have been pledged in good faith shall not be disregarded and may be regarded as outstanding if the pledgee establishes to the satisfaction of Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not Transferor, Servicer, any other Holder of the Transferor Interest or any Affiliate thereof.

SECTION 6.7 *Appointment of Paying Agent*. The Paying Agent shall make distributions to Investor Holders from the Collection Account or any applicable Series Account pursuant to the provisions of the applicable Supplement and shall report the amounts of such distributions to Trustee. Any Paying Agent shall have the revocable power to withdraw funds from the Collection Account or any applicable Series Account for the purpose of making the distributions referred to above. Trustee may revoke such power and remove the Paying Agent if Trustee determines in its sole discretion that the Paying Agent shall have failed to perform its obligations under this Agreement or any Supplement in any material respect. The Paying Agent shall initially be Trustee, and any co-paying agent chosen by Transferor and acceptable to Trustee, including, if and so long as any Series or Class is listed on the Luxembourg Stock Exchange and such exchange so requires, a co-paying agent in Luxembourg or another western European city. Any Paying Agent shall be permitted to resign as Paying Agent upon 30 days' notice to Trustee. If any Paying Agent shall resign, Trustee shall appoint a successor to act as Paying Agent. Trustee shall cause each successor or additional Paying Agent to execute and deliver to Trustee an instrument in which such successor or additional Paying Agent shall agree with Trustee that it will hold all sums, if any, held by it for payment to the Investor Holders in trust for the benefit of the Investor Holders entitled thereto until such sums shall be paid to such Investor Holders. The Paying Agent shall return all unclaimed funds to Trustee and upon removal shall also return all funds in its possession to Trustee. The provisions of *Sections 11.1*, *11.2*, *11.3* and *11.5* shall apply to Trustee also in its role as Paying Agent, for so long as Trustee shall act as Paying Agent. Any reference in this Agreement to the Paying Agent shall include any co-paying agent unless the context requires otherwise.

SECTION 6.8 *Access to List of Registered Holders' Names and Addresses*. Trustee will furnish or cause to be furnished by the Transfer Agent and Registrar to Servicer or the Paying Agent, within five Business Days after receipt by Trustee of a request therefor, a list of the names and addresses of the Registered Holders. If any Holder or group of Holders of Investor Certificates of any Series or all outstanding Series, as the case may be, evidencing not less than 10% of the aggregate unpaid principal amount of such Series or all outstanding Series, as applicable (the "*Applicants*"), apply to Trustee, and such application states that the Applicants desire to communicate with other Investor Holders with respect to their rights under this Agreement or any Supplement or under the Investor Certificates and is accompanied by a copy of the communication which such Applicants propose to transmit, then Trustee, after having been adequately indemnified by such Applicants for its costs and expenses shall afford or shall cause the Transfer agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Registered Holders of such Series or all outstanding Series, as applicable, held by Trustee, within five Business Days after the receipt of such application. Such list shall be as of a date no more than 45 days prior to the date of receipt of such Applicants' request.

Every Registered Holder, by receiving and holding a Registered Certificate, agrees with Trustee that neither Trustee, the Transfer Agent and Registrar, nor any of their respective agents, shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Registered Holders hereunder, regardless of the sources from which such information was derived.

SECTION 6.9 *Authenticating Agent*. (a) Trustee may appoint one or more authenticating agents with respect to the Certificates which shall be authorized to act on behalf of Trustee in authenticating the Certificates in connection with the issuance, delivery, registration of transfer, exchange or repayment of the Certificates. Whenever reference is made in this Agreement to the authentication of Certificates by Trustee or Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of Trustee by an authenticating agent and certificate of authentication executed on behalf of Trustee by an authenticating agent. Each authenticating agent must be acceptable to Transferor and Servicer.

(b) Any institution succeeding to the corporate agency business of an authenticating agent shall continue to be an authenticating agent without the execution or filing of any power or any further act on the part of Trustee or such authenticating agent. An authenticating agent may at any time resign by giving notice of resignation to Trustee and to Transferor. Trustee may at any time terminate the agency of an authenticating agent by giving notice of termination to such authenticating agent and to Transferor. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an authenticating agent shall cease to be acceptable to Trustee or Transferor, Trustee promptly may appoint a successor authenticating agent. Any successor authenticating agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an authenticating agent. No successor authenticating agent shall be appointed unless acceptable to Trustee and Transferor. Transferor agrees to pay to each authenticating agent from time to time reasonable compensation for its services under this Section. The provisions of *Sections 11.1*, *11.2* and *11.3* shall be applicable to any authenticating agent.

(c) Pursuant to an appointment made under this Section, the Certificates may have endorsed thereon, in lieu of Trustee's certificate of authentication, an alternate certificate of authentication in substantially the following form:

This is one of the Certificates described in the Pooling and Servicing Agreement.

as Authenticating Agent
for Trustee,

By: _____
Authorized Officer

SECTION 6.10 *Book-Entry Certificates*. Unless otherwise specified in the related Supplement for any Series or Class, the Investor Certificates, upon original issuance, shall be issued in the form of one or more typewritten Investor Certificates representing the Book-Entry Certificates, to be delivered to the Clearing Agency, by, or on behalf of, Transferor. The Investor Certificates shall initially be registered on the Certificate Register in the name of the Clearing Agency or its nominee, and no Certificate Owner will receive a definitive certificate representing such Certificate Owner's interest in the Investor Certificates, except as provided in *Section 6.12*. Unless and until definitive, fully registered Investor Certificates ("*Definitive Certificates*") have been issued to the applicable Certificate Owners pursuant to *Section 6.12* or as otherwise specified in any such Supplement:

(a) the provisions of this Section shall be in full force and effect;

(b) Transferor, Servicer and Trustee may deal with the Clearing Agency and the Clearing Agency Participants for all purposes (including the making of distributions) as the authorized representatives of the respective Certificate Owners;

(c) to the extent that the provisions of this Section conflict with any other provisions of this Agreement, the provisions of this Section shall control; and

(d) the rights of the respective Certificate Owners shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by law and agreements between such Certificate Owners and the Clearing Agency or the Clearing Agency Participants. Pursuant to the Depository Agreement, unless and until Definitive Certificates are issued pursuant to *Section 6.12*, the Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the related Investor Certificates to such Clearing Agency Participants.

For purposes of any provision of this Agreement requiring or permitting actions with the consent of, or at the direction of, Investor Holders evidencing a

specified percentage of the aggregate unpaid principal amount of Investor Certificates, such direction or consent may be given by Certificate Owners (acting through the Clearing Agency and the Clearing Agency Participants) owning Investor Certificates evidencing the requisite percentage of principal amount of Investor Certificates.

SECTION 6.11 *Notices to Clearing Agency*. Whenever any notice or other communication is required to be given to Investor Holders of any Series or Class with respect to which Book-Entry Certificates have been issued, unless and until Definitive Certificates shall have been issued to the related Certificate Owners, Trustee shall give all such notices and communications to the applicable Clearing Agency.

SECTION 6.12 *Definitive Certificates*. If Book-Entry Certificates have been issued with respect to any Series or Class and (a) Transferor advises Trustee that the Clearing Agency is no longer willing or able to discharge properly its responsibilities under the Depository Agreement with respect to such Series or Class and Trustee or Transferor is unable to engage a qualified successor, (b) Transferor, at its option, advises Trustee that it elects to terminate the book-entry system with respect to such Series or Class through the Clearing Agency or (c) after the occurrence of a Servicer Default, Certificate Owners of such Series or Class evidencing not less than 50% of the aggregate unpaid principal amount of such Series or Class advise Trustee and the Clearing Agency through the Clearing Agency Participants that the continuation of a book-entry system with respect to the Investor Certificates of such Series or Class through the Clearing Agency is no longer in the best interests of the Certificate Owners with respect to such Certificates, then Trustee shall notify all Certificate Owners of such Certificates, through the Clearing Agency, of the occurrence of any such event and of the availability of Definitive Certificates to Certificate Owners requesting the same. Upon surrender to Trustee of any such Certificates by the Clearing Agency, accompanied by registration instructions from the Clearing Agency for registration, Transferor shall execute and Trustee shall authenticate and deliver such Definitive Certificates. Neither Transferor nor Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of such Definitive Certificates all references herein to obligations imposed upon or to be performed by the Clearing Agency shall be deemed to be imposed upon and performed by Trustee, to the extent applicable with respect to such Definitive Certificates and Trustee shall recognize the Holders of such Definitive Certificates as Investor Holders hereunder.

SECTION 6.13 *Global Certificate*. If specified in the related Supplement for any Series, or Class, the Investor Certificates for such Series or Class will initially be issued in the form of a single temporary global Certificate (the "*Global Certificate*") in bearer form, without interest coupons, in the denomination of the aggregate principal amount of such Series or Class and substantially in the form set forth in the exhibit with respect thereto attached to

the related Supplement. The Global Certificate will be executed by Transferor and authenticated by Trustee upon the same conditions, in substantially the same manner and with the same effect as the Definitive Certificates. The Global Certificate may be exchanged for Bearer or Registered Certificates in definitive form (the "*Definitive Euro-Certificates*") pursuant to any applicable Supplement.

SECTION 6.14 *Uncertificated Classes*. Unless otherwise specified in any Supplement, the provisions of this *Article VI* and *Article XII* relating to the registration, form, execution, authentication, delivery, presentation, cancellation and surrender of Certificates shall not apply to any uncertificated Certificates.

ARTICLE VII OTHER MATTERS RELATING TO TRANSFEROR

SECTION 7.1 *Liability of Transferor*. Transferor shall be liable for its obligations, covenants, representations and warranties under this Agreement and any Supplement, but only to the extent of the obligations specifically undertaken by it in its capacity as Transferor.

SECTION 7.2 *Merger or Consolidation of, or Assumption of the Obligations of, Transferor*. (a) Transferor shall not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the Person formed by such consolidation or into which Transferor is merged or the Person which acquires by conveyance or transfer the properties and assets of Transferor substantially as an entirety shall be, if Transferor is not the surviving entity, an entity organized and existing under the laws of the United States of America or any State or the District of Columbia, and, if Transferor is not the surviving entity, such entity shall expressly assume, by an agreement supplemental hereto, executed and delivered to Trustee, in form reasonably satisfactory to Trustee, the performance of every covenant and obligation of Transferor hereunder, including its obligations under *Section 7.4*;

(ii) Transferor has delivered to Trustee (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(iii) Transferor shall have delivered to Trustee and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer, with respect thereto;

(iv) in connection with any merger or consolidation, or any conveyance or transfer referred to above, the business entity into which Transferor shall merge or consolidate, or to which such conveyance or transfer is made, shall be (x) a business entity that may not become a debtor in any case, action or other proceeding under Title 11 of the United States Code or (y) a special-purpose entity, the powers and activities of which shall be limited to the performance of Transferor's obligations under this Agreement and any Supplement; and

(v) if Transferor is not the surviving entity, the surviving entity shall file new UCC-1 financing statements with respect to the interest of the Trust in the Receivables.

(b) This *Section 7.2* shall not be construed to prohibit or in any way limit Transferor's ability to effectuate any consolidation or merger pursuant to which Transferor would be the surviving entity.

(c) Transferor shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this *Section 7.2*;

(d) The obligations of Transferor hereunder shall not be assignable nor shall any Person succeed to the obligations of Transferor hereunder except in each case in accordance with (i) the provisions of the foregoing paragraphs, (ii) *Sections 2.11* or *6.3(d)*, or (iii) conveyances, mergers, consolidations, assumptions, sales or transfers to other entities (1) for which Transferor delivers an Officer's Certificate to Trustee indicating that Transferor reasonably believes that such action will not adversely affect in any material respect the interests of any Investor Holder, (2) which meet the requirements of *clause (ii)* of *paragraph (a)* and (3) for which such purchaser, transferee, pledgee or entity shall expressly assume, in an agreement supplemental hereto, executed and delivered to Trustee in writing in form satisfactory to Trustee, the performance of every covenant and obligation of Transferor thereby conveyed.

SECTION 7.3 *Limitations on Liability of Transferor*. Subject to *Sections 7.1* and *7.4*, neither Transferor, any Holder of the Transferor Interest nor any of their directors, officers, employees or agents of Transferor acting in such capacities shall be under any liability to the Trust, Trustee, the Holders, any Enhancement Provider or any other Person for any action taken or for refraining from the taking of any action in good faith in their capacities as Transferor pursuant to this Agreement; *provided* that this provision shall not protect Transferor, any Holder of the Transferor Interest or any such Person against any liability which would otherwise be imposed by reason of willful misfeasance, bad

faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Transferor and any director, officer, employee or agent of Transferor may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than Transferor) respecting any matters arising hereunder.

SECTION 7.4 *Liabilities*. Notwithstanding *Sections 7.3*, *8.3* and *8.4*, Transferor by entering into this Agreement, and any Holder of the Transferor Interest by its acceptance of an interest therein, agree to be liable, directly to the injured party, for the entire amount of any losses, claims, damages or liabilities (other than those that would be incurred by an Investor Holder if the Investor Certificates were notes secured by the Receivables, for example, as a result of the performance of the Receivables, market fluctuations, a shortfall or failure to make payment under any Enhancement or other similar market or investment risks associated with ownership of the Investor Certificates) arising out of or based on the arrangement created by this Agreement or the actions of Servicer taken pursuant hereto (to the extent Trust Assets remaining after the Investor Holders and Enhancement Providers, if any, have been paid in full are insufficient to pay any such losses, claims, damages or liabilities) as though this Agreement created a partnership under the Delaware Revised Uniform Partnership Act in which Transferor and such Holder of the Transferor Interest were general partners.

ARTICLE VIII OTHER MATTERS RELATING TO SERVICER

SECTION 8.1 *Liability of Servicer*. Servicer shall be liable under this Agreement only to the extent of the obligations specifically undertaken by Servicer in its capacity as Servicer.

SECTION 8.2 *Merger or Consolidation of, or Assumption of the Obligations of, Servicer*. (a) Servicer shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the corporation formed by such consolidation or into which Servicer is merged or the Person which acquires by conveyance or transfer the properties and assets of Servicer substantially as an entirety shall be, if Servicer is not the surviving entity, a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and, if Servicer is not the surviving entity, such corporation shall expressly assume, by an agreement supplemental hereto, executed and delivered to Trustee, in form reasonably satisfactory to Trustee, the performance of every covenant and obligation of Servicer hereunder;

(ii) Servicer has delivered to Trustee (A) an Officer’s Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have

been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity); and

(iii) either (x) the corporation formed by such consolidation or into which Servicer is merged or the Person which acquired by conveyance or transfer the properties and assets of Servicer substantially as an entirety shall be an Eligible Servicer (taking into account, in making such determination, the experience and operations of the predecessor Servicer) or (y) upon the effectiveness of such consolidation, merger, conveyance or transfer, a Successor Servicer shall have assumed the obligations of Servicer in accordance with this Agreement.

(b) This *Section 8.2* shall not be construed to prohibit or in any way limit Servicer's ability to effectuate any consolidation or merger pursuant to which Servicer would be the surviving entity.

(c) Servicer shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this *Section 8.2*.

SECTION 8.3 *Limitation on Liability of Servicer and Others*. Except as provided in *Sections 8.4* and *11.5*, neither Servicer nor any of the directors, officers, employees or agents of Servicer in its capacity as Servicer shall be under any liability to the Trust, Trustee, the Holders, any Enhancement Providers or any other person for any action taken or for refraining from the taking of any action in good faith in its capacity as Servicer pursuant to this Agreement; *provided* that this provision shall not protect Servicer or any such Person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Servicer and any director, officer, employee or agent of Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than Servicer) respecting any matters arising hereunder. Servicer shall not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties as Servicer in accordance with this Agreement and which in its reasonable judgment may involve it in any expense or liability. Servicer may, in its sole discretion, undertake any such legal action which it may deem necessary or desirable for the benefit of the Holders with respect to this Agreement and the rights and duties of the parties hereto and the interests of the Holders hereunder.

SECTION 8.4 *Servicer Indemnification of the Trust and Trustee*. Servicer shall indemnify and hold harmless the Trust and Trustee and its officers, directors, employees and agents, from and against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts or omissions of Servicer with respect to the Trust pursuant to this Agreement, and shall also hold harmless Trustee and its officers, directors, employees and agents, from and against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts or omissions of Trustee pursuant to this Agreement, in each case including any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any action, proceeding or claim; *provided* that (a) Servicer shall not indemnify Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, negligence, or willful misconduct by Trustee, (b) Servicer shall not indemnify the Trust, the Investor Holders or the Certificate Owners for any liabilities, costs or expenses of the Trust with respect to any action taken by Trustee at the request of the Investor Holders, (c) Servicer shall not indemnify the Trust, the Investor Holders or the Certificate Owners as to any losses, claims or damages incurred by any of them in their capacities as investors, including losses with respect to market or investment risks associated with ownership of the Investor Certificates or losses incurred as a result of Defaulted Receivables and (d) Servicer shall not indemnify the Trust, the Investor Holders or the Certificate Owners for any liabilities, costs or expenses of the Trust, the Investor Holders or the Certificate Owners arising under any tax law, including any Federal, state, local or foreign income or franchise taxes or any other tax imposed on or measured by income (or any interest or penalties with respect thereto or arising from a failure to comply therewith) required to be paid by the Trust, the Investor Holders or the Certificate Owners in connection herewith to any taxing authority. Indemnification pursuant to this Section shall not be payable from the Trust Assets. The provisions of this indemnity shall run directly to and be enforceable by an indemnitee subject to the limitations hereof. The indemnification provisions of this *Section 8.2* shall survive any termination of this Agreement.

SECTION 8.5 *Servicer Not to Resign*. Servicer shall not resign from the obligations and duties hereby imposed on it except (x) upon the determination that (i) the performance of its duties hereunder is no longer permissible under Requirements of Law (other than the charter and by-laws of Servicer) and (ii) there is no reasonable action which Servicer could take to make the performance of its duties hereunder permissible under such Requirements of Law or (y) as may be required, in connection with Servicer's consolidation with, or merger into any other corporation or Servicer's conveyance or transfer of its properties and assets substantially as an entirety to any person in each case, in accordance with *Section 8.2*. Any determination permitting the resignation of Servicer pursuant to clause (x) above shall be evidenced by an Opinion of Counsel to such effect delivered to Trustee. No resignation shall become effective until Trustee or a Successor Servicer shall have assumed the responsibilities and obligations of Servicer in accordance with *Section 10.2*. If within 120 days of the date of the determination that Servicer may no longer act as Servicer, and if Trustee is unable to appoint a

Successor Servicer, Trustee shall serve as Successor Servicer. Notwithstanding the foregoing, Trustee shall, if it is legally unable so to act, petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than $50,000,000 and whose regular business includes the servicing of credit card accounts as the Successor Servicer hereunder. Trustee shall give prompt notice to each Rating Agency and each Enhancement Provider, if any, entitled thereto under the applicable Supplement upon the appointment of a Successor Servicer.

SECTION 8.6 *Access to Certain Documentation and Information Regarding the Receivables*. Servicer shall provide to Trustee access to the documentation regarding the Accounts and the Receivables in such cases where Trustee is required in connection with the enforcement of the rights of Holders or by applicable statutes or regulations to review such documentation, such access being afforded without charge but only (a) upon reasonable request, (b) during normal business hours, (c) subject to Servicer's normal security and confidentiality procedures and (d) at reasonably accessible offices in the continental United States designated by Servicer. Nothing in this Section shall derogate from the obligation of each Credit Card Originator, Transferor, Trustee and Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 8.7 *Delegation of Duties*. In the ordinary course of business, Servicer may at any time delegate any duties hereunder to any Person who agrees to conduct such duties in accordance with the Credit Card Guidelines and this Agreement. Any such delegations shall not relieve Servicer of its liability and responsibility with respect to such duties, and shall not constitute a resignation within the meaning of *Section 8.5*, and Servicer shall remain jointly and severally liable with such Person for any amounts which would otherwise be payable pursuant to this *Article VIII* as if Servicer had performed such duty; *provided* that in the case of any significant delegation to a Person other than an Affiliate of WFN, at least 30 days' prior written notice shall be given to Trustee, each Rating Agency and each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement, of such delegation to any entity that is not an Affiliate of Servicer.

ARTICLE IX EARLY AMORTIZATION EVENTS

SECTION 9.1 *Early Amortization Events*. Each of the following shall constitute an "*Early Amortization Event*" with respect to each Series:

(a) the occurrence of an Insolvency Event relating to WFN or Transferor;

(b) the Trust shall become an "investment company" within the meaning of the Investment Company Act; or

(c) WFN shall become unable for any reason to transfer Receivables to Transferor pursuant to the Receivables Purchase Agreement or Transferor shall become unable for any reason to transfer Receivables to the Trust pursuant to this Agreement.

SECTION 9.2 *Additional Rights upon Certain Events*. (a) If an Insolvency Event occurs with respect to Transferor or any Holder of the Transferor Interest (excluding any Supplemental Interest), Transferor shall on the day any such event occurs (the "*Appointment Date*"), immediately cease to transfer Principal Receivables, or interests in Principal Receivables represented by any Participation Interests to the Trust and shall promptly give notice to Trustee thereof. Notwithstanding any cessation of the transfer to the Trust of additional Principal Receivables or any Participation Interests, Principal Receivables or any Participation Interests transferred to the Trust prior to the occurrence of such Insolvency Event and Collections in respect of such Principal Receivables and Participation Interests, and Finance Charge Receivables whenever created accrued in respect of such Principal Receivables, shall continue to be a part of the Trust. Upon the Appointment Date, this Agreement and the Trust shall be deemed to have terminated, subject to the liquidation, winding up and dissolution procedures described below. Within 15 days of the Appointment Date, Trustee shall (i) publish a notice in an Authorized Newspaper that an Insolvency Event has occurred, that the Trust has terminated, and that Trustee intends to sell, dispose of or otherwise liquidate the Receivables and any Participation Interests on commercially reasonable terms and in a commercially reasonable manner and (ii) give notice to Investor Holders and each Enhancement Provider, if any, or other Person entitled thereto pursuant to the relevant Supplement describing the provisions of this Section. Trustee shall then promptly sell, dispose of or otherwise liquidate the Receivables and any Participation Interests in a commercially reasonable manner and on commercially reasonable terms, which shall include the solicitation of competitive bids. Trustee may obtain a prior determination from any conservator, receiver or liquidator that the terms and manner of any proposed sale, disposition or liquidation are commercially reasonable. The provisions of *Sections 9.1* and *9.2* shall not be deemed to be mutually exclusive.

(b) The proceeds from the sale, disposition or liquidation of the Receivables and any Participation Interests pursuant to *paragraph (a)* ("*Insolvency Proceeds*") shall be immediately deposited in the Collection Account. Insolvency Proceeds shall be allocated to Finance Charge Receivables and Principal Receivables in the same proportion such Receivables bore to one another on the prior Determination Date, although Trustee shall determine conclusively the amount of the Insolvency Proceeds which are deemed to be Finance Charge Receivables and Principal Receivables. The Insolvency Proceeds shall be allocated and distributed to Investor Holders in accordance with *Article IV* and each such Supplement.

ARTICLE X SERVICER DEFAULTS

SECTION 10.1 *Servicer Defaults*. If any one of the following events (a "*Servicer Default*") shall occur and be continuing:

(a) any failure by Servicer to make any payment, transfer or deposit or to give instructions or notice to Trustee pursuant to this Agreement or any Supplement on or before the date occurring five Business Days after the date such payment, transfer or deposit or such instruction or notice is required to be made or given, as the case may be, under this Agreement or any Supplement;

(b) failure on the part of Servicer to duly observe or perform in any material respect any other covenants or agreements of Servicer set forth in this Agreement or any Supplement which has a material adverse effect on the interests hereunder of the Investor Holders of any Series or Class (which determination shall be made without regard to whether funds are then available pursuant to any Enhancement) and which continues unremedied for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Servicer by Trustee, or to Servicer and Trustee by Holders of Investor Certificates evidencing not less than 25% of the aggregate unpaid principal amount of all Investor Certificates (or, with respect to any such failure that does not relate to all Series, 25% of the aggregate unpaid principal amount of all Series to which such failure relates); or Servicer shall delegate its duties under this Agreement, except as permitted by *Sections 8.2* and *8.7*, a Responsible Officer of Trustee has actual knowledge of such delegation and such delegation continues unremedied for 15 days after the date on which written notice thereof, requiring the same to be remedied, shall have been given to Servicer by Trustee, or to Servicer and Trustee by Holders of Investor Certificates evidencing not less than 25% of the aggregate unpaid principal amount of all Investor Certificates;

(c) any representation, warranty or certification made by Servicer in this Agreement or any Supplement or in any certificate delivered pursuant to this Agreement or any Supplement shall prove to have been incorrect when made, which has a material adverse effect on the rights of the Investor Holders of any Series or Class (which determination shall be made without regard to whether funds are then available pursuant to any Enhancement) and which continues to be incorrect in any material respect for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Servicer by Trustee, or to Servicer and Trustee by the Holders of Investor

Certificates evidencing not less than 25% of the aggregate unpaid principal amount of all Investor Certificates (or, with respect to any such representation, warranty or certification that does not relate to all Series, 25% of the aggregate unpaid principal amount of all Series to which such representation, warranty or certification relates); or

(d) Servicer shall fail generally to, or admit in writing its inability to, pay its debts as they become due; or a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Servicer in an involuntary case under any Debtor Relief Law, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or for the winding-up or liquidation of its affairs and, if instituted against Servicer, any such proceeding shall continue undismissed or unstayed and in effect, for a period of 60 consecutive days, or any of the actions sought in such proceeding shall occur; or the commencement by Servicer, of a voluntary case under any Debtor Relief Law, or such Person's consent to the entry of an order for relief in an involuntary case under any Debtor Relief Law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or any general assignment for the benefit of creditors; or such Person or any Subsidiary of such Person shall have taken any corporate action in furtherance of any of the foregoing actions;

then, in the event of any Servicer Default, so long as the Servicer Default shall not have been remedied, either Trustee or the Holders of Investor Certificates evidencing more than 50% of the aggregate unpaid principal amount of all Investor Certificates, by notice given to Servicer (and to Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Supplement if given by the Investor Holders) (a "*Termination Notice*"), may terminate all but not less than all the rights and obligations of Servicer, as Servicer, under this Agreement and in and to the Receivables and the proceeds thereof.

After receipt by Servicer of such Termination Notice, and on the date that a Successor Servicer shall have been appointed by Trustee pursuant to *Section 10.2*, all authority and power of Servicer under this Agreement shall pass to and be vested in the Successor Servicer (a "*Service Transfer*"); and, without limitation, Trustee is hereby authorized and empowered (upon the failure of Servicer to cooperate) to execute and deliver, on behalf of Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of Servicer to execute or deliver such documents or instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. Servicer agrees to cooperate with Trustee and the Successor Servicer in effecting the termination of the responsibilities and rights of Servicer to conduct servicing hereunder including the transfer to the

Successor Servicer of all authority of Servicer to service the Receivables provided for under this Agreement, including all authority over all Collections which shall on the date of transfer be held by Servicer for deposit, or which have been deposited by Servicer, in the Collection Account, or which shall thereafter be received with respect to the Receivables, and in assisting the Successor Servicer and in enforcing all rights to Insurance Proceeds and Interchange (if any) applicable to the Trust. Servicer shall promptly transfer its electronic records relating to the Receivables to the Successor Servicer in such electronic form as the Successor Servicer may reasonably request and shall promptly transfer to the Successor Servicer all other records, correspondence and documents necessary for the continued servicing of the Receivables in the manner and at such times as the Successor Servicer shall reasonably request. To the extent that compliance with this *Section 10.1* shall require Servicer to disclose to the Successor Servicer information of any kind which Servicer reasonably deems to be confidential, the Successor Servicer shall be required to enter into such customary licensing and confidentiality agreements as Servicer shall deem appropriate to protect its interests.

Notwithstanding the foregoing, any delay in or failure of performance under *Section 10.1(a)* for a period of five Business Days or under *Section 10.1(b)* or *(c)* for a period of 60 days (in addition to any period provided in *Section 10.1(a)*, *(b)* or *(c)*) shall not constitute a Servicer Default until the expiration of such additional five Business Days or 60 days, respectively, if such delay or failure could not be prevented by the exercise of reasonable diligence by Servicer and such delay or failure was caused by an act of God or the public enemy, acts of declared or undeclared war, public disorder, rebellion or sabotage, epidemics, landslides, lightning, fire, hurricanes, earthquakes, floods or similar causes. The preceding sentence shall not relieve Servicer from the obligation to use its best efforts to perform its obligations in a timely manner in accordance with this Agreement and any Supplement and Servicer shall provide Trustee, each Rating Agency, any Enhancement Provider entitled thereto pursuant to the relevant Supplement, Transferor and the Investor Holders with an Officer's Certificate giving immediate notice of such failure or delay by it, together with a description of its efforts to so perform its obligations.

SECTION 10.2 *Trustee to Act; Appointment of Successor*. (a) On and after the receipt by Servicer of a Termination Notice pursuant to *Section 10.1*, Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Termination Notice or otherwise specified by Trustee or until a date mutually agreed upon by Servicer and Trustee. Trustee shall, as promptly as possible after the giving of a Termination Notice, appoint an Eligible Servicer as a successor servicer (the "*Successor Servicer*"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to Trustee. If a Successor Servicer has not been appointed or has not accepted its appointment at the time when Servicer ceases to act as Servicer, Trustee without further action shall automatically be appointed the Successor Servicer. Trustee may delegate any of its servicing obligations to an Affiliate of

Trustee or agent in accordance with *Section 3.1(b)* and *8.7*. Notwithstanding the foregoing, Trustee shall, if it is legally unable so to act, petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than $50,000,000 and whose regular business includes the servicing of credit card receivables as the Successor Servicer hereunder. Trustee shall give prompt notice to each Rating Agency and each Enhancement Provider, if any, entitled thereto pursuant to the applicable Supplement upon the appointment of a Successor Servicer.

(b) Upon its appointment, the Successor Servicer shall be the successor in all respects to Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities (except for liabilities arising during the period of time when the prior Servicer was performing and acting as Servicer) relating thereto placed on Servicer by the terms and provisions hereof, and all references in this Agreement to Servicer shall be deemed to refer to the Successor Servicer.

(c) In connection with any Termination Notice, Trustee will review any bids which it obtains from Eligible Servicers and shall be permitted to appoint any Eligible Servicer submitting such a bid as a Successor Servicer for servicing compensation not in excess of the aggregate Servicing Fees for all Series; *provided, however*, that the Holder of the Transferor Interest shall be responsible for payment of the portion of such aggregate Servicing Fees allocable to the Holder of the Transferor Interest and that no such monthly compensation paid out of Collections shall be in excess of such aggregate Servicing Fees. Each Holder of the Transferor Interest agrees that, if WFN (or any Successor Servicer) is terminated as Servicer hereunder, the portion of the Collections in respect of Finance Charge Receivables that Transferor is entitled to receive pursuant to this Agreement or any Supplement shall be reduced by an amount sufficient to pay Transferor's share (determined by reference to the Supplements with respect to any outstanding Series) of the compensation of the Successor Servicer.

(d) All authority and power granted to the Successor Servicer under this Agreement shall automatically cease and terminate upon termination of the Trust pursuant to *Section 12.1* and shall pass to and be vested in Transferor and, without limitation, Transferor is hereby authorized and empowered to execute and deliver, on behalf of the Successor Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Successor Servicer agrees to cooperate with Transferor in effecting the termination of the responsibilities and rights of the Successor Servicer to conduct servicing on the Receivables. The Successor Servicer shall transfer its electronic records relating to the Receivables to Transferor in such electronic form as Transferor may reasonably request and shall transfer all other records, correspondence and documents to Transferor in the manner and at such times as Transferor shall reasonably request. To the extent that compliance with this *Section 10.2* shall require the Successor Servicer to disclose to Transferor

information of any kind which the Successor Servicer deems to be confidential, Transferor shall be required to enter into such customary licensing and confidentiality agreements as the Successor Servicer shall deem appropriate to protect its interests.

SECTION 10.3 *Notification to Holders*. Within two Business Days after Servicer becomes aware of any Servicer Default, Servicer shall give notice thereof to Trustee, each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Supplement and Trustee shall give notice to the Investor Holders. Upon any termination or appointment of a Successor Servicer pursuant to this Article, Trustee shall give prompt notice thereof to the Investor Holders.

SECTION 10.4 *Waiver of Past Defaults*. The Holders of Investor Certificates evidencing undivided interests in the Trust aggregating more than 66-$^{2}/_{3}$% of the Invested Amount of each Series then outstanding affected by any default by Servicer may, on behalf of all Holders of Certificates of such affected Series, waive any default by Servicer in the performance of its obligations hereunder and its consequences, except a default in the failure to make any required deposits or payments of interest or principal with respect to any Series of Certificates. Upon any such waiver of a past default, such default shall cease to exist, and any default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XI TRUSTEE

SECTION 11.1 *Duties of Trustee*. (a) Trustee, prior to the occurrence of a Servicer Default and after the curing of all Servicer Defaults which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. If a Servicer Default has occurred (which has not been cured or waived) Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

(b) Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to Trustee which are specifically required to be furnished pursuant to any provision of this Agreement, shall examine them to determine whether they conform to the requirements of this Agreement. Trustee shall give prompt written notice to the Holders of any material lack of conformity of any such instrument to the applicable requirements of this Agreement discovered by Trustee which would entitle a specified percentage of the Holders to take any action pursuant to this Agreement.

(c) Subject to *Section 11.1(a)*, no provision of this Agreement shall be construed to relieve Trustee from liability for its own negligent action, its own negligent failure to act or its own misconduct; *provided* that:

(i) Trustee shall not be personally liable for an error of judgment made in good faith by a Responsible Officer or Responsible Officers of Trustee, unless it shall be proved that Trustee was negligent in ascertaining the pertinent facts;

(ii) Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Holders of Investor Certificates relating to the time, method and place of conducting any proceeding for any remedy available to Trustee, or exercising any trust or power conferred upon Trustee, under this Agreement; *provided* that, such direction is delivered by the Holders of Investor Certificates evidencing the percentage of the aggregate unpaid principal amount of Investor Certificates of all Series to which such action relates required for such action by this Agreement; and

(iii) Trustee shall not be charged with knowledge of (x) any failure by Servicer referred to in *Section 10.1* or (y) any Early Amortization Event unless a Responsible Officer of Trustee obtains actual knowledge of such failure or Early Amortization Event or Trustee receives written notice of such failure or Early Amortization Event from Servicer, any Holders of Investor Certificates evidencing not less than 25% of the aggregate unpaid principal amount of all Investor Certificates (or, with respect to any such failure that does not relate to all Series, 25% of the aggregate unpaid principal amount of all Investor Certificates of all Series to which such failure relates, or the Enhancement Providers, if any, for all Series to which such failure relates).

(d) Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder or thereunder, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Agreement shall in any event require Trustee to perform, or be responsible for the manner of performance of, any of the obligations of Servicer under this Agreement except during such time, if any, as Trustee shall be the successor to, and be vested with the rights, duties, powers and privileges of, Servicer in accordance with this Agreement.

(e) Trustee shall have no power to vary the corpus of the Trust, except as expressly provided in this Agreement.

(f) If the Paying Agent or the Transfer Agent and Registrar shall fail to perform any obligation, duty or agreement in the manner or on the day required to be performed by the Paying Agent or the Transfer Agent and Registrar, as the case may be, under this Agreement, Trustee shall be obligated promptly upon knowledge of a Responsible Officer thereof and receipt of appropriate records, if any, to perform such obligation, duty or agreement in the manner so required.

(g) If Credit Card Originator has agreed to transfer any of its receivables (other than the Receivables) to another Person other than the Transferor, upon the written request of Credit Card Originator, Trustee will enter into such intercreditor agreements with the transferee of such receivables as are customary and necessary to separately identify the rights of the Trust and such other Person in Credit Card Originator's receivables; *provided* that Trustee shall not be required to enter into any intercreditor agreement which could adversely affect the interests of the Holders and, upon the request of Trustee, Credit Card Originator will deliver an Opinion of Counsel relating to such intercreditor agreement, reasonably requested by Trustee.

SECTION 11.2 *Certain Matters Affecting Trustee*. Except as otherwise provided in *Section 11.1*:

(a) Trustee may rely on and shall be protected in acting on, or in refraining from acting in accord with, any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented to it pursuant to this Agreement by the proper party or parties;

(b) Trustee may consult with counsel selected by it, and any advice of such counsel, or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(c) Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement or any Enhancement Agreement, or to institute, conduct or defend any litigation hereunder or thereunder or in relation to this Agreement or any Enhancement Agreement, at the request, order or direction of any of the Holders, pursuant to the provisions of this Agreement or any Enhancement Agreement, unless such Holders shall have offered to Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby; nothing contained herein shall, however, relieve Trustee of the obligations, upon the occurrence of any Servicer Default (which has not been cured) to exercise such of the rights and powers vested in it by this Agreement, and to use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs;

(d) Trustee shall not be personally liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(e) Trustee shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by Holders of Investor Certificates evidencing more than 25% of the aggregate unpaid principal amount of all Investor Certificates (or, with respect to any such matters that do not relate to all Series, 25% of the aggregate unpaid principal amount of the Investor Certificates of all Series to which such matters relate);

(f) Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian, and Trustee shall not be responsible for any misconduct or negligence on the part of any such agent, attorney or custodian appointed with due care by it hereunder; and

(g) except as may be required by *Section 11.1(a)*, Trustee shall not be required to make any initial or periodic examination of any documents or records related to the Receivables or the Accounts for the purpose of establishing the presence or absence of defects, the compliance by Transferor with its representations and warranties or for any other purpose.

SECTION 11.3 *Trustee Not Liable for Recitals in Certificates*. Trustee assumes no responsibility for the correctness of the recitals contained herein and in the Certificates (other than the certificate of authentication on the Certificates). Except as set forth in *Section 11.15*, Trustee makes no representations as to the validity or sufficiency of this Agreement or any Supplement or of the Certificates (other than the certificate of authentication on the Certificates) or of any Receivable or related document. Trustee shall not be accountable for the use or application by Transferor of any of the Certificates or of the proceeds of such Certificates, or for the use or application of any funds paid to Transferor or the Holder of the Transferor Interest in respect of the Receivables or deposited in or withdrawn from the Collection Account, any Series Accounts or any other accounts hereafter established to effectuate the transactions contemplated by this Agreement and in accordance with this Agreement.

SECTION 11.4 *Trustee Not to Own Certificates*. Trustee shall not in its individual capacity, but may in a fiduciary capacity, become the owner or pledgee

of Investor Certificates. If Trustee becomes the owner or pledgee of Investor Certificates in a fiduciary capacity it shall have the same rights as it would have if it were not Trustee.

SECTION 11.5 *Servicer to Pay Trustee's Fees and Expenses*. Servicer covenants and agrees to pay to Trustee from time to time, and Trustee shall be entitled to receive, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the trust hereby created and in the exercise and performance of any of the powers and duties hereunder of Trustee, and Servicer will pay or reimburse Trustee (without reimbursement from the Collection Account or otherwise) upon its request for all reasonable expenses or disbursements incurred or made by Trustee in accordance with any of the provisions of this Agreement or any Enhancement Agreement (including the reasonable fees and expenses of its agents, any co-trustee and counsel) except any such expense, disbursement or advance as may arise from its own negligence, willful misconduct or bad faith and except as provided in the following sentence. If Trustee is appointed Successor Servicer pursuant to *Section 10.2*, the provisions of this *Section 11.5* shall not apply to expenses, disbursements and advances made or incurred by Trustee in its capacity as Successor Servicer.

The obligations of Servicer under *Section 8.4* and this *Section 11.5* shall survive the termination of the Trust and the resignation or removal of Trustee.

SECTION 11.6 *Eligibility Requirements for Trustee*. Trustee shall at all times be a bank, trust company or a corporation organized and doing business under the laws of the United States of America or any state thereof authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal or state authority and maintain any credit or deposit rating required by any Rating Agency (as of the date hereof Baa3 for Moody's). If such bank or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this *Section 11.6*, the combined capital and surplus of such bank or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time Trustee shall cease to be eligible in accordance with the provisions of this *Section 11.6*, Trustee shall resign immediately in the manner and with the effect specified in *Section 11.7*.

SECTION 11.7 *Resignation or Removal of Trustee*. (a) Trustee may at any time resign and be discharged from the trust hereby created by giving written notice thereof to Servicer. Upon receiving such notice of resignation, Transferor shall promptly appoint a successor trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

(b) If at any time Trustee shall cease to be eligible in accordance with the provisions of *Section 11.6* and shall fail to resign after written request therefor by Servicer or Transferor, or if at any time Trustee shall be legally unable to act, or shall be adjudged a bankrupt or insolvent, or a receiver of Trustee or of its property shall be appointed, or any public officer shall take charge or control of Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in which event Servicer shall remove Trustee and promptly appoint a successor trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to Trustee so removed and one copy to the successor trustee.

(c) Any resignation or removal of Trustee and appointment of a successor trustee pursuant to any of the provisions of this *Section 11.7* shall not become effective until acceptance of appointment by the successor trustee as provided in *Section 11.8* and any liability of Trustee arising hereunder shall survive such appointment of a successor trustee.

SECTION 11.8 *Successor Trustee*. (a) Any successor trustee appointed as provided in *Section 11.7* shall execute, acknowledge and deliver to Transferor, to Servicer and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with the like effect as if originally named as Trustee herein. The predecessor Trustee shall deliver to the successor trustee all documents and statements held by it hereunder, and Transferor and the predecessor Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor trustee all such rights, powers, duties and obligations.

(b) No successor trustee shall accept appointment as provided in this *Section 11.8* unless at the time of such acceptance such successor trustee shall be eligible under *Section 11.6*.

(c) Upon acceptance of appointment by a successor trustee as provided in this Section, such successor trustee shall provide notice of such succession hereunder to all Investor Holders and Servicer shall provide such notice to each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Supplement.

SECTION 11.9 *Merger or Consolidation of Trustee*. Any Person into which Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which

Trustee shall be a party, or any Person succeeding to the corporate trust business of Trustee, shall be the successor of Trustee hereunder, provided such corporation shall be eligible under the provisions of *Section 11.6*, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 11.10 *Appointment of Co-Trustee or Separate Trustee*.

(a) Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust may at the time be located, Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust, and to vest in such Person or Persons, in such capacity and for the benefit of the Holders, such title to the Trust, or any part thereof, and, subject to the other provisions of this *Section 11.10*, such powers, duties, obligations, rights and trusts as Trustee may consider necessary or desirable; *provided*, that Trustee shall exercise due care in the appointment of any co-trustee. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under *Section 11.6* and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under *Section 11.8*.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon Trustee shall be conferred or imposed upon and exercised or performed by Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without Trustee joining in such act) except to the extent that under any laws of any jurisdiction in which any particular act or acts are to be performed (whether as Trustee hereunder or as successor to Servicer hereunder) Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this *Article XI*. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, Trustee. Every such instrument shall be filed with Trustee and a copy thereof given to Servicer.

(d) Any separate trustee or co-trustee may at any time constitute Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect to this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 11.11 *Tax Return*. If the Trust is required to file tax returns, Servicer shall prepare or shall cause to be prepared any tax returns required to be filed by the Trust and shall remit such returns to Trustee for signature at least five days before such returns are due to be filed; Trustee shall promptly sign such returns and deliver such returns after signature to Servicer and such returns shall be filed by Servicer. Servicer in accordance with each Supplement shall also prepare or shall cause to be prepared all tax information required by law to be distributed to Investor Holders. Trustee upon request, will furnish Servicer with all such information known to Trustee as may be reasonably required in connection with the preparation of all tax returns of the Trust. In no event shall Trustee or Servicer (except as provided in *Sections 7.4* or *8.4*) be liable for any liabilities, costs or expenses of the Trust or the Investor Holders arising under any tax law, including Federal, state, local or foreign income or excise taxes or any other tax imposed or measured by income (or any interest or penalty with respect thereto or arising from a failure to comply therewith).

SECTION 11.12 *Trustee May Enforce Claims Without Possession of Certificates*. All rights of action and claims under this Agreement or the Certificates may be prosecuted and enforced by Trustee without the possession of any of the Certificates or the production thereof in any proceeding relating thereto, and any such proceeding instituted by Trustee shall be brought in its own name as trustee. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been obtained.

SECTION 11.13 *Suits for Enforcement*. If a Servicer Default shall occur and be continuing, Trustee, in its discretion may, subject to the provisions of *Sections 10.1* and *11.14*, proceed to protect and enforce its rights and the rights of

the Holders under this Agreement by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the execution of any power granted in this Agreement or for the enforcement of any other legal, equitable or other remedy as Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of Trustee or the Holders.

SECTION 11.14 *Rights of Holders to Direct Trustee*. Holders of Investor Certificates evidencing more than 50% of the aggregate unpaid principal amount of all Investor Certificates (or, with respect to any remedy, trust or power that does not relate to all Series, 50% of the aggregate unpaid principal amount of the Investor Certificates of all Series to which such remedy, trust or power relates) shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to Trustee, or exercising any trust or power conferred on Trustee relating to such proceeding; *provided* that, subject to *Section 11.1*, Trustee shall have the right to decline to follow any such direction if Trustee being advised by counsel determines that the action so directed may not lawfully be taken, or if Trustee in good faith shall, by a Responsible Officer or Responsible Officers of Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability or be unduly prejudicial to the rights of Holders not parties to such direction; and *provided further* that nothing in this Agreement shall impair the right of Trustee to take any action deemed proper by Trustee and which is not inconsistent with such direction.

SECTION 11.15 *Representations and Warranties of Trustee*. Trustee represents and warrants as of each Closing Date that:

(a) Trustee is a New York banking corporation, organized, existing and in good standing under the laws of the State of New York;

(b) Trustee has full power, authority and right to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement; and

(c) this Agreement has been duly executed and delivered by Trustee and is a binding obligation of Trustee enforceable against Trustee in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

SECTION 11.16 *Maintenance of Office or Agency*. Trustee will maintain at its expense an office or agency (the "*Corporate Trust Office*") where notices and demands to or upon Trustee in respect of the Certificates and this Agreement

may be served (a) in the City of New York, in the case of Registered Certificates and Holders thereof, and (b) in London or Luxembourg, in the case of Bearer Certificates and Holders thereof, if and for so long as any Bearer Certificates are outstanding. The Corporate Trust Office shall initially be located at 450 West 33rd Street, 14th Floor, New York, New York, 10001. Trustee will give prompt notice to Servicer and to Investor Holders of any change in the location of the Certificate Register or any such office or agency.

SECTION 11.17 *Confidentiality*. Information provided by the Credit Card Originator or Transferor to Trustee related to the transaction effected hereunder, including all information related to the Obligors with respect to the Receivables, and any computer software provided to Trustee in connection with the transaction effected hereunder or under any Supplement, in each case whether in the form of documents, reports, lists, tapes, discs or any other form, shall be "*Confidential Information*." Trustee and its agents, representatives or employees shall at all times maintain the confidentiality of all Confidential Information and shall not, without the prior written consent of the Credit Card Originator or Transferor, as applicable, disclose to third parties (including Holders) or use such information to compete or assist any other Person in competing with the Credit Card Originator or Transferor or in any manner whatsoever, in whole or in part, except as expressly permitted under this Agreement or under any Supplement or as required to fulfill an obligation of Trustee under this Agreement or under any Supplement, in which case such Confidential Information shall be revealed only to the extent expressly permitted or only to Trustee's agents, representatives and employees who need to know such Confidential Information to the extent required for the purpose of fulfilling an obligation of Trustee under this Agreement or under any Supplement. Notwithstanding the above, Confidential Information may be disclosed to the extent required by law or legal process, provided that Trustee gives prompt written notice to the Credit Card Originator or Transferor, as applicable, of the nature and scope of such disclosure.

ARTICLE XII TERMINATION

SECTION 12.1 *Termination of Trust*. The Trust and the respective obligations and responsibilities of Transferor, Servicer and Trustee created hereby (other than the obligation of Trustee to make payments to Investor Holders as hereinafter set forth) shall terminate, except with respect to the duties described in *Sections 7.4*, *8.4*, *9.2* and *12.2(b)*, upon the earlier of (i) January 1, 2021, (ii) the day following the Distribution Date on which the Invested Amount for each Series is zero (*provided* that Transferor has delivered a written notice to Trustee electing to terminate the Trust) and (iii) the date provided in *Section 9.2*.

SECTION 12.2 *Final Distribution*. (a) Servicer shall give Trustee at least 30 days prior notice of the Distribution Date on which the Investor Holders of any Series or Class may surrender their Investor Certificates for payment of the final distribution on and cancellation of such Investor Certificates (or, in the event of a final distribution resulting from the application of *Section 2.6*, *9.2* or *10.1*, notice

of such Distribution Date promptly after Servicer has determined that a final distribution will occur, if such determination is made less than 30 days prior to such Distribution Date). Such notice shall be accompanied by an Officer's Certificate setting forth the information specified in *Section 3.5* covering the period during the then current fiscal year through the date of such notice. Not later than the fifth day of the month in which the final distribution in respect of such Series or Class is payable to Investor Holders, Trustee shall provide notice to Investor Holders of such Series or Class specifying (i) the date upon which final payment of such Series or Class will be made upon presentation and surrender of Investor Certificates of such Series or Class at the office or offices therein designated, (ii) the amount of any such final payment and (iii) that the Record Date otherwise applicable to such payment date is not applicable, payments being made only upon presentation and surrender of such Investor Certificates at the office or offices therein specified (which, in the case of Bearer Certificates, shall be outside the United States). Trustee shall give such notice to the Transfer Agent and Registrar and the Paying Agent at the time such notice is given to Investor Holders.

(b) Notwithstanding a final distribution to the Investor Holders of any Series or Class (or the termination of the Trust), except as otherwise provided in this paragraph, all funds then on deposit in the Collection Account, the Excess Funding Account and any Series Account allocated to such Investor Holders shall continue to be held in trust for the benefit of such Investor Holders and the Paying Agent or Trustee shall pay such funds to such Investor Holders upon surrender of their Investor Certificates (and any excess shall be paid in accordance with any relevant Enhancement Agreement). If all such Investor Holders shall not surrender their Investor Certificates for cancellation within six months after the date specified in the notice from Trustee described in *paragraph (a)*, Trustee shall give a second notice to the remaining such Investor Holders to surrender their Investor Certificates for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Certificates, shall be outside the United States). If within one year after the second notice all such Investor Certificates shall not have been surrendered for cancellation, Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Investor Holders concerning surrender of their Investor Certificates, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Investor Holders. Trustee and the Paying Agent shall pay to Transferor any moneys held by them for the payment of principal or interest that remains unclaimed for two years. After payment to Transferor, Investor Holders entitled to the money must look to Transferor for payment as general creditors unless an applicable abandoned property law designates another Person.

(c) If the Invested Amount with respect to any Series is greater than zero on its Series Termination Date or such earlier date as is specified in the related Supplement (after giving effect to deposits and distributions otherwise to be made on such date), Trustee will sell or cause to be sold on such Series

Termination Date, in accordance with the procedures and subject to the conditions described in such Supplement, Principal Receivables and the related Finance Charge Receivables (or, if a Tax Opinion is obtained, interests therein) in an amount up to 110% of the Invested Amount with respect to such Series on such date (after giving effect to such deposits and distributions; *provided* that in no event shall such amount exceed an amount of Principal Receivables (and all associated Finance Charge Receivables) equal to the sum of (i) the product of (A) Transferor Percentage, (B) the aggregate outstanding Principal Receivables, and (C) a fraction the numerator of which is the related Investor Percentage of Collections of Finance Charge Receivables and the denominator of which is the sum of all Investor Percentages with respect to Collections of Finance Charge Receivables of all Series outstanding and (ii) the Invested Amount of such Series). The proceeds from any such sale shall be allocated and distributed in accordance with the applicable Supplement.

SECTION 12.3 *Transferor's Termination Rights*. Upon the termination of the Trust pursuant to *Section 12.1*, Trustee shall assign and convey to the holder of the Transferor Interest or its designee, without recourse, representation or warranty, all right, title and interest of the Trust in the Receivables, whether then existing or thereafter created, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof, except for amounts held by Trustee pursuant to *Section 12.2(b)*. Trustee shall execute and deliver such instruments of transfer and assignment, in each case without recourse, as shall be reasonably requested by Transferor to vest in Transferor or its designee all right, title and interest which the Trust had in the Receivables and such other related assets.

ARTICLE XIII MISCELLANEOUS PROVISIONS

SECTION 13.1 *Amendment; Waiver of Past Defaults*. (a) This Agreement or any Supplement may be amended from time to time (including in connection with (i) adding covenants, restrictions or conditions of Transferor, such further covenants, restrictions or conditions as its Board of Directors and Trustee shall consider to be for the benefit or protection of the Investor Holders, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or Early Amortization Event permitting the enforcement of all or any of the several remedies provided in this Agreement as herein set forth; *provided, however*, that in respect of any such additional covenant, restriction or condition such amendment may provide for a particular period of grace after default or may provide for an immediate enforcement upon such default or may limit the remedies available to Trustee upon such default, (ii) curing any ambiguity or correcting or supplementing any provision contained herein or in any Supplement which may be defective or inconsistent with any other provision contained herein or in any Supplement or to surrender any right or power conferred upon Transferor, (iii) the issuance of a Supplemental Interest, (iv) the addition of a Participation Interest or receivables arising in VISA, MasterCard or any other

type of open end revolving credit card account to the Trust, (v) the assumption by another entity, in accordance with the provisions of this Agreement, of Transferor's obligations hereunder, or (vi) the provision of additional Enhancement for the benefit of Holders of any Series) by Servicer, Transferor and Trustee without the consent of such Holders as provided for in the applicable Supplement, *provided* that (x) Transferor shall have delivered to Trustee an Officer's Certificate to the effect that Transferor reasonably believes that such action shall not adversely affect in any material respect the interests of any Investor Holder, (y) the Rating Agency Condition shall have been satisfied with respect to any such amendment and with respect to any amendment to Section 13.10 or Section 13.16, the S&P Condition shall have been satisfied and (z) a Tax Opinion is delivered in connection with any such amendment. The designation of additional or substitute Transferors or additional Credit Card Originators pursuant to *Section 2.11* or *2.12* shall be subject to this *Section 13.1* only to the extent that the supplement to this Agreement providing for such designation amends any of the terms of this Agreement.

(b) This Agreement or any Supplement may also be amended from time to time by Servicer, Transferor and Trustee, with the consent of the Holders of Investor Certificates (acting for themselves or through any designated agents, as provided for in any applicable Supplement) evidencing not less than 66-$^{2}/_{3}$% of the aggregate unpaid principal amount of the Investor Certificates of all adversely affected Series, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or any Supplement or of modifying in any manner the rights of the Holders; *provided, however*, that no such amendment shall (i) reduce in any manner the amount of or delay the timing of any distributions to be made to Investor Holders or deposits of amounts to be so distributed or the amount available under any Enhancement without the consent of each affected Holder (provided that any amendment of the terms of an Early Amortization Event shall not be deemed to be within the scope of this *clause (i)*), (ii) change the definition of or the manner of calculating the interest of any Investor Holder without the consent of each affected Investor Holder (acting for themselves or through any designated agents, as provided for in any applicable Supplement) or (iii) reduce the aforesaid percentage required to consent to any such amendment without the consent of each Investor Holder (acting for themselves or through any designated agents, as provided for in any applicable Supplement); and provided, further, no amendment may be made to Section 13.10 or Section 13.16 unless the S&P Condition shall have been satisfied. Any amendment to be effected pursuant to this paragraph shall be deemed to adversely affect all outstanding Series, other than any Series with respect to which such action shall not, as evidenced by an Opinion of Counsel for Transferor, addressed and delivered to Trustee, adversely affect in any material respect the interests of any Investor Holder of such Series. Trustee may, but shall not be obligated to, enter into any such amendment which affects Trustee's rights, duties or immunities under this Agreement or otherwise.

(c) Promptly after the execution of any such amendment or consent (other than an amendment pursuant to *paragraph (a)*), Trustee shall furnish notification of the substance of such amendment to each Investor Holder; and Servicer shall furnish prior notification of the substance of such amendment to (i) each Rating Agency and (ii) each Enhancement Provider, if any, entitled thereto pursuant to the relevant Supplement.

(d) It shall not be necessary for the consent of Investor Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Investor Holders shall be subject to such reasonable requirements as Trustee may prescribe.

(e) Any Supplement executed in accordance with the provisions of *Section 6.3* shall not be considered an amendment to this Agreement for the purposes of this Section.

(f) The Holders of Investor Certificates evidencing more than 66-$^{2}/_{3}$% of the aggregate unpaid principal amount of the Investor Certificates of each Series, or, with respect to any Series with two or more Classes, of each Class (or, with respect to any default that does not relate to all Series, 66-$^{2}/_{3}$% of the aggregate unpaid principal amount of the Investor Certificates of each Series to which such default relates or, with respect to any such Series with two or more Classes, of each Class) may, on behalf of all Holders, waive any default by Transferor or Servicer in the performance of their obligations hereunder and its consequences, except the failure to make any distributions required to be made to Investor Holders or to make any required deposits of any amounts to be so distributed. Upon any such waiver of a past default, such default shall cease to exist, and any default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

SECTION 13.2 *Protection of Right, Title and Interest to Trust*. (a) Transferor shall cause this Agreement, all amendments and supplements hereto and all financing statements and continuation statements and any other necessary documents covering the Holders, and Trustee's right, title and interest to the Trust to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve and protect the right, title and interest of the Holders and Trustee hereunder to all property comprising the Trust Assets. Transferor shall deliver to Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing.

(b) Within 30 days after Transferor makes any change in its name, identity or corporate structure which would make any financing statement or continuation statement filed in accordance with *paragraph (a)* seriously misleading within the meaning of Section 9-402(7) (or any comparable provision) of the UCC, Transferor shall give Trustee notice of any such change and shall file such financing statements or amendments as may be necessary to continue the perfection of the Trust's security interest in the Receivables and the proceeds thereof.

(c) Transferor and Servicer will give Trustee prompt notice of any relocation of any office from which it services Receivables or keeps records concerning the Receivables or of its principal executive office and whether, as a result of such relocation, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall file such financing statements or amendments as may be necessary to perfect or to continue the perfection of the Trust's security interest in the Receivables and the proceeds thereof. Transferor and Servicer will at all times maintain each office from which it services Receivables and its principal executive offices within the United States.

(d) Transferor will deliver to Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Supplement: (i) upon the execution and delivery of each amendment of this Agreement or any Supplement, an Opinion of Counsel to the effect specified in *Exhibit E-1*; (ii) on each Addition Date on which any Supplemental Accounts are to be designated as Accounts pursuant to *Section 2.8(a)* or *(b)*, an Opinion of Counsel to the effect specified in *Exhibit E-2*, and on each Addition Date on which any Participation Interests are to be included in the Trust pursuant to *Section 2.8(a)* or *(b)*, an Opinion of Counsel covering the same substantive legal issues addressed by *Exhibit E-2* but conformed to the extent appropriate to relate to Participation Interests; and (iii) on or before March 31 of each year, beginning with March 31, 1998, an Opinion of Counsel to the effect specified in *Exhibit E-2*.

SECTION 13.3 *Limitation on Rights of Holders*. (a) The death or incapacity of any Holder shall not operate to terminate this Agreement or the Trust, nor shall such death or incapacity entitle such Holders' legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

(b) No Investor Holder shall have any right to vote (except as expressly provided in this Agreement) or in any manner otherwise control the operation and management of the Trust, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Certificates, be construed so as to constitute the Investor Holders from time to time as partners or members of an association, nor shall any Investor Holder be under any liability to any third person by reason of any action by the parties to this Agreement pursuant to any provision hereof.

(c) No Investor Holder shall have any right by virtue of any provisions of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement, unless such Investor Holder previously shall have made, and unless the Holders of Investor Certificates evidencing more than 50% of the aggregate unpaid principal amount of all Investor Certificates (or, with respect to any such action, suit or proceeding that does not relate to all Series, 50% of the aggregate unpaid principal amount of the Investor Certificates of all Series which such action, suit or proceeding relates) shall have made written request to Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and Trustee, for 60 days after its receipt of such request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding; it being understood and intended, and being expressly covenanted by each Investor Holder with every other Investor Holder and Trustee, that no one or more Investor Holders shall have any right in any manner whatever by virtue or by availing itself or themselves of any provisions of this Agreement to affect, disturb or prejudice the rights of Holders of any other of the Investor Certificates, or to obtain or seek to obtain priority over or preference to any other Investor Holder, or to enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Investor Holders except as otherwise expressly provided in this Agreement. For the protection and enforcement of the provisions of this Section, each and every Investor Holder and Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 13.4 ***GOVERNING LAW*. THIS AGREEMENT 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.**

SECTION 13.5 *Notices, Payments*. (a) All demands notices, instructions, directions and communications (collectively, "*Notices*") under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission (i) in the case of Servicer, to WFN, 800 Techcenter Drive, Gahanna, Ohio 43230, Attention: Dan Groomes (facsimile no. 614/729-4899), (ii) in the case of Trustee, The Chase Manhattan Bank, 450 West 33rd Street, 14th Floor, New York, New York 10001 (facsimile no. 212-946-8828)), (iii) in the case of Transferor, to WFN Credit Company, LLC, 200 West Schrock Road, Westerville, Ohio 43801, (iv) in the case of the Paying Agent or the Transfer Agent and Registrar, to Trustee at the address above and (v) to any other Person

as specified in any Supplement; or, as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to each other party.

(b) Any Notice required or permitted to be given to a Holder of Registered Certificates shall be given by first-class mail, postage prepaid, at the address of such Holder as shown in the Certificate Register. No Notice shall be required to be mailed to a Holder of Bearer Certificates or Coupons but shall be given as provided below. Any Notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Investor Holder receives such Notice. In addition, (i) if and so long as any Series or Class is listed on the Luxembourg Stock Exchange and such Exchange shall so require, any Notice to Investor Holders shall be published in an Authorized Newspaper of general circulation in Luxembourg within the time period prescribed in this Agreement and (ii) in the case of any Series or Class with respect to which any Bearer Certificates are outstanding, any Notice required or permitted to be given to Investor Holders of such Series or Class shall be published in an Authorized Newspaper within the time period prescribed in this Agreement.

SECTION 13.6 *Rule 144A Information*. For so long as any of the Investor Certificates of any Series or Class are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of Transferor, Trustee, Servicer and any Enhancement Provider agree to cooperate with each other to provide to any Investor Holders of such Series or Class and to any prospective purchaser of Certificates designated by such Investor Holder, upon the request of such Investor Holder or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the condition set forth in Rule 144A(d)(4) under the Securities Act.

SECTION 13.7 *Severability of Provisions*. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such provisions shall be deemed severable from the remaining provisions of this Agreement and shall in no way affect the validity or enforceability of the remaining provisions or of the Certificates or the rights of the Holders.

SECTION 13.8 *Certificates Nonassessable and Fully Paid*. It is the intention of the parties to this Agreement that the Holders shall not be personally liable for obligations of the Trust, that the interests in the Trust represented by the Certificates shall be nonassessable for any losses or expenses of the Trust or for any reason whatsoever and that Certificates upon authentication thereof by Trustee pursuant to Section 6.2 are and shall be deemed fully paid.

SECTION 13.9 *Further Assurances*. Transferor and Servicer agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by Trustee more fully to effect the

purposes of this Agreement, including the execution of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

SECTION 13.10 *Nonpetition Covenant*. (a) Notwithstanding any prior termination of this Agreement, Servicer, Trustee, each Holder and each Enhancement Provider, if any, and each Holder of a Supplemental Interest and (with respect to the Trust only) the Transferor shall not any time institute against the Transferor or the Trust, or solicit or join in or cooperate with or encourage any institution against the Transferor or the Trust of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or State bankruptcy or similar law in connection with any obligations relating to this Agreement or any of the Transaction Documents. The foregoing shall not limit the rights of the Servicer, Trustee, any Holder, any Enhancement Provider or any Holder of a Supplemental Interest or (with respect to the Trust only) the Transferor to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Transferor or the Trust by any Person other than the Servicer, Trustee, the Holders, any Enhancement Provider or any Holder of a Supplemental Interest.

(b) This covenant shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

SECTION 13.11 *No Waiver; Cumulative Remedies*. No failure to exercise and no delay in exercising, on the part of Trustee or the Holders, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided under this Agreement are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

SECTION 13.12 *Counterparts*. This Agreement 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 together shall constitute one and the same instrument.

SECTION 13.13 *Third-Party Beneficiaries*. This Agreement will inure to the benefit of and be binding upon the parties hereto, the Holders, any Enhancement Provider (to the extent provided in this Agreement and the related Supplement) and their respective successors and permitted assigns. Except as otherwise expressly provided in this Agreement (including *Section 7.4*), no other Person will have any right or obligation hereunder.

SECTION 13.14 *Actions by Holders*. (a) Wherever in this Agreement a provision is made that an action may be taken or a Notice given by Holders, such action or Notice may be taken or given by any Holder, unless such provision requires a specific percentage of Holders.

(b) Any Notice, request, authorization, direction, consent, waiver or other act by the Holder of a Certificate shall bind such Holder and every subsequent Holder of such Certificate and of any Certificate issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by Trustee or Servicer in reliance thereon, whether or not notation of such action is made upon such Certificate.

SECTION 13.15 *Merger and Integration*. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement.

SECTION 13.16 *Subordination.* (a) Each of Servicer, Trustee, each Holder and each Enhancement Provider acknowledges and agrees that the obligations of the Transferor under or relating to this Agreement or any of the Transaction Documents represent obligations or indebtedness of the Transferor and do not represent an interest in any assets (other than the Trust Assets) of any other entity (including by virtue of any deficiency claim in respect of obligations not paid or otherwise satisfied from the Trust Assets. In furtherance of and not in derogation of the foregoing, to the extent the Transferor enters into other securitization transactions, each of Servicer, Trustee, each Holder, each Enhancement Provider and each Holder of a Supplemental Interest acknowledges and agrees that it shall have no right, title or interest in or to any assets (or interests therein) (other than the Trust Assets) conveyed or purported to be conveyed by the Transferor to another securitization trust or other Person or Person(s) in connection therewith (whether by way of a sale, capital contribution or by virtue of the granting of a lien) ("Other Assets"). To the extent that, notwithstanding the agreements and provisions contained in the preceding sentences of this Section, any of Servicer, Trustee, the Holders, the Enhancement Providers or any Holder of a Supplemental Interest either (i) asserts an interest or claim to, or benefit from, Other Assets, whether asserted against or through Transferor or any other Person owned by Transferor, or (ii) is deemed to have any such interest, claim or benefit in or from Other Assets, whether by operation of law, legal process, pursuant to applicable provisions of insolvency laws or otherwise (including by virtue of Section 1111(b) of the federal Bankruptcy Code or any successor provision having similar effect under the Bankruptcy Code), and whether deemed asserted against or through Transferor or any other Person owned by Transferor, then each of Servicer, Trustee, each Holder, each Enhancement Provider and each Holder of a Supplemental Interest further acknowledges and agrees that any such interest, claim or benefit in or from Other Assets is and shall be expressly subordinated to the indefeasible payment in full of all obligations and liabilities of Transferor which, under the terms of the relevant documents relating to the securitization of such Other Assets, are entitled to be paid from, entitled to the benefits of, or otherwise secured by such Other

Assets (whether or not any such entitlement or security interest is legally perfected or otherwise entitled to a priority of distribution or application under applicable law, including insolvency laws, and whether asserted against Transferor or any other Person owned by Transferor), including, the payment of post-petition interest on such other obligations and liabilities. This subordination agreement shall be deemed a subordination agreement within the meaning of Section 510(a) of the Bankruptcy Code. Each of Servicer, Trustee, the Holders, the Enhancement Providers and any Holders of the Supplemental Interests agrees that no adequate remedy at law exists for a breach of this Section 13.16 and the terms of this Section 13.16 may be enforced by an action for specific performance.

(b) The provisions of this Section 13.16 shall be for the third party benefit of those entitled to rely thereon and shall survive the termination of this Agreement.

IN WITNESS WHEREOF, Transferor, Servicer and Trustee have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

WFN CREDIT COMPANY, LLC, as Transferor

By /s/ Robert P. Armiak
Name: Robert P. Armiak
Title: Vice President and Treasurer

WORLD FINANCIAL NETWORK NATIONAL BANK, as Servicer

By /s/ Robert P. Armiak
Name: Robert Armiak
Title: Treasurer

THE CHASE MANHATTAN BANK, as Trustee

By /s/ Craig M. Kantor
Name: Craig M. Kantor
Title: Vice President

EXHIBITS

EXHIBIT 10.7

THIS AMENDMENT TO AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT AND SECOND AMENDMENT TO AMENDED AND RESTATED SERIES 2000-1 SUPPLEMENT, dated as of April 7, 2004 (this "*Amendment*"), is among WFN CREDIT COMPANY, LLC, a Delaware limited liability company, as Transferor ("*Transferor*"), WORLD FINANCIAL NETWORK NATIONAL BANK, a national banking association ("*WFN*"), as Servicer (in such capacity, the "*Servicer*") and JPMORGAN CHASE BANK, a New York banking corporation, as Trustee ("*Trustee*").

BACKGROUND

WHEREAS, the parties hereto are parties to that certain Amended and Restated Pooling and Servicing Agreement, dated as of January 30, 1998, as amended and restated September 28, 2001 (the "*Pooling and Servicing Agreement*");

WHEREAS, pursuant to Section 13.1(b) of the Pooling and Servicing Agreement, the parties hereto desire to effect certain amendments to the Pooling and Servicing Agreement and the Amended and Restated 2000-1 Supplement, dated as of December 22, 2000, as amended and restated December 19, 2002 and as further amended on August 28, 2003, to the Pooling and Servicing Agreement (the "*Series Supplement*").

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. *Definitions*. Capitalized terms used in this Amendment and not otherwise defined are defined in the Series Supplement or, if not defined in the Series Supplement, in the Pooling and Servicing Agreement.

SECTION 2. *Amendments to the Series Supplement*. The Series Supplement is hereby amended as follows:

(a) The following definition is hereby added to Section 2 of the Series Supplement in alphabetical order:

"*Second Amendment Date*" means April 7, 2004.

(b) The definition of "*Maximum Collateral Funded Amount*" in Section 2 of the Series Supplement is hereby amended by replacing "$ " with "$ ".

(c) The definition of "*Maximum Funded Amount*" in Section 2 of the Series Supplement is hereby amended by replacing "$ " with $ ".

(d) The definition of "*Required Cash Collateral Amount*" in Section 2 of the Series Supplement is hereby amended and restated as follows:

"*Required Cash Collateral Amount*" means, with respect to any date of determination (a) as of the Second Amendment Date, $ and (b) on any Transfer Date thereafter the product of (x) %

times (y) the Invested Amount, after any adjustments to be made on such date, including but not limited to an Incremental Funding; provided that (A) if, on or prior to such Transfer Date, the sum of the Class A Required Amount and the Collateral Required Amount is greater than zero or an Early Amortization Event with respect to the Investor Certificates has occurred, the Required Cash Collateral Amount for any Transfer Date shall (subject to the following *clause (B)*) equal the Required Cash Collateral Amount for the Transfer Date immediately preceding such Transfer Date on which the sum of the Class A Required Amount and the Collateral Required Amount is zero or the Early Amortization Event, as the case may be, and (B) in no event shall the Required Cash Collateral Amount during any Monthly Period in the Fixed Allocation Period exceed the sum of the Class A Invested Amount and the Collateral Required Amount for the Monthly Period preceding such Transfer Date after taking into account the payments to be made on the related Distribution Date.

(e) The definition of "Required Collateral Interest" in Section 2 of the Series Supplement is hereby amended and restated as follows:

"*Required Collateral Interest*" means the product of % and the sum of the Maximum Funded Amount and the Maximum Collateral Funded Amount; provided that the Required Collateral Interest shall equal zero at any time that the Funded Amount is zero.

(f) The definition of "*Required Retained Transferor Percentage*" in Section 2 of the Series Supplement is hereby amended by replacing "5.0%" with "7.0%".

(g) Section 7 to the Series Supplement is hereby amended by adding the following sentence at the end of such Section:

"On the Second Amendment Date, Transferor shall execute and deliver four Class A Certificates (the "*New Class A Certificates*"), each in the Maximum Funded Amount of $89,500,000 to the Trustee for authentication in accordance with Section 6.1. Such Class A Certificates shall be registered in the respective names of the Funding Agents under the Certificate Purchase Agreement. On the Second Amendment Date, each Funding Agent shall deliver to the Trustee the Class A Certificate currently registered in its name (each an "*Existing Class A Certificate*") and, upon receipt of each such Existing Class A Certificate, the Trustee shall (i) cancel and destroy such Existing Class A Certificate and (ii) deliver to the applicable Funding Agent a fully executed and authenticated New Class A Certificate registered in such Funding Agent's name."

(h) Section 10(k)(i) to the Series Supplement is hereby amended by replacing "4.0%" with "5.5%".

SECTION 3. *Amendment to the Pooling and Servicing Agreement*. The Pooling and Servicing Agreement shall be amended by adding the following new Section 2.9(c) immediately following Section 2.9(b):

"(c) In order to remove assets from the collateral supporting the Investor Certificates, the Holders of Investor Certificates evidencing not less than 100% of the aggregate unpaid principal amount all of Designated Investor Certificates shall have the right, upon notice to the Transferor and the Servicer, to direct the Transferor to designate as Removed Accounts all (but not less than all) of the Accounts in any Approved Portfolio specified by such Investor Certificateholders, which shall cause a reduction in the aggregate outstanding principal amount of the Designated Investor Certificates in such amount as shall be necessary so that after giving effect to the reassignment of the Receivables in the Removed Accounts and such reduction in the outstanding principal amount of the Designated Investor Certificates, (i) the sum of aggregate amount of Principal Receivables plus amounts on deposit in the Excess Funding Account shall not be less than the Required Principal Balance and (ii) the Transferor Amount shall not be less than the Minimum Transferor Amount; provided that such right shall not be exercised more than once during any calendar year; and provided, further, that any reduction made in the outstanding principal amount of the Designated Investor Certificates pursuant to this Section 2.9(c) shall be made *pro rata* among each Series of Designated Investor Certificates, unless otherwise agreed to by all Holders of the Designated Investor Certificates; and provided, further, that any removal of Accounts pursuant to this Section 2.9(c) shall be subject to the prior satisfaction of the Rating Agency Condition. The Transferor shall have 30 days after receipt of such notice to designate the Accounts in the Approved Portfolios specified in such notice as Removed Accounts. On or prior to the date that is 10 Business Days after the Removal Date for Accounts designated as Removed Accounts pursuant to this Section 2.9(c), the Transferor shall deliver to the Trustee an Account Schedule listing the Removed Accounts, and specifying for each Account, as of the Removal Date, the aggregate amount of Principal Receivables outstanding in such Accounts. For the avoidance of doubt, the conditions precedent for the reassignment of Receivables specified in Section 2.9(a) shall not apply to a removal of Accounts or reassignment of Receivables pursuant to this Section 2.9(c). For purposes of this Section 2.9(c), "Designated Investor Certificates" shall include the Series 2000-1 Investor Certificates and any additional Series of Investor Certificates if the related Series Supplement shall specify that such the Investor Certificates of such Series are "Designated Investor Certificates for purposes of this Section 2.9(c)."

SECTION 4. *Miscellaneous*. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York without reference to its conflict of laws provisions. The Series Supplement, as amended hereby, remains in full force and effect. Any reference to the Series Supplement after the date hereof shall be deemed to refer to the Series Supplement as amended hereby, unless otherwise expressly stated therein.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective, duly authorized officers as of the date and year first-above written.

WFN CREDIT COMPANY, LLC, as Transferor

By: /s/ Robert P. Armiak
Name: Robert P. Armiak
Title: Senior Vice President and Treasurer

WORLD FINANCIAL NETWORK NATIONAL BANK, as Servicer

By: /s/ Robert P. Armiak
Name: Robert P. Armiak
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, not in its individual capacity, but solely as Trustee

By: /s/ Andrea Powell
Name: Andrea Powell
Title: Trust Officer

SECOND AMENDMENT TO THE
AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

This SECOND AMENDMENT TO THE AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT, dated as of March 23, 2005 (this "*Amendment*") is made among World Financial Network National Bank ("*WFN*"), as Servicer; WFN Credit Company, LLC ("*WFN Credit*"), as Transferor; and JPMorgan Chase Bank, N.A., a national banking association, as Trustee ("*Trustee*"), of World Financial Network Credit Card Master Trust III (the "*Issuer*"), to the Pooling Agreement referenced below. Capitalized terms used and not otherwise defined in this Amendment are used as defined in the Pooling Agreement (referenced below).

WHEREAS, the parties hereto are parties to that certain Amended and Restated Pooling and Servicing Agreement, dated as of January 30, 1998, as amended and restated September 28, 2001 (as amended, the "*Pooling Agreement*"); and

WHEREAS, the parties hereto desire to amend the Pooling Agreement as set forth below;

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. *Amendments to Pooling Agreement*. (a) Section 3.6(a) of the Pooling Agreement is hereby amended in its entirety to read as follows:

"(a) On or before the 90th day following the end of each fiscal year of the Servicer, Servicer shall cause a firm of nationally recognized independent public accountants (who may also render other services to Servicer, the Credit Card Originator or Transferor) to furnish a report (addressed to the Servicer) to the Trustee, Servicer and each Rating Agency to the effect that they have attested to the assertion of an authorized officer of the Servicer that the Servicer is in compliance with the terms and conditions set forth in Sections 3.1, 3.2, 3.3(l), 3.4, 3.5, 3.6, 3.9, 4.2, 4.3, 4.4 and 4.5 of this Agreement, as modified or supplemented by the applicable provisions of each Supplement and such assertion is fairly stated in all material respects. The report required by this paragraph may be replaced by any independent accountant's report which complies with the periodic reporting requirements concerning servicing practices of Regulation AB (or any successor rule or regulation as may be promulgated by the Commission), as modified by any "no-action" letter or similar guidance promulgated by the Commission."

(b) Section 3.6(b) of the Pooling Agreement is deleted in its entirety and shall be replaced with the following:

"(b) [RESERVED]"

2. *Binding Effect; Ratification*. (a) This Amendment shall become effective, as of the date first set forth above, (i) upon receipt hereof by each of the parties hereto of counterparts duly executed and delivered by each of the parties hereto, and (ii) satisfaction of each of the conditions precedent described in Section 13.1(b) of the Pooling Agreement, and thereafter shall be binding on the parties hereto and their respective successors and assigns.

(b) On and after the execution and delivery hereof, this Amendment shall be a part of the Pooling Agreement and each reference in the Pooling Agreement to "this Agreement" or "hereof," "hereunder" or words of like import, and each reference in any other Transaction Document to the Pooling Agreement shall mean and be a reference to the Pooling Agreement as amended hereby.

(c) Except as expressly amended hereby, the Pooling Agreement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

3. *Miscellaneous*. (a) THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS. EACH OF THE PARTIES TO THIS AMENDMENT HEREBY AGREES TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HEREBY WAIVES ANY OBJECTION BASED ON *FORUM NON CONVENIENS* AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

(b) Headings used herein are for convenience of reference only and shall not affect the meaning of this Amendment.

(c) This Amendment may be executed in any number of counterparts, and by the parties hereto on separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

WORLD FINANCIAL NETWORK NATIONAL BANK, as Servicer

By: /s/ Robert P. Armiak
Name: Robert P. Armiak
Title: Senior Vice President and Treasurer

WFN CREDIT COMPANY, LLC, as Transferor

By: /s/ Robert P. Armiak
Name: Robert P. Armiak
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, N.A, not in its individual capacity, but solely as Trustee

By: /s/ Michael A. Smith
Name: Michael A. Smith
Title: Vice President

EXHIBIT 10.9

THIRD AMENDMENT TO THE
AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

This THIRD AMENDMENT TO THE AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT, dated as of October 26, 2007 (this "*Amendment*") is made among World Financial Network National Bank ("*WFN*"), as Servicer, WFN Credit Company, LLC ("*WFN Credit*"), as Transferor, and Union Bank of California, N.A. (successor to JPMorgan Chase Bank, N.A.), a national banking association, as Trustee ("*Trustee*"), of World Financial Network Credit Card Master Trust III (the "*Issuer*"), to the Pooling Agreement referenced below. Capitalized terms used and not otherwise defined in this Amendment are used as defined in the Pooling Agreement (referenced below).

WHEREAS, the parties hereto are parties to that certain Amended and Restated Pooling and Servicing Agreement, dated as of January 30, 1998, as amended and restated on September 28, 2001, as further amended as of April 7, 2004 and March 23, 2005 and as modified by a Trust Combination Agreement dated as of April 26, 2005 (as amended, the "*Pooling Agreement*"); and

WHEREAS, the parties hereto desire to amend the Pooling Agreement as set forth below;

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. SECTION 1. *Amendment to Pooling Agreement*. The Pooling Agreement is hereby amended by adding the following subsection (c) to Section 2.9 immediately following subsection (b):

"(c) Treatment of Defaulted Receivables. In addition to the foregoing, on the later of October 26, 2007 and the date when any Receivable in an Account becomes a Defaulted Receivable, the Trust shall automatically and without further action be deemed to sell, transfer, set over and otherwise convey to the Transferor, without recourse, representation or warranty, all right, title and interest of the Trust in and to the Defaulted Receivables and related Finance Charge Receivables in such Account, all monies and amounts due or to become due with respect thereto and all proceeds thereof. The purchase price for the receivables conveyed pursuant to this Section 2.9(c) during any Monthly Period shall equal the amount of Recoveries received by the Transferor during such Monthly Period, including any proceeds received by the Transferor from the sale of Defaulted Receivables, and all such Recoveries shall be deposited into the Collection Account as provided in this Agreement."

SECTION 2. *Conditions to Effectiveness*. This Amendment shall become effective, as of the date first set forth above (the "*Effective Date*"), upon (i) receipt hereof by each of the parties hereto of counterparts duly executed and delivered by each of the parties hereto, and (ii) satisfaction of each of the conditions precedent described in Section 13.1(b) of the Pooling Agreement, and thereafter shall be binding on the parties hereto and their respective successors and assigns.

SECTION 3. *Effect of Amendment; Ratification*. (a) On and after the Effective Date, this Amendment shall be a part of the Pooling Agreement and each reference in the Pooling Agreement to "this Agreement" or "hereof," "hereunder" or words of like import, and each reference in any other Transaction Document to the Pooling Agreement shall mean and be a reference to the Pooling Agreement as amended hereby.

(b) Except as expressly amended hereby, the Pooling Agreement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

SECTION 4. *Governing Law*. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS. EACH OF THE PARTIES TO THIS AMENDMENT HEREBY AGREES TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HEREBY WAIVES ANY OBJECTION BASED ON *FORUM NON CONVENIENS* AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 5. *Section Headings*. Headings used herein are for convenience of reference only and shall not affect the meaning of this Amendment.

SECTION 6. *Counterparts*. This Amendment may be executed in any number of counterparts, and by the parties hereto on separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

WORLD FINANCIAL NETWORK NATIONAL BANK, as Servicer

By: /s/ Ronald C. Reed
Name: Ronald C. Reed
Title: Assistant Treasurer

WFN CREDIT COMPANY, LLC, as Transferor

By: /s/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

UNION BANK OF CALIFORNIA, N.A, not in its individual capacity, but solely as Trustee

By: /s/ Patricia Phillips-Coward
Name: Patricia Phillips-Coward
Title: Vice President

EXHIBIT 31.1

CERTIFICATION OF THE
CHIEF EXECUTIVE OFFICER
OF
ALLIANCE DATA SYSTEMS CORPORATION

I, J. Michael Parks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alliance Data Systems Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ J. MICHAEL PARKS

J. Michael Parks
Chief Executive Officer

Date: November 7, 2008

Exhibit 31.2

CERTIFICATION OF THE
CHIEF FINANCIAL OFFICER
OF
ALLIANCE DATA SYSTEMS CORPORATION

I, Edward J. Heffernan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alliance Data Systems Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ EDWARD J. HEFFERNAN

Edward J. Heffernan
Chief Financial Officer

Date: November 7, 2008

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF
ALLIANCE DATA SYSTEMS CORPORATION

This certification is provided pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q for the quarter ended September 30, 2008 (the "Form 10-Q") of Alliance Data Systems Corporation (the "Registrant").

I, J. Michael Parks, certify that to the best of my knowledge:

(i) the Form 10-Q fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/S/ J. MICHAEL PARKS
Name: J. Michael Parks
Chief Executive Officer

Dated: November 7, 2008

Subscribed and sworn to before me
this 7th day of November, 2008.

/S/ JANE BAEDKE
Name: Jane Baedke
Title: Notary Public

My commission expires:
October 23, 2012

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF
ALLIANCE DATA SYSTEMS CORPORATION

This certification is provided pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q for the quarter ended September 30, 2008 (the "Form 10-Q") of Alliance Data Systems Corporation (the "Registrant").

I, Edward J. Heffernan, certify that to the best of my knowledge:

(i) the Form 10-Q fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/S/ EDWARD J. HEFFERNAN
Name: Edward J. Heffernan
Chief Financial Officer

Dated: November 7, 2008

Subscribed and sworn to before me
this 7th day of November, 2008.

/S/ JANE BAEDKE
Name: Jane Baedke
Title: Notary Public

My commission expires:
October 23, 2012

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.