Table of Contents

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 March 31, 2010

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 May 5, 2010, 53,350,522 shares of common stock were outstanding.

Table of Contents

ALLIANCE DATA SYSTEMS CORPORATION

INDEX

PART I

Item 1. Financial Statements.

ALLIANCE DATA SYSTEMS CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2010	December 31, 2009
	(In thousands)	
ASSETS		
Cash and cash equivalents	$ 220,564	$ 213,378
Trade receivables, less allowance for doubtful accounts ($6,670 and $6,736 at March 31, 2010 and December 31, 2009, respectively)	189,635	225,212
Seller's interest	—	297,108
Credit card receivables:		
Credit card receivables—restricted for securitization investors	4,334,838	—
Other credit card receivables	717,292	671,182
Total credit card receivables	5,052,130	671,182
Allowance for doubtful accounts	(544,569)	(54,884)
Credit card receivables, net	4,507,561	616,298
Deferred tax asset, net	318,090	197,455
Other current assets	122,290	201,427
Redemption settlement assets, restricted	515,262	574,004
Assets of discontinued operations	27,042	34,623
Total current assets	5,900,444	2,359,505
Property and equipment, net	161,226	165,012
Due from securitizations	—	775,570
Cash collateral, restricted	191,677	216,953
Intangible assets, net	300,134	316,597
Goodwill	1,173,077	1,166,275
Other non-current assets	193,278	225,755
Total assets	$ 7,919,836	$ 5,225,667
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 123,615	$ 103,891
Accrued expenses	93,352	128,012
Certificates of deposit	474,101	772,500
Asset-backed securities debt—owed to securitization investors	696,933	—
Current debt	57,750	51,963
Other current liabilities	95,887	88,716
Deferred revenue	1,006,609	984,930
Total current liabilities	2,548,247	2,130,012
Deferred revenue	164,849	161,216
Deferred tax liability, net	76,800	140,712
Certificates of deposit	676,300	692,500
Asset-backed securities debt—owed to securitization investors	2,532,565	—
Long-term and other debt	1,792,967	1,730,389
Other liabilities	181,663	98,062
Total liabilities	7,973,391	4,952,891
Stockholders' equity:		
Common stock, $0.01 par value; authorized 200,000 shares; issued 91,919 shares and 91,121 shares at March 31, 2010 and December 31, 2009, respectively	919	911
Additional paid-in capital	1,245,712	1,235,669
Treasury stock, at cost (39,191 and 38,922 shares at March 31, 2010 and December 31, 2009, respectively)	(1,945,622)	(1,931,102)
Retained earnings	668,634	1,033,039
Accumulated other comprehensive loss	(23,198)	(65,741)
Total stockholders' (deficit) equity	(53,555)	272,776
Total liabilities and stockholders' equity	$ 7,919,836	$ 5,225,667

See accompanying notes to unaudited condensed consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31,	
	2010	2009
	(In thousands, except per share amounts)	
Revenues		
Transaction	$ 76,601	$ 94,438
Redemption	138,677	112,147
Securitization income	—	123,403
Finance charges, net	306,357	17,832
Database marketing fees and direct marketing services	125,191	115,609
Other revenue	16,711	16,022
Total revenue	663,537	479,451
Operating expenses		
Cost of operations	360,123	321,293
General and administrative	22,164	27,819
Provision for loan loss	88,881	—
Depreciation and other amortization	16,325	15,051
Amortization of purchased intangibles	17,846	14,248
Merger reimbursements	—	(580)
Total operating expenses	505,339	377,831
Operating income	158,198	101,620
Interest expense:		
Securitization funding costs	41,619	—
Interest expense on certificates of deposit	7,527	5,745
Interest expense on long-term and other debt, net	33,560	25,542
Total interest expense, net	82,706	31,287
Income from continuing operations before income taxes	75,492	70,333
Provision for income taxes	28,838	27,284
Income from continuing operations	46,654	43,049
Loss from discontinued operations, net of taxes	—	(15,194)
Net income	$ 46,654	$ 27,855
Basic income (loss) per share:		
Income from continuing operations	$ 0.89	$ 0.70
Loss from discontinued operations	—	(0.24)
Net income per share	$ 0.89	$ 0.46
Diluted income (loss) per share:		
Income from continuing operations	$ 0.84	$ 0.70
Loss from discontinued operations	—	(0.25)
Net income per share	$ 0.84	$ 0.45
Weighted average shares:		
Basic	52,441	61,148
Diluted	55,419	61,833

See accompanying notes to unaudited condensed consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 46,654	$ 27,855
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	34,171	29,334
Deferred income taxes	18,272	21,348
Provision for doubtful accounts	89,209	13,288
Non-cash stock compensation	10,606	18,048
Fair value loss on interest-only strip	—	188
Fair value loss on interest rate derivatives	2,181	—
Amortization of discount on convertible senior notes	15,861	10,354
Loss on the sale of assets	—	18,018
Change in operating assets and liabilities, net of acquisitions:		
Change in trade accounts receivable	26,819	15,262
Change in merchant settlement activity	—	(8,987)
Change in other assets	15,200	(17,152)
Change in accounts payable and accrued expenses	(15,849)	(56,616)
Change in deferred revenue	(15,665)	(14,890)
Change in other liabilities	(7,847)	8,933
Excess tax benefits from stock-based compensation	(3,763)	(528)
Other	(9,296)	6,640
Net cash provided by operating activities	206,553	71,095
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in redemption settlement assets	7,097	1,581
Change in seller's interest	—	(2,013)
Change in credit card receivables	397,525	(53,953)
Change in cash collateral, restricted	26,211	7,153
Change in restricted cash	28,245	—
Change in due from securitizations	—	(69,522)
Capital expenditures	(15,428)	(10,888)
Proceeds from the sale of assets	—	8,013
Other	(528)	531
Net cash provided by (used in) investing activities	443,122	(119,098)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under debt agreements	346,000	863,000
Repayment of borrowings	(288,155)	(727,894)
Issuances of certificates of deposit	31,400	413,900
Repayments of certificates of deposit	(346,000)	(169,900)
Proceeds from asset-backed securities	100,965	—
Maturities of asset-backed securities	(557,400)	—
Payment of capital lease obligations	(5,753)	(5,393)
Payment of deferred financing costs	(121)	(1,452)
Excess tax benefits from stock-based compensation	3,763	528
Proceeds from issuance of common stock	6,639	1,658
Purchase of treasury shares	(14,520)	(159,837)
Net cash (used in) provided by financing activities	(723,182)	214,610
Effect of exchange rate changes on cash and cash equivalents	(860)	(1,887)
Change in cash and cash equivalents	(74,367)	164,720
Cash effect on adoption of ASC 860 and ASC 810	81,553	—
Cash and cash equivalents at beginning of period	213,378	156,911
Cash and cash equivalents at end of period	$ 220,564	$ 321,631
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 47,655	$ 16,088
Income taxes (refund) paid, net	$ (2,915)	$ 15,078

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 and its consolidated variable interest entities, 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, 2009, filed with the SEC on March 1, 2010.

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; (2) liabilities and 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. See Note 2, "Change in Accounting Principle," for information on the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 860, "Transfers and Servicing," and ASC 810, "Consolidation."

In February 2009, the Company sold the remainder of its utility services division, which was reflected as a discontinued operation. In November 2009, the Company terminated operations of its credit program for web and catalog retailer VENUE. Prior period information has been restated to reflect the termination of VENUE as a discontinued operation.

In the first quarter of 2010, the Company reorganized its segments with Private Label Services and Private Label Credit reflected as one segment. All prior year segment information has been restated to conform to the current presentation. In addition, the Company renamed its other two segments from Epsilon Marketing Services and Loyalty Services to "Epsilon" and "LoyaltyOne," respectively.

2. CHANGE IN ACCOUNTING PRINCIPLE

In June 2009, the FASB issued guidance codified in ASC 860 related to accounting for transfers of financial assets and ASC 810 related to the consolidation of variable interest entities ("VIEs"). ASC 860 removed the concept of qualifying special purpose entity ("QSPE") and eliminated the consolidation exemption that was then available for QSPEs. ASC 810 requires an initial evaluation as well as an ongoing assessment of the Company's involvement in the activities of World Financial Network Credit Card Master Trust, World Financial Network Credit Card Master Note Trust, World Financial Network Credit Card Master Note Trust II and World Financial Network Credit Card Master Trust III (collectively, the "WFN Trusts") and World Financial Capital Credit Card Master Note Trust (the "WFC Trust") and the Company's rights or obligations to receive benefits or absorb losses of the trusts that could be potentially significant in order to determine whether those VIEs will be required

to be consolidated on the balance sheets of World Financial Network National Bank ("WFNNB"), World Financial Capital Bank ("WFCB") or their affiliates, including ADSC.

On January 1, 2010, the Company adopted ASC 860 and ASC 810 on a prospective basis, resulting in the consolidation of the WFN Trusts and the WFC Trust. Based on the carrying amounts of the WFN Trusts' and the WFC Trust's assets and liabilities as prescribed by ASC 810, the Company recorded an increase in assets of approximately $3.4 billion, including $0.5 billion to loan loss reserves, an increase in liabilities of approximately $3.7 billion and a $0.4 billion decrease in stockholders' equity.

After adoption, the Company's consolidated statements of income no longer reflect securitization income, but instead reflect finance charges and certain other income associated with the securitized credit card receivables. Net charge-offs associated with credit card receivables are reported in the Company's total operating expenses. Interest expense associated with debt issued from the WFN Trusts and the WFC Trust to third-party investors is reported in securitization funding costs. Additionally, the Company no longer records initial gains on new securitization activity since securitized credit card loans no longer receive sale accounting treatment, nor are there any gains or losses on the revaluation of the interest-only strip receivable, as that asset is not recognized in a transaction accounted for as a secured borrowing. Since the Company's securitization transactions are accounted for under the new accounting rules as secured borrowings rather than asset sales, the cash flows from these transactions are presented as cash flows from financing activities rather than cash flows from operating or investing activities.

The assets of the consolidated VIEs include certain credit card receivables, which are restricted to settle the obligations of those entities and are not expected to be available to the Company or its creditors. The liabilities of the consolidated VIEs include asset-backed secured borrowings and other liabilities for which creditors or beneficial interest holders do not have recourse to the general credit of the Company.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In October 2009, the FASB issued Accounting Standards Update ("ASU") 2009-13, "Multiple-Deliverable Revenue Arrangements," which supersedes certain guidance in ASC 605-25, "Revenue Recognition — Multiple-Element Arrangements," and requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices (the relative-selling-price method). ASU 2009-13 eliminates the use of the residual method of allocation in which the undelivered element is measured at its estimated selling price and the delivered element is measured as the residual of the arrangement consideration, and requires the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverables subject to ASU 2009-13. ASU 2009-13 will be effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. If the Company elects early adoption and the adoption is during an interim period, the Company will be required to apply this ASU retrospectively from the beginning of the Company's fiscal year. The Company can also elect to apply this ASU retrospectively for all periods presented. The Company is currently evaluating the impact that the adoption of ASU 2009-13 will have on its consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures," which amends ASC 820, "Fair Value Measurements and Disclosures," to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements related to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. ASU 2010-06 is effective

for interim and annual periods beginning after December 15, 2009, except for the requirement to provide the Level 3 disclosures about purchases, sales, issuances and settlements, which will be effective for interim and annual periods beginning after December 15, 2010. The adoption of ASU 2010-06 impacted disclosures only and did not have a material impact on the Company's consolidated financial statements.

4. 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 March 31,	
	2010	2009
	(In thousands, except per share amounts)	
Numerator		
Income from continuing operations	$46,654	$ 43,049
Loss from discontinued operations	—	(15,194)
Net income	$46,654	$ 27,855
Denominator		
Weighted average shares, basic	52,441	61,148
Weighted average effect of dilutive securities:		
Shares from assumed conversion of convertible senior notes	1,605	—
Net effect of dilutive stock options and unvested restricted stock	1,373	685
Denominator for diluted calculation	55,419	61,833
Basic		
Income from continuing operations per share	$ 0.89	$ 0.70
Loss from discontinued operations per share	—	(0.24)
Net income per share	$ 0.89	$ 0.46
Diluted		
Income from continuing operations per share	$ 0.84	$ 0.70
Loss from discontinued operations per share	—	(0.25)
Net income per share	$ 0.84	$ 0.45

The Company calculates the effect of its convertible senior notes, which can be settled in cash or shares of common stock, on diluted net income per share as if they will be settled in cash as the Company has the intent to settle the convertible senior notes in cash. At March 31, 2010 and 2009, the Company excluded 17.5 million warrants and 10.3 million warrants, respectively, from the calculation of net income per share as the effect was anti-dilutive.

During the second quarter of 2009, the Company entered into prepaid forward contracts to purchase 1,857,400 shares of its common stock for $74.9 million that are to be delivered over a settlement period in 2014. The number of shares to be delivered under the prepaid forward contracts is used to reduce weighted average basic and diluted shares outstanding.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. CREDIT CARD RECEIVABLES

Beginning January 1, 2010, the Company's credit card securitization trusts, the WFN Trusts and the WFC Trust, were consolidated on the balance sheets of WFNNB, WFCB or their affiliates, including ADSC, under ASC 860 and ASC 810. The WFN Trusts' and the WFC Trust's credit card receivables are reported in credit card receivables — restricted for securitization investors. Retained interests in the WFN Trusts and the WFC Trust have been reclassified, derecognized or eliminated in the unaudited condensed consolidated balance sheets with the adoption of ASC 860 and ASC 810.

The tables below present quantitative information about the components of total credit card receivables, delinquencies and net charge-offs:

	March 31, 2010	December 31, 2009
	(In millions)	
Principal receivables	$4,825.8	$ 5,332.8
Billed and accrued finance charges	202.1	155.7
Other receivables	24.2	21.0
Total credit card receivables	5,052.1	5,509.5
Less credit card receivables—restricted for securitization investors	4,334.8	4,838.3
Other credit card receivables	$ 717.3	$ 671.2
Principal amount of credit card receivables 90 days or more past due	$ 130.2	$ 157.4

	Three Months Ended March 31,	
	2010	2009
	(In millions)	
Net charge-offs	$ 122.3	$ 94.0

The tables below present quantitative information about the components of total securitized credit card receivables, delinquencies and net charge-offs:

	March 31, 2010	December 31, 2009
	(In millions)	
Total credit card receivables—restricted for securitization investors	$4,334.8	$ 4,838.3
Principal amount of credit card receivables—restricted for securitization investors 90 days or more past due	$ 114.6	$ 148.2

	Three Months Ended March 31,	
	2010	2009
	(In millions)	
Net securitized charge-offs	$ 108.1	$ 87.8

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The table below summarizes certain cash flows received from and paid to the securitization trusts:

	Three Months Ended March 31,	
	2010	2009
	(In millions)	
Proceeds from collections reinvested in previous credit card receivables securitizations	$ 1,711.3	$ 1,090.9
Proceeds from new securitizations	100.8	359.8
Proceeds from collections reinvested in revolving period transfers	—	1,620.4
Servicing fees received[1]	20.2	18.3

(1) The Company continues to own and service the accounts that generate credit card receivables held by the WFN Trusts and the WFC Trust. WFNNB and WFCB receive annual servicing fees from the trusts based on a percentage of the monthly investor principal balance outstanding. The fee income to WFNNB and WFCB is eliminated with the fee expense at the respective trusts.

6. REDEMPTION SETTLEMENT ASSETS

Redemption settlement assets consist of cash and cash equivalents and securities available-for-sale and are designated for settling redemptions by collectors of the AIR MILES® Reward Program in Canada under certain contractual relationships with sponsors of the AIR MILES Reward Program. These assets are primarily denominated in Canadian dollars. Realized gains and losses from the sale of investment securities were not material. The principal components of redemption settlement assets, which are carried at fair value, are as follows:

	March 31, 2010				December 31, 2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(In thousands)							
Cash and cash equivalents	$ 44,983	$ —	$ —	$ 44,983	$ 71,641	$ —	$ —	$ 71,641
Government bonds	52,849	886	—	53,735	41,026	1,205	—	42,231
Corporate bonds[1]	410,043	7,544	(1,043)	416,544	453,447	8,473	(1,788)	460,132
Total	$ 507,875	$ 8,430	$ (1,043)	$ 515,262	$ 566,114	$ 9,678	$ (1,788)	$ 574,004

(1) Included in corporate bonds at December 31, 2009 is an investment in retained interests in the WFN Trusts with a fair value of $73.9 million. Upon adoption of ASC 860, these amounts were eliminated with the consolidation of the WFN Trusts, and therefore not reflected in the unaudited condensed consolidated balance sheets as of March 31, 2010.

The following tables show the gross unrealized losses and fair value for those investments that were in an unrealized loss position as of March 31, 2010 and December 31, 2009, aggregated by investment category and the length of time that individual securities have been in a continuous loss position:

	March 31, 2010					
	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
Corporate bonds	$ 69,175	$ (697)	$ 13,686	$ (346)	$ 82,861	$ (1,043)
Total	$ 69,175	$ (697)	$ 13,686	$ (346)	$ 82,861	$ (1,043)

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	December 31, 2009					
	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
Corporate bonds	$ 98,448	$ (1,646)	$ 7,705	$ (142)	$ 106,153	$ (1,788)
Total	$ 98,448	$ (1,646)	$ 7,705	$ (142)	$ 106,153	$ (1,788)

Market values were determined for each individual security in the investment portfolio. When evaluating the investments for other-than-temporary impairment, the Company reviews factors such as the length of time and extent to which fair value has been below cost basis, the financial condition of the security's issuer, and the Company's intent to sell the security and whether it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. The Company typically invests in highly-rated securities with low probabilities of default and has the ability to hold the investments until maturity. As of March 31, 2010, the Company does not consider the investments to be other-than-temporarily impaired.

The net carrying value and estimated fair value of the securities at March 31, 2010 by contractual maturity are as follows:

	Amortized Cost	Estimated Fair Value
	(In thousands)	
Due in one year or less	$ 237,165	$ 240,169
Due after one year through five years	270,710	275,093
Total	$ 507,875	$ 515,262

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

Intangible assets consist of the following:

	March 31, 2010			
	Gross Assets	Accumulated Amortization	Net	Amortization Life and Method
		(In thousands)		
Finite Lived Assets				
Customer contracts and lists	$186,428	$ (127,816)	$ 58,612	5-10 years—straight line
Premium on purchased credit card portfolios	151,430	(48,155)	103,275	3-10 years—straight line, accelerated
Collector database	68,942	(58,781)	10,161	30 years—15% declining balance
Customer database	160,271	(61,221)	99,050	4-10 years—straight line
Noncompete agreements	2,548	(2,105)	443	3-5 years—straight line
Tradenames	11,647	(3,995)	7,652	4-10 years—straight line
Purchased data lists	17,856	(9,265)	8,591	1-5 years—straight line, accelerated
	$599,122	$ (311,338)	$287,784	
Indefinite Lived Assets				
Tradenames	12,350	—	12,350	Indefinite life
Total intangible assets	$611,472	$ (311,338)	$300,134	

	December 31, 2009			
	Gross Assets	Accumulated Amortization	Net	Amortization Life and Method
		(In thousands)		
Finite Lived Assets				
Customer contracts and lists	$186,428	$ (121,540)	$ 64,888	5-10 years—straight line
Premium on purchased credit card portfolios	155,227	(46,936)	108,291	3-10 years—straight line, accelerated
Collector database	66,541	(56,316)	10,225	30 years—15% declining balance
Customer database	160,564	(57,043)	103,521	4-10 years—straight line
Noncompete agreements	2,522	(1,986)	536	3-5 years—straight line
Tradenames	11,658	(3,674)	7,984	4-10 years—straight line
Purchased data lists	17,178	(8,376)	8,802	1-5 years—straight line, accelerated
	$600,118	$ (295,871)	$304,247	
Indefinite Lived Assets				
Tradenames	12,350	—	12,350	Indefinite life
Total intangible assets	$612,468	$ (295,871)	$316,597	

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Goodwill

The changes in the carrying amount of goodwill for the three months ended March 31, 2010 are as follows:

	LoyaltyOne	Epsilon	Private Label Services and Credit	Corporate/ Other	Total
			(In thousands)		
December 31, 2009	$ 234,613	$ 669,930	$ 261,732	$ —	$ 1,166,275
Effects of foreign currency translation	8,059	(1,257)	—	—	6,802
March 31, 2010	$ 242,672	$ 668,673	$ 261,732	$ —	$ 1,173,077

8. DEBT

Debt consists of the following:

Description	March 31, 2010	December 31, 2009	Maturity	Interest Rate
	(In thousands)			
Long-term and other debt:				
Credit facility	$ 546,000	$ 487,000	March 2012	(1)
Senior notes	250,000	250,000	May 2011	6.14%
Term loan	161,000	161,000	March 2012	(2)
Convertible senior notes due 2013	623,461	612,058	August 2013	1.75%
Convertible senior notes due 2014	243,327	238,869	May 2014	4.75%
Capital lease obligations and other debt	26,929	33,425	Various(3)	Various(3)
	1,850,717	1,782,352		
Less: current portion	(57,750)	(51,963)		
Long-term portion	1,792,967	1,730,389		
Certificates of deposit:				
Certificates of deposit	1,150,401	1,465,000	Three months to five years	0.25% to 5.25%
Less: current portion	(474,101)	(772,500)		
Long-term portion	676,300	692,500		
Asset-backed securities debt—owed to securitization investors:(4)				
Fixed rate asset-backed securities	1,489,065	—	July 2010 – July 2013	2.36% to 7.00%
Floating rate asset-backed securities	1,216,633	—	August 2010 – April 2013	0.36% to 7.73%(5)
Conduit asset-backed securities	523,800	—	September 2010 – September 2011	2.11% to 2.46%
Total asset-backed securities—owed to securitization investors	3,229,498	—		
Less: current portion	(696,933)	—		
Long-term portion	$2,532,565	$ —		

(1) The Company maintains a $750 million unsecured revolving credit facility (the “Credit Facility,”) where advances are in the form of either base rate loans or Eurodollar loans and may be denominated in Canadian dollars, subject to a sublimit, or U.S. dollars. The interest rate for base loans in U.S. dollars is the higher of (a) the Bank of Montreal’s prime rate and (b) the Federal funds rate plus 0.5%. The interest rate for base loans in Canadian dollars is the higher of (a) the Bank of Montreal’s prime rate and (b) the CDOR rate plus

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

1%. The interest rate of Eurodollars loans fluctuates based on the rate at which deposits of U.S. dollars or Canadian dollars in the London interbank market are quoted plus a margin of 0.4% to 0.8% based upon the Company's senior leverage ratio as defined in the Credit Facility. Total availability under the Credit Facility at March 31, 2010 was $204 million. The weighted average interest rate at March 31, 2010 was 1.33%.

(2) Advances under the term loan agreement (the "Term Loan") are in the form of either base rate loans or Eurodollar loans. The interest rate for base rate loans fluctuates and is equal to the highest of (a) Bank of Montreal's prime rate; (b) the Federal funds rate plus 0.5%; and (c) the quoted London Interbank Offered Rate ("LIBOR") as defined in the term loan agreement plus 1.0%, in each case plus a margin of 2.0% to 3.0% based upon the Company's senior leverage ratio as defined in the term loan agreement. The interest rate of Eurodollar loans fluctuates based on the rate at which deposits of U.S. dollars in the London interbank market are quoted plus a margin of 3.0% to 4.0% based on the Company's senior leverage ratio as defined in the Term Loan. The weighted average interest rate at March 31, 2010 was 3.23%.

(3) The Company has other minor borrowings, primarily capital leases, with varying interest rates and maturities.

(4) Upon adoption of ASC 860 and ASC 810, the Company consolidated the WFN Trusts and the WFC Trust and the related asset-backed securities debt. See Note 2, "Change in Accounting Principle," for more information on the adoption of ASC 860 and ASC 810.

(5) Interest rates include those for certain of the Company's asset-backed securities — owed to securitization investors where floating rate debt is fixed through interest rate swap agreements. The weighted average interest rate of the fixed rate achieved through interest rate swap agreements is 4.57% at March 31, 2010.

At March 31, 2010, the Company was in compliance with its financial covenants.

Convertible Senior Notes

The table below summarizes the carrying value of the components of the convertible senior notes:

	March 31, 2010	December 31, 2009
	(In thousands)	
Carrying amount of equity component	$ 368,678	$ 368,678
Principal amount of liability component	$1,150,000	$1,150,000
Unamortized discount	(283,212)	(299,073)
Net carrying value of liability component	$ 866,788	$ 850,927
If-converted value of common stock	$1,120,347	$1,130,852

The discount on the liability component will be amortized as interest expense over the remaining life of the convertible senior notes which is a weighted average period of 3.6 years.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Interest expense on the convertible senior notes recognized in the Company's unaudited condensed consolidated statements of income for the three months ended March 31, 2010 and 2009 is as follows:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Interest expense calculated on contractual interest rate	$ 7,619	$ 3,522
Amortization of discount on liability component	15,861	10,354
Total interest expense on convertible senior notes	$23,480	$13,876
Effective interest rate (annualized)	11.0%	9.7%

Asset-backed Securities — Owed to Securitization Investors

An asset-backed security is a security whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets. The sale of the pool of underlying assets to general investors is accomplished through a securitization process.

The Company regularly sells its credit card receivables to its securitization trusts, the WFN Trusts and the WFC Trust. Beginning January 1, 2010, the WFN Trusts and the WFC Trust were consolidated on the balance sheets of WFNNB, WFCB or their affiliates, including ADSC, under ASC 860 and ASC 810. See Note 2, "Change in Accounting Principle," for more information on the adoption of ASC 860 and ASC 810. The liabilities of the consolidated VIEs include asset-backed securities for which creditors or beneficial interest holders do not have recourse to the general credit of the Company.

Securitizations

In March 2010, World Financial Network Credit Card Master Note Trust issued $100.8 million of term asset-backed securities to investors. The offering consisted of $65.0 million of Class A Series 2010-1 asset-backed notes that have a fixed interest rate of 4.2% per year, $9.8 million of Class M Series 2010-1 asset-backed notes that have a fixed interest rate of 5.3% per year, $6.6 million of Class B Series 2010-1 asset-backed notes that have a fixed interest rate of 6.3% per year, $11.6 million of Class C Series 2010-1 asset-backed notes that have a fixed interest rate of 7.0% per year and $7.8 million of Class D Series 2010-1 zero-coupon notes which were retained by the Company. The Class A notes will mature in November 2012, the Class M notes will mature in December 2012, the Class B notes will mature in January 2013, the Class C notes will mature in February 2013 and the Class D notes will mature in March 2013. With the consolidation of the WFN Trusts, the Class D Series 2010-1 notes are eliminated from the unaudited condensed consolidated financial statements.

During the first quarter of 2010, the Company renewed its 2009-VFC1 conduit facility, extending the maturity to September 30, 2011.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table shows the maturities of borrowing commitments as of March 31, 2010 for the WFN Trusts and the WFC Trust by year:

	2010	2011	2012	2013	2014 & Thereafter	Total
			(In millions)			
Public notes	$ 211.4	$ 1,158.8	$ 805.2	$ 925.7	$ —	$ 3,101.1
Private conduits[1]	1,655.7	628.6	—	—	—	2,284.3
Total[2]	$ 1,867.1	$ 1,787.4	$ 805.2	$ 925.7	$ —	$ 5,385.4

(1) Amount represents borrowing capacity, not outstanding borrowings.

(2) With the consolidation of the WFN Trusts and the WFC Trust, $539.0 million of debt issued by the trusts and retained by the Company has been eliminated in the unaudited condensed consolidated financial statements.

Derivative Financial Instruments

The credit card securitization trusts have entered into derivative financial instruments, such as interest rate swaps or interest rate caps, to mitigate their interest rate risk on a related financial instrument or to lock the interest rate on a portion of its asset-backed variable debt. Effective January 1, 2010, the derivative financial instruments of the credit card securitization trusts were consolidated on the Company's balance sheets under ASC 860 and ASC 810.

As part of its interest rate risk management program, the Company may enter into derivative financial instruments, such as interest rate swap agreements or interest rate cap agreements, with institutions that are established dealers and manage its exposure to changes in fair value of certain asset-backed security obligations attributable to changes in LIBOR. These interest rate contracts involve the receipt of fixed rate amounts from counterparties in exchange for the Company making variable rate payments over the life of the agreement without the exchange of the underlying notional amount. These interest rate contracts are not designated as hedges. Such contracts are not speculative and are used to manage interest rate risk, but are not designated for hedge accounting and do not meet the strict hedge accounting requirements of ASC 815, "Derivatives and Hedging."

The following tables identify the notional amount, fair value and classification of the Company's outstanding interest rate contracts at March 31, 2010 in the unaudited condensed consolidated balance sheets:

	Notional Amount (in thousands)	Weighted Average Years to Maturity
Interest rate contracts not designated as hedging instruments	$ 1,216,633	2.4

	Balance Sheet Location	Fair Value (in thousands)
Interest rate contracts not designated as hedging instruments	Other current liabilities	$ 806
Interest rate contracts not designated as hedging instruments	Other liabilities	$ 79,931

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table identifies the classification of the Company's outstanding interest rate contracts for the three months ended March 31, 2010 in the unaudited condensed consolidated statements of income:

	Income Statement Location	Loss on Derivative Contracts (in thousands)
Interest rate contracts not designated as hedging instruments	Securitization funding costs	$ 2,181

The Company limits its exposure on derivatives by entering into contracts with institutions that are established dealers and maintain certain minimum credit criteria established by the Company. At March 31, 2010, the Company does not maintain any derivative contracts subject to master agreements that would require the Company to post collateral or that contain any credit-risk related contingent features. The Company has provisions in certain of the master agreements that require counterparties to post collateral to the Company when their credit ratings fall below certain thresholds. At March 31, 2010, these thresholds were not breached and no amounts were held as collateral by the Company.

9. DEFERRED REVENUE

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 at issuance is deferred. The Company allocates the proceeds from the issuance of AIR MILES reward miles into two components as follows:

- *Redemption element.* The redemption element is the larger of the two components. Revenue related to the redemption element is based on the estimated fair value. For this component, revenue is recognized at the time an AIR MILES reward mile is redeemed, or for those AIR MILES reward miles that are estimated to go unredeemed by the collector base, known as "breakage," over the estimated life of an AIR MILES reward mile.
- *Service element.* The service element consists of marketing and administrative services provided to sponsors. Revenue related to the service element is determined using the residual method in accordance with ASC 605-25. It is initially deferred and then amortized pro rata over the estimated life of an AIR MILES reward mile.

Under certain of the Company's contracts, a portion of the proceeds is paid to the Company upon the issuance of an AIR MILES reward mile and a portion is paid at the time of redemption and therefore, the Company does not have a redemption obligation related to these contracts. Revenue is recognized at the time of redemption and is not reflected in the reconciliation of the redemption obligation detailed below. Under such contracts, the proceeds received at issuance are initially deferred as service revenue and revenue is recognized pro rata over the estimated life of an AIR MILES reward mile.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

	Deferred Revenue		
	Service	Redemption	Total
		(In thousands)	
December 31, 2009	$306,336	$ 839,810	$1,146,146
Cash proceeds	40,364	112,208	152,572
Revenue recognized	(41,366)	(130,895)	(172,261)
Other	—	4,030	4,030
Effects of foreign currency translation	11,034	29,937	40,971
March 31, 2010	$316,368	$ 855,090	$1,171,458
Amounts recognized in the unaudited condensed consolidated balance sheets:			
Current liabilities	$151,519	$ 855,090	$1,006,609
Non-current liabilities	$164,849	$ —	$ 164,849

10. STOCKHOLDERS' EQUITY

Stock Repurchase Programs

On January 27, 2010, the Company's Board of Directors authorized a new stock repurchase program to acquire up to $275.1 million of the Company's common stock through December 2010, subject to any restrictions pursuant to the terms of the Company's credit agreements or otherwise.

For the three months ended March 31, 2010, the Company acquired a total of 268,500 shares of its common stock for $14.5 million.

Stock Compensation Expense

On March 31, 2005, the Company's Board of Directors adopted the 2005 long-term incentive plan, which was subsequently approved by the Company's stockholders on June 7, 2005 and became effective July 1, 2005. This plan reserves 4,750,000 shares of common stock for grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units and other performance-based awards to selected officers, employees, non-employee directors and consultants performing services for the Company or its affiliates. On September 24, 2009, the Company's Board of Directors amended the 2005 long term incentive plan to provide that, in addition to settlement in shares of the Company's common stock or other securities, equity awards may be settled in cash.

Total stock-based compensation expense recognized in the Company's unaudited condensed consolidated statements of income for the three months ended March 31, 2010 and 2009 is as follows:

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Cost of operations	$ 5,895	$10,380
General and administrative	4,711	7,579
Total	$10,606	$17,959

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

There was no stock-based compensation expense related to discontinued operations for the three months ended March 31, 2010. For the three months ended March 31, 2009, stock-based compensation expense for the Company's discontinued operations was approximately $0.1 million. This amount is included in the loss from discontinued operations in the unaudited condensed consolidated statements of income.

During the three months ended March 31, 2010, the Company awarded 476,096 performance-based restricted stock units with a weighted average grant date fair value per share of $57.15 as determined on the date of grant. The performance restriction on the awards will lapse upon determination by the Board of Directors or the Compensation Committee of the Board of Directors that the Company's core earnings per share growth for the period from January 1, 2010 to December 31, 2010 met certain pre-defined vesting criteria that permit a range from 50% to 150% of such performance-based restricted stock units to vest. Upon such determination, the restrictions will lapse with respect to 33% of the award on February 22, 2011, an additional 33% of the award on February 22, 2012 and the final 34% of the award on February 22, 2013, provided that the participant is employed by the Company on each such vesting date.

During the three months ended March 31, 2010, the Company awarded 128,516 service-based restricted stock units with a weighted average grant date fair value per share of $57.49 as determined on the date of grant. Service-based restricted stock units typically vest ratably over three years provided that the participant is employed by the Company on each such vesting date.

In March 2009, the Company determined that it was no longer probable that the specified performance measures associated with certain performance-based restricted stock units would be achieved. As a result, 1,242,098 performance-based restricted stock units granted during 2008 and in January 2009 having a weighted-average grant date fair value of $56.43 per share, are not expected to vest. The Company has not recognized stock-based compensation expense related to those awards no longer expected to vest.

11. COMPREHENSIVE INCOME

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

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Net income	$46,654	$27,855
Adoption of ASC 860 and ASC 810[1]	55,881	—
Unrealized (loss) gain on securities available-for-sale	(5,701)	1,737
Foreign currency translation adjustments[2]	(7,638)	(3,395)
Total comprehensive income, net of tax	$89,196	$26,197

(1) These amounts related to retained interests in the WFN Trusts and the WFC Trust were previously reflected in accumulated other comprehensive income. Effective January 1, 2010, upon the adoption of ASC 860 and ASC 810, these interests and related accumulated other comprehensive income have been reclassified, derecognized or eliminated upon consolidation.

(2) Primarily related to the impact of changes in the Canadian currency exchange rate.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. FINANCIAL INSTRUMENTS

In accordance with ASC 825, "Financial Instruments," the Company is required to disclose the fair value of financial instruments for which it is practical to estimate fair value. To obtain fair values, observable market prices are used if available. In some instances, observable market prices are not readily available and fair value is determined using present value or other techniques appropriate for a particular financial instrument. These techniques involve judgment and as a result are not necessarily indicative of the amounts the Company would realize in a current market exchange. The use of different assumptions or estimation techniques may have a material effect on the estimated fair value amounts.

Fair Value of Financial Instruments—The estimated fair values of the Company's financial instruments are as follows:

	March 31, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Financial assets				
Cash and cash equivalents	$ 220,564	$ 220,564	$ 213,378	$ 213,378
Trade receivables, net	189,635	189,635	225,212	225,212
Seller's interest	—	—	297,108	297,108
Credit card receivables, net	4,507,561	4,507,561	616,298	616,298
Redemption settlement assets, restricted	515,262	515,262	574,004	574,004
Due from securitizations	—	—	775,570	775,570
Cash collateral, restricted	191,677	191,677	216,953	216,953
Financial liabilities				
Accounts payable	123,615	123,615	103,891	103,891
Asset-backed securities debt—owed to securitization investors	3,229,498	3,267,778	—	—
Long-term and other debt	3,001,118	3,154,789	3,247,352	3,408,039
Derivative financial instruments	80,737	80,737	—	—

Fair Value of Assets and Liabilities Held at March 31, 2010

The following techniques and assumptions were used by the Company in estimating fair values of financial instruments as disclosed herein:

Cash and cash equivalents, trade receivables, net and accounts payable—The carrying amount approximates fair value due to the short maturity.

Credit card receivables, net—The carrying amount of credit card receivables, net approximates fair value due to the short maturity, and the average interest rates approximate current market origination rates.

Redemption settlement assets, restricted—Fair value for securities is based on quoted market prices for the same or similar securities.

Cash collateral, restricted—The spread deposits are recorded at their fair value. The carrying amount of excess funding deposits approximates its fair value due to the relatively short maturity period and average interest rates, which approximate current market rates.

Asset-backed securities debt—owed to securitization investors—The fair value is estimated based on the current rates available to the Company for similar debt instruments with similar remaining maturities.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Long-term and other debt—The fair value is estimated based on the current rates available to the Company for similar debt instruments with similar remaining maturities.

Derivative financial instruments—The valuation of these instruments is determined using a discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and option volatility.

Fair Value of Assets and Liabilities Held at December 31, 2009

The following techniques and assumptions were used by the Company in estimating fair values of financial instruments which were subsequently reclassified, derecognized or eliminated upon consolidation as a result of the adoption of ASC 860 and ASC 810 as disclosed herein:

Seller's interest—Seller's interest was carried at an allocated carrying amount based on their fair value. The Company determined the fair value of its seller's interest through discounted cash flow models. The estimated cash flows used included assumptions related to rates of payments and defaults, which reflected economic and other relevant conditions. The discount rate used was based on an interest rate curve that was observable in the market place plus an unobservable credit spread. With the consolidation of the WFN Trusts and the WFC Trust on January 1, 2010, seller's interest has been eliminated.

Due from securitizations—The retained interest and interest-only strips were recorded at their fair value. The Company used a valuation model that calculated the present value of estimated future cash flows for each asset which incorporated the Company's own estimates of assumptions market participants used in determining fair value, including estimates of payment rates, defaults, net charge-offs, discount rates and contractual interest and fees. With the consolidation of the WFN Trusts and the WFC Trust on January 1, 2010, due from securitizations has been eliminated.

Assets and Liabilities Measured on a Recurring Basis

ASC 825 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.

Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation. The use of different techniques to determine fair value of these financial instruments could result in different estimates of fair value at the reporting date.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables provide the assets carried at fair value measured on a recurring basis as of March 31, 2010 and December 31, 2009:

	Balance at March 31, 2010	Fair Value Measurements at March 31, 2010 Using		
		Level 1	Level 2	Level 3
		(In thousands)		
Government bonds[1]	$ 53,735	$ 27,435	$ 26,300	$ —
Corporate bonds[1]	416,544	274,978	141,566	—
Other available-for-sale securities[2]	79,499	69,004	10,495	—
Cash collateral, restricted	191,677	—	7,977	183,700
Total assets measured at fair value	$ 741,455	$ 371,417	$ 186,338	$ 183,700
Derivative financial instruments[3]	$ 80,737	$ —	$ 80,737	$ —
Total liabilities measured at fair value	$ 80,737	$ —	$ 80,737	$ —

	Balance at December 31, 2009	Fair Value Measurements at December 31, 2009 Using		
		Level 1	Level 2	Level 3
		(In thousands)		
Government bonds[1]	$ 42,231	$ 16,676	$ 25,555	$ —
Corporate bonds[1]	460,132	308,668	77,598	73,866
Other available-for-sale securities[2]	105,064	95,300	9,764	—
Seller’s interest	297,108	—	—	297,108
Due from securitizations	775,570	—	—	775,570
Cash collateral, restricted	216,953	—	10,275	206,678
Total assets measured at fair value	$ 1,897,058	$ 420,644	$ 123,192	$ 1,353,222

(1) Amounts are included in redemption settlement assets in the unaudited condensed consolidated balance sheets.
(2) Amounts are included in other current and non-current assets in the unaudited condensed consolidated balance sheets.
(3) Amounts are included in other current liabilities and other liabilities in the unaudited condensed consolidated balance sheets.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables summarize 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 ASC 825 as of March 31, 2010 and 2009:

	Corporate Bonds	Seller's Interest	Due from Securitizations	Cash Collateral, Restricted
	(In thousands)			
December 31, 2009	$ 73,866	$ 297,108	$ 775,570	$206,678
Adoption of ASC 860 and ASC 810	(73,866)	(297,108)	(775,570)	—
Total gains (realized or unrealized)				
Included in earnings	—	—	—	33
Included in other comprehensive income	—	—	—	—
Purchases, issuances and settlements	—	—	—	(23,011)
Transfers in or out of Level 3	—	—	—	—
March 31, 2010	$ —	$ —	$ —	$183,700
Gains for the period included in earnings attributable to the change in unrealized gains or losses related to assets still held at March 31, 2010	$ —	$ —	$ —	$ 33

	Corporate Bonds	Seller's Interest	Due from Securitizations	Cash Collateral, Restricted
	(In thousands)			
December 31, 2008	$ 28,625	$ 182,428	$ 428,853	$175,384
Total (losses) gains (realized or unrealized)				
Included in earnings	—	(409)	(581)	76
Included in other comprehensive income	566	—	(446)	—
Purchases, issuances and settlements	64,557	(140,853)	68,494	(2,138)
Transfers in or out of Level 3	—	—	—	—
March 31, 2009	$ 93,748	$ 41,166	$ 496,320	$173,322
Losses for the period included in earnings attributable to the change in unrealized gains or losses related to assets still held at March 31, 2009	$ —	$ —	$ (298)	$ —

For the three months ended March 31, 2010 and 2009, gains included in earnings attributable to cash collateral, restricted are included in revenue under finance charges, net in the unaudited condensed consolidated statements of income. For the three months ended March 31, 2009, losses included in earnings for seller's interest and due from securitizations were included in securitization income in the unaudited condensed consolidated statements of income.

Assets and Liabilities Measured on a Non-Recurring Basis

The Company also has assets that under certain conditions are subject to measurement at fair value on a non-recurring basis. These assets include those associated with acquired businesses, including goodwill and other intangible assets. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if one or more is determined to be impaired. During the three months ended March 31, 2010, the Company had no impairments related to these assets.

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. INCOME TAXES

For the three months ended March 31, 2010 and 2009, the Company utilized an effective tax rate of 38.2% and 38.8%, respectively, to calculate its provision for income taxes. In accordance with ASC 740-270, "Income taxes — Interim Reporting," the Company's expected annual effective tax rate for calendar year 2010 based on all known variables is 38.2%.

On January 1, 2010, the Company's deferred tax asset increased by approximately $197.2 million as a result of the adoption of ASC 860 and ASC 810.

14. SEGMENT INFORMATION

In the first quarter of 2010, the Company reorganized its segments with Private Label Services and Private Label Credit reflected as one segment. All prior year segment information has been restated to conform to the current presentation. In addition, the Company renamed its other two segments from Epsilon Marketing Services and Loyalty Services to "Epsilon" and "LoyaltyOne," respectively.

The Company operates in three reportable segments: LoyaltyOne, Epsilon and Private Label Services and Credit.

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

Additionally, corporate and all other immaterial businesses are reported collectively as an "all other" category labeled "Corporate/Other." Interest expense, net and income taxes are not allocated to the segments in the computation of segment operating profit for internal evaluation purposes and have also been included in "Corporate/Other." Total assets are not allocated to the segments. The Company's utility services business and a terminated operation have been classified as discontinued operations. See Note 15, "Discontinued Operations," for additional information.

Three Months Ended March 31, 2010	LoyaltyOne	Epsilon	Private Label Services and Credit	Corporate/ Other	Eliminations	Total
			(In thousands)			
Revenues	$ 199,670	$ 126,307	$ 339,204	$ 765	$ (2,409)	$ 663,537
Adjusted EBITDA[1]	53,587	27,286	139,755	(15,940)	(1,713)	202,975
Depreciation and amortization	6,137	18,016	8,489	1,529	—	34,171
Stock compensation expense	2,163	1,970	1,762	4,711	—	10,606
Operating income (loss)	45,287	7,300	129,504	(22,180)	(1,713)	158,198
Interest expense, net	—	—	—	82,706	—	82,706
Income (loss) from continuing operations before income taxes	45,287	7,300	129,504	(104,886)	(1,713)	75,492

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Three Months Ended March 31, 2009	LoyaltyOne	Epsilon	Private Label Services and Credit	Corporate/ Other	Eliminations	Total
			(In thousands)			
Revenues	$ 160,631	$ 117,566	$ 189,157	$ 12,097	$ —	$ 479,451
Adjusted EBITDA[1]	54,899	22,138	87,470	(12,681)	—	151,826
Depreciation and amortization	4,954	16,007	6,051	2,287	—	29,299
Stock compensation expense	4,024	3,324	3,017	7,594	—	17,959
Merger and other costs[2]	—	—	—	2,948	—	2,948
Operating income (loss)	45,921	2,807	78,402	(25,510)	—	101,620
Interest expense, net	—	—	—	31,287	—	31,287
Income (loss) from continuing operations before income taxes	45,921	2,807	78,402	(56,797)	—	70,333

(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, depreciation and amortization, loss on the sale of assets, merger and other costs. Adjusted EBITDA is presented in accordance with ASC 280, “Segment Reporting,” as it is the primary performance metric by which senior management is evaluated.

(2) Merger and other costs are not allocated to the segments in the computation of segment operating profit for internal evaluation purposes. Merger costs represent investment banking, legal and accounting costs directly associated with the proposed merger with an affiliate of The Blackstone Group. Other costs represent compensation charges related to the departure of certain employees resulting from cost saving initiatives and other non-routine costs associated with the disposition of certain businesses.

15. DISCONTINUED OPERATIONS

In February 2009, the Company completed the sale of the remainder of its utility services business, including the termination of a services agreement and the resolution of certain contractual disputes, to a former utility client. In November 2009, the Company terminated operations of its credit program for web and catalog retailer VENUE. These have been treated as discontinued operations under ASC 205-20, “Presentation of Financial Statements — Discontinued Operations.” The underlying assets of the discontinued operations for the periods presented in the unaudited condensed consolidated balance sheets are as follows:

	March 31, 2010	December 31, 2009
	(In thousands)	
Assets:		
Credit card receivables, net	$27,042	$ 34,623
Assets of discontinued operations	$27,042	$ 34,623

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

	Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Revenue	$ —	$ 5,463
Loss before provision for income taxes	—	(23,268)
Benefit from income taxes	—	8,074
Loss from discontinued operations	$ —	$(15,194)

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16. NON-CASH FINANCING AND INVESTING ACTIVITIES

On January 1, 2010, the Company adopted ASC 860 and ASC 810 resulting in the consolidation of the WFN Trusts and the WFC Trust. Based on the carrying amounts of the WFN Trusts' and the WFC Trust's assets and liabilities as prescribed by ASC 810, the consolidation of the trusts had the following non-cash impact to the financing and investing activities for the three months ended March 31, 2010 as follows:

- elimination of $74 million in redemption settlement assets for those interests retained in the WFN Trust,
- elimination of $775 million in retained interests classified in due from securitizations,
- consolidation of $4.1 billion in credit card receivables, and
- consolidation of $3.7 billion in asset-backed securities.

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 consolidated financial statements and related notes thereto included in our Annual Report filed on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission, or SEC, on March 1, 2010.

In the first quarter of 2010, we reorganized our segments with Private Label Services and Private Label Credit reflected as one segment. All prior year segment information has been restated to conform to the current presentation. In addition, we renamed our other two segments from Epsilon Marketing Services and Loyalty Services to "Epsilon" and "LoyaltyOne," respectively.

Quarter in Review Highlights

Our results for the first three months of 2010 included the following new and renewed agreements:

- In January 2010, we announced the signing of a multi-year expansion agreement with New York & Company, a specialty retail apparel chain, to provide a comprehensive database marketing solution that includes customer data management, campaign management, reporting and strategic consulting and analytics services.
- In February 2010, we announced the signing of multi-year agreements with Kraft Foods Inc. to provide a comprehensive direct-to-consumer marketing solution, including database and data management, consumer data integration, permission-based email marketing services, multi-channel campaign management and interactive web services.
- In February 2010, we announced that Budgetcar, Inc., a subsidiary of Avis Budget Group, Inc. and an AIR MILES® Reward Program sponsor and rewards supplier since 2007, had signed a multi-year renewal agreement.
- In February 2010, we announced the signing of a new multi-year agreement with Dallas-based La Quinta to provide permission-based email marketing services. In addition, La Quinta also renewed its existing agreement for Epsilon's ongoing support and management of La Quinta's frequent guest program.
- In March 2010, we announced that Vision Electronics, an AIR MILES Reward Program sponsor since 2007, had signed a multi-year renewal agreement.

Critical Accounting Policies and Estimates

There have been no material changes, other than those noted below with the adoption of Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, 860, "Transfers and Servicing," and ASC 810, "Consolidation," 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 10-K for the fiscal year ended December 31, 2009.

Beginning with this Quarterly Report on Form 10-Q, our seller's interest, interest-only strips and retained interest, which were recorded at estimated fair value, have been reclassified, derecognized or eliminated upon adoption of ASC 860 and ASC 810 effective January 1, 2010. Additionally, with the consolidation of World Financial Network Credit Card Master Trust, World Financial Network Credit Card Master Note Trust, World Financial Network Credit Card Master Note Trust II and World Financial Network Credit Card Master Trust III, or collectively, the WFN Trusts, and the World Financial Capital Credit Card Master Note Trust, or the WFC Trust, the estimate for the allowance for loan loss has become a critical accounting estimate. The provision for loan loss represents management's estimate of probable net loan losses inherent in the credit card portfolio.

Management evaluates the allowance monthly for adequacy. The allowance is maintained through an adjustment to the provision for loan loss. In estimating losses inherent in the credit card portfolio, we use an approach that utilizes a migration analysis of delinquent and current credit card receivables. A migration analysis is a technique used to estimate the likelihood that a credit card receivable will progress through the various stages of delinquency and to charge-off. The migration analysis considers uncollectible principal, interest and fees reflected in credit card receivables. In determining the proper level of the allowance for loan loss, management also considers factors that may impact loan loss experience, including seasoning, loan volume and amounts, payment rates and forecasting uncertainties.

Recent Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update, or ASU, 2009-13, "Multiple-Deliverable Revenue Arrangements," which supersedes certain guidance in ASC 605-25, "Revenue Recognition — Multiple-Element Arrangements," and requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices (the relative-selling-price method). ASU 2009-13 eliminates the use of the residual method of allocation in which the undelivered element is measured at its estimated selling price and the delivered element is measured as the residual of the arrangement consideration, and requires the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverables subject to ASU 2009-13. ASU 2009-13 will be effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. If we elect early adoption and the adoption is during an interim period, we will be required to apply this ASU retrospectively from the beginning of our fiscal year. We can also elect to apply this ASU retrospectively for all periods presented. We are currently evaluating the impact that the adoption of ASU 2009-13 will have on our consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures," which amends ASC 820, "Fair Value Measurements and Disclosures," to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements related to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. ASU 2010-06 is effective for interim and annual periods beginning after December 15, 2009, except for the requirement to provide the Level 3 disclosures about purchases, sales, issuances and settlements, which will be effective for interim and annual periods beginning after December 15, 2010. The adoption of ASU 2010-06 impacted disclosures only and did not have a material impact on our consolidated financial statements.

Accounting Treatment for Securitizations

We have consolidated the credit card securitization trusts used in our securitization transactions, as the WFN Trusts and the WFC Trust were no longer exempt from consolidation effective January 1, 2010, upon our adoption of ASC 860 and ASC 810.

At adoption, we added approximately $3.4 billion of assets, including a $0.5 billion addition to loan loss reserves, and approximately $3.7 billion of liabilities to our unaudited condensed consolidated balance sheets. The impact of the new accounting is a reduction to stockholders' equity of $0.4 billion. The adoption required a full consolidation of the securitization trusts in accordance with accounting principles generally accepted in the United States of America, or GAAP.

Subsequent to January 1, 2010, our unaudited condensed consolidated statements of income no longer reflect securitization income, but instead reflect finance charges and certain other income associated with the securitized credit card receivables. Net charge-offs associated with credit card receivables are reported in our total operating expenses. Interest expense associated with debt issued from the trusts to third-party investors is reported in securitization funding costs. Additionally, we no longer record initial gains on new securitization activity since securitized credit card loans no longer receive sale accounting treatment, nor are there any gains or

losses on the revaluation of the interest-only strip receivable, as that asset is not recognized in a transaction accounted for as a secured borrowing. Since our securitization transactions are accounted for under the new accounting rules as secured borrowings rather than asset sales, the cash flows from these transactions are presented as cash flows from financing activities rather than cash flows from operating or investing activities.

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.

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 is not intended to be a performance measure 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 is 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 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 March 31,	
	2010	2009
	(In thousands)	
Income from continuing operations	$ 46,654	$ 43,049
Stock compensation expense	10,606	17,959
Provision for income taxes	28,838	27,284
Interest expense, net	82,706	31,287
Merger and other costs[1]	—	2,948
Depreciation and other amortization	16,325	15,051
Amortization of purchased intangibles	17,846	14,248
Adjusted EBITDA	$ 202,975	$ 151,826

(1) Represents investment banking, legal and accounting costs directly associated with the proposed merger with an affiliate of The Blackstone Group. Other costs represent compensation charges related to the departure of certain employees resulting from cost saving initiatives and other non-routine costs associated with the disposition of certain businesses.

Results of Continuing Operations

Three months ended March 31, 2010 compared to the three months ended March 31, 2009

	Three Months Ended March 31,		Change	
	2010	2009	$	%
	(In thousands, except percentages)			
Revenue:				
LoyaltyOne	$ 199,670	$ 160,631	$ 39,039	24.3%
Epsilon	126,307	117,566	8,741	7.4
Private Label Services and Credit	339,204	189,157	150,047	79.3
Corporate/Other	765	12,097	(11,332)	(93.7)
Eliminations	(2,409)	—	(2,409)	NM*
Total	$ 663,537	$ 479,451	$184,086	38.4%
Adjusted EBITDA[1]:				
LoyaltyOne	$ 53,587	$ 54,899	$ (1,312)	(2.4)%
Epsilon	27,286	22,138	5,148	23.3
Private Label Services and Credit	139,755	87,470	52,285	59.8
Corporate/Other	(15,940)	(12,681)	(3,259)	25.7
Eliminations	(1,713)	—	(1,713)	NM*
Total	$ 202,975	$ 151,826	$ 51,149	33.7%
Stock compensation expense:				
LoyaltyOne	$ 2,163	$ 4,024	$ (1,861)	(46.2)%
Epsilon	1,970	3,324	(1,354)	(40.7)
Private Label Services and Credit	1,762	3,017	(1,255)	(41.6)
Corporate/Other	4,711	7,594	(2,883)	(38.0)
Total	$ 10,606	$ 17,959	$ (7,353)	(40.9)%
Depreciation and amortization:				
LoyaltyOne	$ 6,137	$ 4,954	$ 1,183	23.9%
Epsilon	18,016	16,007	2,009	12.6
Private Label Services and Credit	8,489	6,051	2,438	40.3
Corporate/Other	1,529	2,287	(758)	(33.1)
Total	$ 34,171	$ 29,299	$ 4,872	16.6%
Operating income from continuing operations:				
LoyaltyOne	$ 45,287	$ 45,921	$ (634)	(1.4)%
Epsilon	7,300	2,807	4,493	160.1
Private Label Services and Credit	129,504	78,402	51,102	65.2
Corporate/Other	(22,180)	(25,510)	3,330	(13.1)
Eliminations	(1,713)	—	(1,713)	NM*
Total	$ 158,198	$ 101,620	$ 56,578	55.7%
Adjusted EBITDA margin[2]:				
LoyaltyOne	26.8%	34.2%	(7.4)%	
Epsilon	21.6	18.8	2.8	
Private Label Services and Credit	41.2	46.2	(5.0)	
Total	30.6%	31.7%	(1.1)%	
Segment operating data:				
Private Label statements generated	36,241	31,845	4,396	13.8%
Credit sales	$1,852,730	$1,548,074	$304,656	19.7%
Average receivables	$5,185,147	$4,238,393	$946,754	22.3%
AIR MILES reward miles issued	1,037,679	986,222	51,457	5.2%
AIR MILES reward miles redeemed	893,153	787,032	106,121	13.5%

(1) Adjusted EBITDA is equal to income from continuing operations, plus stock compensation expense, provision for income taxes, interest expense, net, loss on the sale of assets, merger and other costs, depreciation and amortization.

(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 a definition of adjusted EBITDA and a reconciliation to net income, the most directly comparable GAAP financial measure, see “Use of Non-GAAP Financial Measures” included in this report.

* Not meaningful

Revenue. Total revenue increased $184.1 million, or 38.4%, to $663.5 million for the three months ended March 31, 2010 from $479.5 million for the comparable period in 2009. The increase was due to the following:

- *LoyaltyOne*. Revenue increased $39.0 million, or 24.3%, to $199.7 million for the three months ended March 31, 2010 due to a favorable foreign currency exchange rate and growth in our AIR MILES reward miles redeemed. The average foreign currency exchange rate for the current year period increased to $0.96 as compared to $0.80 in the prior year period, which favorably impacted revenue by $30.9 million. In local currency (Canadian dollars), revenue increased approximately CAD $7.0 million, or 3.5%. Redemption revenue in local currency increased approximately CAD $5.0 million, or 3.6%, whereas AIR MILES reward miles redeemed increased 13.5%. This was a result of weak, lower margin issuances over the last two years due to the prolonged economic recession in Canada. This decline has negatively impacted the breakage pool, which has yet to return to historical levels. In addition, the amortization of deferred profit related to the conversion of certain split-fee to non-split fee programs has declined as the AIR MILES reward miles acquired have been redeemed. We believe the decline in local currency redemption revenue will recover as issuances and sponsor mix return to historical levels. AIR MILES reward miles issued grew 5.2%, and as 2010 progresses, we expect AIR MILES reward miles issued to continue to return to a growth rate of 7% – 8%, consistent with historical growth periods.
- *Epsilon*. Revenue increased $8.7 million, or 7.4%, to $126.3 million for the three months ended March 31, 2010. Revenue from the segment's largest service offerings (marketing database services, analytical services and digital communications) increased 10.2% as compared to the three months ended March 31, 2009 due to additional client signings. Proprietary data services revenue increased as its large catalog coalition database achieved solid growth with the retail sector beginning to show signs of improvement. This growth was offset by declines in the segment's agency business.
- *Private Label Services and Credit.* Revenue increased $150.0 million, or 79.3%, to $339.2 million for the three months ended March 31, 2010. On a conformed presentation, adjusting 2009 revenue for securitization funding costs and credit losses which totaled $127.4 million, revenue increased $22.6 million, or 7.1%. The increase was a result of continued positive trends in portfolio growth of 22.3% and credit sales growth of 19.7%. The increase was in part mitigated by a slight decline in gross yield, which was 23.6% for the current period a compared to 25.3% for the prior period. Gross yields dipped temporarily in February 2010 upon the implementation of the Credit Card Accountability and Responsibility and Disclosure Act of 2009. However, the March 2010 implementation of new cardholder terms returned gross yields to historic levels, where they are anticipated to remain.
- *Corporate/Other.* Revenue decreased $11.3 million to $0.8 million for the three months ended March 31, 2010 primarily due to a decline of $11.6 million in transition services revenue from agreements associated with the acquirers of our merchant services and utility services businesses, which were no longer in place in 2010.

Adjusted EBITDA. For purposes of the discussion below, adjusted EBITDA is equal to income from continuing operations plus stock compensation expense, provision for income taxes, interest expense, net, loss on sale of assets, merger and other costs, depreciation and amortization. Adjusted EBITDA increased $51.1 million, or 33.7%, to $203.0 million for the three months ended March 31, 2010 from $151.8 million for the comparable period in 2009. The increase was due to the following:

- *LoyaltyOne*. Adjusted EBITDA decreased $1.3 million, or 2.4%, to $53.6 million and adjusted EBITDA margin decreased to 26.8% for the three months ended March 31, 2010 compared to 34.2% in the same period in 2009. The decrease in adjusted EBITDA was driven primarily by a foreign exchange gain of $5.0 million in 2009, lower margins on AIR MILES reward miles redeemed discussed above and additional severance and coalition expenses.
- *Epsilon*. Adjusted EBITDA increased $5.1 million, or 23.3%, to $27.3 million and adjusted EBITDA margin increased to 21.6% for the three months ended March 31, 2010 compared to 18.8% in the same

period in 2009. The increase in adjusted EBITDA was driven by its large catalog coalition database. In 2009, our catalog business suffered as catalogers pared marketing budgets. In the first quarter of 2010, it achieved solid revenue growth. Additionally, our marketing database services grew $1.4 million due to additional client signings, as large multinational companies are directing a portion of their marketing spend to Epsilon due to the quantifiable benefits of transactional-based ROI micro-targeted marketing.

- *Private Label Services and Credit.* Adjusted EBITDA increased $52.3 million, or 59.8%, to $139.8 million for the three months ended March 31, 2010 but adjusted EBITDA margin decreased to 41.2% for the three months ended March 31, 2010 compared to 46.2% in the same period in 2009. On a conformed presentation, adjusting 2009 for funding costs of $94.0 million due to the adoption of ASC 860 and ASC 810, adjusted EBITDA increased $18.8 million, or 15.5%, and adjusted EBITDA margin increased to 41.2% from 38.2%. Adjusted EBITDA and adjusted EBITDA margin were positively impacted by the increases in revenue attributable to portfolio growth and sales growth as previously described.
- *Corporate/Other.* Adjusted EBITDA decreased $3.3 million to a loss of $15.9 million for the three months ended March 31, 2010 primarily related to the elimination of the transition services agreements and severance expense associated with the departure of certain associates.

Stock compensation expense. Stock compensation expense decreased $7.4 million, or 40.9%, to $10.6 million for the three months ended March 31, 2010. The decrease was driven by $7.0 million incurred in the comparable prior year period related to certain performance-based restricted stock unit awards that are no longer expected to vest, thus no expense was incurred in 2010.

Depreciation and Amortization. Depreciation and amortization increased $4.9 million, or 16.6%, to $34.2 million for the three months ended March 31, 2010 due to a $1.3 million increase in depreciation and other amortization and a $3.6 million increase in amortization of purchased intangibles, primarily as a result of the intangible assets acquired in the October 2009 acquisition of the Charming Shoppes credit card program.

Merger and other costs. We incurred no merger and other costs in 2010. During the three months ended March 31, 2009, we incurred approximately $3.5 million in severance costs for certain employees offset in part by a reimbursement of $0.6 million of costs associated with our proposed merger with an affiliate of The Blackstone Group. We do not anticipate any future costs associated with the proposed merger.

Operating Income. Operating income increased $56.6 million, or 55.7%, to $158.2 million for the three months ended March 31, 2010 from $101.6 million for the comparable period in 2009. Operating income increased due to the revenue and expense factors discussed above.

Securitization Funding Costs. Securitization funding costs were $41.6 million for the three months ended March 31, 2010. In 2009, these costs were netted against securitization income and totaled $33.5 million. In 2010, with the consolidation of the credit card securitization trusts, these costs are now reflected below as an operating expense. We incurred $39.4 million in interest on our asset-backed securities debt from increased borrowings due to growth in the portfolio, while interest rates remained relatively stable, and the amortization of securitized fees.

Interest Expense on Certificates of Deposit. Interest expense on certificates of deposit increased $1.8 million to $7.5 million for the three months ended March 31, 2010 from $5.7 million for the comparable period in 2009 due to higher average balances offset in part by a decline in interest rates.

Interest Expense on Long-Term and Other Debt, net. Interest expense on long-term and other debt, net increased $8.0 million, or 31.4%, to $33.6 million for the three months ended March 31, 2010 from $25.5 million for the comparable period in 2009. The increase resulted in part from additional interest expense of $5.5 million

associated with our convertible senior notes. Our line of credit increased $1.0 million as a result of higher average balances, while interest rates remained relatively flat during the three months ended March 31, 2010 than during the comparable period in 2009.

Taxes. Income tax expense increased $1.6 million to $28.8 million for the three months ended March 31, 2010 from $27.3 million for the comparable period in 2009 due to an increase in taxable income, partially offset by a decrease in our effective tax rate to 38.2% for the three months ended March 31, 2010 from 38.8% for the comparable period in 2009.

Loss from Discontinued Operations. We incurred no loss from discontinued operations in 2010. Loss from discontinued operations, net of taxes, of $15.2 million in the three months ended March 31, 2009 related to the sale of the remaining portion of our utility services business.

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 March 31, 2010, 63.3% of our accounts with balances and 63.6% of receivables were for accounts with origination dates greater than 24 months old. At March 31, 2009, 63.3% of our accounts with balances and 63.4% of receivables were for 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. 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 credit card portfolio:

	March 31, 2010	% of total	December 31, 2009	% of total
	(In thousands, except percentages)			
Receivables outstanding—principal	$4,825,801	100%	$5,332,777	100%
Principal receivables balances contractually delinquent:				
31 to 60 days	79,221	1.6	97,024	1.8
61 to 90 days	60,322	1.3	70,423	1.3
91 or more days	130,226	2.7	157,449	3.0
Total	$ 269,769	5.6%	$ 324,896	6.1%

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. Average receivables

represents the average balance of the cardholder receivables at the beginning of each month in the periods indicated.

	Three Months Ended March 31,	
	2010	2009
	(In thousands, except percentages)	
Average receivables	$5,185,147	$4,238,393
Net charge-offs	122,266	93,989
Net charge-offs as a percentage of average receivables (annualized)	9.4%	8.9%

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 Services and Credit segment related to holiday retail sales.

We generated cash flow from operating activities of $206.6 million and $71.1 million for the three months ended March 31, 2010 and 2009, respectively. The increase in operating cash flows was due to increased profitability, including non-cash charges to income such as an increase in the provision for doubtful accounts as a result of the consolidation of the credit card securitization trusts. We also generated positive operating cash flow from increases in working capital, including the timing of payments of accounts payable and accrued expenses. Also impacting cash flow from operations was amounts due from trusts. In 2009, the amounts due from the trusts were included in other assets and resulted in a use of cash as amounts increased during the period. In 2010, with the consolidation of the securitization trusts upon the adoption of ASC 860 and ASC 810, amounts due from the securitization trusts were eliminated. We utilize our cash flow from operations for ongoing business operations, acquisitions and capital expenditures.

Investing Activities. Cash provided by investing activities was $443.1 million for the three months ended March 31, 2010. Cash used by investing activities was $119.1 million for the three months ended March 31, 2009. Significant components of investing activities are as follows:

- *Credit Card Receivables Funding.* Cash increased $397.5 million due to a decline in receivables from the seasonal pay down of our credit card receivables.
- *Capital Expenditures.* Our capital expenditures for the three months ended March 31, 2010 were $15.4 million compared to $10.9 million for the comparable period in 2009. We anticipate capital expenditures to be approximately 3% of annual revenue for the foreseeable future.

Financing Activities. Cash used in financing activities was $723.2 million for the three months ended March 31, 2010 as compared to cash provided by financing activities of $214.6 million for the three months ended March 31, 2009. Our financing activities during the three months ended March 31, 2010 relate primarily to borrowings and repayments of debt, the issuance and repayment of certificates of deposit and repurchases of common stock.

Adoption of ASC 860 and ASC 810. The consolidation of the WFN Trusts and the WFC Trust resulted in $81.6 million in cash and cash equivalents as of January 1, 2010, which is shown separately from operating, financing and investing activities.

Liquidity Sources. In addition to cash generated from operating activities, our primary sources of liquidity include our securitization program, certificates of deposit issued by World Financial Network National Bank, or WFNNB, and World Financial Capital Bank, or WFCB, our credit facility and issuances of equity securities.

In addition to our efforts to renew and expand our current facilities, we continue to seek new sources of liquidity. We have also expanded our brokered certificates of deposit to supplement liquidity for our credit card receivables.

We believe that internally generated funds and other sources of liquidity discussed above will be sufficient to meet working capital needs, capital expenditures, and other business requirements for at least the next 12 months.

Securitization Program. Since January 1996, we have sold a majority of the credit card receivables originated by WFNNB to WFN Credit Company, LLC and WFN Funding Company II, LLC, which in turn sold them to the WFN Trusts as part of our securitization program. In September 2008, we initiated a securitization program for the credit card receivables originated by WFCB, selling them to World Financial Capital Credit Company, LLC which in turn sold them to the WFC Trust. These securitization programs are the primary vehicle through which we finance WFNNB's and WFCB's credit card receivables.

At March 31, 2010, we had $3.2 billion of asset-backed securities debt — owed to securitization investors, of which $696.9 million is due within the next 12 months.

Historically, we have used both public and private asset-backed securities term transactions as well as private conduit facilities as sources of funding for our credit card receivables. Private conduit facilities have been used to accommodate seasonality needs and to bridge to completion of asset-backed securitization transactions.

We have secured and continue to secure the necessary commitments to fund our portfolio of securitized credit card receivables originated by WFNNB and WFCB. However, certain of these commitments are short-term in nature and subject to renewal. There is not a guarantee that these funding sources, when they mature, will be renewed on similar terms or at all based on recent unsuitable volumes and pricing levels in the asset-backed securitization markets.

As of March 31, 2010, the WFN Trusts and the WFC Trust had approximately $4.3 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 Trusts and the WFC Trust and by the performance of the private label credit cards in these securitization trusts.

In March 2010, World Financial Network Credit Card Master Note Trust issued $100.8 million of term asset-backed securities to investors. The offering consisted of $65.0 million of Class A Series 2010-1 asset-backed notes that have a fixed interest rate of 4.2% per year, $9.8 million of Class M Series 2010-1 asset-backed notes that have a fixed interest rate of 5.3% per year, $6.6 million of Class B Series 2010-1 asset-backed notes that have a fixed interest rate of 6.3% per year, $11.6 million of Class C Series 2010-1 asset-backed notes that have a fixed interest rate of 7.0% per year and $7.8 million of Class D Series 2010-1 zero-coupon notes which were retained by us. The Class A notes will mature in November 2012, the Class M notes will mature in December 2012, the Class B notes will mature in January 2013, the Class C notes will mature in February 2013 and the Class D notes will mature in March 2013. With the consolidation of the WFN Trusts, the Class D Series 2010-1 notes are eliminated from the unaudited condensed consolidated financial statements.

During the first quarter of 2010, we renewed our 2009-VFC1 conduit facility, extending the maturity to September 30, 2011.

Debt

See Note 8, "Debt," of the Notes to Unaudited Condensed Consolidated Financial Statements for more information related to our debt.

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 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, 2009 related to our exposure to market risk from interest rate risk, credit risk, foreign currency exchange risk and redemption reward risk.

Item 4. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

As of March 31, 2010, 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 March 31, 2010 (the end of our first 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.

During the first quarter of 2010, LoyaltyOne completed a system conversion of its order management system. There have been no other 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 Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2009 and Item 1A. of Part II of this Quarterly Report.

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. 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, except as required by law.

PART II

Item 1. Legal Proceedings.

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 effect 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, 2009.

If we are unable to securitize our credit card receivables due to changes in the market, we would not be able to fund new credit card receivables, which would have a negative impact on our operations and earnings.

Our ability to continue to securitize our receivables will depend upon the conditions in the securities market at the time. There has been uncertainty in the securitization market recently over existing Federal Deposit Insurance Corporation, or FDIC, guidance regarding standards for legal isolation of the transferred assets. The FDIC has adopted a “safe harbor” rule stating that, if certain conditions are met, the FDIC will not use its repudiation power to reclaim, recover or recharacterize as property of an FDIC insured institution any financial assets transferred by that institution in connection with a securitization transaction. WFNNB and WFCB have structured the issuance of their asset-backed securities with the intention that the transfers of the securitized credit card receivables by WFNNB and WFCB would have the benefit of this safe harbor rule. Except as described below, the protection of the FDIC safe harbor rule only extends to securitizations that satisfy the conditions for sale accounting treatment (other than the legal isolation condition, since the safe harbor rule was meant to help satisfy that condition). As a result of accounting changes effective as of January 1, 2010, the transfers of receivables by WFNNB and WFCB ceased to satisfy the conditions for sale accounting treatment. The FDIC has adopted an amendment to the safe harbor rule stating that for transfers of financial assets made on or before September 30, 2010, or, with respect to revolving securitization trusts, for securitizations in which the related beneficial interests were issued on or before September 30, 2010, the protection of the safe harbor rule will continue to apply for the life of the securitization transaction notwithstanding the fact the transaction does not satisfy all conditions for sale accounting treatment under the new accounting rules, provided that the securitization satisfied the conditions (other than the legal isolation condition) for sale accounting treatment under generally accepted accounting principles in effect for reporting periods prior to November 15, 2009, and the other conditions of the safe harbor rule are satisfied. As a result, the accounting changes will not affect the availability of the safe harbor rule for securitization transactions issued by the securitization trusts prior to September 30, 2010. On December 15, 2009, the FDIC issued an Advance Notice of Proposed Rulemaking, which describes the possible future terms of the legal isolation standard. The form that this rule will ultimately take is uncertain at this time, but it may impact our ability and/or desire to issue asset-backed securities in the future.

On April 7, 2010, the SEC proposed revised rules for asset-backed securities offerings that, if adopted, would substantially change the disclosure, reporting and offering process for public and private offerings of asset-backed securities, including those offered under our securitization program. The proposed rules, if adopted in their current form, would, among other things, impose as a condition for the shelf registration of asset-backed securities a requirement that the sponsor of the asset-backed securities offering hold a minimum of 5% of the nominal amount of each of the tranches sold or transferred to investors (or, in the case of revolving master trusts, an originator’s interest of a minimum of 5% of the nominal amount of the securitization exposures) and not hedge those holdings. Issuers of publicly offered asset-backed securities would be required to disclose more information regarding the underlying assets and to file a computer program that demonstrates the effect of the transaction’s waterfall of distributions. In addition, the proposals would alter the safe-harbor standards for the private placement of asset-backed securities to impose informational requirements similar to those that would apply to registered public offerings of such securities.

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

On January 27, 2010, our Board of Directors authorized a new stock repurchase program to acquire up to $275.1 million of our outstanding common stock, from February 5, 2010 through December 31, 2010, subject to any restrictions under the terms of our credit agreement or otherwise.

The following table presents information with respect to those purchases of our common stock made during the three months ended March 31, 2010:

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] (In millions)
During 2010:				
January 1-31	2,615	$ 63.64	—	$ 275.1
February 1-28	271,016	54.04	268,500	260.6
March 1-31	2,972	61.13	—	260.6
Total	276,603	$ 54.21	268,500	$ 260.6

(1) During the period represented by the table, 8,103 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 January 27, 2010, our Board of Directors authorized a new stock repurchase program to acquire up to $275.1 million of our outstanding common stock, from February 5, 2010 through December 31, 2010, subject to any restrictions under the terms of our credit agreement or otherwise.

Item 3. Defaults Upon Senior Securities.

None

Item 4. (Removed and Reserved).

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).
3.5	Third Amendment to the Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.2 to our Current Report on Form 8-K, filed with the SEC on February 18, 2009, File No. 001-15749).
3.6	Fourth Amendment to the Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit No. 3.2 to our Current Report on Form 8-K, filed with the SEC on December 11, 2009, 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	LoyaltyOne, Inc. Registered Retirement Savings Plan, as amended.
+*10.2	LoyaltyOne, Inc. Deferred Profit Sharing Plan, as amended.
+*10.3	LoyaltyOne, Inc. Canadian Supplemental Executive Retirement Plan effective as of January 1, 2009.
*10.4	Transfer and Servicing Agreement, dated as of March 26, 2010, by and among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust II.
*10.5	Master Indenture, dated as of March 26, 2010 between World Financial Network Credit Card Master Note Trust II and U.S. Bank National Association.
*10.6	Series 2010-1 Indenture Supplement, dated as of March 26, 2010, by and between World Financial Network Credit Card Master Note Trust II and U.S. Bank National Association.
*10.7	Collateral Series Supplement to the Second Amended and Restated Pooling and Servicing Agreement, dated as of March 26, 2010, by and among WFN Credit Company, LLC, World Financial Network National Bank and U.S. Bank National Association.
*10.8	First Amendment to Series 2009-VFC1 Supplement, dated as of March 30, 2010, by and among World Financial Network National Bank, WFN Credit Company, LLC and Union Bank, N.A.

Exhibit No.	Description
*10.9	Fourth Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of March 30, 2010, by and among World Financial Network National Bank, WFN Credit Company, LLC and Union 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
President and Chief Executive Officer

Date: May 7, 2010

By: /s/ CHARLES L. HORN
Charles L. Horn
Executive Vice President and Chief Financial Officer

Date: May 7, 2010

GROUP RETIREMENT SAVINGS PLAN
OF
THE LOYALTY GROUP
(the "Group Plan")

The individual
Retirement Savings Plans (the "Plans")
established under the Group Plan
will be issued by
Sun Life Assurance Company of Canada ("Sun Life")

The Funding Agreement for the Group Plan is Group Annuity
Policy No. GA 13115-1 (administrative contract No. 18730-G) (the "Policy")

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1. Effective Date

The effective date of the Group Plan is December 1, 2005.

2. Plan Sponsor

The Loyalty Group is the sponsor of the Group Plan and will act as the agent of each individual who becomes enrolled in the Group Plan.

3. Enrollment

In order to become enrolled in the Group Plan, an individual must complete the application form approved by the Canada Revenue Agency, together with such other authorizations and designations as may be prescribed. Upon receipt of the required forms, Sun Life will apply for registration of the Plan as an individual retirement savings plan for such individual (a "Participant").

4. Contributions

Contributions made to a Plan will be allocated to accounts maintained for the Participant in the funds available under the Policy. The assets of such funds will be invested in compliance with the provisions of the Income Tax Act (Canada) which apply to registered retirement savings plans.

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5. Payment of Benefits and Refunds

(a) A Plan will mature on the earlier of the date specified by the Participant and the latest date permitted under the Income Tax Act (Canada) for maturity of retirement savings plans (the "Plan Maturity Date"), provided that the Participant may not specify a Plan Maturity Date which is prior to the date of termination of the employment of the Participant or, in the case of a spousal Plan, of the Participant's spouse with the Plan Sponsor unless Sun Life receives written permission from the Plan Sponsor to terminate the Plan prior to such date. No contributions may be made to the Plan after the Plan Maturity Date. The amount to the credit of the Plan at the Plan Maturity Date will be used to provide a retirement income, as defined below, ('Retirement Income') or the Plan may be amended or revised to provide for the payment or transfer before the Plan Maturity Date, on the Participant's behalf, of any such amount to another plan in accordance with Provision 6, or for the payment to the Participant, in a lump sum, of the amount to the credit of the Plan less any amount withheld for income tax purposes.

"Retirement Income" means

(i) an annuity commencing at the Plan Maturity Date, and with or without a guaranteed term commencing at the Plan Maturity Date, not exceeding the term referred to in (ii) immediately below, payable to

(1) the Participant for the Participant's life, or

(2) the Participant for the lives, jointly, of the Participant and the Participant's spouse and to the survivor of them for the survivor's life,

(ii) an annuity commencing at the Plan Maturity Date, payable to the Participant, or to the Participant for the Participant's life and to the spouse after the Participant's death, for a term equal to 90 minus either

(1) the age in whole years of the Participant at the Plan Maturity Date, or

(2) where the Participant's spouse is younger than the Participant and the Participant so elects, the age in whole years of the spouse at the Plan Maturity Date,

issued by a person described in the definition "retirement savings plan" in the Income Tax Act (Canada) with whom an individual may have a contract or arrangement that is a retirement savings plan, or

(iii) any combination of (i) and (ii) above.

The Participant may choose any form of Retirement Income, subject to the following:

(i) The Retirement Income will be provided by a person (which may be Sun Life) qualified under the Income Tax Act (Canada) to provide a Retirement Income.

(ii) Unless otherwise permitted under the Income Tax Act (Canada), an annuity will be payable in equal annual or more frequent payments during its term.

(iii) No annuity that is payable to the Participant or to the spouse of the Participant on the Participant's death (the 'Subsequent Participant') will provide for periodic payments in a year after the death of the Participant, the aggregate of which exceeds the aggregate of the payments under the annuity in a year before that death.

Any annuity payments under the Plan not payable to the Participant or spouse of the Participant will be commuted and paid in one lump sum. Except as provided in the preceding sentence, any annuity purchased from Sun Life under this Provision 5 will be non-commutable.

If the Participant fails to notify Sun Life, prior to the Plan Maturity Date, of the method of settlement of the amount to the credit of the Plan chosen, on the Plan Maturity Date, Sun Life may, in its sole discretion, either issue a cheque to provide to the Participant, in a lump sum, the amount to the credit of the Plan, less any amount required to be withheld for income tax purposes, or transfer the amount to the credit of the Plan to a registered retirement income fund established by Sun Life, and the Participant hereby appoints Sun Life as its attorney in fact to execute all such documents and make such elections as are necessary to establish and operate the said registered retirement income fund. Upon such transfer, any proceeds of the said registered retirement income fund payable upon the Participant's death shall become payable to the Participant's estate, unless the Participant subsequently designates a beneficiary to receive such proceeds.

(b) If the Participant dies before settlement has been made in accordance with item (a) above, upon receipt of satisfactory evidence of the Participant's death and all legal documents which Sun Life requests, settlement in respect of the amount to the credit of the Participant's Plan will be paid in one sum.

(c) The Participant may not withdraw any portion of the amount to the credit of his or her plan prior to the Plan Maturity Date unless Sun Life receives written permission from the Plan Sponsor. The Plan Sponsor will accept and verify in writing one of the following options:

(i) no withdrawals may be made until the Plan Maturity Date,

(ii) no withdrawals may be made until the date of termination of the employment of the Participant or the spouse of the Participant with the Plan Sponsor, as applicable,

(iii) no withdrawals may be made until the date of termination of the employment of the Participant or the spouse of the Participant with the Plan Sponsor, as applicable, except for withdrawals of amounts arising from contributions made by the Participant or by the spouse of the Participant, as applicable, or

(iv) withdrawals will be permitted at any time.

(d) Sun Life shall, upon written request by the Participant or, in the case of a spousal Plan, the Participant's spouse, pay an amount from the accounts of the Plan to reduce the amount of tax otherwise payable under Part X.1 of the Income Tax Act (Canada) by the Participant or the Participant's spouse, as the case may be. In no event will the amount withdrawn exceed the total of the balances in all the accounts of the Plan.

When referring to the spouse of a Participant, the term "spouse" includes any person who is recognized as a spouse or common-law partner for the purposes of any provision of the Income Tax Act (Canada) respecting registered retirement savings plans.

6. Transfers to Other Plans

The Plan, if approved in writing by the Plan Sponsor, may be amended or revised to provide for the payment or transfer before the Plan Maturity Date, on the Participant's behalf, of any amount to the credit of the Plan to:

(a) a registered retirement savings plan or registered retirement income fund under which the Participant is the annuitant, or

(b) a registered retirement savings plan or registered retirement income fund under which the Participant's spouse or former spouse is the annuitant on marriage breakdown or the breakdown of a common-law partnership, or

(c) a registered pension plan for the benefit of the Participant,

provided the provisions of the Income Tax Act (Canada) are satisfied.

It is specifically provided, however, that, upon the Participant's or, in the case of a spousal Plan, the spouse of the Participant's ceasing to be an eligible employee or member of the Plan Sponsor or member of the Group Plan, as the case may be:

(i) no further contributions under the Plan will be accepted by Sun Life after receipt of notice thereof from the Plan Sponsor, and

(ii) the Participant shall direct Sun Life in writing to amend the Plan to transfer the amount to the credit of the Plan to another issuer, but should the Participant fail to so direct Sun Life within 30 days of the Participant's ceasing, or in the case of a spousal Plan, the spouse of the Participant's ceasing to be an eligible employee of the Plan Sponsor or member of the Group Plan, as the case may be, or such other period as agreed to between the Plan Sponsor and Sun Life, Sun Life shall be entitled, in its sole discretion, to amend the Plan to transfer such amount to an individual retirement savings plan established by Sun Life under another group retirement savings plan under which the Participant is the annuitant and for which Sun Life shall apply for registration. The Participant hereby appoints Sun Life as its attorney in fact to execute all such documents and make such elections as are necessary to establish and operate the said registered retirement savings plan. Upon such transfer, any proceeds payable on the Participant's death shall become payable to the Participant's estate, unless the Participant subsequently designates a beneficiary to receive such proceeds.

Any such payment or transfer will be in accordance with the terms of the Policy and the Plan Sponsor may be advised accordingly.

7. Administration

- Retirement Income under the Plan may not be assigned in whole or in part.
- No advantage that is conditional in any way on the existence of the Plan shall be extended to the Participant or Subsequent Participant or to a person with whom the Participant or Subsequent Participant was not dealing at arm's length, unless such advantage is permitted under the Income Tax Act (Canada).
- Sun Life is ultimately responsible for the administration of the Plan.

- A Plan may be amended only by Sun Life, with the concurrence of the Canada Revenue Agency. No amendment may be made which would disqualify the Plan as a registered retirement savings plan under the Income Tax Act (Canada).
- If the Participant or the Participant's spouse, as the case may be, ceases to be an eligible employee of the Plan Sponsor or member of the Group Plan, as the case may be, and an amount to the credit of the Plan remains to provide a Retirement Income, any charges applicable in respect of the Plan, if not paid by the Plan Sponsor, may be assessed against the amount to the credit of such Plan. The charges will be determined in accordance with Sun Life's regular scale of charges, any changes to which will be notified in writing to the Plan Sponsor.

8. Withdrawal of Plan Sponsor

Should the Plan Sponsor withdraw as sponsor of the Group Plan, no further contributions may be made in respect of a Participant. Such withdrawal shall not affect annuities which have commenced prior to the date of withdrawal under any Participant's Plan nor shall such action affect the amount to the credit of a Participant's Plan.

9. Entire Contract

The Policy, the Group Plan text, and a Participant's application constitute the entire contract between the Participant, the Plan Sponsor and Sun Life.

SUN LIFE ASSURANCE COMPANY OF CANADA

AMENDMENT NO. 1

POLICY NO. GA 13115-1

GROUP RETIREMENT SAVINGS PLAN OF THE LOYALTY GROUP

All references to “The Loyalty Group” have been changed to “LoyaltyOne, Inc.”. This change impacts all contractual documents for this policy number.

The effective date of this amendment is July 10, 2008.

Exhibit 10.2

DEFERRED PROFIT SHARING PLAN FOR EMPLOYEES OF LOYALTYONE, INC.

AS RESTATED JULY 10, 2008

DPSP (11/2007)

TABLE OF CONTENTS

I - ESTABLISHMENT OF THE PLAN

1.01 Purpose

The Deferred Profit Sharing Plan for Employees of LoyaltyOne, Inc. (the "Plan") was established effective April 1, 2000 for the purpose of encouraging eligible employees to save for retirement and, at the same time, share in the profits of the Company. The Plan forms part of the LoyaltyOne, Inc. Retirement Savings Program, a flexible arrangement providing employees with the opportunity for long-term retirement financial planning.

With effect from July 10, 2008 the Plan is restated, as set forth herein.

1.02 Registration

The Plan has been accepted for registration as a "deferred profit sharing plan" under the Income Tax Act (Canada). Continuation of the Plan is subject to retaining such registration.

The Plan has been administered in accordance with the amended provisions of the Income Tax Act (Canada) and the Regulations thereunder since January 1, 1991.

II - DEFINITIONS

The following words and phrases, as used herein, shall have the meaning specified below, unless a different meaning is plainly required by the context:

2.01 “Account(s)” means any or all of a Participant’s accounts under the Plan to which are credited Company Contribution(s), forfeitures and earnings thereon.

2.02 “Beneficiary” means such beneficiary as may be designated by a Participant in accordance with the provisions of Section 11.04 hereof to receive any benefits payable under the Plan in the event of the Participant’s death.

2.03 “Board of Directors” means the Board of Directors of LoyaltyOne, Inc.

2.04 “Company” means LoyaltyOne, Inc and any subsidiary or associated companies as designated by the Board of Directors. Any reference in the Plan to any action to be taken, consent, approval or opinion to be given or discretion or decision to be exercised or made by the Company shall refer to LoyaltyOne, Inc, acting through the Board of Directors or any person or persons authorized by the Board of Directors for purposes of this Plan.

2.05 “Company Contribution(s)” means the amount contributed by the Company pursuant to Section 4.01 hereof.

2.06 “Continuous Service” means uninterrupted employment with the Company and shall include periods of annual vacation and approved leave of absence granted by the Company.

2.07 “Disability” means any mental or physical disability certified by a medical practitioner approved by the Company which prevents a Participant from performing the work for which he was employed or similar work.

2.08 “Effective Date” means April 1, 2000, or such other later date as may be determined by the Canada Revenue Agency.

2.09 “Employee” means any person who is employed by the Company.

2.10 “Fiscal Agent” means Sun Life Assurance Company of Canada, appointed by the Trustee to administer the Plan.

2.11 “Funding Agreement” means Group Annuity Policy No. GA 13115-1 (administrative contract No. 18729-G) issued by Sun Life Assurance Company of Canada to the Trustee.

2.12 “Investment Fund(s)” means any or all of the funds available under the Funding Agreement in which the Trust Fund is invested, as the context requires.

2.13 “Participant” means an Employee who has enrolled in the Plan pursuant to Section III hereof.

2.14 “Plan” means the Deferred Profit Sharing Plan for Employees of LoyaltyOne, Inc., as restated effective July 10, 2008 and as set forth herein and as amended from time to time.

2.15 “Trust Agreement” means the agreement entered into between the Company and the Trustee establishing the Trust Fund, as amended from time to time.

2.16 “Trustee” shall mean a trust company incorporated under the laws of Canada or of a province, or at least three trustees who shall be individuals resident in Canada, at least one of whom shall be independent of the operations of the Company and not a shareholder thereof, as the Company may appoint from time to time.

2.17 “Trust Fund” means the fund established pursuant to the Trust Agreement to which Company Contribution(s) are to be made and from which all benefits under this Plan are to be paid.

Words importing the masculine include the feminine and words importing the singular include the plural, and vice versa, as the context requires.

III - ELIGIBILITY AND MEMBERSHIP

3.01 Eligibility

An Employee shall be eligible to become a Participant in the Plan upon the completion of 12 months of Continuous Service.

An eligible Employee may become a Participant by enrolling on a form provided by the Company.

Notwithstanding the above, no individual who falls within the definition set out in paragraph 147(2)(k.2) of the Income Tax Act (Canada) (i.e. a person related to the employer) may become a Participant in the Plan.

3.02 Effect of Re-Employment

If an Employee terminates his service with the Company and is later rehired, he shall, for purposes of the Plan, be regarded as a new Employee and his participation in the Plan shall be subject to the requirements of Section 3.01.

IV - CONTRIBUTIONS

4.01 Company Contribution(s)

(a) The Company Contribution(s) in respect of Participants shall be such amount as the Company in its absolute discretion shall determine and will be made at the end of each Company fiscal year or within 120 days thereafter.

(b) The Company Contribution(s) shall be made out of the Company's profits, either current or accumulated, and shall be remitted to the Trust Fund.

4.02 Maximum Contribution Limits

The maximum amount that may be contributed by the Company in respect of a Participant in any calendar year is limited to the maximum amount deductible by the Company as a deferred profit sharing contribution under paragraph 147(5.1)(a), (b) and (c) of the Income Tax Act (Canada).

4.03 No Employee Contributions

A Participant is not permitted to make any contributions to the Plan.

V - PARTICIPANT ACCOUNTS

5.01 Accounts

Accounts shall be maintained for each Participant in each of the Investment Funds to which Company Contribution(s) are directed. These Accounts each month will be credited or debited, as the case may be, with:

(a) Company Contribution(s) made in the name of the Participant in accordance with Section IV;

(b) Forfeitures (and earnings thereon) allocated to the Participant in accordance with Section 8.03;

(c) The Account(s)' share of investment earnings determined in accordance with the terms of the Funding Agreement, and

(d) Withdrawal payments from the Account(s) in accordance with Section VII.

5.02 Allocation to Accounts

Company Contribution(s) will be allocated to the Account(s) of Participants in the year in which they are received by the Trustee.

5.03 Investment Income

Further to Sections 5.01 and 5.02 above, it is provided that all income received, capital gains made and capital losses sustained by the trust governed by the Plan shall be allocated to the Participants of the Plan on or before a day 90 days after the end of the year in which they were received, made or sustained, as the case may be, to the extent that they have not been allocated in years preceding that year.

5.04 Distribution of Forfeitures

Any Company Contribution(s) to which the Participant has not acquired vested rights in accordance with Section 7 shall be forfeited by the Participant and distributed in accordance with Section 8.03.

VI - INVESTMENT OPTIONS

6.01 Investment Funds

The Trustee will invest the Trust Fund in accordance with the Funding Agreement. Under the Funding Agreement, the Fiscal Agent will establish uniform, non-discriminatory rules permitting each Participant from time to time to direct, on a form provided by the Fiscal Agent, the percentage of his Accounts to be invested in each of the Investment Funds available under the Funding Agreement to which contributions may be directed.

The value at any date of any Account in an Investment Fund will be determined in accordance with the Funding Agreement.

6.02 Allocation of Contributions

The allocation of contributions among the Investment Funds will be as directed by each Participant on the form prescribed by the Fiscal Agent. Allocations may be changed by Participants at any time by contacting the Fiscal Agent.

6.03 Transfers between Investment Funds

Participants will be permitted to make transfers between Investment Funds at any time in accordance with the provisions of the Funding Agreement.

VII - ENTITLEMENT TO BENEFITS

7.01 Vesting of Account

A Participant will acquire a full vested right to the sum of the balances of his Accounts upon the completion of one year of participation in the Plan.

Notwithstanding the above, a Participant will have full vested rights to the sum of the balances of his Accounts upon death.

7.02 Retirement

A Participant who retires under the Company's retirement pension program shall be entitled to the vested value of his Accounts, as provided in Section 8.01 hereof.

7.03 Disability

A Participant in receipt of benefits from the Company's long-term disability program shall be entitled to the vested value of his Accounts, as provided in Section 8.01 hereof.

7.04 Death

Upon the death of a Participant at any time while in the employment of the Company, his Beneficiary shall be entitled to the vested value of his Accounts, as provided in Section 8.01 hereof.

7.05 Termination of Employment

A Participant whose employment with the Company terminates shall be entitled to the vested value of his Accounts, as provided in Section 8.01 hereof.

7.06 Withdrawals Prior to Termination of Employment

A Participant may elect to make one lifetime withdraw of any portion of the vested value of his Account(s) while in the service of the Company. Any subsequent withdrawal will result in a 1 year suspension of Company contributions.

VIII - TIMING AND METHOD OF DISTRIBUTION OF BENEFITS

8.01 Distribution of Benefits

Not later than the earlier of

(a) the latest retirement date required under the Income Tax Act (Canada), and

(b) 90 days after the earliest of the following events, as described in Section VII,

- retirement,
- onset of disability, except as provided below,
- termination of service,
- death,

the value of the vested portion of the Participant's Accounts (determined pursuant to Section 5.01 hereof) shall become payable to him or in the event of his death, to his Beneficiary, in the form of a single lump sum cash payment, except that the Participant or Beneficiary, as the case may be, may elect at any time before the payment of the single lump sum cash payment that all or any part of the amounts payable to him shall be:

(i) paid in equal cash installments payable not less frequently than annually over a period selected by the Participant or Beneficiary, as the case may be, not exceeding 10 years from the date on which the amount became payable; or

(ii) paid by the Trustee to a person licensed or otherwise authorized under the laws of Canada or a province of Canada to carry on in Canada an annuities business, to purchase for the Participant or Beneficiary, as the case may be, an annuity, of a type selected by such person, provided that the annuity shall commence not later than the latest retirement date required under the Income Tax Act (Canada), and that the guaranteed term of said annuity, if any, shall not exceed 15 years; or

(iii) subject to subsection 147(19) of the Income Tax Act (Canada), transferred directly to a registered retirement savings plan, registered retirement income fund or a registered pension fund or plan.

Notwithstanding the above, should the Participant fail to make an election by the latest retirement date required under the Income Tax Act (Canada), the Fiscal Agent shall be entitled, in its sole discretion, to commence paying an annuity for the life of the Participant, in accordance with the Funding Agreement.

In the case of Disability, the Participant may defer his retirement while he continues to receive long-term disability benefits under any long-term disability income plan adopted by the Company from time to time, but not beyond the latest retirement date required under the Income Tax Act (Canada).

8.02 Distribution Constitutes Release

Any distribution pursuant to the provisions of the Plan, including but not limited to, payment to a Participant who has terminated his service with the Company or to his Beneficiary or estate, shall, to the extent of such distribution, fully release and discharge the Trustee, the Company and the Fiscal Agent from any and all claims of the Participant, or any person or persons claiming through the Participant or assuming any claim to his Accounts.

8.03 Distribution of Forfeitures

Any Company Contribution(s) to which the Participant has not acquired vested rights in accordance with Section 7 shall be forfeited by the Participant and shall be, on or before the last day of December of the year immediately following the calendar year in which the amount became available, and in the absolute discretion of the Company:

(a) used to satisfy Company Contributions under the Plan;

(b) reallocated among the active Participants of the Plan in a manner determined by the Company, subject to Section 4.02; or

(c) returned to the Company.

If any such forfeitures are not used by the last day of December of the year immediately following the calendar year in which the amount became available, such forfeitures (and earnings thereon) will be returned to the Company.

IX - TRUST FUND

9.01 Establishment and Administration of the Trust Fund

A Trust Fund shall be established with and shall be held and administered by the Trustee, in accordance with the Trust Agreement executed between the Company and the Trustee.

9.02 Contributions and Benefits

Company Contribution(s) shall be paid into the Trust Fund and all of the amounts to be distributed under the Plan shall be paid from the Trust Fund.

9.03 Interest in Specific Assets

Nothing in this Plan or in the Trust Agreement shall be deemed to give any Participant any interest in any specific property of the Trust Fund or any interest other than his right to receive payments in accordance with the provisions herein contained.

9.04 No Diversion of Assets

No part of the corpus or income of the Trust Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants, their Beneficiaries or estates, except as provided in the Plan.

9.05 Payment of Expenses

Expenses incurred in the operation and administration of the Plan shall be paid by the Company.

Fees in respect of the administration and management of the Investment Funds will be reflected in the value of the Participant’s Accounts.

Any person who is no longer an Employee or the Beneficiary or estate of such person may be responsible for all fees and expenses incurred in maintaining such person’s Account(s).

X - ADMINISTRATION OF THE PLAN

10.01 Responsibilities

(a) The Trustee shall have sufficient authority to ensure the implementation and operation of the Plan and the payment of benefits to the Participants and the Beneficiaries thereunder.

(b) The Trustee will appoint the Fiscal Agent as its agent for the purposes of the administration of the Plan.

(c) The Company shall conclusively decide all matters relating to the administration, interpretation and operation of the Plan.

(d) The Company shall make such rules and regulations relating to the operation of the Plan as it believes to be appropriate and may, from time to time, amend or revoke such rules and regulations.

10.02 Records

(a) The Trustee shall keep or cause to be kept such records as may be necessary or appropriate in the discharge of its duties hereunder.

(b) Whenever the records of the Company are used for purposes of this Plan, such records shall be conclusive of the facts with which they are concerned.

10.03 Statements

Each Participant shall be issued an annual statement showing his position in the Plan as at the last day of December each year.

10.04 Information From Participants

Each Participant shall provide such information as may be required by the Fiscal Agent or the Trustee for purposes of administering the Plan.

10.05 Disclosure

The Trustee shall ensure that each new Participant is advised in writing of his rights under the Plan.

XI - MISCELLANEOUS PROVISIONS

11.01 No Expansion of Rights

Participation in this Plan by an eligible Employee shall not be construed as constituting an enlargement of any rights which the Participant has apart from this Plan, or as a guarantee of the continued employment of such Participant, nor shall any provision or condition herein contained restrict in any way the right of the Company to terminate such Participant's employment.

11.02 Inalienability of Benefits

Any benefits payable under the terms of this Plan are for the Participant's own use and benefit and are not capable of assignment or alienation and do not confer upon any Participant, personal representative or dependent, or any other person, any right or interest in the benefits or annuity payments, if any, capable of being assigned or otherwise alienated, nor shall any such benefit be capable of surrender.

11.03 Ancillary Benefits

No benefit, other than one described in subparagraphs 147(2)(k.1)(i), (ii), (iii) and (iv) of the Income Tax Act (Canada) that is conditional in any way on the existence of the Plan, may be extended to the Participant or to any person with whom the Participant does not deal at arm's length.

11.04 Designation of Beneficiary

(a) A Participant may during his lifetime, by written notice given to the Fiscal Agent, designate a Beneficiary to receive any benefits payable under the Plan on his death and may also during his lifetime, by written notice given to the Fiscal Agent, alter or revoke such designation from time to time, subject always to the provisions of any annuity, insurance or other contract or law governing designation of beneficiaries from time to time in force which may apply to such Participant. Such written notice shall be in such form and shall be executed in such manner as the Fiscal Agent in its discretion may from time to time determine.

(b) If, on the death of a Participant, there shall be no named Beneficiary, or if the designated Beneficiary should not be living, any sums that may be payable on or after his death shall be paid to the Participant's estate in a lump sum.

11.05 Surrender or Assignment

Notwithstanding any other provision of the Plan, no right of a person under the Plan is capable of any surrender or assignment other than:

(i) an assignment under a decree, order or judgment of a competent tribunal, or under a written agreement, that relates to a division of property between an individual and the individual's spouse or common-law partner, or former spouse or common-law partner, in settlement of rights that arise out of, or on a breakdown of their marriage or common-law partnership,

(ii) an assignment by a deceased individual's legal representative on the distribution of the individual's estate, and

(iii) a surrender of benefits to avoid revocation of the Plan's registration.

11.06 Limitation on Liability

(a) (i) Except for its wilful misconduct or fraud, the Company shall not be in any way subject to any legal liability to any Participant or anyone claiming under him, for any cause or reason or thing whatsoever, in connection with the Plan and the Trust Fund.

(ii) Except for its or their wilful misconduct, gross negligence or fraud, neither the Fiscal Agent, nor the Trustee shall be in any way subject to any legal liability to any Participant or anyone claiming under him, for any cause or reason or thing whatsoever, in connection with the Plan and the Trust Fund.

(b) Neither the Trustee, the Fiscal Agent nor the Company guarantee the Trust Fund in any way from loss or depreciation. To the extent permitted by applicable law, the liability of any of these persons, groups of persons or entities to make any payment under this Plan is limited to the available assets of the Trust Fund.

11.07 Construction

The Plan and all rights thereunder shall be governed, construed and administered in accordance with the laws of the province of Ontario.

11.08 Headings

The headings in this Plan are inserted for convenience of reference only and shall not affect the interpretation thereof.

XII - AMENDMENT OF THE PLAN

12.01 Amendment

The Company reserves the right, by action of the Board of Directors, at any time and from time to time, to amend, in whole or in part, any or all of the provisions of the Plan; provided that no such amendment shall make it possible for any part of the Trust Fund to be used for, or diverted to, purposes other than for the exclusive benefit of the Participants or their respective Beneficiaries and/or estates; nor shall any such amendment operate to deprive any Participant of any benefits previously vested in him under the Plan. Furthermore, the duties and liabilities of the Trustee under this Plan shall not be altered without its written consent.

12.02 Revision to Conform with Law

Notwithstanding the provisions of Section 12.01 above or any other provision of the Plan, the Company reserves the right to modify or amend this Plan retroactively if necessary, in such manner as it may deem necessary or appropriate to conform with any applicable government legislation or regulations.

XIII - TERMINATION OF THE PLAN

13.01 Continuation of the Plan

The Company intends to maintain this Plan in force indefinitely, but shall be under no obligation to continue the Plan in effect for any given length of time and necessarily reserves the right, by action of the Board of Directors, to terminate the Plan at any time should future conditions, in the opinion of the Company, warrant such action.

13.02 Effect of Plan Termination

In the event of the termination of this Plan pursuant to Section 13.01 above, all assets of the Trust Fund must and shall, within 90 days thereof, be applied for the benefit of the Participants and their Beneficiaries through the distribution, in accordance with the provisions of Section 8.01 hereof, of their respective share of any funds as at the date of termination.

Any forfeitures remaining at the Plan termination date shall be in the absolute discretion of the Company:

(a) reallocated among the Participants of the Plan in a manner determined by the Company, subject to Section 4.02; or

(b) returned to the Company.

If the distribution of any such forfeitures is not specified by the Company, such forfeitures (and earnings thereon) will be returned to the Company.

13.03 Limitation of Liability

No liability shall attach to the Company, the Trustee or the liquidator or trustee in bankruptcy, as the case may be, in connection with any application or distribution of the Trust Fund in accordance with the provisions of this Section XIII, provided such application or distribution was made in good faith and in accordance with the requirements of the Canada Revenue Agency.

AMENDMENT NO. 1

to the

DEFERRED PROFIT SHARING PLAN FOR EMPLOYEES OF LOYALTYONE, INC.
(as restated July 10, 2008)

It is hereby provided that this plan text is amended effective January 1, 2009 in the following respect(s):

The following is added after the first paragraph in Section 3.01, Eligibility.

All director level and above executives (SLT) shall be eligible to become a Participant in the Plan immediately.

AMENDMENT NO. 2

to the

DEFERRED PROFIT SHARING PLAN FOR EMPLOYEES OF LOYALTYONE, INC.
(as restated July 10, 2008)

It is hereby provided that this plan text is amended in the following respect(s):

With effect from June 1, 2009 the following subsection is substituted for Section 7.06:

7.06 Withdrawals Prior to Termination of Employment

For ICOM employees:

A Participant may not elect to withdraw any portion of his Account(s) while in the service of the Company.

For all other employees:

A Participant may elect to make one lifetime withdraw of any portion of the vested value of his Account(s) while in the service of the Company. Any subsequent withdrawal will result in a 1 year suspension of Company contributions.

AMENDMENT NO. 3

to the

DEFERRED PROFIT SHARING PLAN FOR EMPLOYEES OF LOYALTYONE, INC.
(as restated July 10, 2008)

It is hereby provided that this plan text is amended in the following respect(s):

With effect from January 1, 2010 the following subsection is substituted for Section 7.06:

7.07 Withdrawals Prior to Termination of Employment

Subject to Section 7.03, no Participant may elect to withdraw any portion of his Account(s) while in the service of the Company.

LoyaltyOne Inc.

CANADIAN SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective 1 January 2009

LOYALTYONE INC.
CANADIAN SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

TABLE OF CONTENTS

ARTICLE 1
PREAMBLE

The LoyaltyOne Inc. Canadian Supplemental Executive Retirement Plan is established by LoyaltyOne Inc. ("LoyaltyOne"), effective January 1, 2009, in order to provide Eligible Executives with additional retirement income to compensate them for the application of the money purchase limit, as defined in the ITA, to the Employer contributions made in respect of such Eligible Executives under the DPSP. The Plan is further intended to assist in attracting and retaining qualified individuals to serve in executive positions with an Employer.

ARTICLE 2
DEFINITIONS AND INTERPRETATION

2.1 Defined Terms. In this Plan, the following terms shall have the following meanings, respectively, unless a different meaning is clearly required by the context:

(a) **"Account"** means the notional account established and maintained in respect of a Participant on the books of an Employer to which Top-Up Benefits are credited pursuant to Article 4 hereof.

(b) **"ADSC"** means Alliance Data Systems Corporation.

(c) **"Alliance"** or **"ADSI"** means ADS Alliance Data Systems, Inc.

(d) **"Applicable Withholding Taxes"** has the meaning ascribed thereto in Section 8.5(b).

(e) **"Associate"** means any person receiving compensation for personal services rendered in the employment of an Employer.

(f) **"Beneficiary"** means, subject to all applicable law, an individual who has been designated by a Participant, in accordance with the beneficiary designation form attached hereto as Schedule "A" (or in such other form and manner as the Retirement Council may determine), to secure benefits payable under the Plan upon the death of the Participant or, where no such designation is validly in effect at the time of death, or where the designated individual does not survive the Participant, the Participant's legal representative.

(g) **"Cause"**, in respect of a participant, means:

(i) the failure or wilful refusal of the Participant to substantially perform his or her material duties and responsibilities, except as such results from the disability of the Participant, that is not cured by the Participant within a reasonable period of written notification thereof to the Participant by his or her Employer;

(ii) the failure or wilful refusal of the Participant to substantially perform his or her material duties, obligations and covenants under any non-compete or non-solicit agreements between the Participant and his or her Employer;

(iii) the wilful usurping of any material business opportunity by the Participant;

(iv) any fraudulent activity or serious misconduct by the Participant materially affecting ADSC, ADSCI or his or her Employer or in circumstances which would make the Participant unsuitable to continue to discharge his or her duties of employment;

(v) the conviction of the Participant for any crime involving fraud, misrepresentation or breach of trust;

(vi) any wilful and intentional act on the part of the Participant having the effect of materially injuring the reputation, business or business relationships ADSC, ADSCI or his or her Employer; or

(vii) anything or any things constituting "cause" under applicable law;

except that if, at the time of such Participant's termination date, the Participant is party to an employment, severance, retention or similar contract or agreement with his or her Employer that contains a definition of the term "cause" or a similar term, the term "cause" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement.

(h) **"Change in Control"** means one of the following events: (i) the merger, consolidation or other reorganization of ADSC in which its outstanding common stock, $0.01 par value, is converted into or exchanged for a different class of securities of ADSC, a class of securities of any other issuer (except a direct or indirect wholly owned subsidiary of ADSC), cash, or other property, (ii) the sale, lease or exchange of all or substantially all of the assets of ADSC to any other corporation or entity (except a direct or indirect wholly owned subsidiary of ADSC), (iii) the adoption by the stockholders of ADSC of a plan of liquidation and dissolution, (iv) the acquisition (other than any acquisition pursuant to any other clause of this definition) by any person or entity other than (1) Welsh Carson Anderson & Stowe partnerships and partners or **(**2) Limited Brands, Inc. and its affiliates, including without limitation a "group" as contemplated by Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended (whether or not such Act is then applicable to ADSC), of beneficial ownership, as contemplated by such section, of more than twenty percent (20%) (based on voting power) of ADSC's outstanding capital stock and such person, entity or group either has, or either publicly or by written notice to ADSC states an intention to seek, a representative member on the ADSC Board of Directors, (v) the acquisition (other than any acquisition pursuant to any other clause of this definition) by any person, entity or group other than (*x*) Welsh Carson Anderson

& Stowe partnerships and partners or (*y*) Limited Brands, Inc. and its affiliates, of beneficial ownership of more than thirty percent (30%) (based on voting power) of ADSC's outstanding capital stock, or (vi) as a result of or in connection with a contested election of directors, the persons who were the directors of ADSC before such election shall cease to constitute a majority of the ADSC Board of Directors.

(i) **"Retirement Council"** means the LoyaltyOne Inc. committee appointed pursuant to Section 10.1 to administer the Plan.

(j) **"DPSP"** means the LoyaltyOne Inc. DPSP, as amended from time to time in accordance with its terms.

(k) **"Effective Date"** has the meaning ascribed to that term in Section 2.3.

(l) **"Eligible Executive"** means a full-time Associate in a Vice President or higher position

(i) who has been designated by the Retirement Council in its sole discretion, as a member of a group of "key executives",

(ii) who is on the Canadian payroll of an Employer, and

(iii) who participates in the RRSP and the DPSP.

(m) **"Employer"** means LoyaltyOne or any other Alliance entity in Canada affiliated with ADSC that has adopted the Plan with the approval of the Retirement Council.

(n) **"ITA"** means, collectively, the *Income Tax Act* (Canada) and the regulations made thereunder, each as amended from time to time.

(o) **"LoyaltyOne"** has the meaning ascribed to such term in the Recitals.

(p) **"Participant"** means an Eligible Executive who has elected to participate in this Plan.

(q) **"Participant Information"** has the meaning ascribed thereto in Section 10.3(a).

(r) **"Plan"** means this LoyaltyOne Canadian Supplemental Executive Retirement Plan, as amended from time to time in accordance with its terms.

(s) **"RRSP"** means the LoyaltyOne Inc. Registered Retirement Savings Plan. RRSP, as amended form time to time in accordance with its terms.

(t) **"Top-Up Benefits"** means the notional benefit amount allocated to a Participant's Account pursuant to Section 4.1.

(u) **"Vesting Service"** has the meaning ascribed to that term in the DPSP.

2.2 **Interpretation.** In this Plan, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan. The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to the Plan as a whole and not to any particular Article, Section, Paragraph or other part hereof.

2.3 The Plan shall be effective as of January 1, 2009 (the “Effective Date”). LoyaltyOne shall review and confirm the terms of the Plan from time to time.

ARTICLE 3
ELIGIBILITY

3.1 **Eligibility.** subject to Section 3.2 each Eligible Executive is eligible to participate in the Plan. Notwithstanding any other provision of the Plan, if an Eligible Executive is resident or otherwise subject to taxation in a jurisdiction in which Top-Up Benefits credited under the Plan might be considered to be income which is subject to taxation at the time such benefits are credited to the Eligible Executive’s Account, the Eligible Executive may elect not to participate in the Plan by providing a written notice to the Vice President, Compensation, Human Resources, LoyaltyOne Inc., 438 University Avenue, Suite 600, Toronto, Ontario, M5G 2L1.

3.2 **Participant’s Agreement to be Bound.** Each Eligible Executive may elect to participate in the Plan by signing and delivering a copy of the Plan (or such other election form as may be prescribed, from time to time, for such purpose) to the Vice President, Compensation, Human Resources, LoyaltyOne Inc., 438 University Avenue, Suite 600, Toronto, Ontario, M5G 2L1. Participation in the Plan by an Eligible Executive shall be voluntary and shall be construed as acceptance by such Eligible Executive of the terms and conditions of the Plan and all rules and procedures adopted hereunder and as amended from time to time.

ARTICLE 4
TOP-UP BENEFITS

4.1 **Top-Up Allocation.** LoyaltyOne shall cause the relevant Employer to allocate to each Participant’s Account a notional amount (a “Top-Up Benefit”), if any, equal to A less B where:

A = the Employer contributions which would be made in respect of the then current fiscal year to the Participant’s account under the DPSP in accordance with the terms of the DPSP and/or related Employer policies applicable at the relevant time, if the maximum contribution provisions prescribed by the ITA and applicable to the DPSP were not applicable; and

B = the Employer contributions actually made to the Participant's account under the DPSP in respect of such fiscal year,

provided, however, that if an allocation has not previously been made to a Participant's Account in accordance with this Section 4.1 in respect of the same or a prior fiscal year, such allocation shall be made only if the amount to be so allocated exceeds $200.00. If the amount to be allocated does not exceed $200.00, it will be paid in cash and no amount will be allocated or credited to the Participant's Account. Top-Up Benefits, if any, calculated pursuant to this Section 4.1 shall be allocated and credited to the Participant's Account as of the date the corresponding Employer contribution would otherwise have been made under the DPSP but for the application of the maximum contribution provisions prescribed by the ITA and applicable to the DPSP.

4.2 Notional Investment Return. The balance in each Participant's Account will be credited or debited, as applicable, no less frequently than annually with the deemed investment earnings (or losses) calculated assuming that the one hundred percent (100%) of the amounts allocated and credited to the Participant's Account were invested in the balanced funds provided as an investment option under the DPSP or such alternative investment funds, fund of funds or index as may be determined by the Retirement Council, in its sole discretion, from time to time.

4.3 Participant Statements. A written statement confirming the balance in each Participant's Account shall be prepared and distributed annually. Statements shall contain such information as the Retirement Council may determine from time to time. For greater certainty, in the event of any discrepancy between the records of the Employer and any statement provided to a Participant pursuant to this Section 4.3, the records of the Employer shall govern and the rights and obligations of the Employer and the Participant shall be determined on the basis of such records.

ARTICLE 5
LEAVE OF ABSENCE

5.1 Paid Leave of Absence. If a Participant is authorized by an Employer for any reason to take a paid bona fide leave of absence, the Participant shall continue to be considered employed by the Employer for up to six months of such leave, or if longer, for so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract (the "Maximum Leave Period"). During such paid leave of absence up to the Maximum Leave Period, the Participant shall continue to participate in the Plan and shall remain eligible for the allocation of Top-Up Benefits in accordance with Section 4.1.

5.2 Unpaid Leave of Absence. If a Participant is authorized by the Employer for any reason to take an unpaid *bona fide* leave of absence, the Participant shall continue to be considered employed by the Employer during such leave up to the Maximum Leave Period. During such unpaid leave of absence up to the Maximum Leave Period, the Participant's membership in the Plan shall be suspended and the Participant shall not be eligible for the allocation of Top-Up Benefits in accordance with Section 4.1. For greater certainty, no payment shall be made to Participant under the Plan during the period when the Participant's membership in the Plan is suspended pursuant to this Section 5.2.

ARTICLE 6
VESTING

6.1 **Vesting.** Participants shall be fully vested in all amounts credited to their Account pursuant to Article 4 hereof after completion of one (1) year of service which, if such service was rendered in connection with the DPSP, would constitute one (1) year of Vesting Service under the DPSP, and until then shall be totally unvested. If a Participant separates from service at a time when the Account is not fully vested, the Participant will forfeit the balance of his or her Account; and the forfeiture shall not be restored for any reason, including a subsequent re-employment. For greater certainty, not withstanding any period of employment with an Employer or any period of membership in the DPSP, no Participant shall be fully vested prior to the first (1st) anniversary of the Effective Date.

6.2 **Change of Control.** Notwithstanding Section 6.1, in the event of a Change of Control, all unvested amounts credited to a Participant's Account shall be deemed to be fully vested.

ARTICLE 7
UNFUNDED PLAN AND CHANGE OF CONTROL

7.1 **Payments Out of General Funds.** Payments to be made by an Employer under the Plan shall be paid solely out of the general funds of the Employer then available for that purpose. The Employer shall not be required to contribute to, or set aside any amounts for, a separate fund to satisfy its obligations, or to otherwise secure its obligations under the Plan.

7.2 **General.** Nothing contained in the Plan shall create or be construed to create a trust of any kind. Any assets of an Employer available to pay Plan benefits shall be subject to the claims of the Employer's general unsecured creditors and may be used by the Employer in its sole discretion for any purpose. A person's right to receive a payment under the Plan shall be determined solely in accordance with the terms of the Plan and shall be no greater than the right of an unsecured general creditor of the Employer. A person entitled to a payment under the Plan shall have recourse solely to the Employer for payment and shall have no recourse to Alliance, ADSC or to any director, officer or employee of Alliance, ADSC or the Employer.

ARTICLE 8
PAYMENT OF TOP-UP BENEFITS

8.1 **Payment of Top-Up Benefits.** Where a Participant ceases to be an employee of an Employer for any reason other than the death of the Participant or the dismissal of the Participant for Cause, the Participant shall receive a lump-sum cash payment equal to the balance of such Participant's Account, less Applicable Withholding Taxes. Such payment will be made within ninety (90) days after the Participant becomes eligible for such payment.

8.2 **Death Benefits.** Any vested, undistributed amount credited to a Participant's Account on the date he or she dies shall be paid as a lump-sum cash payment, less Applicable Withholding Taxes, to the Participant's Beneficiary. Payments will be made within ninety (90) days after the date the Employer receives formal notification of the Participant's death.

8.3 **Termination for Cause.** Unless otherwise determined by ADSC, if the employment of a Participant with an Employer is terminated for Cause, the Participant will not be eligible for any Top-Up Benefits and will forfeit the balance of his or her Account, whether vested or unvested, as at the date of termination of employment. For purposes of the Plan, the Participant's date of termination of employment is the actual date of termination by the Employer and specifically does not mean the date on which any statutory or common law severance period or any period of reasonable notice that the Employer may be required at law to provide to the Participant, would expire.

8.4 **Waiving of Right to Compensation or Damages.** The Participant waives any and all right to compensation or damages in consequence of termination of employment (whether lawfully or unlawfully) or otherwise for any reason whatsoever as those rights may result from the Participant ceasing to have rights or be entitled to any Top-Up Benefits under the Plan pursuant to Section 8.3.

8.5 **Taxes and Other Source Deductions.**

(a) Except as provided in this Section 8.5, neither ADSC nor Alliance nor any Employer shall be liable for any tax imposed on a Participant as a result of amounts paid or credited to such Participant under the Plan. Participants are advised to consult with their own tax adviser(s).

(b) Each Employer shall be authorized to deduct from any amount paid or credited hereunder, such taxes and other amounts as it may be required by law to withhold (the **"Applicable Withholding Taxes"**), in such manner as it determines in its sole discretion.

(c) Subject to Section 8.5(b), Top-Up Benefits will not be adjusted in any way to reflect the taxation of such benefits.

ARTICLE 9
AMENDMENT AND TERMINATION

9.1 **Amendment.** LoyaltyOne may at any time amend, suspend, or reinstate any or all of the provisions of the Plan, except that no such amendment, suspension, or reinstatement may adversely affect the vested portion of any Participant's Account as it existed as of the effective date of such amendment, suspension, or reinstatement, without such Participant's prior written consent, unless the Retirement Council determines, in its sole

discretion, that the amendment is needed to preserve favorable tax treatment. Written notice of any amendment or other action with respect to the Plan shall be given to each Participant, but failure to give written notice shall not invalidate any action taken pursuant to this Section 9.1.

9.2 **Termination.** LoyaltyOne, in its sole discretion, may terminate this Plan at any time and for any reason whatsoever. Upon termination of the Plan, the Retirement Council shall cause to be paid to each Participant the entire value of his or her Account, if vested, in a lump-sum cash payment, less Applicable Withholding taxes as soon as practicable. The Retirement Council shall take such actions as it deems appropriate, in its sole discretion, to administer any Accounts existing prior to such termination payments.

ARTICLE 10
ADMINISTRATION

10.1 **Retirement Council.** The Retirement Council shall administer the Plan. The members of the Retirement Council shall be Associates who are appointed by, and serve at the pleasure of, the LoyaltyOne Board. The Retirement Council has complete and absolute authority to interpret any provision of the Plan and, in its sole discretion, decide all questions and issues arising under the Plan including, without limitation, questions of fact, eligibility to participate in the Plan, and the amount of benefits, if any, due under the Plan. Decisions of the Retirement Council are final and binding upon all parties. Additional information about the Plan is available by contacting:

LoyaltyOne Retirement Council
c/o Vice President, Human Resources
LoyaltyOne Inc.
438 University Ave., Suite 600
Toronto, Ontario, M5G 2L1

10.2 **Claims Procedure.** In the event a Participant or beneficiary has a dispute concerning his or her benefit, the claim for the benefit shall first be submitted in writing to the VP, Human Resources of LoyaltyOne, of Alliance. In the event that the VP, Human Resources, does not provide a response satisfactory to the Participant within ninety (90) days after receipt of the claim, the Participant or named beneficiary may submit the claim in writing, within sixty (60) days thereafter to the Retirement Council, whose decision regarding the claim shall be final and binding on each Participant or person claiming under the Plan. The claimant shall be notified of the Retirement Council's decision within sixty (60) days, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered within a reasonable period of time, but not later than one hundred twenty (120) days after receipt of a request for review.

10.3 Participant Information.

(a) Each Participant shall provide his or her Employer with all information (including personal information) the Retirement Council requires in order to administer the Plan (the **"Participant Information"**).

(b) An Employer may from time to time transfer or provide access to Participant Information to a third party service provider(whether located inside or outside of Canada) for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing services to such Employer in connection with the operation and administration of the Plan. An Employer may also transfer and provide access to Participant Information to its Affiliates for purposes of preparing financial statements or other necessary reports and facilitating payment or reimbursement of Plan expenses. By participating in the Plan, each Participant acknowledges that Participant Information may be so provided and agrees and consents to its provision on the terms set forth herein.

(c) The Retirement Council shall not disclose Participant Information except (i) as contemplated in Section 10.3(b) above, (ii) in response to regulatory filings or other requirements for the information by a governmental authority or regulatory body, or (iii) for the purpose of complying with a subpoena, warrant or other order by a court, Person or body having jurisdiction over the Retirement Council to compel production of the information.

ARTICLE 11
MISCELLANEOUS

11.1 Not a Contract of Employment. The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. Without limiting the generality of the foregoing, nothing herein contained shall be deemed to give any Participant or other person, whether or not in the employ of an Employer any right to be retained in the employ of an Employer, nor to interfere with the right of an Employer to discharge any Participant at any time. Similarly, nothing in this Plan or the Participant's opportunity to participate in this Plan shall be construed to provide the Participant with any rights whatsoever to participate or to continue participation in this Plan, or to compensation or damages in lieu of participation or the right to participate in this Plan upon the termination of the Participant's employment with an Employer for any reason (including, without limitation, any breach of contract by the Employer) or in consequence of any other circumstances whatsoever.

11.2 **Non-Assignability.** Except as may otherwise be required by law, no distribution or payment under the Plan to any Participant, named beneficiary, heirs and successors shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, whether voluntary or involuntary; and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void. Nor shall any such distribution or payment be in any way subject to the debts, contracts, liabilities, engagements, or torts of any person entitled to such distribution or payment. If any Participant, named beneficiary, heir, or successor is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge any such distribution or payment, voluntarily or involuntarily, the Retirement Council, in its discretion, may cancel such distribution or payment or may hold or cause to be held or applied such distribution or payment, or any part thereof, to or for the benefit of such Participant, named beneficiary, heir or successor in such manner as the Retirement Council shall direct.

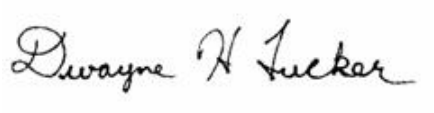
11.3 **Currency.** All payments and benefits under the Plan shall be determined and paid in the lawful currency of Canada.

11.4 **Savings Clause.** If any provision of this instrument is finally held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

11.5 **Governing Law.** The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflict of laws.

This LoyaltyOne Canadian Supplemental Executive Retirement Plan is hereby adopted this 15 day of June, 2009, and is effective as of January 1, 2009.

ALLIANCE DATA SYSTEMS CORPORATION



By: Dwayne H. Tucker
Title: Executive Vice President, Human Resources

SCHEDULE "A"

LoyaltyOne Inc.

Canadian Supplemental Executive Retirement Plan

Beneficiary Designation

To: Vice President, Human Resources, LoyaltyOne Inc.

I, _____, being a Participant in the LoyaltyOne Inc. Canadian Supplemental Retirement Plan (the "**Plan**") hereby designate the following individual as my Beneficiary for purposes of the Plan:

Name of Beneficiary: _____

Address of Beneficiary: _____

_____

This designation revokes any previous Beneficiary designation made by me under the Plan. Under the terms of the Plan, and subject to all applicable law, I reserve the right to revoke this designation and to designate another individual as my Beneficiary.

Date: _____

Name: _____ (please print)

Signature: _____

Witness Name: _____ (please print)

Witness Signature: _____

Choosing your Beneficiary is an important decision and this is an important document. We recommend that you consider your options carefully and that you seek appropriate advice before completing it if you require clarification.

Please note that this Beneficiary Designation applies only in respect of any other employee benefit plan sponsored by LoyaltyOne Inc., including for example, the DPSP. Should you wish to change your beneficiary designation under any other LoyaltyOne plan, it will be your responsibility to make the appropriate designation in accordance with the process established by such plan.

All capitalized terms used in this Beneficiary Designation shall have the same meaning as in the Plan unless otherwise defined herein.

Exhibit 10.4

EXECUTION COPY

WFN CREDIT COMPANY, LLC

Transferor

WORLD FINANCIAL NETWORK NATIONAL BANK

Servicer

and

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST II

Issuer

TRANSFER AND SERVICING AGREEMENT

Dated as of March 26, 2010

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

SCHEDULE/EXHIBITS

TRANSFER AND SERVICING AGREEMENT, dated as of March 26, 2010 (this "Agreement"), by and 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 World Financial Network Credit Card Master Note Trust II, a Delaware statutory trust, as the Issuer (the "Issuer").

In consideration of the mutual agreements contained herein, each party agrees as follows for the benefit of the other parties, the Noteholders and any Enhancement Providers to the extent provided herein and in the Indenture or 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 (as amended, the "Indenture"), dated as of the date hereof between the Issuer and U.S. Bank National Association, as Indenture Trustee.

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 generally accepted accounting principles; (b) terms defined in Article 9 of the UCC as in effect in the State of Delaware 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, Section, 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; and (j) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

ARTICLE II

CONVEYANCE OF TRUST ASSETS

Section 2.1 Conveyance of Trust Assets. The Transferor does hereby Convey to the Issuer without recourse (except as expressly provided herein), all of its right, title and interest in, to and under (a) the Collateral Certificate, and (b) effective on the Certificate Trust Termination Date, the Receivables existing at the opening of business on the Certificate Trust Termination Date, and thereafter created from time to time in connection with the Accounts, until the termination of the Issuer, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, all of its rights, remedies, powers and privileges under the Purchase Agreement, and all proceeds of all of the foregoing (collectively, the "Trust Assets").

On or prior to the Initial Closing Date, Transferor shall deliver the Collateral Certificate to the Issuer, endorsed to the order of the Issuer. The Transferor agrees to record and file, at its own expense, a financing statement or financing statements (including any continuation statements with respect to each such financing statement when applicable) with respect to the Collateral Certificate and, no later than the Certificate Trust Termination Date, with respect to the other Trust Assets then existing on the Certificate Trust Termination Date and thereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions, and take such other actions as are necessary to perfect, and maintain the perfection of, the Conveyance of its interest in the Collateral Certificate and the other Trust Assets to the Issuer and the first-priority nature of the Issuer's interest in the Collateral Certificate and the other Trust Assets, and to deliver file-stamped copies of such financing statements or continuation statements or other evidence of such filings (which may, for purposes of this Section 2.1, consist of telephone confirmation of such filing followed by delivery of a file-stamped copy as soon as practicable) to the Indenture Trustee, as soon as practicable after receipt thereof by the Transferor.

Transferor agrees, at its own expense, (i) on or prior to (w) the Certificate Trust Termination Date, (x) the Automatic Addition Termination Date or any Automatic Addition Suspension Date, or subsequent Restart Date, in the case of the Accounts designated pursuant hereto prior to such date, (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) by the Determination Date next following the date referred to in clause (i)(w) or (x), by the Determination Date following any Due Period in which Automatic Additional Accounts are designated to the Issuer or within five Business Days of the date referred to in clause (y) or (z), as applicable, to deliver to Issuer an Account Schedule, specifying for each such Account, as of the Certificate Trust Termination Date, in the

case of clause (i)(w), as of the Automatic Addition Termination Date, the Automatic Addition Suspension Date or Restart Date, in the case of clause (i)(x), the end of the prior Due Period in the case of any such Account Schedule relating to Automatic Additional Accounts designated during such Due Period, 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 paragraph 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.

The parties intend that if, and to the extent that, such Conveyance is not deemed to be a sale, the Transferor shall be deemed hereunder to have granted, and hereby grants, to the Issuer a first-priority perfected security interest (to secure the obligations under this Agreement and the Indenture) in all of the Transferor's right, title and interest in, to and under the Collateral Certificate, the Receivables now existing and hereafter created and arising from time to time in connection with the Accounts until the termination of the Issuer, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, all of its rights, remedies, powers and privileges under the Purchase Agreement, and all proceeds of the foregoing, and that this Agreement shall constitute a security agreement under applicable law.

Section 2.2 Acceptance by Issuer.

(a) The Issuer hereby acknowledges its acceptance of all right, title and interest previously held by the Transferor in and to the Trust Assets. The Issuer further acknowledges that, on or prior to the Initial Closing Date, it has received from the Servicer (on behalf of the Transferor) the computer file or microfiche or written list required to be delivered to it pursuant to the third paragraph of Section 2.1.

(b) The Owner Trustee hereby agrees not to disclose to any Person any of the account numbers or other information contained in the computer files or microfiche or written lists delivered to the Issuer pursuant to Sections 2.1, 2.6 and 2.7 ("Account Information") except as is required in connection with the performance of its or the Issuer's duties hereunder or in enforcing the rights of the Noteholders or as necessary to perfect the conveyance under Section 2.1 or to a Successor Servicer appointed pursuant to Section 7.2 or as mandated pursuant to any Requirement of Law applicable to the Owner Trustee. The Owner Trustee agrees to take such measures as shall be reasonably requested by the Transferor to protect and maintain the security and confidentiality of such information, and, in connection therewith, shall allow the Transferor to inspect the Owner Trustee's security and confidentiality arrangements, as they relate to the

Issuer, from time to time during normal business hours. In the event that the Owner Trustee is required by law to disclose any Account Information, the Owner Trustee shall provide the Transferor with prompt written notice, unless such notice is prohibited by law, of any such request or requirement so that the Transferor may request a protective order or other appropriate remedy. The Owner Trustee shall use its best efforts to provide the Transferor with written notice no later than five days prior to any disclosure pursuant to this subsection 2.2(b).

(c) The Owner Trustee shall have no power to create, assume or incur indebtedness or other liabilities in the name of the Issuer other than as contemplated in this Agreement.

Section 2.3 Representations and Warranties of the Transferor. The Transferor hereby represents and warrants to the Issuer as of the Initial Closing Date, each Closing Date, the Certificate Trust Termination Date and, with respect to Additional Accounts, the related Addition Date:

(a) Organization and Good Standing. The Transferor is a limited liability company duly organized and validly existing 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 such properties are presently owned and such business is presently conducted, and to execute, deliver and perform its obligations under this Agreement and the other Transaction Documents to which it is a party.

(b) Due Qualification. The Transferor is duly qualified to do business and is in good standing as a foreign entity (or is exempt from such requirement) in any state required in order to conduct its business, and has obtained all necessary licenses and approvals with respect to the Transferor required under applicable law in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would render any Cardholder Agreement or any Receivable transferred to Issuer by Transferor unenforceable by the Originator, Transferor, Servicer, Issuer or Indenture Trustee and, individually or in the aggregate, would have a material adverse effect on the interests of the Noteholders.

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

(d) Enforceability. Each of this Agreement and each other Transaction Document to which the Transferor is a party constitutes a legal, valid and binding obligation of the Transferor, enforceable against the Transferor in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws.

(e) No Conflict. The execution and delivery by Transferor of this Agreement and each other Transaction Document to which the Transferor is a party, the performance by Transferor of the transactions contemplated hereunder and thereunder 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 the Transferor is a party or by which it or any of its properties are bound.

(f) No Violation. The execution and delivery by Transferor of this Agreement, the Notes and each other Transaction Document to which the Transferor is a party, the performance by Transferor of the transactions contemplated hereunder and thereunder and the fulfillment by Transferor of the terms hereof and thereof will not conflict with or violate in any material respect any Requirements of Law applicable to the Transferor.

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

(h) 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 this Agreement, the Notes and each other Transaction Document to which the Transferor is a party, the performance by Transferor of the transactions contemplated hereunder and thereunder, and the fulfillment of the terms hereof and thereof, have been obtained.

(i) Eligibility of Accounts. On the date of its creation or, if later, the Addition Date, with respect to each Automatic Additional Account, on the applicable Addition Cut Off Date, with respect to each Supplemental Account, each such Account is an Eligible Account and no selection procedures adverse to the Noteholders have been employed by the Transferor in selecting the Accounts from among the Eligible Accounts of the Bank.

The representations and warranties set forth in this Section 2.3 shall survive the transfer and assignment by Transferor of the respective Receivables and other Trust Assets to the Issuer and the termination of the rights and obligations of the Servicer pursuant to Section 7.1. The Transferor hereby represents and warrants to the Issuer, with respect to any Series, as of its Closing Date, unless otherwise specified in the related Indenture Supplement or the Indenture, that the representations and warranties of the Transferor set forth in this Section 2.3 are true and correct as of such date.

Section 2.4 Representations and Warranties of the Transferor Relating to the Trust Assets; Notice of Breach.

(a) Valid Conveyance and Assignment; Eligibility of Receivables.

The Transferor hereby represents and warrants to the Issuer as of each Closing Date, the Certificate Trust Termination Date, or as of each other date specified below:

(i) This Agreement constitutes either (A) a valid first-priority perfected sale to the Issuer of all right, title and interest of the Transferor in and to the Collateral Certificate and in and to the Receivables now existing and hereafter created and arising from time to time in connection with the Accounts until the termination of the Issuer, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, all of its rights, remedies, powers and privileges under the Purchase Agreement, and all proceeds of the foregoing, and such property will be held by the Issuer free and clear of any Lien other than Permitted Liens, or (B) a grant of a perfected security interest (as defined in the UCC as in effect in any applicable jurisdiction) in such property to the Issuer, which is enforceable now with respect to the Collateral Certificate and which is enforceable, in either case, upon the Certificate Trust Termination Date with respect to the Receivables existing on the Certificate Trust Termination Date, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, all of its rights, remedies, powers and privileges under the Purchase Agreement, and all proceeds of the foregoing, upon such creation. To the extent that this Agreement constitutes the grant of a security interest to the Issuer in such property, upon the filing of the financing statements described in Section 2.1 and in the case of the Receivables hereafter created, all monies due or to be become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to such Receivables, and the proceeds of the foregoing, upon such creation, the Issuer shall have a first-priority perfected security interest in such property (subject to Section 9-315 of the UCC as in effect in any applicable jurisdiction). Neither the Transferor nor any Person claiming through or under the Transferor shall have any claim to or interest in the Collection Account or any Series Account, except for the Transferor's rights to receive interest accruing on, and investment earnings in respect of, the Collection Account, as provided in this Agreement (and, if applicable, any Series Account as provided in any Indenture Supplement), to the extent that this Agreement constitutes the grant of a security interest in such property, except for the interest of the Transferor in such property as a debtor for purposes of the UCC as in effect in any applicable jurisdiction.

(ii) Each Receivable Conveyed to the Issuer is an Eligible Receivable.

(iii) On and after the Certificate Trust Termination Date, each Receivable then existing has been Conveyed to the Issuer free and clear of any Lien and in compliance, in all material respects, with all Requirements of Law applicable to the Transferor.

(iv) All consents, licenses, approvals or authorizations of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by the Transferor in connection with the Conveyance of the Collateral Certificate and each Receivable to the Issuer have been duly obtained, effected or given and are in full force and effect.

(v) On each day on which any new Receivable is created, (A) each Receivable created on such day is an Eligible Receivable, (B) each Receivable created on such day has been Conveyed to the Issuer in compliance, in all material respects, with all Requirements of Law applicable to the Transferor, (C) with respect to each such Receivable, all consents, licenses, approvals or authorizations of or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Transferor in connection with the Conveyance of such Receivable to the Issuer have been duly obtained, effected or given and are in full force and effect and (D) the representations and warranties set forth in subsection 2.4(a)(i) are true and correct with respect to each Receivable created on such day as if made on such day.

(vi) As of the date any Account Schedule is delivered pursuant to Section 2.1 in connection with the addition of Accounts, such Account Schedule, is an accurate and complete listing in all material respects of the related Accounts, 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.

(vii) The transfer and assignment of the Collateral Certificate herein contemplated constitutes either (x) a sale of the Collateral Certificate from the Transferor to the Issuer, or (y) a grant of a perfected security interest therein from Transferor to Issuer. The Collateral Certificate has not been sold, transferred, assigned or pledged by Transferor to any Person other than pursuant to this Agreement. Immediately prior to the transfer and assignment herein contemplated, Transferor had good and marketable title to the Collateral Certificate, free and clear of all Liens and rights of others and, immediately upon the transfer thereof, Issuer shall have good and marketable title to the Collateral Certificate, free and clear of all Liens and rights of others or a first-priority perfected security interest therein; and the transfer has been perfected under the UCC. Transferor has no knowledge of any current statutory or other non-consensual liens to which the Collateral Certificate is subject.

(viii) All actions necessary under the applicable UCC in any jurisdiction to be taken (A) to give Issuer a first-priority perfected security interest or ownership interest in the Collateral Certificate, and (B) to give Indenture Trustee a first-priority perfected security interest in the Collateral (including, without limitation, UCC filings with the Delaware Secretary of State), in each case subject to any Permitted Liens, have been taken.

(b) Pooling and Servicing Agreement. As of the Certificate Trust Termination Date, Transferor agrees that (i) all representations and warranties made by it in its capacity as Transferor under the Pooling and Servicing Agreement with respect to any Account or Receivable pursuant to Section 2.4(a) of the Pooling and Servicing Agreement and (ii) all of the

covenants made by it under Section 2.5 of the Pooling and Servicing Agreement, in each case, shall be deemed for all purposes (including the reassignment obligations under Section 2.4(f)) to have been made by Transferor to Issuer pursuant to this Agreement as of the day when each was made or deemed made, as if this Agreement had been in effect on that day. Prior to the Certificate Trust Termination Date, the Transferor, in its capacity as Seller under the Pooling and Servicing Agreement agrees, for the benefit of the Issuer, to comply with its obligations under the Pooling and Servicing Agreement (unless waived in accordance with the terms of the Pooling and Servicing Agreement).

(c) Survival. The representations and warranties set forth in this Section 2.4 shall survive the Conveyance of the Collateral Certificate and any of the respective Receivables to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(d) Notice of Breach. Upon discovery by the Transferor, the Servicer or a Responsible Officer of the Owner Trustee of a breach of any of the representations and warranties by Transferor set forth in Section 2.3 or 2.4, the party discovering such breach shall give prompt written notice to the other parties hereto as soon as practicable and in any event within three Business Days following such discovery.

(e) Transfer of Ineligible Receivables. On and after the Certificate Trust Termination Date, the provisions of this clause (e) shall apply.

(i) Automatic Removal. In the event of a breach with respect to a Receivable of any representations and warranties set forth in subsection 2.4(a)(iii) of this Agreement, or Section 2.4(a)(iii) of the Pooling and Servicing Agreement, or in the event that a Receivable is not an Eligible Receivable as a result of the failure to satisfy the conditions set forth in clause (e) of the definition of Eligible Receivable; then, upon the earlier to occur of the discovery of such breach or event by the Transferor or the Servicer or receipt by the Transferor of written notice of such breach or event given by the Indenture Trustee, each such Receivable shall be automatically removed from the Issuer on the terms and conditions set forth in subsection 2.4(e)(iii) and shall no longer be treated as a Receivable; provided, that if such Lien does not have a material adverse effect on the collectibility of the Receivables or on the interests of the Noteholders of any Series, the Transferor shall have 10 days within which to remove any such Lien.

(ii) Removal After Cure Period. In the event of a breach of any of the representations and warranties set forth in subsection 2.4(a)(ii)-(vi), other than a breach as set forth in clause (d)(i) above, and as a result of such breach the Receivable becomes charged off or the Issuer's rights in, to or under the Receivable or its proceeds are impaired or the proceeds of such Receivable are not available for any reason to the Issuer free and clear of any Lien, then, upon the expiration of 60 days from the earlier to occur of the discovery of any such breach by either the Transferor or the Servicer, or receipt by the Transferor of written notice of any such breach given by the Indenture Trustee, each such Receivable shall be removed from the Issuer on the terms and conditions set forth in subsection 2.4(e)(iii) and shall no longer be treated as a Receivable; provided, however, that no such removal shall be required to be made if, on any day within such applicable period, such representations and warranties with respect to such Receivable shall then be true and correct in all material respects as if such Receivable had been created on such day.

(iii) Procedures for Removal. When the provisions of subsection 2.4(e)(i) or (ii) above require removal of a Receivable, the Transferor shall accept reassignment of each such Receivable (an "Ineligible Receivable") by directing the Servicer to deduct the principal balance of each such Ineligible Receivable from the Principal Receivables in the Issuer and to decrease the Transferor Amount by such amount (but not below zero). On and after the date of such removal, each Ineligible Receivable shall be deducted from the aggregate amount of Principal Receivables used in the calculation of any Investor Percentage, the Transferor Percentage or the Transferor Amount. In the event that the exclusion of an Ineligible Receivable from the calculation of the Transferor Amount would cause the Transferor Amount to be reduced below the Minimum Transferor Amount, the Transferor shall immediately, but in no event later than 10 Business Days after such event, or, if earlier, the next succeeding Distribution Date, make a deposit in the Excess Funding Account in immediately available funds in an amount equal to the amount by which the Transferor Amount would be reduced below the Minimum Transferor Amount. Upon the reassignment to the Transferor of an Ineligible Receivable, the Issuer shall automatically and without further action be deemed to Convey to the Transferor, without recourse, representation or warranty, all the right, title and interest of the Issuer in and to such Ineligible Receivable (and if all the Receivables of an Account are Ineligible Receivables, all Receivables then existing and thereafter created in the related Account), all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to such Ineligible Receivable, and all proceeds of the foregoing and any such reassigned Ineligible Receivable shall no longer be treated as a Receivable. The Issuer shall execute such documents and instruments of transfer or assignment, including a written assignment in substantially the form of Exhibit C-2, and take other actions as shall reasonably be requested by the Transferor to evidence the Conveyance of such Ineligible Receivable pursuant to this subsection 2.4(e)(iii). The obligation of the Transferor set forth in this subsection 2.4(e)(iii), or the automatic removal of such Receivable from the Issuer, as the case may be, shall constitute the sole remedy respecting any breach of the representations and warranties set forth in the above-referenced subsections with respect to such Receivable available to Noteholders or the Indenture Trustee on behalf of the Noteholders, except as otherwise specified in any Indenture Supplement.

(f) Reassignment of Issuer Portfolio. On and after the Certificate Trust Termination Date, in the event of a breach of the representations and warranties set forth in subsection 2.3(d) or 2.4(a)(i) of this Agreement or subsection 2.1(d) or 2.2(a)(i) of the Purchase Agreement, the Indenture Trustee or the Majority Holders by notice then given in writing to the Seller, Transferor (and to the Issuer and the Servicer, if given by the Noteholders) may direct the Transferor to accept reassignment of an amount of Principal Receivables (as specified below) within 60 days of such notice and the Transferor shall be obligated to accept reassignment of such Principal Receivables on a Distribution Date specified by such Person (such Distribution Date, the "Reassignment Date") occurring within such applicable period on the terms and conditions set forth below; provided, however, that no such reassignment shall be required to be made if, at any time during such applicable period, the representations and warranties contained

in subsection 2.3(d) and 2.4(a)(i) of this Agreement and Subsection 2.1(d) and 2.2(a)(i) of the Purchase Agreement shall then be true and correct in all material respects. The Transferor shall deposit on the Reassignment Date an amount equal to the reassignment deposit amount for such Receivables in the applicable Series Account, as provided in the related Indenture Supplement, for distribution to the Noteholders pursuant to the related Indenture Supplement or any Enhancement Provider pursuant to the applicable Indenture Supplement. The reassignment deposit amount for each Series with respect to which a notice directing reassignment has been given, unless otherwise stated in the related Indenture Supplement, shall be equal to (i) the Collateral Amount of such Series and, if applicable, the Enhancement Invested Amount at the end of the day on the last day of the Due Period preceding the Reassignment Date, less the amount, if any, previously allocated for payment of principal to such Noteholders on the related Distribution Date in the Due Period in which the Reassignment Date occurs, plus (ii) an amount equal to all interest accrued but unpaid on the Notes and, if applicable, the Enhancement Invested Amount of such Series at the interest rate for the Notes specified in the related Indenture Supplement through such last day, less the amount, if any, previously allocated for payment of interest to the Noteholders of such Series on the related Distribution Date in the Due Period in which the Reassignment Date occurs. If the Indenture Trustee or the Noteholders give notice directing the Transferor to accept reassignment as provided above, the obligation of the Transferor to accept reassignment of the Receivables and pay the reassignment deposit amount pursuant to this subsection 2.4(f) shall constitute the sole remedy respecting a breach of the representations and warranties contained in subsection 2.4(a)(i) available to the Indenture Trustee on behalf of the Noteholders.

(g) 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, the Transferor shall be designated as the “Debtor” and the Indenture Trustee shall be designated as the “Secured Party”.

Section 2.5 Covenants of the Transferor. The Transferor hereby covenants that:

(a) Receivables to be Accounts. The Transferor will take no action to cause any Receivable to be evidenced by any instrument or chattel paper (as defined in the UCC as in effect in any applicable jurisdiction). The Transferor will take no action to cause any Receivable to be anything other than an “account” or a “general intangible” or the “proceeds” of either for purposes of the UCC as in effect in any applicable jurisdiction.

(b) Security Interests. Except for the Conveyances contemplated hereunder, the Transferor will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on the Collateral Certificate or any Receivable, whether now existing or hereafter created, or any interest therein; the Transferor will within two Business Days after obtaining knowledge thereof, notify the Issuer and the Indenture Trustee of the existence of any Lien on the Collateral Certificate or any Receivable of which the Transferor has knowledge; and the Transferor shall defend the right, title and interest of the Issuer and the Indenture Trustee in, to and under the Collateral Certificate and the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under Transferor or the Originator; provided, however, that nothing in this subsection 2.5(b) shall prevent or be deemed to prohibit the Transferor from suffering to exist upon any of the Collateral Certificate or the Receivables any Permitted Liens.

(c) Cardholder Agreements and Cardholder Guidelines. The Transferor shall enforce the covenant in the Purchase Agreement requiring the Originator to comply with and perform its obligations under the Cardholder Agreements relating to the Accounts and the Cardholder Guidelines except insofar as any failure to comply or perform would not materially and adversely affect the rights of the Issuer, the Noteholders, any Enhancement Provider or the Indenture Trustee. The Transferor may permit the Originator to change the terms and provisions of the Cardholder Agreements or the Cardholder Guidelines in any respect (including, without limitation, the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge-offs and the periodic finance charges and other fees to be assessed thereon) unless such change would have a material adverse effect on the collectability of the Receivables; provided, however, that the Transferor may not permit the Originator to change the required minimum monthly payment or periodic finance charge (collectively, a "Yield Change") unless (i) the Originator shall have provided five Business Days' prior written notice to the Rating Agency of a Yield Change, and no Rating Agency shall have notified the Originator that such Yield Change would 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 or (ii) unless such Yield Change is mandated by applicable law.

(d) Account Allocations. In the event that the Transferor is unable for any reason to transfer Receivables to the Issuer in accordance with the provisions of this Agreement (including, without limitation, by reason of the application of the provisions of Section 6.1(a) or 6.1(b) or by an order by any federal or state governmental agency having regulatory authority over the Transferor or any court of competent jurisdiction that the Transferor not transfer any additional Principal Receivables to the Issuer) then, in any such event, (A) the Transferor agrees to allocate and pay to the Issuer, after the date of such inability, all Collections with respect to Principal Receivables, and all amounts which would have constituted Collections with respect to Principal Receivables but for the Transferor's inability to transfer such Receivables (up to an aggregate amount equal to the amount of Principal Receivables in the Issuer on such date); (B) the 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) above, Principal Receivables (and all amounts which would have constituted Principal Receivables but for the Transferor's inability to transfer Receivables to the Issuer) 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 but for the Transferor's inability to transfer Receivables to the Issuer shall be deemed to be Principal Receivables for the purpose of calculating (i) the applicable Investor Percentage with respect to any Series and (ii) the aggregate Collateral Amount thereunder. If the Transferor is unable pursuant to any Requirement of Law to allocate Collections as described above, the 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 the Issuer, or that would have been conveyed to the Issuer but for the above described inability to transfer such Receivables, shall continue to be a part of the Issuer notwithstanding any cessation of the transfer of additional Principal Receivables to the Issuer and Collections with respect thereto shall continue to be allocated and paid in accordance with Article VIII of the Indenture.

(e) Delivery of Collections. The Transferor agrees to pay to the Servicer all payments received by the Transferor in respect of the Receivables as soon as practicable after receipt thereof by the Transferor.

(f) Amendments to Purchase Agreement. The Transferor shall only amend the Purchase Agreement as permitted by the terms of the Purchase Agreement.

(g) Notice of Adverse Claims. The Transferor shall notify the Indenture Trustee after becoming aware of any Lien on any Trust Asset.

(h) Perfection of Conveyances. In connection with each Conveyance of Receivables resulting from an addition of Accounts and without limiting Section 9.2, Transferor shall authorize and file or cause to be filed such financing statements and amendments (if any) as are necessary to perfect the Issuer's interest in such Receivables.

(i) Notice of Certain Events. The Transferor shall notify the Issuer, each Rating Agency and the Indenture Trustee of any Early Amortization Event or Servicer Default of which it has knowledge, promptly upon obtaining such knowledge.

(j) Offices, Records and Books of Account. Transferor shall not change its name, identity, organizational identification number 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 9-507 of the UCC (or any other then applicable provision of the UCC) unless Transferor, prior to 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. If the Transferor changes its principal place of business and chief executive office or the office where it keeps its records concerning the Receivables, the Transferor will notify the Indenture Trustee of the new address within 10 Business Days after such change. The Transferor also will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables and related Cardholder Agreements in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the daily identification of each Receivable and all Collections of and adjustments to each existing Receivable).

(k) Separate Corporate Existence. The Transferor hereby acknowledges that the Issuer and the Noteholders are, and will be, entering into the transactions contemplated by the Transaction Documents in reliance upon Transferor's identity as a legal entity separate from the Originator, Servicer and any other Person. Therefore, Transferor shall take all reasonable steps to maintain its existence as a limited liability company separate and apart from the Originator, the Servicer, and any other Affiliate of the Originator or the Servicer. Without limiting the generality of the foregoing, Transferor shall:

(i) (a) observe the limited liability company procedures required by its certificate of formation, its limited liability company agreement and the law of the State of Delaware, including, without limitation, holding separate director meetings from those of any other Person and otherwise ensuring at all times that it is maintained as a separate entity from any other Person and (b) only amend its limited liability company agreement as permitted by the terms of its limited liability company agreement;

(ii) (a) ensure that its Board of Directors duly authorizes all of its limited liability company actions, and (b) keep correct and complete books and records of account separate from those of any other Person, and correct and complete minutes of the meetings and other proceedings of its Board of Directors, and (c) where necessary, obtain proper authorization from its directors for limited liability company action;

(iii) other than organizational expenses and as expressly provided herein, provide for its operating expenses and liabilities from its own funds and maintain deposit accounts and other bank accounts separate from those of the Originator, the Servicer, or any of their respective Affiliates;

(iv) act solely in its limited liability company name and through its duly authorized officers or agents in the conduct of its business and ensure that neither the Originator nor the Servicer nor any of their respective Affiliates controls any limited liability company decisions made by it;

(v) to the extent that it obtains any services from the Originator or the Servicer or any of their respective Affiliates, ensure that the terms of such arrangements are comparable to those that would be obtained in an arm's-length transaction;

(vi) ensure that its assets are not commingled with those of the Originator, the Servicer, or any other Person;

(vii) maintain separate limited liability company records and books of account from those of the Originator, the Servicer or any other Person;

(viii) not conduct any business or engage in any activities other than in accordance with its Certificate of Formation;

(ix) (a) not hold itself out, or permit itself to be held out, as having agreed to pay, or as being liable for, the debts of the Originator, the Servicer, or any other Person; (b) maintain an arm's-length relationship with the Originator and the Servicer and their respective Affiliates with respect to any transactions between itself and such other Person; and (c) continuously maintain as official records the resolutions, agreements and other instruments underlying the transactions contemplated by this Agreement;

(x) 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.

(l) Enforcement of Purchase Agreement and Pooling and Servicing Agreement. The Transferor covenants and agrees that it will perform all of its obligations under the Purchase Agreement and the Pooling and Servicing Agreement in all material respects and, if requested by the Issuer, enforce (for the benefit of the Issuer) the obligations of the Originator under the Purchase Agreement and the obligations of the Servicer under the Pooling and Servicing Agreement.

(m) Sale Treatment. Transferor agrees to treat the conveyance hereunder of the Collateral Certificate and the proceeds thereof and the Receivables and the proceeds thereof as a sale for accounting purposes to the extent consistent with generally accepted accounting principles.

Section 2.6 Addition of Accounts.

(a) Automatic Additional Accounts. Following the Certificate Trust Termination Date and subject to the limitations specified below in this Section 2.6(a), the applicable conditions specified in subsection 2.6(d) 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 Purchase Agreement, whether such Receivables are then existing or thereafter created, shall be transferred automatically to the 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 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 any of an Automatic Addition Termination Date, an Automatic Addition Suspension Date and a Restart Date, Transferor agrees to authorize, record and file (and the Issuer authorizes the Transferor to record and file) at the Transferor's 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.

In addition, unless the Rating Agency Condition has been satisfied, no new accounts that would otherwise be Automatic Additional Accounts shall be treated as such if:

(i) the aggregate balance of Receivables in Automatic Additional Accounts, plus the aggregate balance of Receivables in Supplemental Accounts added without satisfaction of the Rating Agency Condition, in each case designated during a twelve month (or shorter) period beginning on the first day of the calendar year in which such addition would occur would exceed 15% of the aggregate balance of Receivables determined as of the first day of such calendar year; or

(ii) the aggregate balance of Receivables in Automatic Additional Accounts, plus the aggregate balance of Receivables in Supplemental Accounts added without satisfaction of the Rating Agency Condition, in each case designated during any calendar quarter commencing in January, April, July and October of each calendar year would exceed 10% of the aggregate balance of Receivables determined as of the first day of the calendar year during which such calendar quarter commences; or

(iii) the number of Automatic Additional Accounts, plus the number of Supplemental Accounts added without satisfaction of the Rating Agency Condition, in each case designated during a twelve month (or shorter) period beginning on the first day of the calendar year in which such addition would occur would exceed 15% of the number of Accounts determined as of the first day of such calendar year; or

(iv) the number of Automatic Additional Accounts, plus the number of Supplemental Accounts added without satisfaction of the Rating Agency Condition, in each case designated in any calendar quarter commencing in January, April, July and October would exceed 10% of the number of Accounts determined as of the first day of the calendar year during which such calendar quarter commences.

The Transferor may from time to time, at its sole discretion, subject to the limitations described in the preceding clauses (i) through (iv) and the condition described in subsection 2.6(d), designate additional Eligible Accounts to be included as Supplemental Accounts as of the applicable Addition Date.

Notwithstanding anything to the contrary in subsection 2.6(d), with respect to the addition of Automatic Additional Accounts, the conditions in clauses (vii) and (viii) of subsection 2.6(d) are required to be satisfied by the Determination Date following the last day of the Due Period in which such Automatic Additional Accounts are designated.

(b) Required Additions of Supplemental Accounts. On and after the Certificate Trust Termination Date, if a Required Addition Event occurs, the Transferor shall on or prior to the close of business on the 10th Business Day following the occurrence of such Required Addition Event (the "Required Designation Date"), unless the Transferor Amount exceeds the Minimum Transferor Amount and the Adjusted Transferor Amount equals or exceeds zero, as applicable, in each case as of the close of business on any day after the occurrence of such Required Addition Event and prior to the Required Designation Date, designate additional Eligible Accounts to be included as Accounts as of the Required Designation Date or any earlier date in a

sufficient amount such that after giving effect to such addition, the Transferor Amount as of the close of business on the Addition Date is at least equal to the Minimum Transferor Amount and the Adjusted Transferor Amount as of the close of business on the Addition Date is at least equal to zero on such date. The failure of any condition set forth in paragraph (c) or (d) below as the case may be, shall not relieve the Transferor of its obligation pursuant to this paragraph; provided, however, that the failure of the Transferor to transfer Receivables to the Issuer 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 the Transferor to convey Receivables in Additional Accounts to the Issuer by the day on which it is required to convey such Receivables constitutes an "Early Amortization Event" (as defined in such Indenture Supplement).

(c) Permitted Additions. The Transferor may from time to time, at its sole discretion, subject to the conditions described in subsection 2.6(d), designate additional Eligible Accounts to be included as Accounts as of the applicable Addition Date; provided that the requirement in clause (vi) of subsection 2.6(d) shall only apply if such addition of Accounts would cause any of the limitations described in clauses (i) through (iv) of the second paragraph of subsection 2.6(c) to be exceeded.

Following the addition of any such Supplemental Accounts and any Additional Accounts made pursuant to Section 2.6(a), 2.6(b) or 2.6(c), the Servicer shall provide to any Rating Agency such information as shall be requested by such Rating Agency with respect to such Additional Accounts.

(d) Conditions to Additions. The Transferor agrees that any such Conveyance of Receivables from Additional Accounts under subsection 2.6(a), (b) or (c) shall satisfy the following conditions (to the extent provided below and unless otherwise limited in clauses (i) – (vii) below):

(i) on or prior to the Addition Date with respect to additions pursuant to subsection 2.6(b) and subsection 2.6(c) (the "Addition Notice Date"), the Transferor shall give the Issuer, the Servicer, the Rating Agencies and the Indenture Trustee written notice that such Additional Accounts will be included, which notice shall specify the approximate aggregate amount of the Receivables to be Conveyed and the applicable Addition Cut Off Date;

(ii) in the case of a Conveyance of Additional Accounts under subsection 2.6(b) or 2.6(c) hereof, on or prior to the Addition Date, the Transferor shall have delivered to the Issuer a written assignment in substantially the form of Exhibit A (the "Assignment"), with a copy to the Indenture Trustee, and the Servicer shall have indicated in its computer files that the Receivables created in connection with the Additional Accounts have been Conveyed to the Issuer and, within five Business Days thereafter, the Servicer (on behalf of the Transferor) shall have delivered to the Issuer a computer file or microfiche or written list containing a true and complete list of all Additional Accounts, identified by account number or identification number and the

aggregate amount of the Receivables in such Additional Accounts, as of the Addition Cut Off Date, which computer file or microfiche or written list shall be as of the date of such Assignment incorporated into and made a part of such Assignment and this Agreement;

(iii) the Transferor shall represent and warrant that no selection procedures believed by the Transferor to be materially adverse to the interests of the Noteholders were utilized in selecting the Additional Accounts from the available Eligible Accounts of the Bank and that as of the Addition Date, the Transferor is not insolvent;

(iv) the Transferor shall represent and warrant that, as of the Addition Date, this Agreement, together with the related Assignment, if any, constitutes either (x) a valid and perfected sale to the Issuer of all right, title and interest of the Transferor in and to the Receivables then existing and thereafter created from time to time in the Additional Accounts until the termination of the Issuer, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, and all proceeds of the foregoing and such property will be held by the Issuer free and clear of any other Lien, or (y) a grant of a first-priority perfected security interest (as defined in the UCC as in effect in any applicable jurisdiction) in such property to the Issuer, which is enforceable with respect to then existing Receivables in the Additional Accounts, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, and all proceeds of the foregoing, upon the Conveyance of such Receivables to the Issuer, and which will be enforceable with respect to the Receivables thereafter created from time to time in respect of Additional Accounts conveyed on such Addition Date until the termination of the Issuer, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, and all proceeds of the foregoing upon such creation; and (z) if this Agreement, together with the related Assignment, if any, constitutes the grant of a security interest to the Issuer in such property, upon the filing of financing statements as described in Section 2.1 with respect to such Additional Accounts and the Receivables thereafter created from time to time in such Additional Accounts until the termination of the Issuer, monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to the Receivables, and proceeds of the foregoing, upon the creation of such property, the Issuer shall have a first-priority perfected security interest in such property (subject to Section 9-315 of the UCC as in effect in any applicable jurisdiction), free and clear of any Lien other than Permitted Liens;

(v) the Transferor shall represent and warrant that (x) in the case of each Supplemental Account, each Supplemental Account is, as of the Addition Cut Off Date, an Eligible Account, and each Receivable in such Additional Account is, as of the Addition Cut Off Date, an Eligible Receivable and (y) in the case of each Automatic Additional Account, each Automatic Additional Account is, as of the date of its creation, or, if later, the related Addition Date, an Eligible Account, and each Receivable then existing in such Automatic Additional Account is, as of such date, an Eligible Receivable;

(vi) with respect to an addition governed by Section 2.6(c), the Transferor shall have received written evidence that the Rating Agency Condition has been satisfied;

(vii) the Transferor shall deliver to the Issuer and the Indenture Trustee an Officer's Certificate substantially in the form of Schedule 2 to Exhibit A confirming the items set forth in clauses (iv) and (v) above; and

(viii) the Transferor shall deliver to the Indenture Trustee an Opinion of Counsel addressed to the Indenture Trustee and each Rating Agency with respect to the Receivables substantially in the form of Exhibit F hereto; provided, however, that such Opinion of Counsel may be delivered at such other times as may be permitted by the Rating Agencies as evidenced by written notice thereof.

(e) No account shall be added to the Issuer hereunder if such addition would be prohibited by or inconsistent with the terms of any Indenture Supplement.

(f) Additional Approved Portfolios. On and after the Certificate Trust Termination Date, Transferor may from time to time designate additional portfolios of accounts as "Approved Portfolios". 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 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 the Trust;

(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 and (y) 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 Issuer of all right, title and interest of Transferor in and to the Receivables then existing and thereafter created in the Automatic Additional 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 Issuer 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 2.5(b), (ii) the interest of the Holders 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, the Indenture and any Indenture Supplement or

(y) a grant of a security interest in such property to Issuer, which is enforceable with respect to then existing Receivables in the Automatic Additional Accounts, the proceeds thereof and Insurance Proceeds and Recoveries relating thereto upon the conveyance of such Receivables to the Issuer, and which will be enforceable with respect to the Receivables thereafter created in respect of Automatic Additional 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 Issuer in such property, upon the filing of a financing statement as described in Section 2.1 with respect to such Automatic Additional Accounts and in the case of the Receivables thereafter created in such Automatic Additional Accounts and the proceeds thereof, and Insurance Proceeds and Recoveries relating thereto, upon such creation, the Issuer shall have a first priority perfected security interest in such property (subject to Section 9-507 of the UCC), except for Liens permitted under Section 2.5(b); and

(v) Transferor shall deliver an Officer's Certificate to Indenture Trustee confirming the items set forth in clause (ii).

Section 2.7 Removal of Accounts.

(a) Subject to the conditions set forth below, after the Certificate Trust Termination Date, the Transferor may, but shall not be obligated to, designate Accounts the Receivables of which will be removed from the Issuer ("Removed Accounts"); provided, however, that the Transferor shall not make more than one such designation in any Due Period. On or before the fifth Business Day (the "Removal Notice Date") prior to the date on which the Receivables in the designated Removed Accounts will be reassigned by the Issuer to the Transferor (the "Removal Date"), the Transferor shall give the Issuer, the Servicer and the Indenture Trustee written notice that the Receivables from such Removed Accounts are to be removed from the Issuer and reassigned to it. It is understood and agreed that such removal may be to facilitate an optional redemption of all Notes in a given Series in accordance with the related Indenture Supplement. The Transferor shall be permitted to designate and require reassignment to it of the Receivables from Removed Accounts only upon satisfaction of the following conditions:

(i) the removal of any Receivables of any Removed Accounts on any Removal Date shall not, in the reasonable belief of the Transferor, (A) cause an Early Amortization Event to occur; or (B) result in the failure to make any payment specified in the related Indenture Supplement with respect to any Series;

(ii) on or prior to the Removal Date, the Transferor shall have delivered to the Issuer (with a copy to the Indenture Trustee) (A) for execution, a written assignment in substantially the form of Exhibit C-1 (the "Reassignment"), and (B) a computer file or microfiche or written list containing a true and complete list of all Removed Accounts identified by account number or account identifier and the aggregate amount of the Receivables in such Removed Accounts as of the Removal Cut Off Date specified therein, which computer file or microfiche or written list shall as of the Removal Date modify and amend and be made a part of this Agreement;

(iii) the Transferor shall represent and warrant as of each Removal Date that (x) (1) Accounts were chosen for removal randomly and (2) no selection procedure was used by the Transferor which is materially adverse to the interests of the Noteholders or any Enhancement Provider or (y) Accounts were selected because of a third-party cancellation, or expiration without renewal, of an affinity or private-label arrangement related to such Accounts;

(iv) on or before the tenth Business Day prior to the Removal Date, each Rating Agency shall have received notice of such proposed removal of the Receivables of such Accounts and the Transferor shall have received written evidence that the Rating Agency Condition has been satisfied;

(v) the Transferor shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate confirming the items set forth in clauses (i) through (iii) above. The Indenture Trustee may conclusively rely on such Officer's Certificate, shall have no duty to make inquiries with regard to the matters set forth therein and shall incur no liability in so relying;

(vi) after giving effect to such removal, the Transferor Amount shall be greater than or equal to zero; and

(vii) no Early Amortization Event shall have occurred with respect to any Series.

Upon satisfaction of the above conditions, the Issuer shall execute and deliver the Reassignment to the Transferor (with a copy to the Indenture Trustee), and the Receivables from the Removed Accounts shall no longer constitute a part of the Issuer.

(b) No Account shall be removed from the Issuer hereunder if such removal would be prohibited by or inconsistent with the terms of any Indenture Supplement.

Notwithstanding the foregoing, any Account that (A) has a Receivables balance equal to zero, (B) contains no Receivables which have been charged off as uncollectible in accordance with the Servicer's customary and usual manner for charging off such Accounts, (C) has been irrevocably closed in a manner consistent with the Servicer's customary and usual procedures for closing revolving credit card accounts and (D) has been determined to be inactive may be removed without satisfying the requirements set forth in this Section.

(c) Treatment of Defaulted Receivables. In addition to the foregoing, on the date when any Receivable in an Account becomes a Defaulted Receivable, the Issuer 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 Issuer 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 on all Defaulted Receivables 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 Issuer May Perform. If the Transferor fails to perform any of its agreements or obligations under this Agreement, the Issuer may (but shall not be obligated to) itself perform, or cause performance of, such agreement or obligation, and the expenses incurred in connection therewith shall be payable by the Transferor as provided in Section 5.9.

Section 2.9 No Assumption of Liability. Nothing in this Agreement shall constitute or is intended to result in the creation or assumption by the Issuer, the Owner Trustee, the Indenture Trustee, or any Noteholder, Holder of the Transferor Interest or Enhancement Provider of any obligation of the Originator, the Transferor or the Servicer or any other Person to any Obligor in connection with the Receivables, the Accounts, the Cardholder Agreements or other agreement or instrument relating thereto.

ARTICLE III

ADMINISTRATION AND SERVICING OF RECEIVABLES

Section 3.1 Acceptance of Appointment and Other Matters Relating to the Servicer. Prior to the Certificate Trust Termination Date, the Receivables shall be serviced as provided in the Pooling and Servicing Agreement and this Article III will have no effect. On and after the Certificate Trust Termination Date:

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

(b) Subject to the provisions of this Agreement, the Servicer shall service and administer the Receivables and shall collect payments due under the Receivables in accordance with its customary and usual servicing procedures for servicing credit card receivables comparable to the Receivables and in accordance with the Cardholder Guidelines and applicable laws, rules and regulations and 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 and subject to Section 7.1, the Servicer is hereby authorized and empowered (i) to make deposits to and withdrawals from, and to instruct the Issuer to make deposits to and withdrawals from, the Collection Account and the Excess Funding Account as set forth in this Agreement, (ii) to make withdrawals and payments from, and to instruct the Indenture Trustee to make withdrawals and payments from, any Series Account, in accordance with the related Indenture Supplement, (iii) to instruct the Indenture Trustee in writing, as set forth in this Agreement, (iv) to execute and deliver, on behalf of the 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 and (v) to make any filings, reports, notices, applications, registrations with, and to

seek any consents or authorizations from, the Securities and Exchange Commission and any state securities authority on behalf of the Issuer as may be necessary or advisable to comply with any federal or state securities or reporting requirements. The Indenture Trustee agrees that it shall promptly follow the instructions of the Servicer to withdraw funds from the Collection Account or any Series Account and to take any action required under this Agreement or any Indenture Supplement. The Issuer shall execute at the Servicer's written request such documents prepared by the Transferor and acceptable to the Issuer as may be necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

(c) The 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 the Servicer in connection with servicing other credit card receivables.

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

Section 3.2 Servicing Compensation. As compensation for its servicing activities hereunder and reimbursement for its expenses as set forth in the immediately following paragraph, the Servicer shall be entitled to receive a monthly servicing fee in respect of any Due Period after the Certificate Trust Termination Date and prior to the termination of the Issuer pursuant to Section 8.1 (with respect to each Due Period, the "Monthly Servicing Fee") which shall equal 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 Due Period) and (b) the amount of Principal Receivables on the last day of the prior Due Period. The share of the Monthly Servicing Fee allocable to each Series with respect to any Due Period will be determined in accordance with the related Indenture Supplement.

The Servicer's expenses include the amounts due to the Indenture Trustee pursuant to Section 6.7 of the Indenture and the reasonable fees and disbursements of independent public accountants and all other expenses incurred by the Servicer in connection with its activities hereunder; provided, that the Servicer shall not be liable for any liabilities, costs or expenses of the Issuer, the Indenture Trustee, any Enhancement Provider, the Noteholders or the Owner Trustee, arising under any tax law, including without limitation any federal, state or local 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). The Servicer shall be required to pay such expenses for its own account and shall not be entitled to any payment therefor other than the Monthly Servicing Fee.

Section 3.3 Representations, Warranties and Covenants of the Servicer. WFN, as initial Servicer, hereby makes, and any Successor Servicer by its appointment hereunder shall make, the following representations, warranties and covenants (the representations and warranties below to be modified, if appropriate, with respect to any Successor Servicer to reflect a different jurisdiction of organization or type of institution) on which the Issuer, Owner Trustee and Indenture Trustee have relied:

(a) Organization and Good Standing. The Servicer is a national banking association duly organized and validly existing under the laws of the United States and has full corporate power, authority and legal right, in all material respects, to own its properties and conduct its credit card servicing business as such properties are presently owned and such business is presently conducted, and to execute, deliver and perform its obligations under this Agreement and each other Transaction Document to which it is a party.

(b) Due Qualification. The Servicer is duly qualified to do business and is in good standing as a foreign entity (or is exempt from such requirement) in any state in order to service the Receivables as required by this Agreement and has obtained all licenses and approvals necessary in order to so service the Receivables as required under applicable law 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. If the Servicer shall be required by any Requirement of Law to so qualify or register or obtain such license or approval, then it shall do so.

(c) Due Authorization. The execution, delivery and performance of this Agreement and each other Transaction Document to which the Servicer is a party have been duly authorized by the Servicer by all necessary corporate action on the part of the Servicer and this Agreement and each other Transaction Document to which the Servicer is a party will remain, from the time of its execution, an official record of the Servicer.

(d) Binding Obligation. This Agreement and each other Transaction Document to which the Servicer is a party constitutes a legal, valid and binding obligation of the Servicer, enforceable against Servicer in accordance with its terms, except as enforceability may be limited by Debtor Relief Laws 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 by the Servicer of this Agreement and each other Transaction Document to which it is a party, and the performance of the transactions contemplated hereunder and thereunder and the fulfillment of the terms hereof and thereof applicable to the Servicer, will not conflict with, violate, result in any breach of any of the material terms and provisions of, constitute (with or without notice or lapse of time or both) a material default under, or require any authorization, consent, order or approval of or registration or declaration with any Governmental Authority (other than as have been obtained) under, any Requirement of Law applicable to the Servicer or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Servicer is a party or by which it is bound.

(f) No Proceedings. There are no proceedings pending or, to the best knowledge of the Servicer, threatened against the Servicer before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality seeking to prevent the consummation of any of the transactions contemplated by this Agreement, any Indenture Supplement, any Enhancement or any other Transaction Document to which it is a party, or seeking any determination or ruling that, in the reasonable judgment of the Servicer, would materially and

adversely affect the performance by the Servicer of its obligations under this Agreement, any Indenture Supplement, any Enhancement or any other Transaction Document to which it is a party, or seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement, any Indenture Supplement, any Enhancement or any other Transaction Document to which it is a party.

(g) Compliance with Requirements of Law. The Servicer shall duly satisfy all obligations on its part to be fulfilled under or in connection with each Receivable and the related Account, will maintain in effect all qualifications required under Requirements of Law in order to service properly each Receivable and the related Account and will comply in all material respects with all other Requirements of Law in connection with servicing each Receivable and the related Account the failure to comply with which would have a material adverse effect on the Noteholders or any Enhancement Providers.

(h) No Rescission or Cancellation. The Servicer shall not permit any rescission or cancellation of any 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 Cardholder Guidelines.

(i) Protection of Noteholders' and Enhancement Providers' Rights. The Servicer shall take no action which, nor omit to take any action the omission of which, would materially impair the rights of the Noteholders in, or to receive, Collections, or would impair the rights of any Enhancement Provider, nor shall it reschedule, revise or defer payments due on any Receivable except in the ordinary course of its business and in accordance with the Cardholder Agreements and the Cardholder Guidelines.

(j) Receivables Not to be Evidenced by Promissory Notes. Except in connection with its enforcement or collection of a Receivable, the Servicer will take no action to cause any Receivable to be evidenced by any "instrument" or "chattel paper" (as defined in the UCC).

(k) Total Systems Failure. The Servicer shall promptly notify the Issuer and the Indenture Trustee of any Total Systems Failure and shall advise the Issuer and the Indenture Trustee of the estimated time required in order to remedy such Total Systems Failure and of the estimated date on which a monthly Servicer's report can be delivered. Until a Total Systems Failure is remedied, the Servicer will (i) furnish to the Issuer and the Indenture Trustee such periodic status reports and other information relating to such Total Systems Failure as the Issuer and the Indenture Trustee may reasonably request and (ii) promptly notify the Issuer and the Indenture Trustee if the Servicer believes that such Total Systems Failure cannot be remedied by the estimated date, which notice shall include a description of the circumstances which gave rise to such delay, and the action proposed to be taken in response thereto, and a revised estimate of the date on which a monthly Servicer's report can be delivered. The Servicer shall promptly notify the Issuer, the Indenture Trustee when a Total Systems Failure has been remedied.

As of the Certificate Trust Termination Date, Servicer agrees that all representations and warranties made by it in its capacity as Servicer under the Pooling and Servicing Agreement with respect to any Account or Receivable pursuant to Section 3.3 of the Pooling and Servicing Agreement shall be deemed for all purposes to have been made by Servicer to Issuer pursuant to this Agreement as of the day when each was made or deemed made, as if this Agreement had been in effect on that day.

Section 3.4 Reports and Records for the Issuer.

(a) Daily Reports. On each Business Day after an Early Amortization Event has occurred with respect to any Series, the Servicer, with prior notice, shall prepare and make available to the Issuer and the Indenture Trustee, upon request, a report setting forth (i) the Collections in respect of the Receivables processed by the Servicer on or prior to the second preceding Business Day and (ii) the amount of Receivables as of the close of business on the second preceding Business Day.

(b) Monthly Servicer's Certificate. Unless otherwise stated in the related Indenture Supplement with respect to any Series, on each Determination Date after the Certificate Trust Termination Date, the Servicer shall make available to the Issuer, the Paying Agent, the Rating Agencies and the Indenture Trustee a certificate of a Servicing Officer in the form of Exhibit B (which includes the Schedule thereto specified as such in any Indenture Supplement) setting forth (i) the aggregate amount of Collections processed during the preceding Due Period, (ii) the aggregate amount of Collections of Principal Receivables processed by the Servicer pursuant to Article VIII of the Indenture during the preceding Due Period, (iii) the aggregate amount of Collections of Finance Charge Receivables processed by the Servicer pursuant to Section 8 of the Indenture during the preceding Due Period, (iv) the aggregate amount of Principal and Finance Charge Receivables processed as of the end of the last day of the preceding Due Period, (v) the amounts on deposit in the Excess Funding Account and other accounts established pursuant to the related Indenture Supplements; (vi) amounts drawn on any Enhancement; (vii) amounts to be paid to any Enhancement Provider; (viii) the sum of all amounts payable to the Noteholders of each Series on the succeeding Distribution Date in respect of Principal and Monthly Interest and (ix) such other matters as are set forth in the related Indenture Supplement. Exhibit B may be amended from time to time with the consent of the Indenture Trustee.

(c) Electronic Delivery. Reports required to be delivered pursuant to this Section 3.4 may be delivered in an electronic format satisfactory to the Transferor, the Issuer and the Indenture Trustee.

Section 3.5 Annual Servicer's Certificate. On or prior to the date of the delivery of each accountant's report pursuant to Section 3.6(a) after the Certificate Trust Termination Date, the Servicer will deliver to the Issuer and the Indenture Trustee an Officer's Certificate substantially in the form of Exhibit D stating that (a) a review of the activities of the Servicer during the prior calendar year and of its performance under this Agreement was made under the supervision of the officer signing such certificate and (b) to the best of such officer's knowledge, based on such review, the Servicer has fully performed all its obligations under this Agreement throughout such period, or, if there has been a default in the performance of any such obligation, specifying each such default known to such officer and the nature and status thereof. A copy of such certificate may be obtained by any Noteholder by a request in writing to the Issuer addressed to the Corporate Trust Office, or as set forth in any Indenture Supplement.

Section 3.6 Annual Independent Accountants' Servicing Report. (a) On or before May 30 of each calendar year, beginning after the Certificate Trust Termination Date, the Servicer shall cause a firm of nationally recognized independent certified public accountants (who may also render other services to the Servicer, the Transferor or the Originator) to furnish a report to the Issuer and the Indenture Trustee with respect to the procedures specified in Exhibit E. The Servicer shall investigate and correct such material exceptions, errors or irregularities at its own expense.

(b) On or before May 30 of each calendar year, beginning after the Certificate Trust Termination Date, the Servicer shall cause a firm of nationally recognized independent certified public accountants (who may also render other services to the Servicer, the Transferor or the Originator) to furnish a report to the Issuer and the Indenture Trustee (to the extent the Indenture Trustee has delivered any certifications or other documentation required by the applicable accountant as a condition to delivery of such report, it being understood that the Indenture Trustee shall not be obligated to deliver any such certification or report), prepared using generally accepted auditing standards, to the effect that such firm has compared the mathematical calculations of certain amounts set forth in two monthly certificates forwarded by the Servicer pursuant to subsection 3.4(b) during the prior calendar year with the Servicer's computer reports which were the source of such amounts and that on the basis of such comparison, such firm is of the opinion that such amounts are in agreement, except for such exceptions as it believes to be immaterial to the accuracy of the information set forth in such certificates of the Servicer and such other exceptions as shall be set forth in such report.

Section 3.7 Tax Treatment. The Transferor has structured this Agreement and the Notes with the intention that the Notes will qualify under applicable federal, state and local tax law as indebtedness. The Transferor, the Servicer, each Holder of the Transferor Interest and each Noteholder agree to treat and to take no action inconsistent with the treatment of the Notes (or beneficial interest therein) as indebtedness for purposes of federal, state and local income or franchise taxes and any other tax imposed on or measured by income. Each Noteholder and each Holder of the Transferor Interest, by acceptance of its Note or the Transferor Interest, respectively, agrees to be bound by the provisions of this Section 3.7. Each Noteholder agrees that it will cause any Noteholder acquiring an interest in a Note through it to comply with this Agreement as to treatment as indebtedness under applicable tax law, as described in this Section 3.7.

Section 3.8 Notices to the Transferor. In the event that WFN is no longer acting as Servicer, any Successor Servicer appointed pursuant to Section 7.2 shall deliver or make available to the Transferor each certificate and report required to be prepared, forwarded or delivered thereafter pursuant to Sections 3.4, 3.5 and 3.6.

ARTICLE IV

OTHER MATTERS RELATING TO THE TRANSFEROR

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

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

(a) The 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 that acquires by conveyance or transfer the properties and assets of Transferor substantially as an entirety shall be, if Transferor is not the surviving entity, organized and existing under the laws of the United States of America or any state thereof or the District of Columbia, shall satisfy the requirements set forth in subsection 2.5(k) and shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Issuer, in form reasonably satisfactory to the Issuer, the performance of every covenant and obligation of the Transferor, as applicable hereunder and shall benefit from all the rights granted to the Transferor, as applicable hereunder. To the extent that any right, covenant or obligation of the Transferor, as applicable hereunder, is inapplicable to the successor entity, such successor entity shall be subject to such covenant or obligation, or benefit from such right, as would apply, to the extent practicable, to such successor entity;

(ii) the Transferor shall have delivered to the Issuer an Officer's Certificate of the Transferor stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section 4.2, the Transferor has complied with its obligations under this Section 4.2 and that all conditions precedent herein provided for relating to such transaction have been complied with and an Opinion of Counsel that such supplemental agreement is legal, valid and binding;

(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

(iv) the Rating Agency Condition is satisfied with respect to such consolidation, 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) The obligations of the Transferor hereunder shall not be assignable nor shall any Person succeed to the obligations of the Transferor hereunder except for mergers, consolidations, assumptions, conveyances or transfers in accordance with the provisions of this Section 4.2.

Section 4.3 Limitation on Liability. The directors, officers, employees or agents of the Transferor shall not be under any liability to the Issuer, the Indenture Trustee, the Noteholders, the Owner Trustee, any Holder of the Transferor Interest, any Enhancement Provider or any other Person hereunder or pursuant to any document delivered hereunder, it being expressly understood that all such liability is expressly waived and released as a condition of, and as consideration for, the execution of this Agreement, any Indenture Supplement and the Indenture

and the issuance of the Notes; provided, however, that this provision shall not protect the officers, directors, employees, or agents of the Transferor against any liability which would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in the performance of their duties. The 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 respecting any matters arising hereunder.

ARTICLE V

OTHER MATTERS RELATING TO THE SERVICER

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

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

(a) The 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 the Servicer is merged or which acquires by conveyance or transfer the properties and assets of the Servicer substantially as an entirety, if the Servicer is not the surviving entity, shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Issuer and the Indenture Trustee in form satisfactory to the Issuer, the performance of every covenant and obligation of the Servicer hereunder (to the extent that any right, covenant or obligation of the Servicer, as applicable hereunder, is inapplicable to the successor entity, such successor entity shall nevertheless be subject to such covenant or obligation, or benefit from such right, as would apply, to the extent practicable, to such successor entity);

(ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate of the Servicer stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section 5.2 and that all conditions precedent herein provided for relating to such transaction have been complied with and an Opinion of Counsel to the effect that such supplemental agreement is legal, valid and binding with respect to the Servicer; and

(iii) either (x) the Person 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 or (y) upon the effectiveness of such consolidation, merger, conveyance or transfer, an Eligible Servicer shall have assumed the obligations of Servicer.

The Servicer shall notify the Rating Agencies promptly after consummation of any transaction contemplated by this Section 5.2.

(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.

Section 5.3 Limitation on Liability. The directors, officers, employees or agents of the Servicer shall not be under any liability to the Issuer, the Indenture Trustee, the Noteholders, the Owner Trustee, any Holder of the Transferor Interest, any Enhancement Provider or any other Person hereunder or pursuant to any document delivered hereunder, it being expressly understood that all such liability is expressly waived and released as a condition of, and as consideration for, the execution of this Agreement, any Indenture Supplement and the Indenture, and the issuance of the Notes and the Transferor Interest; provided, however, that this provision shall not protect the directors, officers, employees and agents of the Servicer against any liability that would otherwise be imposed by reason of bad faith or willful misconduct in the performance of duties. Except as provided in Section 5.4 with respect to the Issuer and the Owner Trustee and in Section 6.7 of the Indenture with respect to the Indenture Trustee, its officers, directors, employees and agents, and the Servicer shall not be under any liability to the Issuer, the Owner Trustee, the Indenture Trustee, the Noteholders, the Holders of the Transferor Interest, any Enhancement Provider, their respective officers, directors, employees and agents, or any other Person for any action taken or for refraining from the taking of any action in its capacity as Servicer pursuant to this Agreement, any Indenture Supplement or the Indenture; provided, however, that this provision shall not protect the Servicer against any liability which would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in the performance of duties or by reason of its reckless disregard of its obligations and duties hereunder, or under any Indenture Supplement or the Indenture. The Servicer may rely in good faith on any document of any kind properly executed and submitted by any Person respecting any matters arising hereunder. The Servicer shall not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties to service the Receivables in accordance with this Agreement which in its reasonable opinion may involve it in any expense or liability.

Section 5.4 Servicer Indemnification of the Issuer and the Owner Trustee. The Servicer shall indemnify and hold harmless the Issuer and the Owner Trustee, 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 or alleged acts or omissions of the Servicer including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim; provided, however, that the Servicer shall not indemnify the Issuer or the Owner Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, gross negligence, or willful misconduct by the Owner Trustee; provided, further, that with respect to any action taken by the Owner Trustee at the request of the Noteholders, such costs, expenses or other liabilities shall be at the expense of the requesting party and such party shall not be entitled to reimbursement from the Issuer; provided, further, that the Servicer shall not indemnify Issuer, the Noteholders as to any losses, claims or damages incurred by any of them in their capacities as investors, relating to losses with respect to market or investment risks associated with ownership of the Notes and provided, further, that the Servicer shall not indemnify the Noteholders or the Owner Trustee for any liabilities, costs or expenses of the Issuer or the Noteholders arising under any tax law, including without limitation

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 Issuer or the Noteholders in connection herewith to any taxing authority. Any such indemnification shall not be payable from the assets of the Issuer. The provisions of this indemnity shall run directly to and be enforceable by an indemnitee subject to the limitations hereof, and shall survive the termination of this Agreement or earlier resignation of the Owner Trustee.

Section 5.5 The Servicer Not to Resign. The Servicer shall not resign from the obligations and duties hereby imposed on it except (x) upon a determination by the Servicer that (i) the performance of its duties hereunder is no longer permissible under applicable law and (ii) there is no reasonable action which the Servicer could take to make the performance of its duties hereunder permissible under applicable 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 5.2. Any such determination permitting the resignation of the Servicer pursuant to clause (x) above shall be evidenced as to clause (i) above by an Opinion of Counsel to such effect delivered to the Indenture Trustee. No such resignation shall become effective until the Indenture Trustee or a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 7.2 hereof. The Indenture Trustee shall give prompt notice to each Rating Agency upon the appointment of a Successor Servicer. If the Indenture Trustee is unable within 120 days of the date of such determination to appoint a Successor Servicer, the Indenture Trustee shall serve as Successor Servicer hereunder. 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.

Section 5.6 Access to Certain Documentation and Information Regarding the Receivables. Subject to the terms of any Indenture Supplement, the Servicer shall provide to the Indenture Trustee access to the documentation regarding the Accounts and the Receivables in such cases where the 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 the Servicer's normal business hours, (iii) subject to the Servicer's normal security and confidentiality procedures and (iv) at offices in the continental United States designated by the Servicer. Nothing in this Section 5.6 shall derogate from the obligation of the Originator, the Transferor, the Indenture Trustee or the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors and the failure of the Servicer to provide access as provided in this Section 5.6 as a result of such obligations shall not constitute a breach of this Section 5.6.

Section 5.7 Delegation of Duties. In the ordinary course of business, the Servicer may at any time delegate any duties hereunder to any Person who agrees to conduct such duties in accordance with the Cardholder Guidelines, including the delegation of duties pursuant to the Administrative Servicer Agreement. Any such delegations shall not relieve the Servicer of its liability and responsibility with respect to such duties, and shall not constitute a resignation

within the meaning of Section 5.5 hereof. The Issuer may at any time appoint any other Person, including the Originator or an Affiliate of the Originator, as a successor Administrative Servicer to perform the responsibilities and obligations previously performed by Alliance Data, subject to any requirement in any Indenture Supplement; 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 Indenture Trustee of such delegation to any entity that is not an Affiliate of Servicer.

Section 5.8 Examination of Records. The Servicer shall clearly and unambiguously identify each Account (including any Additional Account designated pursuant to Section 2.6) in its computer or other records to reflect that the Receivables arising in such Account have been Conveyed to the Issuer pursuant to this Agreement. The Servicer shall, prior to the sale or transfer to a third party of any receivable held in its custody, examine its computer and other records to determine that such receivable is not a Receivable.

Section 5.9 Compensation, Reimbursement and Indemnification of Indenture Trustee. Servicer shall pay to Indenture Trustee from time to time reasonable compensation for all services rendered by Indenture Trustee and the Authenticating Agent under the Indenture (which compensation shall not be limited by any law on compensation of a trustee of an express trust) in such amounts as may be separately agreed between the Servicer and the Indenture Trustee prior to the issuance of each Series. The Servicer covenants and agrees to pay to the Indenture Trustee from time to time, and the Indenture 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 Issuer created by the Indenture and in the exercise and performance of any of the powers and duties under the Indenture of the Indenture Trustee, and the Servicer shall pay or reimburse the Indenture Trustee (without reimbursement from the Collection Account, the Excess Funding Account, any Series Account or otherwise) upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any of the provisions of the Indenture except any such expense, disbursement or advance as may arise from its own gross negligence or willful misconduct and except as provided in the following sentence. If the Indenture Trustee is appointed Successor Servicer pursuant to the Transfer and Servicing Agreement, the provisions of this Section 5.9 shall not apply to expenses, disbursements and advances made or incurred by the Indenture Trustee in its capacity as Successor Servicer. The Servicer shall indemnify and hold harmless the Issuer, the Transferor, and the Indenture Trustee, its officers, directors, employees and agents, from and against any and all loss, liability, expense, damage or injury suffered or sustained by reason of any of its acts or omissions or alleged acts or omissions as Servicer, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim; provided, however, that the Servicer shall not indemnify the Indenture Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, gross negligence, or willful misconduct by the Indenture Trustee; provided, further, that with respect to any action taken by the Indenture Trustee at the request of the Noteholders such costs, expenses or other liabilities shall be at the expense of the requesting party and such party shall not be entitled to reimbursement from the Issuer; and provided, further, that the Servicer shall not indemnify the Issuer or the Indenture Trustee for any liabilities, costs or expenses of the Issuer arising under any tax law, including without limitation 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 Issuer in connection herewith to any taxing authority. Any such indemnification shall not be payable from the assets of the Issuer. The provisions of this indemnity shall run directly to and be enforceable by an injured party subject to the limitations hereof.

Servicer's payment obligations to Indenture Trustee pursuant to this Section 5.9 shall survive the discharge of the Indenture or earlier resignation or removal of Indenture Trustee. When Indenture Trustee incurs expenses after the occurrence of an Event of Default specified in Section 5.2(c) or 5.2(d) of the Indenture with respect to Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

To secure Servicer's and Issuer's payment obligations in this Section 5.9, Indenture Trustee shall have a lien prior to the Notes on all money or property held or collected by Indenture Trustee, in its capacity as Indenture Trustee, except money or property held in trust to pay principal of, or interest on, the Notes.

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 other Holder of the Transferor Interest (excluding any Supplemental Interest), Transferor shall on the day any such event occurs, immediately cease to transfer Principal Receivables to the Issuer and shall promptly give notice to Indenture Trustee, Owner Trustee and the Rating Agencies thereof. Notwithstanding any cessation of the transfer to the Issuer of additional Principal Receivables, Principal Receivables transferred to the Issuer prior to the occurrence of such Insolvency Event and Collections and Recoveries in respect of such Principal Receivables, Finance Charge Receivables whenever created accrued in respect of such Principal Receivables and Collections in respect of such Finance Charge Receivables, shall continue to be property of the 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 after the Certificate Trust Termination Date:

(a) any failure by the Servicer to make any payment, transfer or deposit or to give instructions or notice to the Issuer pursuant to Section 8 of the Indenture Supplement or to instruct the Indenture Trustee to make any required drawing, withdrawal, or payment under any Enhancement, in each case, within five (5) Business Days after the date of the receipt by the Servicer of written notice from the Indenture Trustee that such payment, transfer, deposit, withdrawal or drawing or such instruction or notice is required to be made or given, as the case may be, under the terms of this Agreement, any Indenture Supplement or the Indenture;

(b) failure on the part of the Servicer duly to observe or perform in any respect any other covenants or agreements of the Servicer set forth in this Agreement, any Indenture Supplement or the Indenture which has a material adverse effect on (i) the Servicer's ability to collect the Receivables or otherwise perform its obligations under this Agreement, any Indenture Supplement or the Indenture or (ii) the collectability or value of the Receivables, and which continues unremedied for a period of forty-five (45) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Indenture Trustee, or to the Servicer and the Indenture Trustee by Holders of Notes evidencing not less than 25% of the Outstanding Amount of any Series and such material adverse effect continues for such period; or the Servicer shall delegate its duties under this Agreement, except as permitted by Section 5.7;

(c) any representation, warranty or certification made by the Servicer in this Agreement, any Indenture Supplement or the Indenture or in any certificate delivered pursuant to this Agreement, any Indenture Supplement or the Indenture shall prove to have been incorrect when made, which has a material adverse effect on (i) the Servicer's ability to collect the Receivables or otherwise perform its obligations under this Agreement, any Indenture Supplement or the Indenture or (ii) the collectability or value of the Receivables, and which continues to be incorrect in any material respect for a period of forty-five (45) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Indenture Trustee or to the Servicer and the Indenture Trustee by the Holders of not less than 25% of the Outstanding Amount of any Series and such material adverse effect continues for such period; or

(d) the Servicer 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 the Servicer or 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 the Servicer, and such decree or order shall have remained in force undischarged or unstayed for a period of sixty (60) days; or the Servicer shall admit in writing its inability to pay its debts generally as they become due, commence or have commenced against it (unless dismissed within thirty (30) days) as debtor a proceeding under any applicable insolvency or reorganization statute, make any assignment for the benefit of its creditors or voluntarily suspend payment of its obligations;

then, so long as such Servicer Default shall not have been remedied, either the Indenture Trustee, or the Holders of Notes evidencing aggregating more than 66-2/3% of the Outstanding Amount, by notice then given in writing to the Servicer, (and to the Indenture Trustee if given by the Noteholders) (a "Servicer Termination Notice"), may terminate all of the rights and obligations of the Servicer as Servicer under this Agreement.

After receipt by the Servicer of such Servicer Termination Notice, and on the date that a Successor Servicer shall have been appointed by the Indenture Trustee pursuant to Section 7.2, all authority and power of the Servicer under this Agreement shall pass to and be vested in a Successor Servicer; and, without limitation, the Indenture Trustee is hereby authorized and

empowered (upon the failure of the Servicer to cooperate) to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of the 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 and obligations. The Servicer agrees to cooperate with the Indenture Trustee and such Successor Servicer in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing hereunder including, without limitation, the transfer to such Successor Servicer of all authority of the Servicer to service the Receivables provided for under this Agreement, including, without limitation, all authority over all Collections which shall on the date of transfer be held by the Servicer for deposit, or which have been deposited by the Servicer, in the Collection Account or any Series Account, or which shall thereafter be received with respect to the Receivables, and in assisting the Successor Servicer in enforcing all rights to Insurance Proceeds applicable to the Issuer. The Servicer shall promptly transfer its electronic records or electronic copies thereof 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 the Servicer to disclose to the Successor Servicer information of any kind which the Servicer reasonably deems to be confidential, the Successor Servicer shall be required to enter into such customary licensing and confidentiality agreements as the Servicer shall deem necessary to protect its interests. The Servicer shall, on the date of any servicing transfer, transfer all of its rights and obligations under any Enhancement with respect to any Series to the Successor Servicer.

Notwithstanding the foregoing, a delay in or failure of performance referred to in subsection 7.1(a), for a cumulative period of ten (10) Business Days, or under subsection 7.1(b) or (c), for a cumulative period of sixty (60) Business Days, shall not constitute a Servicer Default if such delay or failure could not be prevented by the exercise of reasonable diligence by the 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, riot or sabotage, epidemics, landslides, lightning, fire, hurricanes, tornadoes, earthquakes, nuclear disasters or meltdowns, floods, power outages or similar causes. The preceding sentence shall not relieve the Servicer from using its best efforts to perform its obligations in a timely manner in accordance with the terms of this Agreement and the Servicer shall provide the Indenture Trustee, the Owner Trustee and the Transferor, with an Officer's Certificate giving prompt notice of such failure or delay by it, together with a description of the cause of such failure or delay and its efforts so to perform its obligations.

Section 7.2 Indenture Trustee to Act; Appointment of Successor.

(a) On and after the occurrence of a Servicer Default pursuant to Section 7.1 or a resignation of the Servicer pursuant to Section 5.5, the Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Servicer Termination Notice or otherwise specified by the Indenture Trustee or until a date mutually agreed upon by the Servicer and the Indenture Trustee. The Indenture Trustee shall, as promptly as possible after the giving of a Servicer Termination Notice appoint an Eligible Servicer successor servicer

(the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the 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 the Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement to the Servicer shall be deemed to refer to the Successor Servicer. Any Successor Servicer, by its acceptance of its appointment, will automatically agree to be bound by the terms and provisions of each Indenture Supplement and the Indenture.

(c) In connection with such appointment and assumption, the Issuer shall be entitled to such compensation, or may make such arrangements for the compensation of the Successor Servicer out of Collections, as it and such Successor Servicer shall agree; provided, however, that no such compensation shall be in excess of the Monthly Servicing Fee permitted to the Servicer pursuant to Section 3.2. The Holder of the Transferor Interest agrees that if the Servicer is terminated hereunder, the portion of the Collections in respect of Finance Charge Receivables that it is entitled to receive pursuant to Section 8 of the related Indenture Supplement shall be reduced by an amount sufficient to pay its share (determined by reference to the Indenture 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 Issuer pursuant to Section 8.1 and shall pass to and be vested in the Transferor and, without limitation, the 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 the 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 the Transferor in such electronic form as the Transferor may reasonably request and shall transfer all other records, correspondence and documents to the Transferor in the manner and at such times as the Transferor shall reasonably request. To the extent that compliance with this Section 7.2 shall require the Successor Servicer to disclose to the Transferor information of any kind which the Successor Servicer deems to be confidential, the 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 of Servicer Default and Successor Servicer. Within two Business Days after the Servicer becomes aware of any Servicer Default, the Servicer shall give prompt written notice thereof to the Indenture Trustee and each Rating Agency. Upon any termination or appointment of a Successor Servicer pursuant to this Article VII, the Indenture Trustee shall give prompt written notice thereof to each Rating Agency.

Section 7.4 Waiver of Past Defaults. The Holders of Notes aggregating not less than 66-2/3% of the Outstanding Amount of any Series, adversely affected by a default by the Servicer or the Transferor in the performance of its obligations hereunder may waive such default and its consequences on behalf of such Series, except a default in the failure to make any required deposits or payment of interest or principal relating to such Series pursuant to Section 8 of the related Indenture Supplement which default does not result from the failure of the Paying Agent to perform its obligations to make any required deposits or payments of interest and principal in accordance with Section 8 of the related Indenture Supplement. 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 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.

(a) This Agreement may be amended 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 such action shall not adversely affect in any material respect the interests of any of the Noteholders. This Agreement may also be amended in writing from time to time by the Servicer, the Transferor and the Issuer without the consent of any Noteholder; provided, that (i) the Transferor shall have delivered to the Indenture Trustee and the Owner Trustee an Officer’s Certificate to the effect that the Transferor reasonably believes,

based on facts known at the time of such certification, such action will not have an Adverse Effect and (ii) the Rating Agency Condition shall have been satisfied with respect to such amendment. 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 this subsection 9.1(a) may include the addition of a Transferor.

(b) This Agreement may also be amended in writing from time to time by the Servicer, the Transferor and the Issuer, with the consent of the Holders of Notes aggregating not less than 66 2/3% of the Outstanding Amount, of each outstanding Series adversely affected by such amendment, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or modifying in any manner the rights of Noteholders of any outstanding Series; provided, however, that no such amendment shall (i) extend the Series Termination Date for any Series or change the date on which interest is required to be paid on any Note, or reduce the principal amount thereof, the interest rate specified thereon or the redemption price with respect thereto or change the coin or currency in which any Note or any interest thereon is payable or change the manner of calculating interest on any Note, or (ii) reduce the aforesaid percentage required to consent to any such amendment, without the consent of each Noteholder of each Series adversely affected thereby. Any amendment to be effected pursuant to this Article IX shall be deemed to affect adversely all outstanding Series, other than any Series with respect to which the Transferor shall deliver to the Indenture Trustee and the Owner Trustee an Officer's Certificate to the effect that the Transferor reasonably believes, based on facts known at the time of such certification, that such action will not have an Adverse Effect. The Owner Trustee may, but shall not be obligated to, enter into any such Amendment which affects the Owner Trustee's rights, duties or immunities under this Agreement or otherwise.

(c) Promptly after the execution of any amendment to this Agreement, the Servicer shall furnish notification of the substance of such amendment to the Indenture Trustee and each Rating Agency.

(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, 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 the Issuer may prescribe.

(e) Any Indenture Supplement executed and delivered pursuant to Article X of the Indenture and any amendment to the Account Schedule in connection with the addition to or removal of Receivables from the Issuer as provided in Sections 2.6 and 2.7, executed in accordance with the provisions hereof, shall not be considered amendments to this Agreement for the purpose of subsections 9.1(a) and (b).

(f) In connection with any amendment hereto, the Indenture Trustee may request an Opinion of Counsel from the Transferor or the Servicer to the effect that such amendment complies with the requirements of this Agreement.

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

(a) The Servicer shall cause this Agreement and all amendments hereto and all financing statements, amendments, and continuation statements and any other necessary documents covering the Issuer's and the Indenture Trustee's right, title and interest to the property comprising 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 and protect the right, title and interest of the Indenture Trustee, Noteholders and the Issuer, as the case may be, hereunder to the Trust Assets. The Servicer shall deliver to the 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. The Transferor shall cooperate fully with the Servicer in connection with the obligations set forth above and shall execute any and all documents reasonably required to fulfill the intent of this subsection 9.2(a).

(b) With respect to all financing statements filed against Spirit of America National Bank, Fashion Service Corp. and Charming Shoppes Receivables Corp. in connection with the assignment of Receivables from Spirit of America National Bank and Charming Shoppes Receivables Corp. to World Financial Network National Bank or the Transferor, as applicable, the Servicer shall file continuation statements meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to maintain the perfection of the first-priority nature of the Receivables Trust's interest in the Receivables described therein.

(c) On and after the Certificate Trust Termination Date, the Servicer will deliver to the Issuer and the Indenture Trustee on or before March 31 of each year an Opinion of Counsel, substantially in the form of Exhibit G, addressed to the Indenture Trustee.

Section 9.3 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 9.4 Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, sent by facsimile or email to, sent by courier at or mailed by registered mail, return receipt requested, (a) in the case of the Transferor, to WFN Credit Company, LLC, 3100 Easton Square Place, #3108, Columbus, Ohio 43219, (b) in the case of the Servicer, to World Financial Network National Bank, 3100 Easton Square Place, Columbus, Ohio 43219, (c) in the case of the Issuer or Owner

Trustee, to the Corporate Trust Office, (d) in the case of the Enhancement Provider for a particular Series, to the address, if any, specified in the related Indenture Supplement, or (e) in the case of the Rating Agency for a particular Series, to the address, if any, specified in the related 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. Unless otherwise provided with respect to any Series in the related Indenture Supplement, any notice required or permitted to be mailed to a Noteholder shall be given by first class mail, postage prepaid, at the address of such Noteholder 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 covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of the Notes or rights of the Noteholders thereof.

Section 9.6 Assignment. This Agreement may not be assigned by the Transferor or the Servicer without the prior written consent of the Holders of Notes aggregating not less than 66-2/3% of the Outstanding Amount of each Series on a Series by Series basis; provided that this requirement shall not apply to any assignment or delegation expressly permitted by this Agreement, including pursuant to Section 4.2, Section 5.2, Section 5.5 or Section 5.7.

Section 9.7 Further Assurances. The Transferor and the Servicer agree to do and perform, from time to time, any and all acts and to authorize and execute any and all further instruments required or reasonably requested by the Owner Trustee and Indenture Trustee more fully to effect the purposes of this Agreement, including, without limitation, the authorization of any financing statements, amendments, or continuation statements relating to the Trust Assets for filing under the provisions of the UCC of any applicable jurisdiction.

Section 9.8 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Issuer, any Enhancement Provider, the Indenture Trustee, the Noteholders or the Owner Trustee, 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, and privileges provided by law.

Section 9.9 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 9.10 Third-Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the parties hereto, the Noteholders and the Indenture Trustee, and their respective successors and permitted assigns and for purposes of Section 5.4, the Owner Trustee. Except as otherwise provided in this Article IX, no other Person shall have any right or obligation hereunder.

Section 9.11 Actions by Noteholders. (a) Whenever in this Agreement a provision is made that an action may be taken or a notice, demand or instructions given by Noteholders, such action, notice or instruction may be taken or given by any Noteholder, unless such provision requires a specific percentage of Noteholders. (b) Any request, demand, authorization, direction, notice, consent, waiver or other act by a Noteholder shall bind such Noteholder 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, the Owner Trustee, the Indenture Trustee, Transferor or the Servicer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 9.12 Rule 144A Information. For so long as any of the Notes of any Series are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of the Transferor, the Owner Trustee, the Servicer, the Indenture Trustee and the Enhancement Provider for such Series agree to cooperate with each other to provide to any Noteholders of such Series and to any prospective purchaser of Notes designated by such an 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 9.13 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 9.14 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, Transferor or Certificate Trust 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 9.14 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 commenced by anyone other than a party to this Agreement, as applicable under or pursuant to any such law. This Section 9.14 shall survive the termination of this Agreement.

Section 9.15 Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

Section 9.16 Inconsistent Provisions. To the extent that any provision in any Indenture Supplement in any certificate or document delivered in connection with any Indenture Supplement is inconsistent with any provision under this Agreement, or in any circumstance in which it is unclear whether such Indenture Supplement or this Agreement shall control, the provisions contained in such Indenture Supplement (or such certificate or other document) shall control with respect to the related Series.

Section 9.17 Rights of Indenture Trustee. Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture.

Section 9.18 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 the Issuer for the purpose and with the intention of binding the Issuer. 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, the Transferor, the Servicer and the Issuer 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/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

WORLD FINANCIAL NETWORK NATIONAL BANK, as Servicer

By: /s/ Ronald C. Reed
Name: Ronald C. Reed
Title: Treasurer

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST II, as 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

The Indenture Trustee and the Paying Agent agree to undertake to perform their respective duties as Indenture Trustee and as Paying Agent as are specifically set forth in this Agreement.

Acknowledged and Accepted:

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

By: /s/ Tamara Schultz-Fugh
Name: Tamara Schultz-Fugh
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By: /s/ Tamara Schultz-Fugh
Name: Tamara Schultz-Fugh
Title: Vice President

Exhibit 10.5

EXECUTION COPY

MASTER INDENTURE

between

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST II

Issuer,

and

U.S. BANK NATIONAL ASSOCIATION

Indenture Trustee

Dated as of March 26, 2010

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

MASTER INDENTURE, dated as of March 26, 2010 (the "Indenture"), between World Financial Network Credit Card Master Note Trust II, a statutory trust organized under the laws of the State of Delaware (the "Issuer"), and U.S. Bank National Association, a national banking association, as indenture trustee (the "Indenture Trustee"). This Indenture may be supplemented at any time and from time to time by an indenture supplement in accordance with Article X (an "Indenture Supplement," and together with this Indenture and any amendments, the "Agreement"). If a conflict exists between the terms and provisions of this Indenture and any Indenture Supplement, the terms and provisions of the Indenture Supplement shall be controlling with respect to the related Series.

PRELIMINARY STATEMENT

Issuer has duly authorized the execution and delivery of this Indenture to provide for an issue of its Notes as provided in this Indenture. All covenants and agreements made by Issuer herein are for the benefit and security of the Noteholders. Issuer is entering into this Indenture, and Indenture Trustee is accepting the trusts created hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Simultaneously with the delivery of this Indenture, Issuer is entering into a Transfer and Servicing Agreement with WFN Credit Company, LLC, as Transferor, and World Financial Network National Bank, as Servicer, pursuant to which (a) Transferor will convey to Issuer all of its right, title and interest in, to and under (i) the Collateral Certificate, which Transferor will have received from Certificate Trust pursuant to the Collateral Series Supplement, and (ii) on and after the Certificate Trust Termination Date, the Receivables arising in the Accounts from time to time, which Transferor will have received from the Bank pursuant to the Purchase Agreement and (b) Servicer will agree to service the Receivables and make collections thereon on behalf of the Noteholders on and after the Certificate Trust Termination Date.

GRANTING CLAUSE

Issuer hereby Grants to Indenture Trustee, for the benefit of the Holders of the Notes and the Enhancement Providers, all of Issuer's right, title and interest, whether now owned or hereafter acquired, in, to and under (a) the Collateral Certificate, (b) the Receivables, (c) Collections and Recoveries related to and all money, instruments, investment property and other property distributed or distributable in respect of (together with all earnings, dividends, distributions, income, issues, and profits relating to) the Receivables; (d) the Collection Account, the Series Accounts, the Excess Funding Account and all Permitted Investments and all money, investment property, instruments and other property on deposit from time to time in, credited to or related to the Collection Account, the Series Accounts and the Excess Funding Account (including any subaccounts of any such account), and all interest, dividends, earnings, income and other distributions from time to time received, receivable or otherwise distributed or distributable thereto or in respect thereof (including any accrued discount realized on liquidation of any investment purchased at a discount); (e) all rights, remedies, powers, privileges and claims of Issuer under or with respect to any Enhancement, the Transfer and Servicing Agreement (whether arising pursuant to the terms of the related Enhancement Agreement or the Transfer and Servicing Agreement or otherwise available to Issuer at law or in equity) and the Trust Agreement, including the rights of Issuer to enforce such Enhancement Agreement, the

Transfer and Servicing Agreement or the Trust Agreement, and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such Enhancement Agreement, the Transfer and Servicing Agreement or the Trust Agreement to the same extent as Issuer could but for the assignment and security interest granted to Indenture Trustee for the benefit of the Noteholders and all property transferred to the Issuer under each such agreement; (f) all derivative contracts between Issuer and a counterparty, as described in any Indenture Supplement and all proceeds thereof, (g) all Enhancements and all proceeds thereof; (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas and other minerals; (i) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and (j) all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing (collectively, the "Collateral").

The Collateral shall secure the payment and performance of the obligations set forth in Section 8.2.

LIMITED RECOURSE

The obligation of Issuer to make payments of principal, interest and other amounts in respect of the Notes is limited by recourse only to the Collateral.

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

Capitalized terms used herein are defined in Annex A.

Section 1.2 Other Definitional Provisions.

(a) All terms defined directly or by reference in this Indenture shall have the defined meanings when used in any certificate or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Indenture and all such certificates and other documents, unless the context otherwise requires: (i) accounting terms not otherwise defined in this Indenture, and accounting terms partly defined in this Indenture to the extent not defined, shall have the respective meanings given to them under GAAP; (ii) terms defined in Article 9 of the New York UCC and not otherwise defined in this Indenture 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 Indenture (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Indenture (or such certificate or document); (vi) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Indenture (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, Section, 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.

(b) Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture to the extent, and only at such times, as this Indenture is required to qualify under the TIA. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security holder" means a Noteholder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means Indenture Trustee; and

"obligor" on the indenture securities means Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule have the meanings assigned to them by such definitions.

Any reference herein to a "beneficial interest" in a security also shall mean, unless the context otherwise requires, a security entitlement with respect to such security, and any reference herein to a "beneficial owner" or "beneficial holder" of a security also shall mean, unless the context otherwise requires, the holder of a security entitlement with respect to such security.

Any reference herein to money or other property that is to be deposited in or is on deposit in a securities account shall also mean that such money or other property is to be credited to, or is credited to, such securities account.

ARTICLE II

THE NOTES

Section 2.1 Form Generally. Any Series or Class of Notes, together with the Indenture Trustee's certificate of authentication related thereto, may be issued in fully registered form (the "Registered Notes") and shall be in substantially the form of an exhibit to the related Indenture Supplement with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or such Indenture Supplement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. The terms of any Notes set forth in an exhibit to the related Indenture Supplement are part of the terms of this Indenture, as applicable.

The Definitive Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Any Note that is a Subject Instrument shall be issued as a Definitive Note or in book-entry form, but not through DTC.

Section 2.2 Denominations. Except as otherwise specified in the related Indenture Supplement and the Notes, each class of Notes of each Series shall be issued in fully registered form in minimum amounts of $1,000 and in integral multiples of $1,000 in excess thereof (except that one Note of each Class may be issued in a different amount, so long as such amount exceeds the applicable minimum denomination for such Class), and shall be issued upon initial issuance as one or more Notes in an aggregate original principal amount equal to the applicable Note Principal Balance for such Class or Series.

Section 2.3 Execution, Authentication and Delivery. Each Note shall be executed by manual or facsimile signature on behalf of Issuer by an Authorized Officer.

Notes 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 Issuer shall not be rendered invalid, notwithstanding the fact that such individual ceased to be so authorized prior to the authentication and delivery of such Notes or does not hold such office at the date of issuance of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, Issuer may deliver Notes executed by Issuer to Indenture Trustee for authentication and delivery, and Indenture Trustee shall authenticate at the written direction of Issuer and deliver such Notes as provided in this Indenture or the related Indenture Supplement and not otherwise. Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or the applicable Indenture Supplement or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein or in the related Indenture Supplement executed by or on behalf of Indenture Trustee by the manual signature of a duly authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.4 Authenticating Agent.

(a) Indenture Trustee may appoint one or more authenticating agents with respect to the Notes which shall be authorized to act on behalf of Indenture Trustee in authenticating the Notes in connection with the issuance, delivery, registration of transfer, exchange or repayment of the Notes. Whenever reference is made in this Indenture to the authentication of Notes by Indenture Trustee or Indenture Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of Indenture Trustee by an authenticating agent and a certificate of authentication executed on behalf of Indenture Trustee by an authenticating agent. Each authenticating agent must be reasonably acceptable to Issuer 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 Indenture Trustee or such authenticating agent.

(c) An authenticating agent may at any time resign by giving written notice of resignation to Indenture Trustee, Issuer and Servicer. Indenture Trustee may at any time terminate the agency of an authenticating agent by giving notice of termination to such authenticating agent and to Issuer and Servicer. 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 Indenture Trustee, Issuer and Servicer, Indenture Trustee may promptly 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 reasonably acceptable to Issuer and Servicer.

(d) Servicer agrees to pay to each authenticating agent from time to time reasonable compensation for its services under this Section 2.4.

(e) The provisions of Sections 6.1 and 6.4 shall be applicable to any authenticating agent.

(f) Pursuant to an appointment made under this Section 2.4, the Notes may have endorsed thereon, in lieu of or in addition to Indenture Trustee's certificate of authentication, an alternative certificate of authentication in substantially the following form:

"This is one of the Notes described in the within-mentioned Agreement.

_____

_____

as Authenticating Agent
for Indenture Trustee

By: _____

Authorized Signatory

Dated: _____"

Section 2.5 Registration of and Limitations on Transfer and Exchange of Notes. Issuer shall cause to be kept at the office or agency to be maintained by a transfer agent and registrar (the "Transfer Agent and Registrar") a register (the "Note Register") in which the Transfer Agent and Registrar shall provide for the registration of Notes and the registration of

transfers of Notes. Indenture Trustee initially shall be Transfer Agent and Registrar for the purpose of registering Notes and transfers of Notes as herein provided. The Transfer Agent and Registrar shall be permitted to resign upon 30 days' written notice to the Servicer and Issuer. Upon any resignation of any Transfer Agent and Registrar, Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Transfer Agent and Registrar.

If a Person other than Indenture Trustee is appointed by Issuer as Transfer Agent and Registrar, Issuer will give Indenture Trustee prompt written notice of the appointment of a Transfer Agent and Registrar and any change in the location of Transfer Agent and Registrar and Note Register. Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and Indenture Trustee shall have the right to conclusively rely upon a certificate executed on behalf of Transfer Agent and Registrar by an officer thereof as to the names and addresses of the Noteholders and the principal amounts and numbers of such Notes.

Upon surrender for registration of transfer of any Note at the office or agency of Transfer Agent and Registrar, to be maintained as provided in Section 3.2, if the requirements of Section 8-401 of the UCC are satisfied as determined by the Administrator, Issuer shall execute, and upon receipt of such surrendered Note, Indenture Trustee shall authenticate and deliver to the Noteholder, in the name of the designated transferee or transferees, one or more new Notes (of the same Series and Class) in any authorized denominations of like aggregate principal amount.

At the option of a Noteholder, Notes may be exchanged for other Notes (of the same Series and Class) in any authorized denominations and of like aggregate principal amount, upon surrender of such Notes to be exchanged at the office or agency of Transfer Agent and Registrar. Whenever any Notes are so surrendered for exchange, if the requirements of Section 8-401 of the UCC are satisfied as determined by the Administrator, Issuer shall execute, and upon receipt of such surrendered Note, Indenture Trustee shall authenticate and deliver to the Noteholder, the Notes which the Noteholder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall evidence the same obligations, evidence the same debt, and be entitled to the same rights and privileges under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer in a form satisfactory to Indenture Trustee duly executed by, the Noteholder thereof or its attorney-in-fact duly authorized in writing, and by such other documents as Indenture Trustee may reasonably require.

Any Note held by Transferor (or an Affiliate of Transferor disregarded as an entity separate from the Transferor for federal income tax purposes) at any time after the date of its initial issuance may be transferred or exchanged to a Person other than the Transferor (or an Affiliate of Transferor disregarded as an entity separate from the Transferor for federal income tax purposes) only upon the delivery to the Owner Trustee and Indenture Trustee of a Tax Opinion dated as of the date of such transfer or exchange, as the case may be, with respect to such transfer or exchange, and until such transfer or exchange, any such Note shall be evidenced by Definitive Notes or in book-entry form, but not through DTC.

The registration of transfer of any Note shall be subject to the additional requirements, if any, set forth in the related Indenture Supplement.

Unless otherwise provided in the related Indenture Supplement, no service charge shall be made for any registration of transfer or exchange of Notes, but Issuer and Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of such Notes.

All Notes surrendered for registration of transfer and exchange shall be canceled by Issuer and delivered to Indenture Trustee for subsequent destruction in accordance with Indenture Trustee's standard procedures. Indenture Trustee shall destroy the Global Note upon its exchange in full for Definitive Notes in accordance with Indenture Trustee's standard procedures.

The preceding provisions of this Section 2.5 notwithstanding, Issuer shall not be required to make, and Transfer Agent and Registrar need not register, transfers or exchanges of Notes for a period of twenty (20) days preceding the due date for any payment with respect to the Note.

Any reference in this Indenture to Transfer Agent and Registrar shall include any co-transfer agent and co-registrar unless the context otherwise requires. Indenture Trustee will enter into any agency agreement reasonably acceptable to the Indenture Trustee with any co-transfer agent and co-registrar not a party to this Indenture, which will implement the provisions of this Indenture that relate to such agent.

Notwithstanding anything to the contrary in this Section 2.5, Transferor shall not execute, and (if given prior written notice by the Servicer of the inability of the Transferor to execute any Subject Instrument by operation of this paragraph) the Transfer Agent and Registrar shall not register the transfer of, any Subject Instrument if (i) after giving effect to the execution or transfer of such Subject Instrument, there would be 95 or more Private Holders or (ii) the transferee is none of (a) a United States Person, (b) a Person other than a United States Person who has provided Indenture Trustee and Transferor with Internal Revenue Service form W-8ECI, or (c) such other Person other than a United States Person with respect to whom Indenture Trustee and Transferor have received appropriate withholding documentation and other assurances (which may include legal opinions) confirming that such transferee is not subject to U.S. federal income tax withholding in respect of payments attributable to a Subject Instrument. No transfer, assignment or other conveyance of, or sale of a participation interest in, a Subject Instrument shall be permitted unless the Transfer Agent and Registrar is permitted to register the same in accordance with the immediately preceding sentence. Additionally, no Subject Instrument, or portion thereof, shall be transferred on or through (i) an "established securities market" within the meaning of Section 7704(b)(1) of the Code and any proposed, temporary or final treasury regulation thereunder, including, without limitation, an over-the-counter market or an interdealer quotation system that regularly disseminates firm buy or sell quotations or (ii) "secondary market" or "substantial equivalent thereof" within the meaning of Section 7704(b)(2) of the Code and any proposed, temporary or final treasury regulation

thereunder, including a market wherein interests in the Issuer or the Certificate Trust are regularly quoted by any Person making a market in such interests and a market wherein any Person regularly makes available bid or offer quotes with respect to interests in the Issuer or the Certificate Trust and stands ready to effect buy or sell transactions at the quoted prices for itself or on behalf of others. Any attempted transfer, assignment, conveyance, participation or subdivision in contravention of the preceding restrictions, as reasonably determined by the Transferor, shall be void ab initio and the purported transferor, seller or subdivider of such Subject Instrument shall be treated as the Holder of such Subject Instrument for all purposes of this Agreement.

Section 2.6 Mutilated, Destroyed, Lost or Stolen Notes. If (a) any mutilated Note is surrendered to the Transfer Agent and Registrar, or Transfer Agent and Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) in case of destruction, loss, or theft there is delivered to the Transfer Agent and Registrar and the Indenture Trustee such security or indemnity as may be required by them to hold Issuer, the Noteholders, Indenture Trustee and Transfer Agent and Registrar harmless, then, in the absence of notice to Issuer, Transfer Agent and Registrar or Indenture Trustee that such Note has been acquired by a protected purchaser (as defined in Section 8-303 of the UCC as in effect in the State of New York), Issuer shall execute, and Indenture Trustee shall authenticate and (unless the Transfer Agent and Registrar is different from the Indenture Trustee, in which case the Transfer Agent and Registrar shall) deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note of like tenor (including the same date of issuance) and principal amount, bearing a number not contemporaneously outstanding; provided, however, that if any such mutilated, destroyed, lost or stolen Note shall have become or within seven (7) days shall be due and payable, or shall have been selected or called for redemption, instead of issuing a replacement Note, Issuer may pay such Note without surrender thereof, except that any mutilated Note shall be surrendered. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser (as defined in Section 8-303 of the UCC as in effect in the State of New York) of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, Issuer and Indenture Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by Issuer or Indenture Trustee in connection therewith.

Upon the issuance of any replacement Note under this Section 2.6, Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of Indenture Trustee or Transfer Agent and Registrar) connected therewith.

Every replacement Note issued pursuant to this Section 2.6 in replacement of any mutilated, destroyed, lost or stolen Note shall constitute complete and indefeasible evidence of an obligation of the Issuer, as if originally issued, whether or not the mutilated, destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.7 Persons Deemed Owners. Prior to due presentment for registration of transfer of any Note, Issuer, Transferor, Indenture Trustee and any agent of Issuer, Transferor or Indenture Trustee shall treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving distributions pursuant to the terms of the applicable Indenture Supplement and for all other purposes whatsoever, whether or not such Note is overdue, and none of Issuer, Transferor, Indenture Trustee or any agent of Issuer, Transferor or Indenture Trustee shall be affected by any notice to the contrary.

Section 2.8 Appointment of Paying Agent.

(a) The Paying Agent shall make distributions to Noteholders from the appropriate account or accounts maintained for the benefit of Noteholders as specified in any Indenture Supplement. Any Paying Agent shall have the revocable power to withdraw funds from such appropriate account or accounts for the purpose of making distributions referred to above and shall report such withdrawals to the Indenture Trustee. The Paying Agent shall initially be the Indenture Trustee and any co-paying agent chosen by the Issuer and acceptable to the Indenture Trustee. Indenture Trustee shall be permitted to resign as Paying Agent upon 30 days' written notice to the Servicer. In the event that the Indenture Trustee shall no longer be the Paying Agent, the Indenture Trustee shall appoint a successor to act as Paying Agent who shall be reasonably acceptable to the Issuer. Issuer reserves the right at any time to vary or terminate the appointment of a Paying Agent for the Notes, and to appoint additional or other Paying Agents, provided that it will at all times maintain Indenture Trustee as a Paying Agent. The provisions of Sections 6.1 and 6.4 shall apply to the Indenture Trustee also in its role as Paying Agent.

Indenture Trustee will enter into any agency agreement reasonably acceptable to the Indenture Trustee with any co-paying agent not a party to this Indenture, which will implement the provisions of this Indenture that relate to such agent. Any reference in this Indenture to the Paying Agent shall include any co-paying agent unless the context requires otherwise.

Notice of all changes in the identity or specified office of a Paying Agent will be delivered promptly to the Noteholders by Indenture Trustee.

(b) Indenture Trustee shall cause each Paying Agent (other than itself) to execute and deliver to Indenture Trustee an instrument in which such Paying Agent shall agree with Indenture Trustee that such Paying Agent will hold all sums, if any, held by it for payment to the Noteholders in trust for the benefit of the Noteholders entitled thereto until such sums shall be paid to such Noteholders and shall give the Indenture Trustee notice of any default by the Issuer in the making of any such payment and shall agree, and if Indenture Trustee is Paying Agent it hereby agrees, that it shall comply with all requirements of the Code regarding the withholding by Indenture Trustee of payments in respect of federal income taxes due from the Note Owners.

Section 2.9 Access to List of Noteholders' Names and Addresses.

(a) Issuer will furnish or cause to be furnished by the Transfer Agent and Registrar to Indenture Trustee, Servicer or Paying Agent, within five (5) Business Days after receipt by Issuer of a written request therefor from Indenture Trustee, Servicer or Paying Agent, respectively, a list of the names and addresses of the Noteholders as of the most recent Record Date. Unless otherwise provided in the related Indenture Supplement, the Holders of not less than 10% of the principal balance of the Outstanding Notes of any Series (the "Applicants") may apply in writing to Indenture Trustee, and if such application states that the Applicants desire to communicate with other Noteholders of any Series with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the communication which such Applicants propose to transmit, then Indenture Trustee, after having been adequately indemnified by such Applicants for its costs and expenses, shall afford or shall cause Transfer Agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Noteholders held by Indenture Trustee and shall give Servicer notice that such request has been made, within five (5) Business Days after the receipt of such application. The Indenture Trustee shall keep in as current a form as is reasonably practicable the most recent list available to it of Noteholders.

(b) Every Noteholder, by receiving and holding a Note, agrees that none of Issuer, Indenture Trustee, Transfer Agent and Registrar and Servicer or any of their respective agents and employees shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders hereunder, regardless of the sources from which such information was derived.

Section 2.10 Cancellation. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than Indenture Trustee, be delivered to Indenture Trustee and shall be promptly canceled by it. Issuer may at any time deliver to Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which Issuer may have acquired in any lawful manner whatsoever, and all Notes so delivered shall be promptly canceled by Indenture Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 2.10, except as expressly permitted by this Indenture. All canceled Notes held by Indenture Trustee shall be disposed of by it in its customary manner unless Issuer shall direct Indenture Trustee in a timely manner that they be returned to Issuer.

Section 2.11 New Issuances.

(a) Pursuant to one or more Indenture Supplements, Transferor may from time to time direct the Owner Trustee, on behalf of Issuer, to issue one or more new Series of Notes (a "New Issuance"). The Notes of all outstanding Series shall be equally and ratably entitled as provided herein to the benefits of this Indenture without preference, priority or distinction, all in accordance with the terms and provisions of this Indenture and the applicable Indenture Supplement except, with respect to any Series or Class, as provided in the related Indenture Supplement. Interest on and principal of the Notes of each outstanding Series shall be paid as specified in the Indenture Supplement relating to such outstanding Series.

(b) On or before the Closing Date relating to any new Series of Notes, the parties hereto will execute and deliver an Indenture Supplement which will specify the Principal Terms of such Series. The terms of such Indenture Supplement may modify or amend the terms of this Indenture solely as applied to such new Series. The obligation of the Owner Trustee to execute, on behalf of Issuer, the Notes of any Series and of Indenture Trustee to authenticate such Notes (other than any Series issued pursuant to an Indenture Supplement dated as of the date hereof) and to execute and deliver the related Indenture Supplement is subject to the satisfaction of the following conditions:

(i) on or before the fifth day immediately preceding the related Closing Date Transferor shall have given the Owner Trustee, Indenture Trustee, Servicer and each Rating Agency notice (unless such notice requirement is otherwise waived) of such issuance and the Closing Date;

(ii) Transferor shall have delivered to the Owner Trustee and Indenture Trustee any related Indenture Supplement, in form satisfactory to the Owner Trustee and Indenture Trustee, executed by each party hereto (other than Indenture Trustee);

(iii) Transferor shall have delivered to the Owner Trustee and Indenture Trustee any related Enhancement Agreement executed by Transferor and the Enhancement Provider;

(iv) the Rating Agency Condition, if applicable, shall have been satisfied with respect to such issuance;

(v) Transferor shall have delivered to the Indenture Trustee an Officer's Certificate, dated as of the Closing Date to the effect that Transferor reasonably believes such issuance will not, based on facts known to such officer at the time of such certification, cause an Adverse Effect to occur;

(vi) Transferor shall have delivered to the Owner Trustee and Indenture Trustee (with a copy to each Rating Agency) a Tax Opinion and an Opinion of Counsel as to the creation and perfection of the Indenture Trustee's security interest in the Collateral Certificate (if such issuance occurs prior to the Certificate Trust Termination Date) and the Receivables Trust Trustee's security interest in the Receivables, in each case, dated the Closing Date with respect to such issuance;

(vii) Transferor shall have delivered to the Owner Trustee and Indenture Trustee an Officer's Certificate stating that the Transferor Amount shall not be less than the Minimum Transferor Amount; and

(viii) unless the Certificate Trust has terminated, all of the conditions set forth in Section 6.9(b) of the Pooling and Servicing Agreement have been met.

(c) Upon satisfaction of the above conditions, pursuant to Section 2.3, the Owner Trustee, on behalf of Issuer, shall execute and Indenture Trustee shall upon written direction of Issuer authenticate and deliver the Notes of such Series as provided in this Indenture and the applicable Indenture Supplement.

(d) Issuer may direct Indenture Trustee in writing to deposit the net proceeds from any New Issuance in the Collection Account. Issuer may also specify that on any Transfer Date the proceeds from the sale of any new Series may be withdrawn from the Collection Account and treated as Shared Principal Collections.

Section 2.12 Book-Entry Notes. Unless otherwise provided in any related Indenture Supplement, the Notes, upon original issuance, shall be issued in the form of typewritten or printed Notes representing the Book-Entry Notes to be delivered to the depository specified in such Indenture Supplement which shall be the Clearing Agency or Foreign Clearing Agency, by or on behalf of such Series.

The Notes of each Series shall, unless otherwise provided in the related Indenture Supplement, initially be registered in the Note Register in the name of the nominee of the Clearing Agency or Foreign Clearing Agency for such Book-Entry Notes and shall be delivered to Indenture Trustee or, pursuant to such Clearing Agency's or Foreign Clearing Agency's instructions held by Indenture Trustee's agent as custodian for the Clearing Agency or Foreign Clearing Agency.

Unless and until Definitive Notes are issued under the limited circumstances described in Section 2.14, no Note Owner shall be entitled to receive a Definitive Note representing such Note Owner's interest in such Note. Unless and until Definitive Notes have been issued to the Note Owners pursuant to Section 2.14:

(a) the provisions of this Section 2.12 shall be in full force and effect with respect to each such Series;

(b) Indenture Trustee shall be entitled to deal with the Clearing Agency or Foreign Clearing Agency and the Clearing Agency Participants for all purposes of this Indenture (including the payment of principal of and interest on the Notes of each such Series) as the authorized representatives of the Note Owners;

(c) to the extent that the provisions of this Section 2.12 conflict with any other provisions of this Indenture, the provisions of this Section 2.12 shall control with respect to each such Series;

(d) the rights of Note Owners of each such Series shall be exercised only through the Clearing Agency or Foreign Clearing Agency and the applicable Clearing Agency Participants and shall be limited to those established by law and agreements between such Note Owners and the Clearing Agency or Foreign Clearing Agency and/or the Clearing Agency Participants. Pursuant to the depository agreement applicable to a Series, unless and until Definitive Notes of such Series are issued pursuant to Section 2.14, the initial Clearing Agency shall make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the Notes to such Clearing Agency Participants; and

(e) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of the Holders of Notes representing a specified percentage of the Outstanding Amount, the Clearing Agency or Foreign Clearing Agency shall be deemed to represent such percentage only to the extent that they have received instructions to such effect from the Note Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instructions to Indenture Trustee.

Section 2.13 Notices to Clearing Agency or Foreign Clearing Agency. Whenever a notice or other communication to the Noteholders is required under this Indenture, unless and until Definitive Notes shall have been issued to Note Owners pursuant to Section 2.14, Indenture Trustee shall give all such notices and communications specified herein to be given to Noteholders to the Clearing Agency or Foreign Clearing Agency, as applicable, and shall have no obligation to the Note Owners.

Section 2.14 Definitive Notes. If (i) (A) Transferor advises Indenture Trustee in writing that the Clearing Agency is no longer willing or able to discharge properly its responsibilities as Clearing Agency with respect to the Book-Entry Notes of a given Class or Series and (B) Indenture Trustee or Issuer is unable to locate and reach an agreement on satisfactory terms with a qualified successor, or (ii) after the occurrence of an Event of Default, Note Owners of Notes evidencing more than $66^{2}/_{3}$% of the principal balance of the Outstanding Notes (or such other percentage as specified in the related Indenture Supplement) of such Class or Series, as applicable, advise Indenture Trustee and the applicable Clearing Agency through the applicable Clearing Agency Participants in writing that the continuation of a book-entry system is no longer in the best interests of the Note Owners of such Class or Series, the Indenture Trustee shall notify all Note Owners of such Class or Series of the occurrence of such event and of the availability of Definitive Notes to Note Owners of such Class or Series. Upon surrender to Indenture Trustee of the Notes of such Class or Series, accompanied by registration instructions from the applicable Clearing Agency, Issuer shall execute and Indenture Trustee shall authenticate Definitive Notes of such Class or Series and shall recognize the registered holders of such Definitive Notes as Noteholders under this Indenture. Neither Issuer nor Indenture Trustee shall be liable for any delay in delivery of such instructions, and Issuer and Indenture Trustee may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Notes of such Class or Series, all references herein to obligations imposed upon or to be performed by the applicable Clearing Agency or Foreign Clearing Agency shall be deemed to be imposed upon and performed by Indenture Trustee, to the extent applicable with respect to such Definitive Notes, and Indenture Trustee shall recognize the registered holders of the Definitive Notes of such Class or Series as Noteholders of such Class or Series hereunder. Definitive Notes will be transferable and exchangeable at the offices of Transfer Agent and Registrar.

Section 2.15 Global Note. If specified in the related Indenture Supplement for any Series, Notes may be initially issued in the form of a single temporary Global Note (the "Global Note") in registered form, in the denomination of the initial principal amount and substantially in the form attached to the related Indenture Supplement. Unless otherwise specified in the related Indenture Supplement, the provisions of this Section 2.15 shall apply to such Global Note. The Global Note will be executed by the Issuer and authenticated by Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Definitive Notes. The Global Note may be exchanged in the manner described in the related Indenture Supplement for Registered Notes in definitive form.

Section 2.16 Uncertificated Classes. Notwithstanding anything to the contrary contained in this Article II or in Article XI, unless otherwise specified in any Indenture Supplement, any provisions contained in this Article II and in Article XI relating to the registration, form, execution, authentication, delivery, presentation, cancellation and surrender of Notes shall not be applicable to any uncertificated Notes, provided, however, that, except as otherwise specifically provided in the Indenture Supplement, any such uncertificated Notes shall be issued in "registered form" within the meaning of Code section 163(f)(1).

ARTICLE III

REPRESENTATIONS AND COVENANTS OF ISSUER

Section 3.1 Payment of Principal and Interest.

(a) Issuer will duly and punctually pay principal and interest in accordance with the terms of the Notes as specified in the relevant Indenture Supplement.

(b) The Noteholders of a Series as of the Record Date in respect of a Distribution Date shall be entitled to the interest accrued and payable and principal payable on such Distribution Date as specified in the related Indenture Supplement. All payment obligations under a Note are discharged to the extent such payments are made to the Noteholder of record.

Section 3.2 Maintenance of Office or Agency. Issuer will maintain an office or agency within St. Paul, Minnesota and such other locations as may be set forth in an Indenture Supplement where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon Issuer in respect of the Notes and this Indenture may be served. Issuer hereby initially appoints Indenture Trustee at its Corporate Trust Office to serve as its agent for the foregoing purposes. Issuer will give prompt written notice to Indenture Trustee and the Noteholders of the location, and of any change in the location, of any such office or agency. If at any time Issuer shall fail to maintain any such office or agency or shall fail to furnish Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and Issuer hereby appoints Indenture Trustee at its Corporate Trust Office as its agent to receive all such presentations, surrenders, notices and demands.

Section 3.3 Money for Note Payments to Be Held in Trust. As specified in Section 8.3 herein and in the related Indenture Supplement, all payments of amounts due and payable with respect to the Notes which are to be made from amounts withdrawn from the Collection Account and the Excess Funding Account shall be made on behalf of Issuer by Indenture Trustee, and no amounts so withdrawn from the Collection Account or the Excess Funding Account shall be paid over to or at the direction of Issuer except as provided in this Section 3.3 and in the related Indenture Supplement.

Whenever Issuer shall have a Paying Agent in addition to Indenture Trustee, it will, on or before the Business Day next preceding each Distribution Date, direct Indenture Trustee to deposit with such Paying Agent on or before such Distribution Date an aggregate sum sufficient to pay the amounts then becoming due, such sum to be (i) held in trust for the benefit of Persons

entitled thereto and (ii) invested, pursuant to an Issuer Order, by Paying Agent in Permitted Investments in accordance with the terms of the related Indenture Supplement. For all investments made by a Paying Agent under this Section 3.3, such Paying Agent shall be entitled to all of the rights and obligations of Indenture Trustee under the related Indenture Supplement, such rights and obligations being incorporated in this paragraph by this reference.

Issuer will cause each Paying Agent other than Indenture Trustee to execute and deliver to Indenture Trustee an instrument in which such Paying Agent shall agree with Indenture Trustee (and if Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.3, that such Paying Agent, in acting as Paying Agent, is an express agent of Issuer and, further, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give a Responsible Officer of Indenture Trustee written notice of any default by Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of Indenture Trustee, forthwith pay to Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to Indenture Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by Indenture Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and upon such payment by any Paying Agent to Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Section 3.4 Existence. Issuer will keep in full effect its existence, rights and franchises as a statutory trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) 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 Indenture, the Notes, the Collateral and each other related instrument or agreement.

Section 3.5 Protection of Collateral. Issuer will from time to time authorize, prepare, or cause to be prepared, execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(a) grant more effectively all or any portion of the Collateral as security for the Notes;

(b) maintain or preserve the lien (and the priority thereof) of this Indenture or to carry out more effectively the purposes hereof;

(c) perfect, publish notice of, or protect the validity of any Grant made or to be made under this Indenture;

(d) enforce any of the Collateral; or

(e) preserve and defend title to the Collateral securing the Notes and the rights therein of Indenture Trustee and the Noteholders secured thereby against the claims of all Persons and parties.

Issuer hereby designates Indenture Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 3.5 and provided to it. The Issuer hereby irrevocably authorizes the Indenture Trustee to file any financing statements and amendments thereto as may be required or advisable in order to perfect or to continue the perfection of the security interest in the Collateral, including, without limitation, financing statements that describe the collateral as being of an equal, greater, or lesser scope, or with greater or lesser detail, than as set forth in the definition of “Collateral.” The Issuer also hereby ratifies its authorization for the Indenture Trustee to have filed in any jurisdiction any like financing statements or amendments thereto if filed prior to the date of execution hereof.

Section 3.6 Opinions as to Collateral. Issuer shall cause to be delivered to Indenture Trustee the Opinions of Counsel described in Section 9.2(b) of the Transfer and Servicing Agreement, within the time frames described therein.

Section 3.7 Performance of Obligations; Servicing of Receivables.

(a) Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to Indenture Trustee in an Officer’s Certificate of Issuer shall be deemed to be action taken by Issuer. Initially, Issuer has contracted with Administrator to assist Issuer in performing its duties under this Indenture.

(b) Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Transaction Documents and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Transfer and Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(c) If Issuer shall have knowledge of the occurrence of a Servicer Default under the Transfer and Servicing Agreement, Issuer shall cause Indenture Trustee to promptly notify the Rating Agencies thereof, and shall cause Indenture Trustee to specify in such notice the action, if any, being taken with respect to such default. If a Servicer Default shall arise from the failure of Servicer to perform any of its duties or obligations under the Transfer and Servicing Agreement with respect to the Receivables, Issuer shall take all reasonable steps available to it to remedy such failure.

(d) On and after the occurrence of a Servicer Default pursuant to Section 7.1 of the Transfer and Servicing Agreement or a resignation of the Servicer pursuant to Section 5.5 of the Transfer and Servicing Agreement, the Indenture Trustee shall take such actions as are specified to be taken by it pursuant to Section 7.2 of the Transfer and Servicing Agreement.

(e) Without derogating from the absolute nature of the assignment granted to the Indenture Trustee under this Indenture or the rights of the Indenture Trustee hereunder, Issuer agrees that it will not amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of the Transaction Documents or the Collateral if the terms of the Transaction Documents or the Collateral, as applicable, would require the consent of the Indenture Trustee or the Noteholders unless the Issuer shall have obtained the consent of the Indenture Trustee, if so required, or the consent of the Noteholders holding the required percentage of the Outstanding Amount entitled to consent thereto, in each case in accordance with the terms of the applicable Transaction Documents and the Collateral.

Section 3.8 Negative Covenants. So long as any Notes are Outstanding, Issuer will not:

(a) sell, transfer, exchange, or otherwise dispose of any part of the Collateral unless directed to do so by Indenture Trustee, except as expressly permitted by the Transaction Documents;

(b) claim any credit on, or make any deduction from, the principal and interest payable in respect of the Notes (other than amounts properly withheld from such payments under the Code or applicable state law) or assert any claim against any present or former Noteholder by reason of the payment of any taxes levied or assessed upon any part of the Collateral;

(c) incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness other than incurred under the Transaction Documents;

(d) (i) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Notes under this Indenture except as may be expressly permitted by the Transaction Documents, (ii) permit any Lien, charge, excise, claim, security interest, mortgage or other encumbrance

(other than Permitted Liens and liens arising under the Transaction Documents) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof or (iii) permit the lien of this Indenture not to constitute a valid first priority security interest (other than with respect to a Permitted Lien and liens arising under the Transaction Documents) in the Collateral; or

(e) voluntarily dissolve or liquidate in whole or in part.

Section 3.9 Issuer May Consolidate, Etc., Only on Certain Terms.

(a) Issuer shall not consolidate or merge with or into any other Person, unless:

(1) the Person (if other than Issuer) formed by or surviving such consolidation or merger (the "Surviving Person") (i) is organized and existing under the laws of the United States of America or any state thereof or the District of Columbia, (ii) is not subject to regulation as an "investment company" under the Investment Company Act and (iii) expressly assumes, by an indenture supplemental hereto, executed and delivered to Indenture Trustee, in a form satisfactory to Indenture Trustee, the obligation to make due and punctual payment of the principal of and interest on all Notes and the performance of every covenant of this Indenture on the part of Issuer to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(3) Issuer shall have delivered to Indenture Trustee an Officer's Certificate stating that (i) such consolidation or merger and such supplemental indenture comply with this Section 3.9 and (ii) all conditions precedent provided for in this Section 3.9 relating to such transaction have been complied with (including any filing required by the Exchange Act) and an Opinion of Counsel that such supplemental indenture is duly authorized, executed and delivered and is valid, binding and enforceable against the Surviving Person;

(4) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(5) Issuer shall have received a Tax Opinion with respect to such consolidation or merger; and

(6) any action that is necessary to maintain the lien and security interest created by this Indenture, including the perfection thereof, shall have been taken, and Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel with respect to the attachment and perfection of the Indenture Trustee's security interest in the Collateral.

For the avoidance of doubt, this Section 3.9 shall not apply to the transfer of the Receivables and other assets to Issuer on Certificate Trust Termination Date.

(b) Issuer shall not convey or transfer any of its properties or assets, including those included in the Collateral, substantially as an entirety to any Person, unless:

(1) the Person that acquires by conveyance or transfer the properties and assets of Issuer the conveyance or transfer of which is hereby restricted (the "Acquiring Person") (A) is a United States citizen or a Person organized and existing under the laws of the United States of America or any state thereof, or the District of Columbia, (B) is not subject to regulation as an "investment company" under the Investment Company Act, (C) expressly assumes, by an indenture supplemental hereto, executed and delivered to Indenture Trustee, in form satisfactory to Indenture Trustee, the obligation to make due and punctual payments of the principal of and interest on all Notes and the performance of every covenant of this Indenture on the part of Issuer to be performed or observed, (D) expressly agrees by means of such supplemental indenture that all right, title and interest so conveyed or transferred shall be subject and subordinate to the rights of Holders of the Notes, (E) unless otherwise provided in such supplemental indenture, expressly agree to indemnify, defend and hold harmless Issuer against and from any loss, liability or expense arising under or related to this Indenture and the Notes and (F) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the Commission (and any other appropriate Person) required by the Exchange Act, if any, in connection with the Notes;

(2) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(3) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(4) Issuer shall have received a Tax Opinion with respect to such transaction;

(5) any action that is necessary to maintain the lien and security interest created by this Indenture, including the perfection thereof, shall have been taken, and Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel with respect to the creation and perfection of the Indenture Trustee's security interest in the Collateral; and

(6) Issuer shall have delivered to Indenture Trustee (A) an Officer's Certificate stating that (i) such conveyance or transfer and such supplemental indenture comply with this Section 3.9 and (ii) all conditions precedent herein provided for relating to such transaction have been complied with (including any filing required by the Exchange Act) and (B) an Opinion of Counsel that such supplemental indenture is duly authorized, executed and delivered and is valid, binding and enforceable against the Acquiring Person.

(c) Prior to the Issuer making any change in its name, identity or structure which would make any financing statement or continuation statement filed against it in connection herewith materially misleading within the meaning of Section 9-507 of the UCC, the Administrator, on behalf of the Issuer, shall give the Indenture Trustee notice of any such change and shall authorize and file such financing statements or amendments as may be necessary to continue the perfection of the lien of this Indenture on the Trust Assets.

Section 3.10 Successor Substituted. Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of Issuer substantially as an entirety in accordance with Section 3.9, the Surviving Person or the Acquiring Person, as the case may be, shall succeed to, and be substituted for, and may exercise every right and power of, Issuer under this Indenture with the same effect as if such Person had been named as Issuer herein. In the event of any such conveyance or transfer, the Person named as Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 3.10 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer, provided that Issuer shall not be released from any obligations or liabilities to Indenture Trustee or the Noteholders arising prior to such effectiveness.

Section 3.11 No Other Business. Issuer shall not engage in any business other than the activities set forth in the Trust Agreement.

Section 3.12 Investments. Except as contemplated by this Indenture or the Transfer and Servicing Agreement, Issuer shall not own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

Section 3.13 Capital Expenditures. Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

Section 3.14 Removal of Administrator. So long as any Notes are outstanding, Issuer shall not remove Administrator without cause unless the Rating Agency Condition shall have been satisfied in connection with such removal.

Section 3.15 Notice of Events of Default. Issuer agrees to give a Responsible Officer of Indenture Trustee and the Rating Agencies prompt written notice of each Event of Default hereunder, written notice of each default on the part of Servicer or Transferor of its obligations under the Transfer and Servicing Agreement or the Pooling and Servicing Agreement and each default on the part of the Bank of its obligations under the Purchase Agreement, immediately after obtaining knowledge thereof.

Section 3.16 Further Instruments and Acts. Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 3.17 Perfection Representations and Warranties. The parties hereto agree that the Perfection Representations and Warranties shall be a part of this Indenture for all purposes.

Section 3.18 Annual Certificate. On or prior to May 30 of each calendar year, the Issuer will deliver to the Indenture Trustee an Officer's Certificate substantially in the form of Schedule 1 stating that (a) a review of the activities of the Issuer during the prior calendar year and of its performance under this Agreement was made under the supervision of the officer signing such certificate and (b) to the best of such officer's knowledge, based on such review, the Issuer has fully performed all its obligations under this Agreement throughout such period, or, if there has been a default in the performance of any such obligation, specifying each such default known to such officer and the nature and status thereof.

Section 3.19 Restricted Payments. Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to the Owner Trustee or any owner of a beneficial interest in Issuer or otherwise with respect to any ownership or equity interest or security in or of Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any purpose described in clauses (i) or (ii) of this Section 3.19; provided, however, that Issuer may make, or cause to be made, (x) distributions as contemplated by, and to the extent funds are available for such purpose under, the Transaction Documents and (y) payments to Indenture Trustee pursuant to this Agreement. Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with the Transaction Documents.

ARTICLE IV

SATISFACTION AND DISCHARGE

Section 4.1 Satisfaction and Discharge of this Indenture. This Indenture shall cease to be of further effect with respect to the Notes except as to (a) rights of registration of transfer and exchange, (b) substitution of mutilated, destroyed, lost or stolen Notes, (c) the rights of Noteholders to receive payments of principal thereof and interest thereon, (d) Sections 3.3, 3.7, 3.8, 3.10, 3.11 and 12.16, (e) the rights and immunities of Indenture Trustee hereunder and the obligations of Indenture Trustee under Section 4.2, and (f) the rights of Noteholders as beneficiaries hereof with respect to the property so deposited with Indenture Trustee and payable to all or any of them, and Indenture Trustee, on written demand of and at the expense of Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes when:

(i) either

(A) all Notes theretofore authenticated and delivered (other than (1) Notes which have been destroyed, lost or stolen and which have been replaced, or paid as provided in Section 2.6, and (2) Notes for whose full payment Issuer has theretofore deposited money in trust, which money has thereafter been repaid to Issuer or discharged from such trust, as provided in Section 3.3) have been delivered to Indenture Trustee for cancellation; or

(B) all Notes not theretofore delivered to Indenture Trustee for cancellation:

(1) have become due and payable;

(2) will become due and payable at the Series Final Maturity Date for such Class or Series of Notes; or

(3) are to be called for redemption within one year under arrangements satisfactory to Indenture Trustee for the giving of notice of redemption by Indenture Trustee in the name, and at the expense, of Issuer;

(4) and Issuer, in the case of (1), (2) or (3) above, has irrevocably deposited or caused to be irrevocably deposited with Indenture Trustee cash or direct obligations of or obligations guaranteed by the United States of America (which will mature prior to the date such amounts are payable), in trust for such purpose, in an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to Indenture Trustee for cancellation when due at the Series Final Maturity Date for such Class or Series of Notes or the Redemption Date (if Notes shall have been called for redemption pursuant to the related Indenture Supplement), as the case may be;

(ii) Issuer has paid or caused to be paid all other sums payable hereunder by Issuer; and

(iii) Issuer has delivered to Indenture Trustee an Officer's Certificate, an Opinion of Counsel and (if required by the TIA or Indenture Trustee) an Independent Certificate from a firm of certified public accountants, each meeting the applicable requirements of Section 12.1(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of Issuer to Indenture Trustee under Section 5.9 of the Transfer and Servicing Agreement and of Indenture Trustee to the Noteholders under Section 4.2 shall survive such satisfaction and discharge.

Section 4.2 Application of Issuer Money. All monies deposited with Indenture Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Notes, this Indenture and the applicable Indenture Supplement, to make payments, either directly or through any Paying Agent to the Noteholders and for the payment in respect of which such monies have been deposited with Indenture Trustee, of all sums due and to become due thereon for principal and interest; but such monies need not be segregated from other funds except to the extent required herein or in the Transfer and Servicing Agreement or required by law.

ARTICLE V

EARLY AMORTIZATION EVENTS, DEFAULTS AND REMEDIES

Section 5.1 Early Amortization Events. If any one of the following events (each, a "Trust Early Amortization Event") shall occur:

(a) the occurrence of an Insolvency Event relating to the Bank or Transferor;

(b) the Bank shall become unable for any reason to Convey Receivables to Transferor pursuant to the Purchase Agreement, the Seller shall become unable for any reason to Convey Receivables to the Certificate Trust under the Pooling and Servicing Agreement or Transferor shall become unable for any reason to Convey Receivables to Issuer pursuant to the Transfer and Servicing Agreement; or

(c) the Receivables Trust, Transferor or Issuer shall become subject to regulation by the Commission as an "investment company" within the meaning of the Investment Company Act;

then an Early Amortization Event with respect to all Series of Notes shall occur without any notice or other action on the part of Indenture Trustee or the Noteholders immediately upon the occurrence of such event.

Upon the occurrence of an Early Amortization Event, payment on the Notes of each Series will be made in accordance with the terms of the related Indenture Supplement.

Section 5.2 Events of Default. Unless otherwise specified in the applicable Indenture Supplement, "Event of Default," wherever used herein, means with respect to any Series any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the principal of any Note of that Series, if and to the extent not previously paid, when the same becomes due and payable on its Series Final Maturity Date; or

(b) default in the payment of any interest on any Note of that Series when the same becomes due and payable, and such default shall continue for a period of thirty-five (35) days; or

(c) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of Issuer in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, conservator, liquidator, assignee, custodian, trustee, sequestrator or similar official for Issuer or ordering the winding-up or liquidation of Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or

(d) the commencement by Issuer of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by Issuer to the entry of an order for relief in an involuntary case under any such law, or the consent by Issuer to the appointment of or the taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator or similar official of Issuer, or the making by Issuer of any general assignment for the benefit of creditors, or the failure by Issuer generally to pay, or the admission in writing by Issuer of its inability to pay, its debts as such debts become due, or the taking of action by Issuer in furtherance of any of the foregoing; or

(e) default in the observance or performance of any covenant or agreement of Issuer made in this Indenture made in respect of the Notes of such Series (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section 5.2 specifically dealt with) (all of such covenants and agreements in the Indenture which are not expressly stated to be for the benefit of a particular Series being deemed to be in respect of the Notes of all Series for this purpose) and, which failure has a material adverse effect on the Holders of Notes of the affected Series and such default shall continue or not be cured for a period of sixty (60) days after there shall have been given, by registered or certified mail, return receipt requested to Issuer by Indenture Trustee or to Issuer and Indenture Trustee by the Holders of Notes representing at least 25% of the principal balance of the Outstanding Notes of such Series, a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder and continues to affect materially and adversely the interests of the Holders of Notes for such 60-day period; or

(f) any additional events specified in the Indenture Supplement related to such Series.

Issuer shall deliver to a Responsible Officer of Indenture Trustee, within five (5) days after the occurrence thereof, written notice in the form of an Officer's Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default, its status and what action Issuer is taking or proposes to take with respect thereto.

Section 5.3 Acceleration of Maturity; Rescission and Annulment. If an Event of Default described in paragraph (a), (b), (e) or (f) of Section 5.2 should occur and be continuing with respect to a Series, then and in every such case Indenture Trustee or the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series may declare all the Notes of such Series to be immediately due and payable, by a notice in writing to Issuer (and to a Trustee Officer of Indenture Trustee if declared by Noteholders), and upon any such declaration the unpaid principal amount of such Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

If an Event of Default described in paragraph (c) or (d) of Section 5.2 should occur and be continuing, then the unpaid principal of the Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall automatically become due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by Indenture Trustee as hereinafter provided in this Article V, the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series, by written notice to Issuer, a Responsible Officer of Indenture Trustee and the Rating Agencies, may rescind and annul such declaration and its consequences; provided, that:

(a) Issuer has paid or deposited with Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of Indenture Trustee and its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 5.4 Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) Issuer covenants that if (i) default is made in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of thirty-five (35) days following the date on which such interest became due and payable, or (ii) default is made in the payment of principal of any Note, if and to the extent not previously paid, when the same becomes due and payable on the Series Final Maturity Date, Issuer will, upon demand of Indenture Trustee, pay to it, for the benefit of the Holders of the Notes of the affected Series, the whole amount then due and payable on such Notes for principal and interest (together with interest on overdue and unpaid "Monthly Interest" as defined in, and to the extent specified in, the related Indenture Supplement), and in addition thereto will pay such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of Indenture Trustee and its agents and counsel.

(b) In case Issuer shall fail forthwith to pay such amounts upon such demand, Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against Issuer or other obligor upon such Notes and collect in the manner provided by law out of the property of Issuer or other obligor upon such Notes, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, Indenture Trustee may, as more particularly provided in Section 5.5, in its discretion, proceed to protect and enforce its rights and the rights of the Noteholders of the affected Series, by such appropriate Proceedings as Indenture Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in Indenture Trustee by this Indenture or by law.

(d) In case there shall be pending, relative to Issuer or any other obligor upon the Notes of the affected Series, or any Person having or claiming an ownership interest in the Collateral, Proceedings under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or in case a receiver, conservator, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator, custodian or other similar official shall have been appointed for or taken possession of Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to Issuer or other obligor upon the Notes of such Series, or to the creditors or property of Issuer or such other obligor, Indenture Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.4, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes of such Series and to file such other papers or documents as may be necessary or advisable in order to have the claims of Indenture Trustee (including any claim for reasonable compensation to Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or willful misconduct) and of the Noteholders of such Series allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of Notes of such Series in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders of such Series and of Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of Indenture Trustee or the Holders of Notes of such Series allowed in any judicial Proceedings relative to Issuer, its creditors and its property;

and any trustee, receiver, conservator, liquidator, custodian, assignee, sequestrator or other similar official in any such Proceeding is hereby authorized by each of such Noteholders to make payments to Indenture Trustee, and, in the event that Indenture Trustee shall consent to the making of payments directly to such Noteholders, to pay to Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize Indenture Trustee to vote in respect of the claim of any Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by Indenture Trustee without the possession of any of the Notes or the production thereof in any trial or other Proceedings relative thereto, and any such action or Proceedings instituted by Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the benefit of the Holders of the Notes of the affected Series as provided herein.

(g) In any Proceedings brought by Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which Indenture Trustee shall be a party), Indenture Trustee shall be held to represent all the Holders of the Notes of the affected Series, and it shall not be necessary to make any such Noteholder a party to any such Proceedings.

Section 5.5 Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing with respect to any Series, and the Notes of such Series have been accelerated pursuant to Section 5.3, Indenture Trustee may do one or more of the following (subject to Sections 5.6 and 12.16):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes of the affected Series or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from Issuer and any other obligor upon such Notes moneys adjudged due;

(ii) take any other appropriate action to protect and enforce the rights and remedies of Indenture Trustee and the Holders of the Notes of the affected Series;

(iii) cause the Receivables Trust to sell to a Permitted Assignee Principal Receivables (or interests therein) in an amount equal to the Collateral Amount of the accelerated Series and the related Finance Charge Receivables in accordance with Section 5.16;

provided, however, that Indenture Trustee may not exercise the remedy described in subparagraph (iii) above unless (A) (1) the Holders of Notes representing 100% of the principal balance of the Outstanding Notes of the affected Series consent in writing thereto, (2) Indenture Trustee determines that any proceeds of such exercise distributable to the Noteholders of the affected Series are sufficient to discharge in full all amounts then due and unpaid upon the Notes for principal and interest and is directed to exercise this remedy by Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series, or (3) Indenture Trustee determines that the Collateral may not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have become due if the Notes had not been declared due and payable, and Indenture Trustee obtains the consent of the Holders of Notes representing at least $66^{2}/_{3}\%$ of the principal balance of the Outstanding Notes of each Class of such Series and (B) Indenture Trustee has been provided with an Opinion of Counsel to the effect that the exercise of such remedy complies with applicable federal and state securities laws. In determining such sufficiency or insufficiency with respect to clauses (A)(2) and (A)(3), Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

The remedies provided in this Section 5.5(a) are the exclusive remedies provided to the Noteholders of a Series with respect to the Collateral following an Event of Default that arises only with respect to such Series, and each of the Noteholders (by their acceptance of their respective interests in the Notes) or Indenture Trustee hereby expressly waive any other remedy that might have been available under the applicable UCC.

(b) If Indenture Trustee collects any money or property pursuant to this Article V following the acceleration of the Notes of the affected Series pursuant to Section 5.3 (so long as such a declaration shall not have been rescinded or annulled), it shall pay out the money or property in the following order:

FIRST: to Indenture Trustee for amounts due pursuant to Section 5.9 of the Transfer and Servicing Agreement; and

SECOND: unless otherwise specified in the related Indenture Supplement, to the applicable Persons for distribution in accordance with the related Indenture Supplement with such amounts being deemed to be Principal Collections and Finance Charge Collections in the same proportion as (x) the outstanding principal balance of the Notes bears to (y) the sum of the accrued and unpaid interest on the Notes and other fees and expenses payable in connection therewith under the applicable Indenture Supplement, including the amounts payable under any Enhancements with respect to such Series.

(c) Indenture Trustee may, upon notification to Issuer, fix a record date and payment date for any payment to Noteholders of the affected Series pursuant to this Section 5.5. At least fifteen (15) days before such record date, Indenture Trustee shall mail or send by facsimile, at the expense of Servicer, to each such Noteholder a notice that states the record date, the payment date and the amount to be paid.

(d) In addition to the application of money or property referred to in Section 5.5(b) for an accelerated Series, amounts then held in the Collection Account, Excess Funding Account or any Series Accounts for such Series and any amounts available under the Enhancement for such Series shall be used to make payments to the Holders of the Notes of such Series and the Enhancement Provider for such Series in accordance with the terms of this Indenture, the related Indenture Supplement and the Enhancement for such Series. Following the sale of any Principal Receivables and related Finance Charge Receivables pursuant to Section 5.5(a)(iii) (or interests therein) for a Series and the application of the proceeds of such sale to such Series and the application of the amounts then held in the Collection Account, the Excess Funding Account and any Series Accounts for such Series as are allocated to such Series and any amounts available under the Enhancement for such Series, such Series shall no longer be entitled to any allocation of Collections or other property constituting the Collateral under this Indenture.

Section 5.6 Optional Preservation of the Collateral. If the Notes of any Series have been declared to be due and payable under Section 5.3 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, and Indenture Trustee has not received directions from the Noteholders pursuant to Section 5.12, Indenture Trustee may, but need not, elect to maintain possession of the portion of the Collateral which secures such Notes and apply proceeds of the Collateral to make payments on such Notes to the extent such proceeds are available therefor. It is the desire of the parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

Section 5.7 Limitation on Suits. No Noteholder shall have any right to institute any proceedings, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) the Holders of Notes representing not less than 25% of the principal balance of the Outstanding Notes of each affected Series have made written request to Indenture Trustee to institute such Proceeding in its own name as indenture trustee;

(b) such Noteholder or Noteholders has previously given written notice to Indenture Trustee of a continuing Event of Default;

(c) such Noteholder or Noteholders has offered to Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) Indenture Trustee for sixty (60) days after its receipt of such request and offer of indemnity has failed to institute any such Proceeding; and

(e) no direction inconsistent with such written request has been given to Indenture Trustee during such 60-day period by the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series;

it being understood and intended that no one or more Noteholders of the affected Series shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Noteholders of such Series or to obtain or to seek to obtain priority or preference over any other Noteholders of such Series or to enforce any right under this Indenture, except in the manner herein provided.

In the event Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two (2) or more groups of Noteholders of such affected Series, each representing no more than 50% of the principal balance of the Outstanding Notes of such Series, Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

Section 5.8 Unconditional Rights of Noteholders to Receive Principal and Interest. Notwithstanding any other provision in this Indenture, each Noteholder shall have the right which is absolute and unconditional to receive payment of the principal of and interest in respect of such Note as such principal and interest becomes due and payable and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Noteholder.

Section 5.9 Restoration of Rights and Remedies. If Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned, or has been determined adversely to Indenture Trustee or to such Noteholder, then and in every such case Issuer, Indenture Trustee and such Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 5.10 Rights and Remedies Cumulative. No right, remedy, power or privilege herein conferred upon or reserved to Indenture Trustee or to the Noteholders is intended to be exclusive of any other right, remedy, power or privilege, and every right, remedy, power or privilege shall, to the extent permitted by law, be cumulative and in addition to every other right, remedy, power or privilege given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy shall not preclude any other further assertion or the exercise of any other appropriate right or remedy.

Section 5.11 Delay or Omission Not Waiver. No failure to exercise and no delay in exercising, on the part of Indenture Trustee or of any Noteholder or other Person, any right or remedy occurring hereunder upon any Event of Default shall impair any such right or remedy or constitute a waiver thereof of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by Indenture Trustee or by the Noteholders, as the case may be.

Section 5.12 Rights of Noteholders to Direct Indenture Trustee. The Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of any affected Series shall have the right to direct in writing the time, method and place of conducting any Proceeding for any remedy available to Indenture Trustee with respect to such Series or exercising any trust or power conferred on Indenture Trustee with respect to such Series; provided, however, that subject to Section 6.1 Indenture Trustee shall have the right to decline any such direction if:

(a) Indenture Trustee, after being advised by counsel, determines that the action so directed is in conflict with any rule of law or with this Indenture;

(b) Indenture Trustee in good faith shall, by a Responsible Officer of Indenture Trustee, determine that the Proceedings so directed would be illegal or involve Indenture Trustee in personal liability or be unjustly prejudicial to the Noteholders not parties to such direction; or

(c) Indenture Trustee reasonably believes it will not be adequately indemnified against the costs, expenses and liabilities which might be incurred by it in complying with the action so directed.

Section 5.13 Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Notes of the affected Series as provided in Section 5.3, Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series (or with respect to any such Series with two or more Classes, of each Class), may, on behalf of all such Noteholders, waive in writing any past default, with written notice to Indenture Trustee, with respect to such Notes and its consequences, except a default:

(a) in the payment of the principal or interest in respect of any Note of such Series, or

(b) in respect of a covenant or provision hereof that under Section 10.2 cannot be modified or amended without the consent of the Noteholder of each Outstanding Note affected.

Upon any such written waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 5.14 Undertaking for Costs. All parties to this Indenture agree, and each Noteholder by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant (other than Indenture Trustee) in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.14 shall not apply to any suit instituted by Indenture Trustee, to any suit instituted by any Noteholder, or group of Noteholders (in compliance with Section 5.8), holding Notes representing more than 10% of the principal balance of the Outstanding Notes of the affected Series, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal or interest in respect of any Note on or after the Distribution Date on which any of such amounts was due (or, in the case of redemption, on or after the applicable Redemption Date).

Section 5.15 Waiver of Stay or Extension Laws. Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may adversely affect the covenants or the performance of this Indenture; and Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.16 Sale of Receivables.

(a) The method, manner, time, place and terms of any sale of Receivables (or interests therein) pursuant to Section 5.5(a) shall be commercially reasonable. Indenture Trustee may from time to time postpone any sale by public announcement made at the time and place of such sale. Indenture Trustee hereby expressly waives its right to any amount fixed by law as compensation for any sale.

(b) Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of Issuer in connection with any sale of Receivables pursuant to Section 5.5(a). No purchaser or transferee at any such sale shall be bound to ascertain Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(c) In its exercise of the foreclosure remedy pursuant to Section 5.5(a), Indenture Trustee shall solicit, or cause to be solicited, bids for the sale of Principal Receivables (or interests therein) in any amount equal to the Collateral Amount of the affected Series of Notes at the time of sale and the related Finance Charge Receivables (or interests therein). Indenture Trustee shall sell, or cause to be sold, such Receivables (or interests therein) to the bidder who is a Permitted Assignee with the highest cash purchase offer. The proceeds of any such sale shall be applied as specified in the applicable Indenture Supplement.

Section 5.17 Action on Notes. Indenture Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking or obtaining of or application for any other relief under or with respect to this Indenture. Neither the lien of this Indenture nor any rights or remedies of Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by Indenture Trustee against Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of Issuer. Any money or property collected by Indenture Trustee shall be applied as specified in the applicable Indenture Supplement.

ARTICLE VI

INDENTURE TRUSTEE

Section 6.1 Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing and a Responsible Officer shall have actual knowledge or written notice of such Event of Default, Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each Indenture Supplement, and no implied covenants or obligations shall be read into this Indenture or any Indenture Supplement against Indenture Trustee; and

(ii) in the absence of bad faith or negligence on its part, Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed herein, upon certificates or opinions furnished to Indenture Trustee and conforming to the requirements of this Indenture; provided, however, Indenture Trustee, upon receipt of any resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to Indenture Trustee which are specifically required to be furnished pursuant to any provision of this Indenture or any Indenture Supplement, shall examine them to determine whether they substantially conform to the requirements of this Indenture or any Indenture Supplement but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein.

(c) If an Early Amortization Event has occurred and is continuing and a Responsible Officer shall have actual knowledge or written notice of such Early Amortization Event, Indenture Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(d) No provision of this Indenture shall be construed to relieve Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this Section 6.1(d) shall not be construed to limit the effect of Section 6.1(a);

(ii) Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) Indenture Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the Indenture and/or the direction of the Holders of Notes or for exercising any trust or power conferred upon Indenture Trustee, under this Indenture. Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of Servicer, Transferor or the Issuer in compliance with the terms of this Indenture or any Indenture Supplement.

(e) No provision of this Indenture shall require Indenture Trustee to expend or risk its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(f) Every provision of this Indenture that in any way relates to Indenture Trustee, including in its role as Transfer Agent and Registrar, is subject to this Section 6.1.

(g) Except as expressly provided in this Indenture, Indenture Trustee shall have no power to vary the Collateral, including by (i) accepting any substitute payment obligation for a Receivable initially transferred to the Issuer under the Transfer and Servicing Agreement, (ii) adding any other investment, obligation or security to the Issuer or (iii) withdrawing from Issuer any Receivable (except as otherwise provided in the Transfer and Servicing Agreement).

(h) Indenture Trustee shall have no responsibility or liability for investment losses on Permitted Investments (other than Permitted Investments on which the institution acting as Indenture Trustee is an obligor). Indenture Trustee shall have no obligation to invest and reinvest any cash held in the absence of timely and specific written investment direction from Issuer. Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of Issuer to provide timely written investment direction.

(i) Indenture Trustee shall notify each Rating Agency (i) of any change in any rating of the Notes by any other Rating Agency of which a Responsible Officer of Indenture Trustee has actual knowledge, and (ii) promptly (and in any event within two Business Days) after the occurrence of any Event of Default or Early Amortization Event of which a Responsible Officer of Indenture Trustee has actual knowledge.

(j) For all purposes under this Indenture, Indenture Trustee shall not be deemed to have notice or knowledge of any Event of Default, Early Amortization Event or Servicer Default unless a Responsible Officer assigned to and working in the Corporate Trust Office of Indenture Trustee has actual knowledge thereof or has received written notice thereof. For purposes of determining Indenture Trustee's responsibility and liability hereunder, any reference to an Event of Default, Early Amortization Event or Servicer Default shall be construed to refer only to such event of which Indenture Trustee is deemed to have notice as described in this Section 6.1(j).

Section 6.2 Notice of Early Amortization Event or Event of Default. Upon the occurrence of any Early Amortization Event or Event of Default of which a Responsible Officer has actual knowledge or has received written notice thereof, Indenture Trustee shall transmit by mail to all Noteholders as their names and addresses appear on the Note Register and the Rating Agencies, notice of such Early Amortization Event or Event of Default hereunder known to Indenture Trustee within thirty (30) days after it occurs or within ten (10) Business Days after it receives such notice or obtains actual notice, if later.

Section 6.3 Rights of Indenture Trustee. Except as otherwise provided in Section 6.1:

(a) Indenture Trustee may conclusively rely upon, and shall fully be protected in acting or refraining from acting, in accordance with, any written assignment of Receivables in Additional Accounts, the Monthly Servicer Report, the annual Servicer's Certificate, the monthly

payment instructions, the Monthly Noteholder's Statement, any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document (whether in its original or facsimile form) reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties; provided, that if the Bank is not the Servicer at the time the Indenture Trustee receives any such paper or document, the Indenture Trustee shall provide a copy of such document to Transferor;

(b) whenever in the administration of this Indenture, the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate of Issuer. Issuer shall provide a copy of such Officer's Certificate to the Noteholders at or prior to the time Indenture Trustee receives such Officer's Certificate;

(c) as a condition to the taking, suffering or omitting of any action by it hereunder, Indenture Trustee may consult with counsel of its own selection, and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in-good faith and in reliance thereon;

(d) Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or to honor the request or direction of any of the Noteholders pursuant to this Indenture, unless such Noteholders shall have offered to Indenture Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction; provided, that the Indenture Trustee shall perform the routine administrative functions of the Indenture Trustee set forth in this Indenture and each Indenture Supplement without instruction or indemnity;

(e) Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any assignment of Receivables in Additional Accounts, the Monthly Servicer Report, the annual Servicer's Certificate, the monthly payment instructions, the monthly Noteholder's statement, any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but Indenture Trustee at the written direction of one or more of the Noteholders and at the expense of the Noteholders, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if Indenture Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of Issuer and Servicer, personally or by agent or attorney and shall at the expense of the Servicer incur no liability of any kind by reason of such inquiry or investigation;

(f) Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees to the extent not prohibited herein or by any Indenture Supplement and Indenture Trustee shall not be responsible for any (i) misconduct or negligence on the part of any agent, attorney, custodians or nominees (other than the employees of the Indenture Trustee) appointed with due care by it hereunder or (ii) the supervision of such agents, attorneys, custodians or nominees (other than the employees of the Indenture Trustee) after such appointment with due care;

(g) Indenture Trustee shall not be liable for any actions taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights conferred upon Indenture Trustee by this Indenture; and

(h) in the event that Indenture Trustee is also acting as Paying Agent and Transfer Agent and Registrar and the rights and protections afforded to Indenture Trustee pursuant to this Article VI shall also be afforded to such Paying Agent and Transfer Agent and Registrar.

Section 6.4 Not Responsible for Recitals or Issuance of Notes. The recitals contained herein and in the Notes, except the certificate of authentication of Indenture Trustee, shall be taken as the statements of Issuer, and Indenture Trustee assumes no responsibility for their correctness. Neither Indenture Trustee nor any of its agents makes any representation as to the validity or sufficiency of this Indenture, the Notes, except the certificate of authentication of Indenture Trustee, or any related document. Indenture Trustee shall not be accountable for the use or application by Issuer of the proceeds from the Notes.

Section 6.5 Restrictions on Holding Notes. Indenture Trustee shall not in its individual capacity, but may in a fiduciary capacity, become the owner or pledgee of Notes and may otherwise deal with Issuer with the same rights it would have if it were not Indenture Trustee, Paying Agent, Transfer Agent and Registrar or such other agent. Any Paying Agent, Transfer Agent and Registrar that is not also Indenture Trustee or any other agent of Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with Issuer with the same rights it would have if it were not Paying Agent, Transfer Agent and Registrar or such other agent.

Section 6.6 Money Held in Trust. Money held by Indenture Trustee in trust hereunder need not be segregated from other funds held by Indenture Trustee in trust hereunder except to the extent required herein or required by law. Indenture Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed upon in writing by Indenture Trustee and Issuer.

Section 6.7 [Reserved].

Section 6.8 Replacement of Indenture Trustee. No resignation or removal of Indenture Trustee and no appointment of a successor Indenture Trustee shall become effective until the acceptance of appointment by the successor Indenture Trustee pursuant to this Section 6.8. Indenture Trustee may resign at any time by giving thirty (30) days written notice to Issuer and the Rating Agencies. The Holders of Notes representing more than $66^{2}/_{3}$% of the Outstanding Amount may remove Indenture Trustee by so notifying Indenture Trustee in writing and may appoint a successor Indenture Trustee. Administrator shall remove Indenture Trustee upon written notice if:

(a) Indenture Trustee fails to comply with Section 6.11;

(b) Indenture Trustee is adjudged a bankrupt or insolvent;

(c) a receiver, conservator, liquidator, or similar official of Indenture Trustee or of its property shall be appointed, or any public officer takes charge of Indenture Trustee or its property or its affairs for the purpose of rehabilitation, conservation or liquidation; or

(d) Indenture Trustee otherwise becomes legally unable to act.

If Indenture Trustee resigns or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), Administrator shall promptly appoint a successor Indenture Trustee.

A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee, Servicer and to Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of Indenture Trustee under this Indenture. The successor Indenture Trustee shall mail a notice of its succession to Noteholders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee, subject to the payment of any and all amounts then due and owing to Indenture Trustee.

If a successor Indenture Trustee does not take office within sixty (60) days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, Issuer or any Holder of Notes may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

If Indenture Trustee fails to comply with Section 6.11, any Noteholder may petition any court of competent jurisdiction for the removal of Indenture Trustee and the appointment of a successor Indenture Trustee.

Notwithstanding the replacement of Indenture Trustee pursuant to this Section 6.8, Issuer's obligations under Section 5.9 of the Transfer and Servicing Agreement shall continue for the benefit of the retiring Indenture Trustee.

Administrator shall notify the Rating Agencies of any replacement of Indenture Trustee pursuant to this Section 6.8.

Section 6.9 Successor Indenture Trustee by Merger. If Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Indenture Trustee; provided that such corporation or banking association shall be otherwise qualified and eligible under Section 6.11. Indenture Trustee shall provide the Rating Agencies prior written notice of any such transaction.

In case at the time such successor or successors by merger, conversion, consolidation or transfer to Indenture Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to Indenture Trustee may adopt the certificate of authentication of any predecessor Indenture Trustee and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to Indenture Trustee may authenticate such Notes in the name of the successor to Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of Indenture Trustee shall have.

Section 6.10 Appointment of Co-Indenture Trustee or Separate Indenture Trustee.

(a) Notwithstanding any other provisions of this Indenture or any Indenture Supplement, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located, Indenture 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 Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders, such title to the Collateral, or any part thereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11, and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.8.

(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 Indenture Trustee shall be conferred or imposed upon and exercised or performed by Indenture 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 Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed Indenture 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 Collateral 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 Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(iii) Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(iv) Indenture Trustee shall not be liable for any act or failure to act on the part of any separate trustee or co-trustee.

(c) Any notice, request or other writing given to Indenture 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 Indenture and the conditions of this Article VI. 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 Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, Indenture Trustee. Every such instrument shall be filed with Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute Indenture 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 of this Indenture 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 Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11 Eligibility; Disqualification. Indenture Trustee shall at all times satisfy the requirements of TIA §310(a) and be a corporation or national banking association organized and doing business under the laws of the United States of America or any state thereof and authorized under such laws to exercise corporate trust powers. Indenture Trustee shall have, in the case of an entity that is subject to risk-based capital adequacy requirements, risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and either its long-term unsecured debt shall be rated at least "Baa3" by Moody's and "BBB-" by Standard & Poor's or its short-term debt shall be rated at least "P-2" by Moody's and "A-2" by Standard & Poor's. Indenture Trustee shall comply with TIA §310(b), including the optional provision permitted by the second sentence of TIA §310(b)(9); provided, however, that there shall be excluded from the operation of TIA §310(b)(1) any indenture or indentures under which other securities of Issuer are outstanding if the requirements for such exclusion set forth in TIA §310(b)(1) are met.

Section 6.12 Preferential Collection of Claims Against Obligor. Indenture Trustee shall comply with TIA §311(a), excluding any creditor relationship listed in TIA §311(b). An Indenture Trustee who has resigned or been removed shall be subject to TIA §311(a).

Section 6.13 Representations and Covenants of Indenture Trustee. Indenture Trustee represents, warrants and covenants that:

(i) Indenture Trustee is a national banking association authorized to engage in the business of banking under the laws of the United States of America;

(ii) Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other Transaction Documents to which it is a party; and

(iii) Each of this Indenture and the other Transaction Documents to which it is a party has been duly executed and delivered by Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms.

(iv) The Indenture Trustee hereby agrees not to disclose to any Person any of the account numbers or other cardholder information contained in the computer files or microfiche or written lists delivered pursuant to Sections 2.1, 2.6 and 2.7 ("Account Information") of the Transfer and Servicing Agreement except as is required in

connection with the performance of its duties hereunder or in enforcing the rights of the Holders or to a Successor Servicer appointed pursuant to the Transfer and Servicing Agreement or as mandated pursuant to any Requirement of Law applicable to the Indenture Trustee. The Indenture Trustee agrees to take such measures as shall be reasonably requested by the Transferor to protect and maintain the security and confidentiality of such information, and, in connection therewith, shall allow the Transferor to inspect the Indenture Trustee's security and confidentiality arrangements from time to time during normal business hours. In the event that the Indenture Trustee is required by law to disclose any Account Information, the Indenture Trustee shall provide the Transferor with prompt written notice, unless such notice is prohibited by law, of any such request or requirement so that the Transferor may request a protective order or other appropriate remedy. The Indenture Trustee shall use its best efforts to provide the Transferor with written notice no later than five days prior to any disclosure pursuant to this clause (iv).

Section 6.14 Custody of the Collateral. The Indenture Trustee shall hold the Collateral Certificate in the State of New York. Indenture Trustee shall hold such of the Collateral as consists of instruments, negotiable documents, money, goods, or tangible chattel paper in the State of Minnesota. Indenture Trustee shall hold such of the Collateral (other than the Collateral Certificate) as constitutes investment property through a securities intermediary, which securities intermediary shall agree with Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of Indenture Trustee, (b) such securities intermediary shall treat Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) such securities intermediary shall comply with entitlement orders originated by Indenture Trustee without the further consent of any other person or entity, (e) such securities intermediary will not agree with any person or entity other than Indenture Trustee to comply with entitlement orders originated by such other person or entity, (f) such securities accounts and the property credited thereto shall not be subject to any lien, security interest, or right of set-off in favor of such securities intermediary or anyone claiming through it (other than Indenture Trustee), (g) such agreement shall be governed by the laws of the State of New York, and (h) the State of New York shall be the "securities intermediary's jurisdiction" of such securities intermediary for purposes of the New York UCC. The Indenture Trustee shall hold such of the Collateral as constitutes a deposit account at the Indenture Trustee or through a bank other than the Indenture Trustee, which bank shall agree in writing with the Indenture Trustee and the Issuer that (i) such bank shall comply with instructions originated by the Indenture Trustee directing disposition of the funds in the deposit account without further consent of any other person or entity, (ii) such bank will not agree with any person or entity other than the Indenture Trustee to comply with instructions originated by any person or entity other than the Indenture Trustee, (iii) such deposit account and the money on deposit therein shall not be subject to any lien, security interest, encumbrance, claim, or right of set-off in favor of such bank or anyone claiming through it (other than the Indenture Trustee), (iv) such agreement shall be governed by the laws of the State of New York, and (v) the State of New York shall be the "bank's jurisdiction" of such bank for purposes of Article 9 of the New York UCC. Except as permitted by this Section 6.14, Indenture Trustee shall not hold any part of the Collateral through an agent or a nominee.

ARTICLE VII

NOTEHOLDERS' LIST AND REPORTS BY
INDENTURE TRUSTEE AND ISSUER

Section 7.1 Issuer to Furnish Indenture Trustee Names and Addresses of Noteholders. Issuer will furnish or cause to be furnished to Indenture Trustee (a) upon each transfer of a Note, a list, in such form as Indenture Trustee may reasonably require, of the names, addresses and taxpayer identification numbers of the Noteholders as they appear on the Note Register as of such Record Date, and (b) at such other times, as Indenture Trustee may request in writing, within ten (10) days after receipt by Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided, however, that for so long as Indenture Trustee is Transfer Agent and Registrar, Indenture Trustee shall furnish to Issuer such list in the same manner prescribed in clause (b) above.

Section 7.2 Preservation of Information; Communications to Noteholders.

(a) Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders contained in the most recent list furnished to Indenture Trustee as provided in Section 7.1 and the names, addresses and taxpayer identification numbers of the Noteholders received by Indenture Trustee in its capacity as Transfer Agent and Registrar. Indenture Trustee may destroy any list furnished to it as provided in Section 7.1 upon receipt of a new list so furnished.

(b) Noteholders may communicate, pursuant to TIA §312(b), with other Noteholders with respect to their rights under this Indenture or under the Notes.

(c) Issuer, Indenture Trustee and Transfer Agent and Registrar shall have the protection of TIA §312(c).

Section 7.3 Reports by Issuer.

(a) To the extent required by Requirements of Law, if applicable, Issuer shall:

(i) file with Indenture Trustee, within fifteen (15) days after Issuer is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which Issuer may be required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) file with Indenture Trustee and the Commission in accordance with rules and regulations prescribed from time to time by the Commission such additional information, documents and reports with respect to compliance by Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to Indenture Trustee (and Indenture Trustee shall transmit by mail to all Noteholders described in TIA §313(c)) such summaries of any information, documents and reports required to be filed by Issuer pursuant to clauses (i) and (ii) of this Section 7.3(a) as may be required by rules and regulations prescribed from time to time by the Commission.

(b) Unless Issuer otherwise determines, the fiscal year of Issuer shall end on December 31 of each year.

(c) Delivery of such reports, information and documents to Indenture Trustee is for informational purposes only and Indenture Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including Issuer's compliance with any of the covenants hereunder.

Section 7.4 Reports by Indenture Trustee. If required by TIA §313(a), within sixty (60) days after each March 31 beginning with March 31, 2011, Indenture Trustee shall mail to each Noteholder as required by TIA §313(c) a brief report dated as of such date that complies with TIA §313(a). Indenture Trustee also shall comply with TIA §313(b).

If required by a Requirement of Law, a copy of each report at the time of its mailing to Noteholders shall be filed by Indenture Trustee with the Commission and each stock exchange, if any, on which the Notes are listed. Issuer shall notify Indenture Trustee if and when the Notes are listed on any stock exchange or delisted therefrom.

ARTICLE VIII

ALLOCATION AND APPLICATION OF COLLECTIONS

Section 8.1 Collection of Money. Except as otherwise expressly provided herein and in the related Indenture Supplement, Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by Indenture Trustee pursuant to this Indenture. Indenture Trustee shall hold all such money and property received by it in trust for the Noteholders and shall apply it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under the Transfer and Servicing Agreement or any other Transaction Document, Indenture Trustee may, and upon the written request of the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of the affected Series shall, subject to Sections 6.1(e) and 6.3(d), take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim an Early Amortization Event or a Default or Event of Default under this Indenture and to proceed thereafter as provided in Article V.

Section 8.2 Rights of Noteholders. The Collateral shall secure Issuer's obligations to pay to the Holders of the Notes of each Series a portion of Collections allocable to the Noteholders of such Series pursuant to this Indenture and the related Indenture Supplement, funds and other property credited to the Collection Account and the Excess Funding Account (or any subaccount thereof) allocable to the Noteholders of such Series pursuant to this Indenture and such Indenture Supplement, funds and other property credited to any related Series Account and funds available pursuant to any related Enhancement, it being understood that, except as specifically set forth in the Indenture Supplement with respect thereto, the Notes of any Series or Class shall not be secured by any interest in any Series Account or Enhancement in which a security interest has been granted for the benefit of any other Series or Class.

Section 8.3 Establishment of Collection Account and Excess Funding Account.

(a) Issuer, for the benefit of the Holders, shall establish and maintain with a Qualified Depository Institution in the name of Receivables Trust Trustee 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 Trust Investors. Any Indenture Supplement may provide for additional accounts ("Series Accounts"), which may be subaccounts of the Collection Account maintained for bookkeeping purposes, for the purpose of allocation and distribution of amounts allocated hereunder for the related Series. The Collection Account and the Excess Funding Account shall be treated as securities accounts and shall be initially established with Receivables Trust Trustee, and shall be subject to Section 6.14. Receivables Trust 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 Trust Investors. The Collection Account and the Excess Funding Account shall be under the sole dominion and control of Receivables Trust Trustee for the benefit of the Trust Investors. Except as expressly provided in this Indenture, the Indenture 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 Servicer, Transferor, Issuer or any Trust Investors. If at any time the Collection Account or the Excess Funding Account ceases to be an Eligible Deposit Account, the Indenture Trustee if it is Receivables Trust 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. The Servicer shall have the power to instruct the Indenture Trustee as Receivables Trust Trustee or such Qualified Depository Institution to withdraw funds from the Collection Account for the purpose of carrying out its duties hereunder.

(b) Funds on deposit in the Collection Account and the Excess Funding Account shall, at the direction of Servicer, be invested by Receivables Trust Trustee in Permitted Investments selected by Servicer, except that funds on deposit in either such account on any Determination Date need not be invested through the immediately following Distribution Date. All such Permitted Investments shall be held by Receivables Trust Trustee for the benefit of the Trust Investors and shall be subject to Section 6.14. Investments of funds representing Collections collected during any Due Period shall be invested in Permitted Investments that will mature so that all funds will be available for withdrawal on or prior to the next following Distribution Date. No Permitted 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 Permitted Investment or (ii) prior to the maturity of such Permitted Investment, a default occurs in the payment of principal, interest or any other amount with respect to such Permitted 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, except (x) as otherwise specified in any Indenture Supplement and (y) in the case of the Excess Funding Account, to the extent the Transferor Amount would be less than the Minimum Transferor Amount after giving effect to such treatment. In no event shall Receivables Trust Trustee be liable for the selection of investments or for investment losses incurred thereon. Receivables Trust Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any such investment prior to its stated maturity or the failure of the party directing such investment to provide timely written investment direction. Receivables Trust Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction.

(c) On each Business Day, the Servicer shall determine the amount by which the Transferor Amount exceeds the Minimum Transferor Amount on such day and shall instruct the Receivables Trust Trustee to transfer such amount from the Excess Funding Account to the Collection Account and then to withdraw such amount from the Collection Account on such day and pay such amount to the Transferor. On any Determination 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 Indenture Supplement with respect to each such Series and the allocations described in Section 8.5), and Servicer shall instruct the Receivables Trust Trustee to transfer such amount from the Excess Funding Account to the Collection Account and then to withdraw such amount from the Collection Account, to the extent of funds on deposit in the Excess Funding Account, and allocate such amount among each such Series as specified in each related Indenture Supplement.

Section 8.4 Collections and Allocations. From and after the Certificate Trust Termination Date:

(a) The Transferor hereby agrees: (i) (A) to cause all Collections which may be sent by Obligors to be delivered to the Administrative Servicer; and (B) to cause the Administrative Servicer to deposit all such Collections into the Collection Account within two Business Days of receipt by the Administrative Servicer; and (ii) to cause Store Payments to be deposited into the Collection Account within two Business Days of receipt of such payments at a Store.

Subject to the express terms of any Indenture Supplement, but notwithstanding anything else in this Indenture to the contrary, so long as the Bank remains the Servicer and one of the following three conditions is true: (x) for so long as the Bank maintains a long-term debt rating of “A” or better by S&P, “Aa2” 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”, “Aa2” 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 Indenture Supplement are satisfied or (z) the Servicer has provided to the Indenture

Trustee a letter of credit, surety bond, guaranty or other similar arrangement, which has not been previously cancelled, covering collection risk of the 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), the 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 Business Day immediately preceding the related Distribution Date. Subject to the express terms of any Indenture Supplement, but notwithstanding anything else in this Indenture to the contrary, with respect to any Monthly Period when the Servicer is required to make deposits of Collections pursuant to the first paragraph of this subsection 8.4(a), (1) the Servicer will only be required to deposit Collections into the Collection Account up to the Target Amount (as defined in the applicable Indenture Supplement), and (2) if at any time prior to such Distribution Date the amount of Collections deposited in the Collection Account exceeds such Target Amount, the Servicer will be permitted to withdraw the excess from the Collection Account for distribution to the Transferor or payments pursuant to Section 3.2 of the Transfer and Servicing Agreement. Notwithstanding the foregoing, Collections of Allocated Interchange with respect to any Due Period shall be deposited into the Collection Account on the Distribution Date immediately following the end of such Due Period.

The Servicer shall make commercially reasonable efforts to prevent funds other than Collections from being deposited or credited to the Collection Account. The Transferor and Servicer agree to clearly and unambiguously identify each Account in its computer or other records to reflect that an interest in the Receivables arising in such Account has been sold pursuant to this Indenture.

(b) Series Allocations. The Servicer shall allocate Collections of Principal Receivables, Collections of Finance Charge Receivables, Series Dilution Amounts and Loss Amounts to each Note Series and to the Holder of the Transferor Interest, based on the Investor Percentage for each such Series and the Transferor Percentage for the Transferor Interest, in accordance with this Section 8.4; provided that on any Distribution Date the Servicer may make technical adjustments in the methods for calculating the denominator used in such allocations (other than allocations of principal for any Series or Certificate Series that is in an Amortization Period) to the extent that (i) different Series or Certificate Series contain minor differences in the way such denominators are calculated due to differing “Reset Date” definitions, (ii) such differences create mathematical inconsistencies with respect to the reconcilement of the sum of the amounts, and (iii) such adjustments will not reduce the distributions to any Holder on such Distribution Date or result in reduction in the Collateral Amount for such Series. Following such allocation, the Servicer shall cause the Receivables Trust Trustee to withdraw the required amounts from the Collection Account or the Excess Funding Account to pay such amounts in accordance with this Section 8.4 and any Indenture Supplement. The Servicer shall make such deposits or payments on the date indicated therein by wire transfer or as otherwise provided in the related Indenture Supplement with respect to any Series.

(c) Allocations for the Transferor Interest. Throughout the existence of the Receivables Trust, unless otherwise stated in any Indenture Supplement, with respect to each Date of Processing the Servicer shall allocate to the Holder of the Transferor Interest an amount equal to the sum of (i) the product of (A) the Transferor Percentage and (B) the aggregate

amount of Collections allocated to Principal Receivables and Finance Charge Receivables, respectively, with respect to that Date of Processing, and (ii) any additional amounts allocated to the Transferor Interest pursuant to any Indenture Supplement or Supplement (as defined in the Pooling and Servicing Agreement); provided, however, that the Servicer, at the option of the Transferor, may allocate all or a portion of such amounts to maintain any cash collateralization requirement in connection with any Series from time to time; and provided, further, that, if the Transferor Amount (determined after giving effect to any transfer of Principal Receivables to the Receivables Trust on such day) is less than the Minimum Transferor Amount, the Servicer shall not allocate to the Holder of the Transferor Interest any such amounts that would otherwise be allocated to the Holder of the Transferor Interest, but shall instead deposit such funds to the Excess Funding Account. Unless otherwise stated in any Indenture Supplement, the Servicer need not deposit any amounts so allocated to the Transferor Interest pursuant to any Indenture Supplement into the Collection Account and shall pay such amounts as collected to the Holder of the Transferor Interest; provided, however, the Servicer shall be entitled to deduct from such amounts and retain an amount equal to the unpaid portion of any Transferor Monthly Servicing Fee then due and payable.

(d) Adjustments for Miscellaneous Credits and Fraudulent Charges. With respect to each Due Period, the aggregate amount of Principal Receivables (i) which were created in respect of merchandise refused or returned by the Obligor thereunder or as to which the Obligor thereunder has asserted a counterclaim or defense, (ii) which were reduced by the Servicer by any rebate, refund, charge-back or adjustment (including Servicer errors) or (iii) which were created as a result of a fraudulent or counterfeit charge (with respect to such Due Period, the "Dilution Amount") will be allocated initially to the Transferor Interest, and the aggregate amount of Principal Receivables used to calculate the Transferor Amount will be reduced by an amount equal to the Dilution Amount so allocated.

If any such reduction causes the Transferor Amount to be less than the Minimum Transferor Amount, the Transferor shall be required to make a deposit in the Excess Funding Account in immediately available funds in an amount equal to such reduction on or prior to the tenth Business Day following the last Business Day of the Due Period in which such reduction occurred; provided that no such deposit shall be required to be made to the extent that such deficiency has been eliminated (through the conveyance of Receivables in Additional Accounts, the deposit of Collections to the Excess Funding Account or otherwise), so that the Transferor Amount is at least equal to the Minimum Transferor Amount on the date such deposit would otherwise be required to be made. If the Transferor shall fail to make a deposit required pursuant to the preceding sentence, the portion of the Dilution Amount equal to the amount of the deposit not made (with respect to each Due Period, the "Series Dilution Amount") will be allocated to each Series based upon the Series Percentage for such Series. If available funds for any Series, including funds allocated to any Series on any Distribution Date as described in Subsection (b) above, are insufficient to cover the Series Dilution Amount for such Series on such Distribution Date pursuant to the terms of the related Indenture Supplement, such Indenture Supplement may provide that the remaining Series Dilution Amount for such Series shall be reallocated to, and reduce, the Transferor Amount (as calculated as of the last day of the related Due Period).

If so provided for any Series in the related Indenture Supplement, any Series Dilution Amount remaining for such Series, after giving effect to any deposit and/or Conveyance by the Transferor described in the preceding paragraph shall be reallocated to such Series and shall reduce the Collateral Amount of that Series to the extent provided in the related Indenture Supplement.

Section 8.5 Shared Principal Collections. From and after the Certificate Trust Termination Date, on each Business Day Shared Principal Collections may, at the option of Transferor, (i) be applied (or held in the Collection Account for later application) as principal with respect to any Variable Interest, or (ii) 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 next Distribution Date after giving effect to such allocation and the other allocations to be made on the next Distribution Date (assuming no Early Amortization Event occurs), be withdrawn from the Collection Account and paid to Transferor. On each Distribution Date, (a) Servicer shall allocate Shared Principal Collections not previously so applied or paid to each applicable Principal Sharing Series in a Group, 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 Receivables Trust on such day), is less than or equal to the Minimum 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 Minimum Transferor Amount.

Section 8.6 Shared Excess Finance Charge Collections. From and after the Certificate Trust Termination Date, on each Distribution Date, (i) for each Group, the Servicer shall allocate the aggregate amount of Shared Excess Finance Charge Collections for all outstanding Series in such Group to each Series in such Group, pro rata, in proportion to the Finance Charge Shortfalls, if any, with respect to each such Series and (ii) the Servicer shall on the related Distribution Date withdraw (or shall instruct the Indenture Trustee to withdraw) from the Collection Account and pay to the Holder of the Transferor Interest an amount equal to the excess, if any, of (x) the aggregate amount of Shared Excess Finance Charge Collections for all outstanding Series in a Group for such Distribution Date over (y) the aggregate amount for all outstanding Series in such Group that the related Indenture Supplements specify are "Finance Charge Shortfalls" for such Distribution Date; provided, however, that the sharing of Shared Excess Finance Charge Collections among Series in a Group will continue only until such time, if any, as the Transferor shall deliver to the Indenture Trustee an Officer's Certificate to the effect that, in the reasonable belief of the Transferor or its counsel, the continued sharing of Shared Excess Finance Charge Collections among Series in any Group would have adverse regulatory implications with respect to the Originator. Following the delivery by the Transferor of such an Officer's Certificate to the Indenture Trustee there will not be any further sharing of such Shared Excess Finance Charge Collections among Series in any Group.

Section 8.7 Release of Collateral; Eligible Loan Documents.

(a) Upon the written direction of Issuer, Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, or convey Indenture Trustee's interest in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by Indenture Trustee as provided in this Article VIII shall be bound to ascertain Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(b) In order to facilitate the servicing of the Receivables by Servicer, Indenture Trustee upon Issuer Order shall authorize Servicer to execute in the name and on behalf of Indenture Trustee instruments of satisfaction or cancellation, or of partial or full release or discharge, and other comparable instruments with respect to the Receivables (and Indenture Trustee shall execute any such documents on written request of Servicer), subject to the obligations of Servicer under the Transfer and Servicing Agreement.

(c) Indenture Trustee shall, at such time as there are no Notes outstanding, release and transfer, without recourse, all of the Collateral that secured the Notes (other than any cash held for the payment of the Notes pursuant to Section 4.2). Indenture Trustee shall release property from the lien of this Indenture pursuant to this Section 8.7(c) only upon receipt of an Issuer Order accompanied by an Officer's Certificate, an Opinion of Counsel and (if required by the TIA) Independent Certificates in accordance with TIA §314(c) and 314(d)(1) meeting the applicable requirements of Section 12.1.

(d) Notwithstanding anything to the contrary in this Indenture, the Transfer and Servicing Agreement and the Trust Agreement, immediately prior to the release of any portion of the Collateral or any funds on deposit in the Series Accounts pursuant to this Indenture, Indenture Trustee shall at the written request of Issuer remit to Transferor for its own account any funds that, upon such release, would otherwise be remitted to Issuer.

Section 8.8 Opinion of Counsel. Indenture Trustee shall receive at least seven (7) days notice when requested by Issuer to take any action pursuant to Section 8.7(a), accompanied by copies of any instruments involved, and Indenture Trustee shall also be provided with, as a condition to such action, an Opinion of Counsel stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Notes or the rights of the Noteholders in contravention of the provisions of this Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Indenture Trustee and counsel rendering any such opinion may conclusively rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to Indenture Trustee in connection with any such action.

ARTICLE IX

DISTRIBUTIONS AND REPORTS TO NOTEHOLDERS

Distributions shall be made to, and reports shall be provided to, Noteholders as set forth in the applicable Indenture Supplement. The identity of the Noteholders with respect to distributions and reports shall be determined according to the immediately preceding Record Date.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.1 Supplemental Indentures Without Consent of Noteholders.

(a) Without the consent of the Holders of any Notes but with prior notice to each Rating Agency with respect to the Notes of all Series rated by such Rating Agency, Issuer and Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto Indenture Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with Section 3.10, of another person to Issuer, and the assumption by any such successor of the covenants of Issuer contained herein and in the Notes;

(iii) to add to the covenants of Issuer, for the benefit of the Holders of the Notes, or to surrender any right or power herein conferred upon Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture that may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that the Transferor deliver an Officer's Certificate stating that such action shall not materially adversely affect the interests of the Holders of the Notes;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor indenture trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one indenture trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the TIA or under any similar federal statute hereafter enacted and to add to this Indenture such other provisions as may be expressly required by the TIA; or

(viii) to provide for the issuance of one or more new Series of Notes, in accordance with the provisions of Section 2.11.

Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) Issuer and Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any Noteholders of any Series then Outstanding but upon satisfaction of the Rating Agency Condition with respect to the Notes of all Series, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Notes under this Indenture; provided, however that Transferor shall have delivered to the Owner Trustee and Indenture Trustee (i) an Officer's Certificate, dated the date of any such action, stating that all requirements for such amendments contained in the Agreement have been met and, based upon facts known at the time of such certification, Transferor reasonably believes that such action will not have an Adverse Effect and (ii) a Tax Opinion.

Section 10.2 Supplemental Indentures with Consent of Noteholders. Issuer and Indenture Trustee, when authorized by an Issuer Order, also may, upon satisfaction of the Rating Agency Condition and with the consent of the Holders of Notes representing more than $66^{2}/_{3}\%$ of the principal balance of the Outstanding Notes of each adversely affected Series, by Act of such Holders delivered to Issuer and Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of such Noteholders under this Indenture; provided, however that no such supplemental indenture shall, without the consent of the Holder of each outstanding Note affected thereby:

(a) change the due date of any installment of principal of or interest on any Note, or reduce the principal amount thereof, the interest rate specified thereon or the redemption price with respect thereto or the coin or currency in which, any Note or any interest thereon is payable;

(b) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Redemption Date);

(c) reduce the percentage of Outstanding Notes of a Series required to consent to any amendment or waiver to this Indenture or an Indenture Supplement, or to consent to an exercise of remedies hereunder following an Event of Default;

(d) decrease the percentage of the Outstanding Notes required to amend the sections of this Indenture which specify the applicable percentage of the Outstanding Notes of any Series necessary to amend the Indenture or any Transaction Documents which require such consent; or

(e) modify or alter the provisions of this Indenture prohibiting the voting of Notes held by Issuer, any other Obligor on the Notes, the Transferor, the Servicer or any Affiliate thereof.

Indenture Trustee may in its discretion determine whether or not any Notes would be affected by any supplemental indenture, and any such determination shall be conclusive upon the Holders of all Notes, whether theretofore or thereafter authenticated and delivered hereunder. Indenture Trustee shall not be liable for any such determination made in good faith.

Satisfaction of the Rating Agency Condition shall not be required with respect to the execution of any supplemental indenture pursuant to this Section 10.2 for which the consent of all of the affected Noteholders is required; provided that prior notice of any such supplemental indenture shall be given to each Rating Agency.

Section 10.3 Indenture Supplement. Notwithstanding anything in this Article X to the contrary, the Indenture Supplement with respect to any Series may specify that such Supplement may be amended on the terms and in accordance with the procedures provided in such Indenture Supplement.

Section 10.4 Notification. Promptly after the execution by Issuer and Indenture Trustee of any supplemental indenture pursuant to Section 10.2, Indenture Trustee shall mail to the Holders of the Notes to which such amendment or supplemental indenture relates written notice setting forth in general terms the substance of such supplemental indenture. Any failure of Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or effect the validity of any such supplemental indenture.

Section 10.5 Consent of Noteholders. It shall not be necessary for the consent of Noteholders under this Article X to approve the particular form of any proposed supplemental indenture or 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 Noteholders shall be subject to such reasonable requirements as the Indenture Trustee may prescribe.

Section 10.6 Execution of Supplemental Indentures. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article X or the modification thereby of the trusts created by this Indenture, Indenture Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and stating that all requisite consents have been obtained or that no consents are required and stating that such supplemental indenture or modification constitutes the legal, valid and binding obligation of Issuer in accordance with its terms. Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects Indenture Trustee’s own rights, duties, liabilities or immunities under this Indenture or otherwise.

Section 10.7 Effect of Supplemental Indenture. Upon the execution of any supplemental indenture under this Article X, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes, and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. This Section 10.7 does not apply to Indenture Supplements.

Section 10.8 Conformity With Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article X shall conform to the requirements of the TIA as then in effect if this Indenture shall then be qualified under the TIA.

Section 10.9 Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article X may, and if required by Indenture Trustee shall, bear a notation in form approved by Indenture Trustee as to any matter provided for in such supplemental indenture. If Issuer shall so determine, new Notes so modified as to conform, in the opinion of Indenture Trustee and Issuer, to any such supplemental indenture may be prepared and executed by Issuer and authenticated and delivered by Indenture Trustee in exchange for the outstanding Notes.

ARTICLE XI

TERMINATION

Section 11.1 Termination of Issuer. Issuer and the respective obligations and responsibilities of Indenture Trustee created hereby (other than the obligation of Indenture Trustee to make payments to Noteholders as hereinafter set forth) shall terminate, except with respect to the duties described in Section 11.2(b), as provided in the Trust Agreement, but only after all payments required to be made from Collections allocated for that purpose under this Indenture and the Indenture Supplement have been made with respect to each Series.

Section 11.2 Optional Purchase.

(a) If so provided in any Indenture Supplement, the Transferor may, but shall not be obligated to, cause a final distribution to be made in respect of the related Series on a Distribution Date specified in such Indenture Supplement by depositing into the Collection Account or the applicable Series Account, not later than such Distribution Date, for application in accordance with Section 11.3, the amount specified in such Indenture Supplement.

(b) The amount deposited pursuant to Section 11.2(a) shall be paid on the related Distribution Date to the Noteholders of the related Series pursuant to Section 11.3. All Notes of a Series which are to be redeemed by the Issuer pursuant to Section 11.2(a) shall be canceled by the Transfer Agent and Registrar and be disposed of in a manner satisfactory to the Indenture Trustee and the Transferor.

Section 11.3 Final Payment with Respect to Any Series.

(a) Written notice of any termination, specifying the Distribution Date upon which the Noteholders of any Series or Class may surrender their Notes for payment of the final distribution with respect to such Series and cancellation, shall be given (subject to at least two

Business Days' prior notice from the Servicer to the Indenture Trustee) by the Indenture Trustee to Noteholders of such Series or Class mailed not later than the fifth day of the month of such final distribution (or in the manner provided by the Indenture Supplement relating to such Series) specifying (i) the Distribution Date (which shall be the Distribution Date in the month (x) in which a deposit is made pursuant to subsection 2.4(f) of the Transfer and Servicing Agreement, Section 5.5 or 11.2(a) of this Indenture or such other section as may be specified in the related Indenture Supplement, or (y) in which the related Series Termination Date occurs) upon which final payment of such Notes will be made upon presentation and surrender of such Notes 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 Distribution Date is not applicable, payments being made only upon presentation and surrender of Notes at the office or offices therein specified. The Indenture Trustee shall give such notice to the Transfer Agent and Registrar and the Paying Agent at the time such notice is given to such Noteholders.

(b) Notwithstanding the termination of the Issuer pursuant to Section 11.1(a) or the occurrence of the Series Termination Date with respect to any Series, all funds then on deposit in the Collection Account, the Excess Funding Account or any Series Account applicable to the related Series shall continue to be held in trust for the benefit of the Holders of the related Series, and the Paying Agent or the Indenture Trustee shall pay such funds to the Holders of the related Series upon surrender of their Notes. In the event that all of the Holders of any Series shall not surrender their Notes for cancellation within six months after the date specified in the above-mentioned written notice, the Indenture Trustee shall give a second written notice to the remaining Holders of such Series upon receipt of the appropriate records from the Transfer Agent and Registrar to surrender their Notes for cancellation and receive the final distribution with respect thereto. If within one year after the second notice all such Notes shall not have been surrendered for cancellation, Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, 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 Noteholders. Subject to requirements of applicable law, the Indenture Trustee and the Paying Agent shall pay to the Holders of the Transferor Interest upon written request any funds held by them for the payment of principal or interest which remains unclaimed for two (2) years. After payment to the Holders of the Transferor Interest, Holders entitled to the such funds may seek recovery only from the Holders of the Transferor Interest as general creditors unless an applicable abandoned property law designates another Person.

(c) All Notes surrendered for payment of the final distribution with respect to such Notes and cancellation shall be canceled by the Transfer Agent and Registrar and be disposed of in a manner consistent with the certificate destruction policies of the Indenture Trustee.

Section 11.4 Issuer's Termination Rights. Upon the termination of Issuer pursuant to the terms of the Trust Agreement, Indenture Trustee shall assign and convey to the Holders of the Transferor Interest or any of their designees, without recourse, representation or warranty, all right, title and interest of Issuer in the Receivables, whether then existing or thereafter created, all Recoveries related thereto all monies due or to become due and all amounts received or receivable with respect thereto (including all moneys then held in the Collection Account or any Series Account) and all proceeds thereof, except for amounts held by Indenture Trustee pursuant

to Section 11.2(b). Indenture Trustee shall execute and deliver such instruments of transfer and assignment, in each case without recourse, as shall be reasonably requested in writing by the Holders of the Transferor Interest to vest in the Holders of the Transferor Interest or any of their designees all right, title and interest which Indenture Trustee had in the Collateral and such other property.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Compliance Certificates and Opinions etc.

(a) Upon any application or request by Issuer to Indenture Trustee to take any action under any provision of this Indenture, Indenture Trustee shall be entitled to request that Issuer furnish to Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with and (iii) (if required by the TIA) an Independent Certificate from a firm of certified public accountants meeting the applicable requirements of this Section 12.1, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) (i) Prior to the deposit of any Collateral or other property or securities with Indenture Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, Issuer shall, in addition to any obligation imposed in Section 12.1(a) or elsewhere in this Indenture, furnish to Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such deposit) to Issuer of the Collateral or other property or securities to be so deposited.

(ii) Whenever Issuer is required to furnish to Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (i) above, Issuer shall also deliver to Indenture Trustee (if required by the TIA) an Independent Certificate as to the same matters, if the fair value of Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then current fiscal year of Issuer, as set forth in the certificates delivered pursuant to clause (i) above and this clause (ii), is 10% or more of the Outstanding Amount of the Notes, but such a certificate need not be furnished with respect to any securities so deposited if the fair value thereof to Issuer as set forth in the related Officer's Certificate is less than $25,000 or less than one percent of the Outstanding Amount of the Notes.

(iii) Other than with respect to the release of any Defaulted Receivables and Receivables in Removed Accounts, whenever any property or investment property is to be released from the lien of this Indenture, Issuer shall also furnish to Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(iv) Whenever Issuer is required to furnish to Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (iii) above, Issuer shall also furnish to Indenture Trustee (if required by the TIA) an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property, other than Defaulted Receivables and Receivables in Removed Accounts, or securities released from the lien of this Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (iii) above and this clause (iv), equals 10% or more of the Outstanding Amounts of the Notes, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than $25,000 or less than one percent of the then Outstanding Amount of the Notes.

(v) Notwithstanding any other provision of this Section 12.1, Issuer may (A) collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Transaction Documents and (B) make cash payments out of the Series Accounts as and to the extent permitted or required by the Transaction Documents.

Section 12.2 Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer's certificate or opinion is based are erroneous. Any such certificate of a Responsible Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of Servicer, a Transferor, Issuer or Administrator, stating that the information with respect to such factual matters is in the possession of Servicer, a Transferor, Issuer or Administrator, unless such Responsible Officer or Counsel has actual knowledge that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two (2) or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Indenture, in connection with any application or certificate or report to Indenture Trustee, it is provided that Issuer shall deliver any document as a condition of the granting of such application, or as evidence of Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect Indenture Trustee's right to conclusively rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Section 12.3 Acts of Noteholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by their agents duly appointed in writing and satisfying any requisite percentages as to minimum number or dollar value of outstanding principal amount represented by such Noteholders; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to Indenture Trustee, and, where it is hereby expressly required, to Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of Indenture Trustee and Issuer, if made in the manner provided in this Section 12.3.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which Indenture Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Notes shall bind the Holder (and any transferee thereof) of every Note issued upon the registration thereof in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by Indenture Trustee or Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 12.4 Notices, Etc. to Indenture Trustee and Issuer. Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other documents provided or permitted by the Agreement to be made upon, given or furnished to, or filed with:

(a) Indenture Trustee by any Noteholder or by Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to a Responsible Officer, by facsimile transmission, by email or by other means acceptable to Indenture Trustee to or with Indenture Trustee at its Corporate Trust Office; or

(b) Issuer by Indenture Trustee or by any Noteholder shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to Issuer addressed to it and received by it 100 White Clay Center, Newark, Delaware 19711, Attn: Corporate Trust Administration, or at any other address previously furnished in writing to Indenture Trustee by Issuer. A copy of each notice to Issuer shall be sent in writing and mailed, first-class postage prepaid, to Administrator at 3100 Easton Square Place, #3108, Columbus, Ohio 43219, Attn.: President.

Section 12.5 Notices to Noteholders; Waiver. Where the Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed by registered or certified mail or first class postage prepaid or national overnight courier service to each Noteholder affected by such event, at its address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice which is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In the event that, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice to any Rating Agency, failure to give such notice shall not affect any other rights or obligations created hereunder and shall not under any circumstance constitute a Default or Event of Default.

Section 12.6 Alternate Payment and Notice Provisions. Notwithstanding any provision of this Indenture or any of the Notes to the contrary, Issuer, with the prior written consent of Indenture Trustee, may enter into any agreement with any Holder of a Note providing for a method of payment, or notice by Indenture Trustee or any Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices. Issuer will furnish to Indenture Trustee a copy of each such agreement and Indenture Trustee will cause payments to be made and notices to be given in accordance with such agreements.

Section 12.7 Conflict with Trust Indenture Act. At any time when this Indenture is required to be qualified under the TIA:

(a) If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this indenture by any of the provisions of the TIA, such required provision shall control.

(b) The provisions of TIA §§310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

Section 12.8 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.9 Successors and Assigns. All covenants and agreements in this Indenture by Issuer shall bind its successors and assigns, whether so expressed or not.

Section 12.10 Separability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.11 Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholders, the Receivables Trust Trustee, Servicer and Transferor, any benefit.

Section 12.12 Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 12.13 GOVERNING LAW. THIS INDENTURE AND EACH NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.14 Counterparts. This Indenture may be executed in any number of counterparts (and by different parties on separate counterparts), each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 12.15 Issuer Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of Issuer on the Notes or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in Issuer, the Owner Trustee or Indenture Trustee or of any successor or assign of Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that Indenture Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Indenture, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles V, VI and VII of the Trust Agreement.

Section 12.16 No Petition. Indenture Trustee, by entering into this Indenture, and each Noteholder, by accepting a Note, hereby covenant and agree that they will not at any time, notwithstanding any prior termination of this Indenture, institute against the Issuer, Transferor or Certificate Trust, or solicit or join or cooperate with or encourage any institution against the Issuer, Transferor or Certificate 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 the Notes, this Indenture or any of the Transaction Documents. The foregoing shall not limit the rights of Indenture Trustee to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against Issuer by any Person other than Indenture Trustee.

Section 12.17 Subordination. Issuer and each Noteholder by accepting a Note acknowledge and agree that such Note represents indebtedness of Issuer and does not represent an interest in any assets (other than the Trust Estate) of Transferor (including by virtue of any deficiency claim in respect of obligations not paid or otherwise satisfied from the Trust Estate and proceeds thereof). In furtherance of and not in derogation of the foregoing, to the extent Transferor enters into other securitization transactions, Issuer as well as each Noteholder by accepting a Note acknowledge and agree that it shall have no right, title or interest in or to any assets (or interest therein) (other than the Trust Estate) conveyed or purported to be conveyed by Transferor to another securitization trust or other Person or Persons 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, Issuer or any Noteholder 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 Issuer and each Noteholder by accepting a Note 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 Noteholder further acknowledges and agrees that no adequate remedy at law exists for a breach of this Section 12.17 and the terms of this Section 12.17 may be enforced by an action for specific performance. Nothing in this Section 12.17 shall in any way affect the Granting Clause of the Indenture.

Section 12.18 Limitation of Liability of Owner Trustee. Notwithstanding anything contained herein to the contrary, this instrument has been signed by BNY Mellon Trust of Delaware not in its individual capacity but solely in its capacity as Owner Trustee and in no event shall BNY Mellon Trust of Delaware in its individual capacity or any beneficial owner of Issuer have any liability for the representations, warranties, covenants, agreements or other obligations of Issuer hereunder, as to all of which recourse shall be had solely to the assets of Issuer. For all purposes of this Indenture, in the performance of any duties or obligations hereunder, Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

IN WITNESS WHEREOF, Issuer and Indenture Trustee have caused this Indenture to be duly executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST II,
as Issuer

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

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

U.S. BANK NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Tamara Schultz-Fugh
Name: Tamara Schultz-Fugh
Title: Vice President

ANNEX A TO MASTER INDENTURE

DEFINITIONS

"Account" means (i) each revolving credit card account designated as an "Account" pursuant to (and as defined in) the Pooling and Servicing Agreement on or prior to the Certificate Trust Termination Date, and (ii) each other revolving credit card account which is identified by account number or identification number in each computer file or microfiche list delivered to the Indenture Trustee by the Servicer pursuant to Section 2.1 or 2.6 of the Transfer and Servicing Agreement, or which is an Additional Account. The term "Account" shall include each Renumbered Account. The term "Account" shall be deemed to refer to an Additional Account only from and after the Addition Date with respect thereto, and the term "Account" shall be deemed to refer to any Removed Account only prior to the Removal Date with respect thereto.

"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 specified date.

"Acquired Portfolio" shall mean (i) prior to the Certificate Trust Termination Date, an "Acquired Portfolio" as defined in the Pooling and Servicing Agreement and (ii) on and after the Certificate Trust Termination Date, a portfolio of Accounts acquired by the Originator from any Person (or group of affiliated Persons) that is not an Affiliate of the Bank.

"Acquiring Person" is defined in Section 3.9(b) of the Indenture.

"Act" is defined in Section 12.3(a) of the Indenture.

"Addition Cut Off Date" means, with respect to Additional Accounts designated for inclusion in the Receivables Trust, the date specified in the related Assignment.

"Addition Date" means (a) as to any Supplemental Account, the date on which the Receivables in such Accounts are conveyed to the Issuer pursuant to Section 2.6(b) or (c) of the Transfer and Servicing Agreement and (b) as to Automatic Additional Accounts, the date on which such accounts are created or otherwise become Automatic Additional Accounts.

"Additional Account" means (i) an Additional Account as defined in the Pooling and Servicing Agreement, and (ii) each revolving credit card account designated pursuant to Section 2.6 of the Transfer and Servicing Agreement to be included as an Account pursuant to Section 2.6 of the Transfer and Servicing Agreement, including all Automatic Additional Accounts and all Supplemental Accounts.

"Additional Assignment" is defined in the Purchase Agreement.

"Adjusted Transferor Amount" means, at any time, the result (without duplication) of (i) the aggregate amount of Principal Receivables in the Receivables Trust, plus (ii) the amounts allocated to the Excess Funding Account, plus (iii) amounts credited to the Collection Account or any Trust Account for payment of principal on the Investor Certificates or Notes to the extent not subtracted in calculating the Aggregate Investor Interest, minus (iv) the Aggregate Investor

Interest calculated assuming that the Investor Interest of any Certificate Series that enters into an early amortization period prior to the start of its scheduled Amortization Period equals the Investor Interest for such series as of the start of such early amortization period and assuming that the Collateral Amount of any Series of Notes that enters into an early amortization period prior to the start of its scheduled Amortization Period equals the Collateral Amount for such Series as of the start of such early amortization period. It is understood and agreed that the Adjusted Transferor Amount may be less than zero and expressed as a negative number.

"Administration Agreement" means the Administration Agreement, dated as of March 26, 2010 between the Issuer and the Administrator, as the same may be amended, supplemented or otherwise modified from time to time.

"Administrative Servicer" means, initially, ADS Alliance Data Systems, Inc., a Delaware corporation, and shall also include any other Person who succeeds to the functions performed by the Administrative Servicer, as provided in the Administrative Servicer Agreement.

"Administrative Servicer Agreement" means the Service Agreement, between the Bank and the Administrative Servicer, dated as of May 15, 2008, as such agreement may be amended, supplemented or otherwise modified from time to time.

"Administrator" means the Bank, in its capacity as administrator, under the Administration Agreement, and any successor in that capacity.

"Adverse Effect" means, with respect to any action, that such action will (a) result in the occurrence of an Early Amortization Event or an Event of Default or (b) materially and adversely affect the amount or timing of distributions to be made to the Noteholders of any Series or Class pursuant to the Transaction Documents.

"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.

"Affiliated Brand" means any brand name or trademark now owned or licensed or hereafter developed, licensed or acquired by Charming Shoppes, Inc. or its present or future Affiliates, which is used primarily for women's apparel sales; it being understood and agreed that as of the date hereof "Affiliated Brand" includes, but is not limited to, Fashion Bug, Fashion Bug Plus, Lane Bryant, Lane Bryant Outlet, Lane Bryant Woman, Lane Bryant Catalog, Cacique, Petite Sophisticate, Petite Sophisticate Outlet, Figure Magazine, Catherines and Catherines Plus Sizes.

"Aggregate Investor Interest" means, as of any date of determination, the aggregate of (i) the sum of the Collateral Amounts of all Series of Notes issued and outstanding on such date of determination, (ii) the sum of the Investor Interests of all Certificate Series issued and outstanding on such date of determination and (iii) the sum of the Enhancement Invested Amounts, if any, for all outstanding Series on such date of determination.

"Aggregate Principal Receivables" means, as of any date of determination, the aggregate amount of Principal Receivables as of such date.

"Allocated Interchange" means Interchange arising out of transactions in each Account on or after the Addition Cut Off Date for such Account.

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

"Applicants" is defined in Section 2.9 of the Indenture.

"Approved Portfolio" means any Account owned by the Bank from time to time and included in the Private Label Programs as of the Initial Closing Date, and each additional portfolio thereafter designated as an "Approved Portfolio" (as defined in the Pooling and Servicing Agreement) pursuant to Section 2.6(f) of the Pooling and Servicing Agreement or designated as an "Approved Portfolio" pursuant to Section 2.6(g) of the Transfer and Servicing Agreement.

"Approved Rating" means a rating of "P-1" by Moody's and a rating of "A-1+" by S&P.

"Assignment" is defined in Section 2.6(d)(ii) of the Transfer and Servicing Agreement.

"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 Notes 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.

"Authorized Officer" means:

(a) with respect to the Issuer, any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Owner Trustee to the Indenture Trustee on the Initial Closing Date (as such list may be modified or supplemented from time to time thereafter) and any Vice President or more senior officer of the Administrator who is authorized to act for the Administrator in matters relating to the Issuer and to be acted upon by the Administrator pursuant to the Administration Agreement and who is identified on the list of Authorized Officers (containing the specimen signatures of such officers) delivered by the Administrator to the Indenture Trustee on the Initial Closing Date (as such list may be modified or supplemented from time to time thereafter);

(b) with respect to the Transferor, any officer of the Transferor who is authorized to act for the Transferor in matters relating to the Transferor and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Transferor to the Indenture Trustee on the Initial Closing Date (as such list may be modified or supplemented from time to time thereafter); and

(c) with respect to the Servicer, any officer of the Servicer who is authorized to act for the Servicer in matters relating to the Servicer and who is identified on the list of Authorized Officers, containing the specimen signature of each such Person, delivered by the Servicer to the Indenture Trustee on the Initial Closing Date (as such list may be modified or supplemented from time to time thereafter).

"Automatic Addition Suspension Date" is defined in Section 2.6(a) of the Transfer and Servicing Agreement.

"Automatic Addition Termination Date" is defined in Section 2.6(a) of the Transfer and Servicing Agreement.

"Automatic Additional Account" means each open end credit card account in any Approved Portfolio that is established pursuant to a Cardholder Agreement coming into existence after (a) the Certificate Trust Termination Date (in the case of an Account that was designated as an Approved Portfolio prior to the Certificate Trust Termination Date) and (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 Issuer (in the case of an Account in any portfolio designated as an Approved Portfolio after the Certificate Trust Termination Date) 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 Certificate Trust Termination Date (in the case of an Account in any portfolio that was designated as an Approved Portfolio prior to the Certificate Trust Termination Date) 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 Issuer (in the case of an Account in any portfolio that was designated as an Approved Portfolio after the Certificate Trust Termination Date) 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 2.6(a) of the Transfer and Servicing Agreement, to have been created on the first day after the Certificate Trust Termination Date or applicable Addition Cut Off Date on which they are Eligible Accounts.

"Bank" means World Financial Network National Bank.

"Book-Entry Notes" means beneficial interests in the Notes, ownership and transfers of which shall be made through book entries by a Clearing Agency or Foreign Clearing Agency as described in Section 2.12 of the Indenture.

"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, Columbus, Ohio, St. Paul, Minnesota, or Wilmington, Delaware 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 Indenture Supplement.

"Cardholder Agreement" means the agreement (and the related application) for any Account, as such agreement may be amended, modified or otherwise changed from time to time in accordance with the terms hereof.

"Cardholder Guidelines" means the Originator's policies and procedures relating to the operation of its credit card business in effect on the date hereof, including, without limitation the policies and procedures for determining the creditworthiness of potential and existing credit card customers, and relating to the maintenance of credit card accounts and collection of credit card receivables, as such policies and procedures may be amended from time to time.

"Cedel" means Cedel S.A.

"Certificate of Trust" means the Certificate of Trust in the form attached to the Trust Agreement as Exhibit A, which has been filed for the Issuer pursuant to Section 3810(a) of the Statutory Trust Statute.

"Certificate Series" means any series of Investor Certificates issued under the Pooling and Servicing Agreement.

"Certificate Series Supplement" means a Supplement as defined in the Pooling and Servicing Agreement.

"Certificate Trust" means World Financial Network Credit Card Master Trust II formed under the Pooling and Servicing Agreement.

"Certificate Trust Termination Date" means the date on which the Certificate Trust is terminated and all of the Receivables held by the Certificate Trust are transferred to the Issuer.

"Certificate Trust Trustee" means the trustee under the Pooling and Servicing Agreement.

"Class" means, with respect to any Series, any one of the classes of Notes of that 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 or Foreign Clearing Agency.

"Clearstream" means Clearstream Banking, société anonyme, a professional depository incorporated under the laws of Luxembourg, and its successors.

"Closing Date" means, with respect to any Series, the closing date specified in the related Indenture Supplement.

"Co-Branded Program" means a program of the Originator to originate charges on a general purpose credit card, including without limitation a card under the Visa®, MasterCard®, American Express® or Discover® systems, which credit card may be co-branded with one or more Affiliated Brands as specified in the Cardholder Guidelines.

"Code" means the Internal Revenue Code of 1986.

"Collateral" is defined in the Granting Clause of the Indenture.

"Collateral Amount" is defined, with respect to any Series, in the related Indenture Supplement.

"Collateral Certificate" means the certificate, representing an undivided interest in the assets held in the Certificate Trust, issued pursuant to the Pooling and Servicing Agreement and the Collateral Series Supplement to the Pooling and Servicing Agreement.

"Collateral Series Supplement" means a supplement to the Pooling and Servicing Agreement, dated as of March 26, 2010, executed and delivered in connection with the original issuance of the Collateral Certificate pursuant to Section 6.1 of the Pooling and Servicing Agreement as the same may be amended, supplemented or otherwise modified from time to time.

"Collection" means any payment by or on behalf of Obligors received by the Originator, Transferor, Servicer or Receivables Trust Trustee in respect of the Receivables, in the form of cash, checks, wire transfers, electronic transfers, ATM transfers or other form of payment on any Receivables, including, without limitation, all Recoveries. The term "Collection" shall include Allocated Interchange. The term "Collection" shall also include Debt Cancellation Proceeds, Insurance Proceeds and other amounts constituting Recoveries generally, but shall exclude Debt Cancellation Proceeds, Insurance Proceeds and other amounts constituting Recoveries of Receivables to the extent the aggregate Debt Cancellation Proceeds, Insurance Proceeds and other Recoveries received in respect of Receivables during any Due Period exceed the Loss Amount for such Due Period and any prior Due Periods; which excess shall be distributed to the Transferor on the Distribution Date related to such Due Period. A Collection processed on an Account in excess of the aggregate amount of Receivables in such Account as of the date of receipt by the Originator, Transferor, Servicer or Trustee of such Collection shall be deemed to be a payment in respect of Principal Receivables to the extent of such excess.

"Collection Account" means (i) prior to the Certificate Trust Termination Date, the account identified as such pursuant to Section 4.2(a) of the Pooling and Servicing Agreement, and (ii) on and after the Certificate Trust Termination Date, the account identified as such pursuant to Section 8.3(a) of the Indenture.

"Commission" means the Securities and Exchange Commission.

"Convey" means to sell, transfer, reassign, assign, set over and otherwise convey.

"Conveyance" means the act of Conveying property.

"Corporate Trust Office" means:

(a) for the Indenture Trustee, the principal office at which at any particular time its corporate trust business shall be administered, which office at date of the execution of the Indenture is located at 60 Livingston Avenue, EP-MN-WS3D, St. Paul, Minnesota 55107, Facsimile: (651) 495-8090, Attention: Structure Finance – World Financial Network 2010-1, or at such other address as the Indenture Trustee may designate from time to time by notice to the Noteholders and the Transferor, or the principal corporate trust office of any successor Indenture Trustee (the address of which the successor Indenture Trustee will notify the Noteholders and the Transferor);

(b) for the Owner Trustee, the principal office at which at any particular time its corporate trust business shall be administered, which office at date of the execution of the Indenture is located at 100 White Clay Center, Newark, Delaware 19711, Attn: Corporate Trust Administration.

"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).

"DBRS" means DBRS, Inc.

"Debt Cancellation Proceeds" means any amounts recovered by Servicer pursuant to any debt cancellation policy covering any Obligor with respect to Receivables under such Obligor's Account to the extent such amounts are used to make payments on such Account.

"Debtor" means the party designated in the Specified Agreement as the "Debtor" for purposes of the Perfection Representations and Warranties.

"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 or similar debtor relief laws from time to time in effect affecting the rights of creditors (including creditors of national banking associations generally), and general principles of equity (whether considered in a suit at law or in equity).

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"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 Cardholder 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 Cardholder Guidelines.

"Definitive Notes" means Notes in definitive, fully registered form.

"Determination Date" means, unless otherwise specified in any Indenture Supplement with respect to the related Series, the second Business Day preceding each Distribution Date.

"Dilution Amount" has the meaning set forth in (i) prior to the Certificate Trust Termination Date, Section 4.3(d) of the Pooling and Servicing Agreement, and (ii) thereafter, Section 8.4(d) of the Indenture.

"Distribution Date" means, with respect to any Series, the date specified in the related Indenture Supplement.

"Dollars," "$" or "U.S. $" means United States dollars.

"DTC" means The Depository Trust Company.

"Due Period" means as to each Distribution Date, the immediately preceding calendar month, unless otherwise defined in any Indenture Supplement; provided, however, that unless otherwise specified in the related Indenture Supplement, the initial Due Period with respect to any Series will commence on the Closing Date with respect to such Series and shall end on the last day of the calendar month preceding the first Distribution Date with respect to such Series.

"Early Amortization Event" means, as to any Series, each event, if any, specified in the relevant Indenture Supplement as an Early Amortization Event for that Series or a Trust Early Amortization Event.

"Eligible Account" means (a) with respect to "Accounts" designated pursuant to (and as defined in) the Pooling and Servicing Agreement prior to the Certificate Trust Termination Date, Accounts which are "Eligible Accounts" under (and as defined in) the Pooling and Servicing Agreement and (b) each Account, as of 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):

(a) which is payable in United States dollars;

(b) which has been originated in connection with the extension of credit through a Specified Program to an Obligor whose application for the extension of credit was processed through the Originator or an Affiliate of the Originator or which has been acquired by the Originator from a third party and determined by the Originator to be in compliance with the Cardholder Guidelines, including those relating to the extension of credit; provided that:

(i) an Account originated in a Specified Program other than a Private Label Program or a Co-Branded Program shall be an Eligible Account only if at or prior to the designation of such Account to the Issuer the Rating Agency Condition has been satisfied with respect to the inclusion of Accounts from such Specified Program; and

(ii) an Account originated in an Acquired Portfolio shall be an Eligible Account only if at or prior to the designation of such Account to the Receivables Trust the Rating Agency Condition has been satisfied with respect to the inclusion of Accounts from such Acquired Portfolio.

(c) which the Originator has not classified on its electronic records as counterfeit, canceled or fraudulent, and with respect to which any card issued in connection therewith has not been stolen or lost;

(d) the Obligor on which has provided, as its most recent billing address, an address which is located in the United States, a U.S. Territory or a U.S. Military P.O. Box outside the United States; provided, that an Account, the Obligor on which has provided as its most recent billing address an address which is located in Canada or Mexico shall be an Eligible Account, but only to the extent that the aggregate amount of Principal Receivables in all such Accounts shall be less than 1.0% of the aggregate Principal Receivables of all Accounts averaged as of the last day of the two most recent consecutive Due Periods; and provided, further, that the Receivables of any such Account constituting any such excess over such 1.0% threshold shall not be treated as Receivables for purposes of calculating the Transferor Amount, the Minimum Transferor Amount or the Investor Percentage of any Series;

(e) which has not been identified as an account, the Obligor on which is the subject of a bankruptcy proceeding; provided, however, Eligible Accounts may include accounts as to which the Originator believes the related Obligor is bankrupt, so long as (1) the balance of all receivables included in such accounts is reflected on the books and records of the Originator (and is treated for purposes of the Transaction Documents) as "zero" and (2) charging privileges with respect to all such accounts have been canceled and are not reinstated;

(f) which the Originator has not charged off in its customary and usual manner for charging off such Accounts; and

(g) with respect to which all filings, consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Originator in connection with the creation of the underlying Receivable in such Account or the execution, delivery and performance by the Originator of the Cardholder Agreement pursuant to which such underlying Receivable was created, have been duly obtained, effected or given and are in full force and effect.

"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, or 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 the Owner Trustee or the Indenture Trustee or an affiliate thereof) 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 "A" 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 "A" by Fitch or (B) a certificate of deposit rating of at least "F-1+" by Fitch and (iv) with deposit insurance provided by FDIC or (b) any other institution that is acceptable to each Rating Agency, Servicer and Indenture Trustee.

"Eligible Receivable" means each Receivable which satisfies each of the following conditions:

(a) which has arisen under an Eligible Account;

(b) which was created in compliance, in all material respects, with all Requirements of Law applicable to the Originator and pursuant to a Cardholder Agreement that complies in all material respects with all Requirements of Law applicable to the Originator;

(c) as to which, at the time of and at all times after the creation of such Receivable, the Originator, the Transferor or the Receivables Trust had good and marketable title thereto, free and clear of all Liens arising under or through the Originator, the Transferor or any of their Affiliates;

(d) which, at the time of its transfer to the Receivables 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 8.4(d);

(e) which is the legal, valid and binding payment obligation of the Obligor thereon, enforceable against such Obligor in accordance with its terms, subject to Debtor Relief Laws; and

(f) which constitutes an "account" or a "general intangible" under Article 9 of the UCC as then in effect in any applicable jurisdiction.

"Eligible Servicer" shall mean the Indenture Trustee, a wholly-owned subsidiary of the Indenture Trustee, or an entity which, at the time of its appointment as Servicer, (a) is servicing or has an Affiliate that is servicing a portfolio of revolving credit card accounts or other revolving credit accounts, (b) is legally qualified and has the capacity to service the Accounts, (c) is qualified (or licensed) to use the software that the Servicer is then currently using to service the Accounts or obtains the right to use, or has its own, software which is adequate to perform its duties under the Transfer and Servicing Agreement, (d) has, in the reasonable judgment of the Indenture Trustee, the ability to professionally and competently service a portfolio of similar accounts in accordance with customary standards of skill and care 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 Noteholders 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, as designated in the applicable Indenture Supplement. 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 benefiting 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 Invested Amount" shall have the meaning, if applicable with respect to any Series, specified in the related Indenture Supplement.

"Enhancement Provider" means the Person or Persons, if any, providing any Enhancement, other than the Noteholders of any Class which is subordinated to another Class, designated as such in the related Indenture Supplement.

"Euroclear" means the Euroclear system operated by the Euroclear Operator.

"Euroclear Operator" means Euroclear Bank S.A./N.V.

"Event of Default" is defined in Section 5.2 of the Indenture.

"Excess Allocation Series" means a Series that, pursuant to the Indenture Supplement therefor, is entitled to receive certain excess Collections of Finance Charge Receivables, as more specifically set forth in such Indenture Supplement. If so specified in the Indenture Supplement for a Group of Series, such Series may be Excess Allocation Series only for the Series in such Group.

"Excess Funding Account" means (i) prior to the Certificate Trust Termination Date, the account identified as such in Section 4.3(e) of the Pooling and Servicing Agreement, and (ii) on and after the Certificate Trust Termination Date, the account designated as such in Section 8.3 of the Indenture.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expenses" is defined in Section 7.2 of the Trust Agreement.

"FDIA" means the Federal Deposit Insurance Act, 12 U.S.C. § 1811 et seq., as supplemented, amended or otherwise modified from time to time.

"FDIC" means the Federal Deposit Insurance Corporation or a successor thereto.

"Finance Charge Receivables" means (i) all amounts billed to the Obligors on any Account in the ordinary course of the Originator's business in respect of (a) periodic rate finance charges, (b) late payment fees, (c) annual fees, if any, with respect to Accounts (excluding any membership fees payable with respect to any special program credit cards which fees shall not be

deemed to be Finance Charge Receivables but shall be deemed to be Principal Receivables), (d) returned check charges, and (e) any other fees with respect to the Accounts designated by the Transferor by notice to the Receivables Trust Trustee at any time and from time to time to be included as Finance Charge Receivables and (ii) all amounts paid to the Originator in respect of Allocated Interchange.

"Finance Charge Shortfalls" is defined, as to any Series, in the related Indenture Supplement.

"Fitch" means Fitch, Inc.

"Foreign Clearing Agency" means Clearstream and the Euroclear Operator.

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"Global Note" is defined in Section 2.15 of the Indenture.

"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.

"Grant" means to mortgage, pledge, bargain, warrant, alienate, remise, release, convey, assign, transfer, create and grant a lien upon and a security interest in, create a right of set-off against, deposit, set over and confirm pursuant to this Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including if available the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Group" means, with respect to any Series, the group of Series, if any, in which the related Indenture Supplement specifies such Series is to be included.

"Holder" means a Noteholder or a Person in whose name the Transferor Amount is registered.

"Indemnified Parties" is defined in Section 7.2 of the Trust Agreement.

"Indenture" means the Master Indenture, dated as of March 26, 2010, between the Issuer and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"Indenture Supplement" means, with respect to any Series, a supplement to this Indenture, executed and delivered in connection with the original issuance of the Notes of such Series pursuant to Section 2.11 of the Indenture, and an amendment to this Indenture executed pursuant to Sections 10.1 or 10.2 of the Indenture, and, in either case, including all amendments thereof and supplements thereto.

"Indenture Trustee" means U.S. Bank National Association, in its capacity as trustee under this Indenture, its successors in interest and any successor indenture trustee under this Indenture.

"Independent" means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor upon the Notes, the Transferor and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Transferor or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Transferor or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

"Independent Certificate" means a certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 12.1 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order, and such opinion or certificate shall state that the signer has read the definition of "Independent" in this Indenture and that the signer is Independent within the meaning thereof.

"Indirect Participant" means other Persons such as securities brokers and dealers, banks and trust companies that clear or maintain a custodial relationship with a participant of DTC, either directly or indirectly.

"Ineligible Receivables" is defined (i) prior to the Certificate Trust Termination Date, in Section 2.4(d)(iii) of the Pooling and Servicing Agreement, and (ii) on and after the Certificate Trust Termination Date, in Section 2.4(e)(iii) of the Transfer and Servicing Agreement.

"Initial Closing Date" means March 26, 2010.

"Initial Collateral Amount" with respect to any Series, shall have the meaning specified in the related Indenture Supplement.

"Insolvency Event" means, with respect to any Person, such Person 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 such Person; or such Person shall admit in writing its inability to pay its debts generally as they become due, commence or have commenced against it (unless dismissed within thirty (30) days) as a debtor a proceeding under any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations.

"Insurance Proceeds" means any amounts recovered by Servicer pursuant to any credit life, credit disability or unemployment insurance policies covering any Obligor with respect to Receivables under such Obligor's Account to the extent such amounts are used to make payments on such Account.

"Interchange" means interchange fees payable to the Originator in its capacity as credit card issuer.

"Interest Period" means, with respect to any Series or Certificate Series, the period over which interest on which the related Notes or Certificates are calculated for payment on the applicable Distribution Date.

"Investment Company Act" means the Investment Company Act of 1940.

"Investor Certificate" is defined in the Pooling and Servicing Agreement.

"Investor Certificateholder" is defined in the Pooling and Servicing Agreement.

"Investor Interest" with respect to any Certificate Series shall have the meaning specified in the related supplement to the Pooling and Servicing Agreement.

"Investor Percentage" with respect to Collections of Principal Receivables, Collections of Finance Charge Receivables, Series Dilution Amounts or Loss Amounts for any Series, shall have the meaning specified in the related Indenture Supplement.

"Investor/Purchaser Percentage" is defined in the Pooling and Servicing Agreement.

"Issuer" means World Financial Network Credit Card Master Note Trust II, which is established by the Trust Agreement.

"Issuer Order" and "Issuer Request" means a written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Indenture Trustee.

"Late Fees" means the fees specified in the Cardholder Agreement applicable to each Account for late fees with respect to such Account.

"Lien" means any mortgage, deed of trust, pledge, security interest, 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 the Indenture; provided that the Conveyance of a Receivables Purchase Interest or Undivided Trust Interest pursuant to (and each as defined in) the Pooling and Servicing Agreement, any assignment or transfer pursuant to Section 8.2 of the Pooling and Servicing Agreement, Section 3.4 of the Trust Agreement, Section 5.2 of the Transfer and Servicing Agreement or Section 7.2 of the Transfer and Servicing Agreement and any encumbrance or other arrangement pursuant to a Transaction Document shall not constitute a Lien.

"Loss Amount" for any Due Period means an amount (which shall not be less than zero) equal to (a) the principal balance of any Account, or any portion thereof, that has been written off or, consistent with the Cardholder Guidelines, should have been written off the Originator's books as uncollectible during such Due Period, minus (b) the amount of Recoveries received in such Due Period with respect to Receivables previously charged off as uncollectible or as otherwise defined in the applicable Indenture Supplement.

"Majority Holders" means the Holders of Notes evidencing more than 50% of the Outstanding Amount.

"Minimum Seller Interest" is defined in the Pooling and Servicing Agreement.

"Minimum Transferor Amount" means the greatest of (i) the highest amount specified as the Minimum Seller Interest in any Certificate Series, (ii) the highest amount specified as the Minimum Transferor Amount in any outstanding Series, and (iii) zero.

"Monthly Period" means the period from and including the first day of a calendar month to and including the last day of a calendar month.

"Monthly Servicing Fee" is defined in Section 3.2 of the Transfer and Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc.

"New Issuance" is defined in Section 2.11(a) of the Indenture.

"Note" means one of the Notes issued by the Issuer pursuant to the Indenture and an Indenture Supplement, substantially in the form attached to the related Indenture Supplement.

"Note Interest Rate" means, as of any particular date of determination and with respect to any Series or Class, the interest rate as of such date specified therefor in the related Indenture Supplement.

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

"Note Principal Balance" means, as of any particular date of determination and with respect to any Series or Class, the amount specified in the related Indenture Supplement.

"Note Register" is defined in Section 2.5 of the Indenture.

"Note Trust" means World Financial Network Credit Card Master Note Trust II, which is established by the Trust Agreement.

"Noteholder" means the Person in whose name a Note is registered on the Note Register and, if applicable, the holder of any Global Note, or such other Person deemed to be a "Noteholder" or "Holder" in any related Indenture Supplement.

"Notes" means all Series of Notes issued by the Issuer pursuant to the Indenture and the applicable Indenture Supplements.

"Obligor" means, with respect to any Account, the Person or Persons obligated to make payments with respect to such Account, including any guarantor thereof.

"Officer's Certificate" means a certificate delivered to the Indenture Trustee or Owner Trustee signed by a Vice President or the Treasurer or any Assistant Treasurer of Originator, Transferor or Servicer, or more senior officer, as the case may be, on behalf of Originator, Transferor or Servicer, as applicable.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for, or an employee of, the Person providing the opinion, and who shall be reasonably acceptable to the Indenture Trustee, and in the case of an opinion to be delivered to the Originator, Transferor, any Enhancement Provider reasonably acceptable to the Originator, Transferor or such Enhancement Provider.

"Original Trust Agreement" is defined in the Recitals to the Trust Agreement.

"Originator" means (i) the Bank, (ii) any Affiliate of the Bank as the transferee from the Bank or as the originator of an Account; provided, that the Rating Agency Condition shall have been satisfied with respect to the designation of such Affiliate as Originator and a Tax Opinion shall have been delivered to the Indenture Trustee with respect to such designation, or (iii) any other originator of Accounts which is designated from time to time by the Transferor, subject to the satisfaction of the Rating Agency Condition.

"Other Assets" is defined in Section 12.17 of the Indenture.

"Outstanding" means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture except:

(i) Notes theretofore canceled by the Note Registrar or delivered to the Note Registrar for cancellation;

(ii) Notes or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Notes (provided, however, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture); and

(iii) Notes in exchange for or in lieu of other Notes which have been authenticated and delivered pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Notes are held by a protected purchaser;

provided that in determining whether the Holders of Notes representing the requisite Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Issuer, any successor to the Issuer as obligor upon the Notes, the Transferor, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, *provided that* the Indenture Trustee shall not be liable to any Person for treating any Note so owned as Outstanding unless a Responsible Officer of the Indenture Trustee actually knows such Note to be so owned. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Notes and also establishes that the pledgee is not the Issuer, any other obligor upon the Notes, the Transferor, the Servicer or any Affiliate of any of the foregoing Persons. In making any such determination, the Indenture Trustee may conclusively rely on the representations of the pledgee and shall not be required to undertake any independent investigation.

"Outstanding Amount" means, with respect to all or any portion of the Notes or Certificates, the aggregate principal amount of all Notes or such Notes Outstanding or all Certificates or such Certificates outstanding at the date of determination, as the context shall require.

"Owner Trustee" means BNY Mellon Trust of Delaware, not in its individual capacity but solely in its capacity as owner trustee under the Trust Agreement, its successors in interest and any successor owner trustee under the Trust Agreement.

"Paired Series" means a Series that, in its Indenture Supplement, is designated as the "Paired Series" for another Series; provided that no Series shall be designated as a Paired Series unless the Rating Agency Condition is satisfied with respect to such designation.

"Paying Agent" means any paying agent appointed pursuant to Section 2.8 of the Indenture and shall initially be the Indenture Trustee; provided that if the Indenture Supplement for a Series so provides, a separate or additional Paying Agent may be appointed with respect to such Series.

"Perfection Representations and Warranties" means the representations and warranties set forth below:

(1) General. The Specified Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Collateral Certificate, the Receivables and the proceeds thereof in favor of the Secured Party, which, (a) in the case of the Collateral Certificate and existing Receivables and the proceeds thereof, is enforceable upon execution of the Specified Agreement against creditors of and purchasers from Debtor, 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) 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 Collateral Certificate constitutes a "general intangible", "certificated security" or an "instrument," and Receivables constitute "accounts", within the meaning of UCC Section 8-102 or 9-102, as applicable.

(3) Creation. Debtor owns and has good and marketable title to, or has a valid security interest in, the Collateral Certificate and, immediately prior to the conveyance of the Receivables pursuant to the Specified Agreement, 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 Debtor from suffering to exist upon the Collateral Certificate or 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 the Bank, 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. Debtor has caused or will have caused, within ten days of the Initial Closing 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 to the Secured Party under the Specified Agreement in the Collateral Certificate and the Receivables arising in the Initial Accounts and Automatic Additional Accounts included in the Identified Portfolio, and (if any additional filing is so necessary) within 10 days of the applicable Addition Date, in the case of such Receivables arising in any Account designated as an Additional Account.

(5) Priority. Other than the security interest granted to the Secured Party pursuant to the Specified Agreement, Debtor has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral Certificate or the Receivables. Debtor has not authorized the filing of and is not aware of any financing statements against Debtor that include a description of collateral covering the Collateral Certificate or the Receivables other than any financing statement (i) relating to the security interest granted to Secured Party under the Specified Agreement, (ii) that has been terminated, or (iii) that has been granted pursuant to the terms of the Transaction Documents.

(6) Pledge of Collateral Certificate. There are no consents or approvals required by the terms of the Collateral Certificate for the pledge of the Collateral Certificate to the Indenture Trustee pursuant to the Indenture.

(7) Physical Certificate. There is only one executed original of the Collateral Certificate and such original has been delivered to the Indenture Trustee. The Collateral Certificate is registered in the name of the Indenture Trustee, upon original issue or registration of transfer by the Issuer. The Collateral Certificate does not have any marks or notations upon it indicating that it has been pledged, assigned or otherwise conveyed to any Person other than the Indenture Trustee.

"Permitted Assignee" means any Person who, if it were the holder of an interest in the Certificate Trust (or following the termination of the Certificate Trust, the Issuer) would not cause there to be 95 or more Private Holders.

"Permitted Investments" means unless otherwise provided in the Indenture Supplement with respect to any Series, any of the following:

(a) direct obligations of, and obligations fully guaranteed by, the United States of America or any agency or instrumentality of the United States of America;

(b) (i) demand and time deposits in, certificates of deposit of, bankers' acceptances issued by, or federal funds sold by, any depository institution or trust company (including the Indenture Trustee or any agent of the Indenture Trustee, acting in their respective commercial capacities) incorporated under the laws of the United States of America, any state thereof or the District of Columbia or any foreign depository institution with a branch or agency licensed under the laws of the United States of America or any state, subject to supervision and examination by Federal and/or state banking authorities and having an Approved Rating at the time of such investment or contractual commitment providing for such investment or otherwise approved in writing by each Rating Agency or (ii) any other demand or time deposit or certificate of deposit which is fully insured by the Federal Deposit Insurance Corporation;

(c) repurchase obligations with respect to (i) any security described in clause (a) above or (ii) any other security issued or guaranteed by an agency or instrumentality of the United States of America, in either case entered into with a depository institution or trust company (acting as principal) described in clause (b)(i) above;

(d) short-term debt securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States of America or any state thereof, the short-term unsecured obligations of which have an Approved Rating at the time of such investment; provided, however, that securities issued by any particular corporation will not be Permitted Investments to the extent that investment therein will cause the then outstanding principal amount of securities issued by such corporation and held as part of the corpus of the Issuer to exceed 10% of amounts held in the Collection Account;

(e) commercial paper having an Approved Rating at the time of such investment or pledge as security;

(f) a money market fund or a qualified investment fund rated "AAAm" or "AAAm-G" by Standard & Poor's and in the highest long-term rating category of Moody's (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor); or

(g) any other investments approved in writing by each Rating Agency; provided, that such investments shall be made only so long as making such investments will not require the Issuer to register as an investment company under the Investment Company Act of 1940; and provided, further, such investment would not cause the Issuer to fail to be a QSPE.

Permitted Investments may be purchased by or through the Indenture Trustee and its Affiliates.

"Permitted Lien" shall be any of (i) any Lien for municipal and other local taxes if such taxes shall not at the time be due and payable or if the Transferor, the Originator or the Issuer, 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) any Lien of the Receivables Trust Trustee pursuant to the Certificate Trust.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, governmental entity or other entity of similar nature.

"Pool Index File" means the file on the Originator's computer system that identifies revolving credit card accounts of the Originator, which file is designated by the Originator as its "Pool Index File."

"Pooling and Servicing Agreement" means the Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997, as amended as of July 22, 1999, May 8, 2001, August 5, 2004, March 18, 2005, October 17, 2007, October 30, 2009 and March 11, 2010, among WFN Credit Company, LLC, as Seller, World Financial Network National Bank, as Servicer, and U.S. Bank National Association, successor to Wachovia Bank, National Association, as Trustee, as the same may be amended or modified from time to time; provided that, on and after the Certificate Trust Termination Date, references in this Indenture or any Indenture Supplement to the Pooling and Servicing Agreement shall be deemed to be a reference to the Pooling and Servicing Agreement as in effect immediately prior to such date.

"Principal Receivables" means (a) all amounts (other than amounts which represent Finance Charge Receivables) billed to the Obligor on any Account, including without limitation amounts billed in respect of purchases of merchandise or services or credit insurance premiums and (b) all other fees (other than Finance Charge Receivables) billed to Obligors on the Accounts. In calculating the aggregate amount of Principal Receivables on any day, the amount of Principal Receivables shall be reduced by the aggregate amount of credit balances in the Accounts on such day. Any Receivables that the Transferor is unable to transfer to the Receivables Trust as provided in Sections 2.1 and 2.6 of the Pooling and Servicing Agreement or Sections 2.1 and 2.6 of the Transfer Servicing Agreement shall not be included in calculating the aggregate amount of Principal Receivables.

"Principal Sharing Series" means a Series that, pursuant to the Indenture Supplement therefor, is entitled to receive Shared Principal Collections.

"Principal Shortfalls" is defined, as to any Series, in the related Indenture Supplement.

"Principal Terms" means, with respect to any Series, (a) the name or designation; (b) the initial principal amount (or method for calculating such amount) and the Collateral Amount; (c) the Note Interest Rate for each Class of Notes of such Series (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 Series Servicing Fee Percentage; (h) the terms of any form of Enhancement with respect thereto; (i) the terms on which the Notes of such Series may be exchanged for Notes of another Series, repurchased by the Transferor or remarketed to other investors; (j) the Series Final Maturity Date; (k) the number of Classes of Notes of such Series and, if more than one Class, the rights and priorities of each such Class; (l) the extent to which the Notes of such Series will be issuable in temporary or permanent global form (and, in such case, the depositary for such global note or notes, the terms and conditions, if any, upon which such global note or notes may be exchanged, in whole or in part, for Definitive Notes, and the manner in which any interest payable on a temporary or global note will be paid); (m) the priority of such Series with respect to any other Series; (n) whether such Series will be part of a Group; (o) whether such Series will be a Principal Sharing Series; (p) whether such Series will be an Excess Allocation Series; (q) the Distribution Date; (r) the legal final maturity date on which the rights of the Noteholders of such Series to receive payments from the Issuer will terminate, which shall not be later than the Scheduled Trust Termination Date; and (s) whether such Series will or may act as a paired series with another existing Series and the Series, with which it will be paired, if applicable.

"Private Holder" means each holder of a right to receive interest or principal in respect of any direct or indirect interest in the Issuer or the Certificate Trust, including any financial instrument or contract the value of which is determined in whole or part by reference to the Issuer or the Certificate Trust (including the assets of the Issuer or the Certificate Trust, income of the Issuer or the Certificate Trust or distributions made by the Issuer or the Certificate Trust), excluding any interest in the Issuer or the Certificate Trust represented by any Series, Class of Notes or any other interests as to which the Transferor has received an Opinion of Counsel to the effect that such Series, Class or other interest will be treated as debt or otherwise not as an equity interest in the Issuer, the Certificate Trust or the Receivables for Federal income tax purposes (unless such interest is convertible or exchangeable into an interest in the Issuer or the Certificate Trust or the income of the Issuer or the Certificate Trust or such interest provides for payment of equivalent value). Notwithstanding the immediately preceding sentence, "Private Holder" shall also include any other Person that the Transferor determines is, may be, or may become a "partner" within the meaning of Section 1.7704-1(h)(1)(ii) of the U.S. Treasury Regulations (including by reason of Section 1.7704-1(h)(3)) or any successor provision of law. Any Person holding more than one interest in the Issuer or the Certificate Trust, each of which separately would cause such Person to be a Private Holder, shall be treated as a single Private Holder. Each holder of an interest in a Private Holder which is a partnership, S corporation, grantor trust or disregarded entity under the Code shall be treated as a Private Holder unless excepted with the consent of the Transferor (which consent shall be based on an Opinion of Counsel generally to the effect that the action taken pursuant to the consent will not cause the Issuer or the Certificate Trust to become a publicly traded partnership treated as a corporation for Federal income tax purposes).

"Private Label Program" means the Originator's program of originating private label credit card receivables primarily from sales at stores, catalogs and/or e-commerce websites associated with one or more Affiliated Brands, as specified in the Cardholder Guidelines.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Purchase Agreement" means the Purchase and Sale Agreement dated as of November 25, 1997 and amended as of July 22, 1999, November 9, 2000, May 8, 2001 and October 30, 2009 between the Seller and the Bank, as amended or otherwise modified from time to time.

"QSPE" means a "qualifying SPE" within the meaning of the Statement of Financial Accounting Standards No. 140, as amended, modified, supplemented or replaced from time to time.

"Qualified Depository Institution" means the Indenture Trustee or a depository institution or trust company organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or the domestic branch of a foreign depository institution) with depository insurance provided by FDIC, the short term deposits of which have an Approved Rating.

"Rating Agency" means, as to each Series or Certificate Series, the rating agency or agencies, if any, specified in the related Indenture Supplement or Supplement (as defined in the Pooling and Servicing Agreement) as having rated any Notes or Investor Certificates of such Series or Certificate Series.

"Rating Agency Condition" means, with respect to any action, that each Rating Agency, if any, shall have notified Transferor, Servicer and the Indenture Trustee in writing that such action will not result in a reduction or withdrawal of the rating, if any, of any outstanding Series, Certificate Series or Class thereof with respect to which it is a Rating Agency.

"Reassignment" is defined in Section 2.7(a) of the Transfer and Servicing Agreement.

"Receivables" means Principal Receivables and Finance Charge Receivables; provided, that upon the reassignment by the Receivables Trust Trustee to the Transferor of Receivables pursuant to Section 2.4 of the Pooling and Servicing Agreement or Section 2.4 of the Transfer and Servicing Agreement or upon the removal of Receivables from the Receivables Trust pursuant to Section 2.7 of the Pooling and Servicing Agreement or Section 2.7 of the Transfer and Servicing Agreement, such Conveyed Receivables, as of the date of such reassignment or removal, shall no longer be treated as 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 the Servicer's Records as amounts payable (and shall cease to be included as Receivables) on the day on which they become Defaulted Receivables.

"Receivables Trust" means (a) prior to the Certificate Trust Termination Date, the Certificate Trust and (b) on and after the Certificate Trust Termination Date, the Issuer.

"Receivables Trust Trustee" means (a) prior to the Certificate Trust Termination Date, the Certificate Trust Trustee and (b) after the Certificate Trust Termination Date, the Indenture Trustee.

"Record Date" means, with respect to any Distribution Date, the last calendar day of the calendar month immediately preceding such Distribution Date unless otherwise specified for a Series in the related Indenture Supplement.

"Recoveries" means all amounts received (net of out of pocket costs of collection) with respect to Receivables previously charged off as uncollectible and all Debt Cancellation Proceeds and Insurance Proceeds.

"Redemption Date" means, with respect to any Series, the date or dates specified in the related Indenture Supplement.

"Registered Notes" is defined in Section 2.1 of the Indenture.

"Removal Date" means, as applicable, (i) the date on which an Account becomes a Removed Account under the Pooling and Servicing Agreement, or (ii) the date designated as such pursuant to Section 2.7(a) of the Transfer and Servicing Agreement.

"Removal Notice Date" is defined in Section 2.7(a) of the Transfer and Servicing Agreement.

"Removed Accounts" means, as applicable, (i) an Account that is removed from the Certificate Trust pursuant to Section 2.7 of the Pooling and Servicing Agreement, or (ii) an Account that is removed from the Issuer pursuant to Section 2.7(a) of the Transfer and Servicing Agreement.

"Renumbered Account" means an Account with respect to which a new credit account number has been issued by the Servicer or the Originator under circumstances resulting from a lost or stolen credit card, from the transfer from one group to another group, from the transfer from one Obligor to another Obligor or from the addition of any Obligor and not requiring standard application and credit evaluation procedures under the Cardholder Guidelines, and which in any such case can be traced or identified by reference to or by way of the computer files or microfiche or written lists delivered to the Issuer pursuant to Section 2.1, 2.6 or 2.7 of the Pooling and Servicing Agreement or Section 2.1, 2.6 or 2.7 of the Transfer and Servicing Agreement as an Account which has been renumbered.

"Required Addition Event" means, as of any Business Day, either (i) the Transferor Amount is less than the Minimum Transferor Amount or (ii) the Adjusted Transferor Amount is less than zero.

"Requirements of Law" means any law, treaty, rule or regulation, or determination of an arbitrator of, the United States of America, any state or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, whether federal, state or local (including any usury law, the Federal Truth-in-Lending Act and Regulation Z of the Board of Governors of the Federal Reserve System), and, when used with respect to any Person, the certificate of incorporation and by-laws or other charter or other governing documents of such Person.

"Responsible Officer" means, with respect to the Issuer, the Chairman or any Vice Chairman of the Board of Directors or Trustees of the Administrator; the Chairman or Vice Chairman of the Executive or Standing Committee of the Board of Directors or Trustees of the Administrator; and the President, any Executive Vice President, Senior Vice President, Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant or Deputy Cashier, the Controller and any Assistant Controller or any other officer of the Administrator customarily performing functions similar to those performed by any of the above-designated officers. With respect to the Indenture Trustee, the term "Responsible Officer" means any officer assigned to the Corporate Trust Office, including any vice president, assistant vice president, trust officer, or any other officer of the Indenture Trustee customarily performing functions similar to those performed by any of the above designated officers and, in each case, having direct responsibility for the administration of the applicable Transaction Documents, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject. With respect to the Owner Trustee, the term "Responsible Officer" means any officer within the Corporate Trust Office of the Owner Trustee with direct responsibility for the administration of the Receivables Trust or Issuer, as applicable, or any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject. The term "Responsible Officer", when used herein with respect to any Person other than the Issuer, the Indenture Trustee or the Owner Trustee, means an officer or employee of such Person corresponding to any officer or employee described in the preceding sentence.

"Restart Date" is defined in Section 2.6(a) of the Transfer and Servicing Agreement.

"Rule 144A" means Rule 144A under the Securities Act, as such Rule may be amended from time to time.

"S&P" or "Standard & Poor's" means Standard & Poor's Ratings Service, a division of the McGraw Hill Companies, Inc.

"Secured Account Program" means a credit card program of the Originator under which the Obligors are required to maintain a security deposit against amounts charged, as specified in the Cardholder Guidelines.

"Secured Party" means the party designated in the Specified Agreement as the "Secured Party" for purposes of the Perfection Representations and Warranties.

"Securities Act" means the Securities Act of 1933.

"Seller" means WFN Credit Company, LLC, a Delaware limited liability company, as Seller under the Pooling and Servicing Agreement.

"Series" means any series of Notes, which may include within any such Series a Class or Classes of Notes subordinate to another such Class or Classes of Notes.

"Series Account" means any deposit, trust, escrow or similar account maintained for the benefit of the Noteholders of any Series or Class, as specified in any Indenture Supplement.

"Series Dilution Amount" means (i) prior to the Certificate Trust Termination Date, the Series Dilution Amount as defined in Section 4.3(d) of the Pooling and Servicing Agreement, and (ii) thereafter, the Series Dilution Amount as defined in Section 8.4(d) of the Indenture.

"Series Final Maturity Date" means, with respect to any Series, the final maturity date for such Series specified in the related Indenture Supplement.

"Series Percentage" means, for any Series with respect to any Due Period, the percentage equivalent of a fraction, the numerator of which is the Series Investor Interest (as defined for each Series in the relevant Indenture Supplement for such Series) for such Series as of the last day of the immediately preceding Due Period and the denominator of which is the sum of the Series Investor Interests for all outstanding Series, in each case as of the last day of the immediately preceding Due Period.

"Series Servicing Fee Percentage" is defined, as to any Series, in the related Indenture Supplement.

"Series Termination Date" means, with respect to any Series, the termination date for such Series specified in the related Indenture Supplement.

"Servicer" means World Financial Network National Bank, in its capacity as Servicer pursuant to the Transfer and Servicing Agreement, and, after any Servicer Termination Notice, the Successor Servicer.

"Servicer Default" is defined in Section 7.1 of the Transfer and Servicing Agreement.

"Servicer Termination Notice" is defined in Section 7.1 of the Transfer and Servicing Agreement.

"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 Indenture Trustee by Servicer, as such list may from time to time be amended.

"Shared Excess Finance Charge Collections" means (i) prior to the Certificate Trust Termination Date, the Shared Excess Finance Charge Collections as defined in Section 4.3(g) of the Pooling and Servicing Agreement, and (ii) on and after the Certificate Trust Termination Date, all amounts that any Indenture Supplement designates as "Shared Excess Finance Charge Collections."

"Shared Principal Collections" means (i) prior to the Certificate Trust Termination Date, "Shared Principal Collections" as defined in the Pooling and Servicing Agreement and (ii) on and after the Certificate Trust Termination Date, all amounts that any Indenture Supplement designates as "Shared Principal Collections."

"Specified Agreement" means the Transfer and Servicing Agreement and any other agreement specified in a Transaction Document as the "Specified Agreement" for purposes of the Perfection Representations and Warranties.

"Specified Program" means (i) the Private Label Program, (ii) the Co-Branded Program, (iii) the Secured Account Program, (iv) the Unaffiliated Retailer Program, or (v) any other credit card origination program initiated by the Originator.

"Statutory Trust Statute" means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. § 3801, et seq.

"Store" means a retail location of any Affiliate of the Originator.

"Store Account" means a deposit account established by a Store for the purpose of collecting Store Payments.

"Store Payment" means any payment by an Obligor on account of a Receivable made by means of cash or check delivered in person by such Obligor to an employee at any Store.

"Subject Instrument" means any Note or Investor Certificate with respect to which the Transferor shall not have received an Opinion of Counsel to the effect that such Note or Investor Certificate will be treated as debt for Federal income tax purposes.

"Successor Servicer" is defined in Section 7.2(a) of the Transfer and Servicing Agreement.

"Supplemental Account" means an Additional Account, other than an Automatic Additional Account.

"Supplemental Interest" is defined in Section 3.4 of the Trust Agreement.

"Surviving Person" is defined in Section 3.9(a) of the Indenture.

"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 or Notes 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 or Notes would be characterized as debt, (b) following such action that neither the Certificate Trust nor the Issuer will be classified 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 Certificateholder or Noteholder.

"Transaction Documents" means the Indenture, each Indenture Supplement, the Transfer and Servicing Agreement, the Purchase Agreement, the Trust Agreement, the Administration Agreement, each Assignment, each Additional Assignment and, until the Certificate Trust Termination Date, the Pooling and Servicing Agreement and the Collateral Series Supplement, and any other documents related to this transaction.

"Transfer Agent and Registrar" is defined in Section 2.5 of the Indenture.

"Transfer Agreement" means (a) prior to the Certificate Trust Termination Date, the Pooling and Servicing Agreement and (b) after the Certificate Trust Termination Date, the Transfer and Servicing Agreement.

"Transfer and Servicing Agreement" means the Transfer and Servicing Agreement, dated as of March 26, 2010, between the Transferor, the Servicer and the Issuer as the same may be amended, supplemented or otherwise modified from time to time.

"Transferor" means WFN Credit Company, LLC, a Delaware limited liability company, and additional Transferors, if any, designated by the initial Transferor, subject to the satisfaction of the Rating Agency Condition.

"Transferor Amount" means, at any time, the result (without duplication) of (i) the aggregate amount of Principal Receivables in the Receivables Trust, plus (ii) the amounts allocated to the Excess Funding Account, plus (iii) amounts credited to the Collection Account or any Trust Account for payment of principal on the Investor Certificates or Notes to the extent not subtracted in calculating the Aggregate Investor Interest, minus (iv) the Aggregate Investor Interest. It is understood and agreed that the Transferor Amount may be less than zero and expressed as a negative number.

"Transferor Interest" means the interest of the Transferor or its assigns in the Issuer and the Receivables, which entitles the Transferor or its assigns to receive the various amounts specified in the Transaction Documents to be paid to the Holder(s) of the Transferor Interest.

"Transferor Percentage" means, on any date of determination, when used with respect to Finance Charge Receivables and Principal Receivables, a percentage equal to (i) 100% minus (ii) the aggregate Investor Percentages for all Series with respect to such categories of Receivables, minus (iii) the Investor/Purchaser Percentages for all Certificate Series with respect to such categories of Receivables.

"Trust" means the Note Trust.

"Trust Account" means any Series Account, the Collection Account or Excess Funding Account.

"Trust Agreement" means the Amended and Restated Trust Agreement relating to the Trust, dated as of March 26, 2010, between the Transferor and the Owner Trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"Trust Early Amortization Event" is defined, with respect to each Series, in Section 5.1 of the Indenture.

"Trust Estate" means the portion of the Collateral transferred by the Transferor to the Issuer, including the property and rights assigned to the Issuer pursuant to Section 2.5 of the Trust Agreement and Section 2.1 of the Transfer and Servicing Agreement.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939.

"Trust Investors" mean Holders, holders of Investor Certificates, and any other Person designated as a "Trust Investor" in an Indenture Supplement.

"Trust Termination Date" is defined in Section 8.1 of the Trust Agreement.

"UCC" means the Uniform Commercial Code, as in effect in the applicable jurisdiction.

"Unaffiliated Retailer Program" means a credit card program of the Originator to allow holders of any Private Label credit card associated with one or more of its Affiliated Brands to use the card at certain unaffiliated retail locations, as specified in the Cardholder Guidelines.

"U.S. Person" or "United States Person" means a Person described in Code section 7701(a)(30), including a Person which is for United States federal income tax purposes a citizen or resident of the United States, a corporation, partnership or other entity (other than a disregarded entity owned by a Person other than a United States Person described in Code section 7701(a)(30)) created or organized in or under the laws of the United States, or an estate or trust the income of which is subject to United States Federal income taxation regardless of its source.

"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 any Note that is designated as a variable funding note in the related Indenture Supplement.

Exhibit 10.6

EXECUTION COPY

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST II

Issuer

and

U.S. BANK NATIONAL ASSOCIATION

Indenture Trustee

SERIES 2010-1 INDENTURE SUPPLEMENT

Dated as of March 26, 2010
to

MASTER INDENTURE

Dated as of March 26, 2010

TABLE OF CONTENTS

This SERIES 2010-1 INDENTURE SUPPLEMENT, dated as of March 26, 2010 (this "Indenture Supplement"), is between WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST II, a statutory trust organized and existing under the laws of the State of Delaware (the "Issuer" or the "Note Trust") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee (the "Indenture Trustee") under the Master Indenture dated as of March 26, 2010 (the "Indenture" and, together with this Indenture Supplement, the "Agreement") between the Issuer and the Indenture Trustee.

Pursuant to Section 2.11 of the Indenture, the Transferor may direct the Issuer to issue one or more Series of Notes. The Principal Terms of this Series are set forth in this Indenture Supplement.

SECTION 1. Designation.

(a) There is hereby created a Series of Notes to be issued in five classes pursuant to the Indenture and this Indenture Supplement and to be known together as the Series 2010-1 Notes. The five classes shall be designated the Class A Asset Backed Notes, Series 2010-1 (the "Class A Notes"), the Class M Asset Backed Notes, Series 2010-1 (the "Class M Notes"), the Class B Asset Backed Notes, Series 2010-1 (the "Class B Notes"), the Class C Asset Backed Notes, Series 2010-1 (the "Class C Notes") and the Class D Asset Backed Notes, Series 2010-1 (the "Class D Notes").

(b) The Class D Notes shall be subordinate to the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes. The Class C Notes shall be subordinate to the Class A Notes, the Class M Notes and the Class B Notes. The Class B Notes shall be subordinate to the Class A Notes and the Class M Notes. The Class M Notes shall be subordinate to the Class A Notes.

(c) Series 2010-1 shall be included in Group One.

(d) The Series 2010-1 Notes shall be due and payable on the Series 2010-1 Final Maturity Date.

SECTION 2. Definitions. In the event that any term or provision contained herein shall conflict with or be inconsistent with any provision contained in the Indenture, the terms and provisions of this Indenture Supplement shall govern with respect to this Series. All Article or Section references herein shall mean Articles or Sections of the Indenture, except as otherwise provided herein. All capitalized terms not otherwise defined herein are defined in the Indenture. Each capitalized term defined herein shall relate only to the Series 2010-1 Notes and no other Series issued by the Issuer.

"Amortization Period" shall mean, with respect to Series 2010-1, the Controlled Amortization Period or the Early Amortization Period.

"Applicable Assignor" shall mean the Transferor, the "Seller" under the Pooling and Servicing Agreement or the Originator.

"Available Finance Charge Collections" shall mean, for any Due Period, an amount equal to the sum of:

(a) the Investor Finance Charge Collections for such Due Period, and

(b) the Excess Finance Charge Collections allocated to Series 2010-1 for such Due Period.

"Available Principal Collections" shall mean, for any Due Period, an amount equal to the sum of:

(a) with respect to any Distribution Date, the Investor Principal Collections for such Due Period, minus the amount of Reallocated Principal Collections with respect to such Due Period,

(b) any Shared Principal Collections with respect to other Series in Group One that are allocated to Series 2010-1 in accordance with Section 6.8 for such Distribution Date, and

(c) the aggregate amounts to be treated as Available Principal Collections pursuant to Sections 6.4(a)(vi) and 6.4(a)(vii) for such Distribution Date.

"Average Principal Balance" shall mean, for any Due Period in which one or more Reset Dates occur, the weighted average of the Principal Receivables on the first day of each Subperiod in such Due Period, it being understood that such average will be weighted according to a fraction, the numerator of which is the number of days during the relevant Subperiod and the denominator of which is the number of days in such Due Period.

"Base Rate" shall mean, for any Due Period, the annualized percentage equivalent of a fraction (calculated on the basis of a 360 day year), the numerator of which is equal to the sum of (i) the Monthly Interest and (ii) the Noteholder Servicing Fee, each with respect to the related Distribution Date, and the denominator of which is the Principal Balance as of the last day of the preceding Due Period (or with respect to the initial Due Period, the outstanding principal amount of the Series 2010-1 Notes on the Closing Date).

"Benefit Plan Investor" shall mean a "benefit plan investor" as defined in Section 3(42) of ERISA, including, without limitation, (i) an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, (ii) a "plan" as defined in Section 4975 of Code, which is subject to Section 4975 of the Code and (iii) an entity deemed to hold "plan assets" (within the meaning of 29 C.F.R. 2510.3-101, as modified by Section 3(42) of ERISA) by reason of investment by an employee benefit plan or plan in such entity.

"Certificate Series" shall mean a Series under (and as defined in) the Pooling and Servicing Agreement, other than any Series represented by the Collateral Certificate.

"Class" shall mean any of the Class A Notes, the Class M Notes, the Class B Notes, the Class C Notes or the Class D Notes.

"Class A Additional Interest" shall have the meaning specified in Section 6.2(a).

"Class A Deficiency Amount" shall have the meaning specified in Section 6.2(a).

"Class A Expected Final Payment Date" shall mean the November 2012 Distribution Date.

"Class A Initial Principal Balance" shall mean $[_].

"Class A Monthly Interest" shall have the meaning specified in Section 6.2(a).

"Class A Note Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to [_]%.

"Class A Noteholder" shall mean each Person in whose name a Class A Note is registered in the Note Register.

"Class A Notes" shall have the meaning specified in Section 1(a).

"Class A Principal Balance" shall mean, on any date of determination, an amount equal to (a) the Class A Initial Principal Balance, minus (b) the aggregate amount of principal payments made to Class A Noteholders prior to such date.

"Class A/Servicing Fee Required Amount" shall mean, for any Distribution Date, an amount equal to the excess of (i) the sum of the amounts described in Sections 6.4(a)(i) and (ii) over (ii) Available Finance Charge Collections applied to pay such amount pursuant to Section 6.4(a).

"Class B Additional Interest" shall have the meaning specified in Section 6.2(c).

"Class B Deficiency Amount" shall have the meaning specified in Section 6.2(c).

"Class B Expected Final Payment Date" shall mean the January 2013 Distribution Date.

"Class B Initial Principal Balance" shall mean $[_].

"Class B Monthly Interest" shall have the meaning specified in Section 6.2(c).

"Class B Note Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to [_]%.

"Class B Noteholder" shall mean each Person in whose name a Class B Note is registered in the Note Register.

"Class B Notes" shall have the meaning specified in Section 1(a).

"Class B Principal Balance" shall mean, on any date of determination, an amount equal to (a) the Class B Initial Principal Balance, minus (b) the aggregate amount of principal payments made to Class B Noteholders prior to such date.

"Class B Required Amount" shall mean, for any Distribution Date, an amount equal to the excess of the amount described in Section 6.4(a)(iv) over the Available Finance Charge Collections applied to pay such amount pursuant to Section 6.4(a).

"Class C Additional Interest" shall have the meaning specified in Section 6.2(d).

"Class C Deficiency Amount" shall have the meaning specified in Section 6.2(d).

"Class C Expected Final Payment Date" shall mean the February 2013 Distribution Date.

"Class C Initial Principal Balance" shall mean $[_].

"Class C Monthly Interest" shall have the meaning specified in Section 6.2(d).

"Class C Note Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to [_]%.

"Class C Noteholder" shall mean each Person in whose name a Class C Note is registered in the Note Register.

"Class C Notes" shall have the meaning specified in Section 1(a).

"Class C Principal Balance" shall mean, on any date of determination, an amount equal to (a) the Class C Initial Principal Balance, minus (b) the aggregate amount of principal payments made to Class C Noteholders prior to such date.

"Class C Required Amount" shall mean, for any Distribution Date, an amount equal to the excess of the amount described in Section 6.4(a)(v) over the sum of the Available Finance Charge Collections applied to pay such amount pursuant to Section 6.4(a) and any amount withdrawn from the Spread Account to pay such amount.

"Class D Deficiency Amount" shall have the meaning specified in Section 6.2(e).

"Class D Expected Final Payment Date" shall mean the March 2013 Distribution Date.

"Class D Initial Principal Balance" shall mean $[_].

"Class D Monthly Interest" shall have the meaning specified in Section 6.2(e).

"Class D Note Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to [_]%.

"Class D Noteholder" shall mean each Person in whose name a Class D Note is registered in the Note Register.

"Class D Notes" shall have the meaning specified in Section 1(a).

"Class D Principal Balance" shall mean, on any date of determination, an amount equal to (a) the Class D Initial Principal Balance, minus (b) the aggregate amount of principal payments made to Class D Noteholders prior to such date.

"Class M Additional Interest" shall have the meaning specified in Section 6.2(b).

"Class M Deficiency Amount" shall have the meaning specified in Section 6.2(b).

"Class M Expected Final Payment Date" shall mean the December 2012 Distribution Date.

"Class M Initial Principal Balance" shall mean $[_].

"Class M Monthly Interest" shall have the meaning specified in Section 6.2(b).

"Class M Note Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to [_]%.

"Class M Noteholder" shall mean each Person in whose name a Class M Note is registered in the Note Register.

"Class M Notes" shall have the meaning specified in Section 1(a).

"Class M Principal Balance" shall mean, on any date of determination, an amount equal to (a) the Class M Initial Principal Balance, minus (b) the aggregate amount of principal payments made to Class M Noteholders prior to such date.

"Class M Required Amount" shall mean, for any Distribution Date, an amount equal to the excess of the amount described in Section 6.4(a)(iii) over the Available Finance Charge Collections applied to pay such amount pursuant to Section 6.4(a).

"Closing Date" shall mean March 26, 2010.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Collateral Amount" shall mean, as of any date of determination, an amount equal to the result of (a) $[_], *minus* (b) the amount of principal previously paid to the Series 2010-1 Noteholders (other than any principal payments made from funds on deposit in the Spread Account), *minus* (c) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursements of such amounts pursuant to Section 6.4(a)(vii) prior to such date; provided, that, the Collateral Amount will not be less than zero.

"Controlled Amortization Amount" shall mean, for any Due Period related to the Controlled Amortization Period, (a) if the Class A Notes shall not have been paid in full on or before the Distribution Date in such Due Period, $[_]; provided, however, that such amount shall be adjusted downward to reflect any reduction to the Principal Balance as a result of any cancellation of Series 2010-1 Notes pursuant to Section 6.9 so that such amount shall be equal to [_]% of the outstanding principal amount of the Class A Notes as of the last day of the Due

Period prior to the commencement of the Controlled Amortization Period; (b) on any Distribution Date on and after the Class M Expected Final Payment Date, an amount equal to the outstanding principal amount of the Class M Notes; (c) on any Distribution Date on and after the Class B Expected Final Payment Date, an amount equal to the outstanding principal amount of the Class B Notes; (d) on any Distribution Date on and after the Class C Expected Final Payment Date, an amount equal to the outstanding principal amount of the Class C Notes; and (e) on any Distribution Date on and after the Class D Expected Final Payment Date, an amount equal to the outstanding principal amount of the Class D Notes.

"Controlled Amortization Period" shall mean, unless an Early Amortization Event shall have occurred prior thereto, the period commencing on March 1, 2012, and ending upon the first to occur of (a) the payment in full of the Series 2010-1 Notes, (b) the commencement of the Early Amortization Period and (c) the Series 2010-1 Termination Date.

"Controlled Amortization Shortfall" shall mean (i) with respect to the first Due Period related to the Controlled Amortization Period, zero, and (ii) with respect to each other Due Period during the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount for the previous Due Period over the amount of Available Principal Collections distributed as payment of such Controlled Payment Amount on the Distribution Date related to such previous Due Period.

"Controlled Payment Amount" shall mean, for any Due Period, the sum of (a) the Controlled Amortization Amount and (b) the sum of any existing Controlled Amortization Shortfall for any previous Due Periods in the Controlled Amortization Period.

"Controlling Noteholders" shall mean Holders of more than 50% of the Outstanding Amount of the Series 2010-1 Notes; provided that, at any time that 100% of the Series 2010-1 Notes are owned by the Issuer, the Transferor, the Servicer or any Affiliate of the foregoing Persons, then the "Controlling Noteholders" shall mean the Holders of greater than 50% of the Principal Balance.

"Cumulative Principal Shortfall" shall mean the sum of the Principal Shortfalls (as such term is defined in each of the related Indenture Supplements or Certificate Series Supplement) for each Series or Certificate Series in Group One that are Principal Sharing Series.

"Depository" shall mean The Depository Trust Company, as initial Depository, or any successor Clearing Agency appointed by the Transferor.

"Distribution Date" shall mean May 17, 2010 and the fifteenth day of each calendar month thereafter, or if such fifteenth day is not a Business Day, the next succeeding Business Day, to and including the Series 2010-1 Termination Date.

"Distribution Ledger Balance" shall mean the portion of the balance in the Collection Account identified by the Servicer to the Receivables Trust Trustee for bookkeeping purposes with respect to Series 2010-1 as the "Series 2010-1 Distribution Ledger Balance."

"Early Amortization Event" shall mean a Trust Early Amortization Event or a Series 2010-1 Early Amortization Event.

"Early Amortization Period" shall mean the period commencing at the close of business on the Business Day immediately preceding the day on which an Early Amortization Event with respect to Series 2010-1 is deemed to have occurred, and ending on the Series 2010-1 Termination Date.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Excess Spread Percentage" shall mean, for any Due Period, a percentage equal to the Portfolio Yield for such Due Period, *minus* the Base Rate for such Due Period.

"Finance Charge Collections" shall mean Collections of Finance Charge Receivables.

"Finance Charge Ledger Balance" shall mean the portion of the balance in the Collection Account identified by the Servicer to the Receivables Trust Trustee for bookkeeping purposes with respect to Series 2010-1 as the "Series 2010-1 Finance Charge Ledger Balance."

"Finance Charge Shortfall" shall have the meaning specified in Section 6.7(b).

"Fixed Allocation Percentage" shall mean, with respect to any Due Period (including any day within such Due Period) occurring on or after the Fixed Principal Allocation Date, the percentage equivalent of a fraction:

(a) the numerator of which is the Collateral Amount as of the close of business on the last day of the Revolving Period; provided, that if Series 2010-1 is paired with a Paired Series and an Early Amortization Event occurs with respect to such Paired Series, the Transferor shall, by written notice delivered to the Indenture Trustee, the Servicer and the Rating Agencies, reduce the numerator to an amount equal to the Collateral Amount as of the last day of the revolving period for such Paired Series; provided that each of the Rating Agencies confirms in writing, concurrently with the issuance of such Paired Series, that such change would not result in a reduction or withdrawal by such Rating Agency of its rating for the Series 2010-1 Notes; and

(b) the denominator of which is the greater of (i) the sum of (A) the Aggregate Principal Receivables at the end of the day on the last day of the prior Due Period (or, with respect to the first Due Period ending after the Closing Date, at the end of the day on the Closing Date) *plus* (B) the amount on deposit in the Excess Funding Account as of the close of business of the last day of the prior Due Period (or, with respect to the first Due Period ending after the Closing Date, at the end of the day on the Closing Date), and (ii) the sum of the numerators used to calculate the investor allocation percentages for such Due Period with respect to Principal Receivables for all Series and Certificate Series (other than the Collateral Certificate) outstanding;

provided, that with respect to any Due Period in which one or more Reset Dates occur:

(x) the denominator determined pursuant to subclause (b)(i)(A) shall be (1) the aggregate amount of Principal Receivables as of the close of business on the later of the last day of the preceding Due Period or the preceding Reset Date, for the period from and including the first day of the current Due Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the aggregate amount of Principal Receivables as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Due Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); and provided further that with respect to any Due Period in which a Reset Date occurs, if the Servicer need not make daily deposits of Collections into the Collection Account, the amount in subclause (b)(i)(A) shall be the Average Principal Balance; and

(y) the denominator determined pursuant to subclause (b)(ii) shall be (1) the sum of the numerators used to calculate the investor allocation percentages for allocations with respect to Principal Receivables for all such Series and Certificate Series as of the close of business on the later of the last day of the preceding Due Period or the preceding Reset Date, for the period from and including the first day of the current Due Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the sum of the numerators used to calculate the investor allocation percentages for allocations with respect to Principal Receivables for all such Series and Certificate Series as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Due Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date).

"Fixed Principal Allocation Date" shall mean the earlier of (a) the date on which an Early Amortization Period with respect to Series 2010-1 commences, and (b) the date of commencement of the Controlled Amortization Period.

"Floating Allocation Percentage" shall mean, with respect to any Due Period (including any day within such Due Period), the percentage equivalent of a fraction:

(a) the numerator of which is the Collateral Amount at the end of the day on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Collateral Amount at the end of the day on the Closing Date), and

(b) the denominator of which is the greater of (1) the sum of (A) the Aggregate Principal Receivables at the end of the day on the last day of the prior Due Period (or with respect to the first Due Period ending after the Closing Date, at the end of the day on the Closing Date) *plus* (B) the amount on deposit in the Excess Funding Account as of the close of business of the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, at the end of the day on the Closing Date), and (2) the sum of the numerators used to calculate the investor allocation percentages for such Due Period with respect to Finance Charge Receivables, Series Dilution Amounts or Loss Amounts, as applicable, for all Series and Certificate Series outstanding;

provided that with respect to any Due Period in which one or more Reset Dates occur:

(x) the numerator determined pursuant to subclause (a) shall be (1) the Collateral Amount at the end of the day on the later of (A) the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Collateral Amount at the end of the day on the Closing Date) or (B) the preceding Reset Date, for the period from and including the first day of the current Due Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Collateral Amount at the end of the day on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Due Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date);

(y) the denominator determined pursuant to subclause (b)(1)(A) shall be (1) the aggregate amount of Principal Receivables as of the close of business on the later of the last day of the preceding Due Period or the preceding Reset Date, for the period from and including the first day of the current Due Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the aggregate amount of Principal Receivables as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Due Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); provided that with respect to any Due Period in which a Reset Date occurs, if the Servicer need not make daily deposits of Collections into the Collection Account, the amount in subclause (b)(1)(A) shall be the Average Principal Balance; and

(z) the denominator determined pursuant to subclause (b)(2) shall be (1) the sum of the numerators used to calculate the investor allocation percentages for allocations with respect to Finance Charge Receivables, Loss Amounts or Principal Receivables, as applicable, for all outstanding Series and Certificate Series as of the close of business on the later of the last day of the preceding Due Period or the preceding Reset Date, for the period from and including the first day of the current Due Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the sum of the numerators used to calculate the investor allocation percentages for allocations with respect to Finance Charge Receivables, Series Dilution Amounts, Loss Amounts or Principal Receivables, as applicable, for all such Series and Certificate Series as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Due Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date).

"Group One" shall mean Series 2010-1 and each other Certificate Series (other than the Series represented by the Collateral Certificate) and each other Series specified in the related Indenture Supplement to be included in Group One.

"Initial Principal Balance" shall mean the sum of the Class A Initial Principal Balance, the Class M Initial Principal Balance, the Class B Initial Principal Balance, the Class C Initial Principal Balance and the Class D Initial Principal Balance.

"Initial Purchaser" shall mean Barclays Capital Inc., as initial purchaser of the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes.

"Interest Period" shall mean, with respect to any Distribution Date, the period from and including the previous Distribution Date through the day preceding such Distribution Date, except that the initial Interest Period shall be the period from and including the Closing Date through the day preceding the initial Distribution Date.

"Investor Charge-Offs" shall have the meaning set forth in Section 6.5.

"Investor Finance Charge Collections" shall mean, for any Due Period, an amount equal to the aggregate amount of Finance Charge Collections (including Recoveries treated as Finance Charge Collections) retained in or allocated to the Finance Charge Ledger Balance for Series 2010-1 pursuant to Section 6.1(b)(i) for such Due Period.

"Investor Loss Amount" shall mean, with respect to any Distribution Date, an amount equal to the product of (a) the aggregate of the Loss Amounts for the related Due Period and (b) the Floating Allocation Percentage for such Due Period.

"Investor Percentage" for Series 2010-1 shall mean, with respect to Collections of Principal Receivables, the Principal Allocation Percentage, and with respect to Collections of Finance Charge Receivables, Series Dilution Amounts or Loss Amounts, the Floating Allocation Percentage.

"Investor Principal Collections" shall mean, for any Due Period, an amount equal to the aggregate amount of Collections on Principal Receivables allocated to the Principal Ledger Amount for Series 2010-1 pursuant to Section 6.1(b)(ii) for such Due Period.

"Investor Uncovered Dilution Amount" shall mean, with respect to any Distribution Date, an amount equal to the product of (a) the Investor Percentage for the related Due Period (determined on a weighted average basis, if a Reset Date occurs during such Due Period) and (b) any Series Dilution Amount remaining after giving effect to any addition of Accounts and other actions taken pursuant to Sections 2.6 and 4.3(d) of the Pooling and Servicing Agreement and Section 2.6 of the Transfer and Servicing Agreement and Section 8.4(d) of the Indenture; provided that, if the Transferor Amount is greater than zero on the immediately preceding Determination Date, the Series Dilution Amount used to calculate the Investor Uncovered Dilution Amount for such Due Period shall be reduced by the Transferor Amount.

"Minimum Transferor Amount" for Series 2010-1 shall mean zero.

"Monthly Interest" shall mean, with respect to any Distribution Date, the sum of (a) the Class A Monthly Interest, the Class A Additional Interest, if any, and the unpaid Class A Deficiency Amount, if any; (b) the Class M Monthly Interest, the Class M Additional Interest, if any, and the unpaid Class M Deficiency Amount, if any; (c) the Class B Monthly Interest, the Class B Additional Interest, if any, and the unpaid Class B Deficiency Amount, if any; (d) the Class C Monthly Interest, the Class C Additional Interest, if any, and the unpaid Class C Deficiency Amount, if any; and (e) the Class D Monthly Interest and unpaid Class D Deficiency Amount, each with respect to such Distribution Date.

"Monthly Principal" shall have the meaning specified in Section 6.3.

"Monthly Principal Reallocation Amount" shall mean, for any Due Period, an amount equal to the sum of:

(a) the lower of (i) the Class A/Servicing Fee Required Amount, and (ii) the greater of (A)(x) $[_] minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Due Period) and unreimbursed Reallocated Principal Collections (as of the previous Distribution Date) plus (II) the amount of any Class M Notes, Class B Notes, Class C Notes and Class D Notes retired pursuant to Section 6.9 and (B) zero;

(b) the lower of (i) the Class M Required Amount, and (ii) the greater of (A)(x) $[_] minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Due Period) and unreimbursed Reallocated Principal Collections (as of the previous Distribution Date and as required in clause (a) above) plus (II) the amount of Class B Notes, Class C Notes and Class D Notes retired pursuant to Section 6.9 and (B) zero;

(c) the lower of (i) the Class B Required Amount, and (ii) the greater of (A)(x) $[_] minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Due Period) and unreimbursed Reallocated Principal Collections (as of the previous Distribution Date and as required in clauses (a) and (b) above) plus (II) the amount of Class C Notes and Class D Notes retired pursuant to Section 6.9 and (B) zero; and

(d) the lower of (i) the Class C Required Amount, and (ii) the greater of (A)(x) $[_] minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Due Period) and unreimbursed Reallocated Principal Collections (as of the previous Distribution Date and as required in clauses (a), (b) and (c) above) plus (II) the amount of any Class D Notes retired pursuant to Section 6.9 and (B) zero.

"Noteholder Servicing Fee" shall have the meaning specified in Section 3.

"Other Plan Investor" shall mean any governmental, church or non-U.S. pension plan or account that is subject to any Similar Law.

"Percentage Allocation" shall have the meaning specified in Section 6.1(b)(ii)(y).

"Portfolio Yield" shall mean, for any Due Period, the annualized percentage equivalent of a fraction (calculated on the basis of a 365/366 day year, as applicable), (i) the numerator of which is equal to (x) the Available Finance Charge Collections other than Excess Finance Charge Collections included therein, minus (y) the Investor Loss Amount and the Investor Uncovered Dilution Amount for such Due Period and (ii) the denominator of which is the Principal Balance as of the last day of the preceding Due Period (or with respect to the initial Due Period, the outstanding principal amount of the Series 2010-1 Notes on the Closing Date).

"Principal Allocation Percentage" shall mean, (a) with respect to any Due Period (including any day within such Due Period) occurring prior to the Fixed Principal Allocation Date, the Floating Allocation Percentage for such Due Period, and (b) with respect to any Due Period (including any day within such Due Period) occurring on or after the Fixed Principal Allocation Date, the Fixed Allocation Percentage for such Due Period.

"Principal Balance" shall mean, as of any date of determination, the sum of the Class A Principal Balance, the Class M Principal Balance, the Class B Principal Balance, the Class C Principal Balance, and the Class D Principal Balance.

"Principal Collections" shall mean Collections of Principal Receivables.

"Principal Ledger Balance" shall mean the portion of the balance in the Collection Account identified by the Servicer to the Receivables Trust Trustee for bookkeeping purposes with respect to Series 2010-1 as the "Series 2010-1 Principal Ledger Balance."

"Principal Sharing Series" shall mean, for purposes of Series 2010-1, any Certificate Series outstanding under the Pooling and Servicing Agreement and any outstanding Series in Group One.

"Principal Shortfall" shall mean, as the context requires, either of the following: (a) on any Distribution Date with respect to the Controlled Amortization Period, the amount by which the Controlled Payment Amount for the prior Due Period exceeds the amount of Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections); and (b) on any Distribution Date with respect to the Early Amortization Period, the amount by which the Principal Balance exceeds the Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections).

"QIB" shall mean a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act).

"Quarterly Excess Spread Percentage" shall mean (a) with respect to the May 2010 Distribution Date, the Excess Spread Percentage for the Due Period relating to such Distribution Date, (b) with respect to the June 2010 Distribution Date, the percentage equivalent of a fraction, the numerator of which is the sum of (i) the Excess Spread Percentage for the Due Period relating to the May 2010 Distribution Date and (ii) the Excess Spread Percentage for the Due Period relating to the June 2010 Distribution Date and the denominator of which is two, and (c) with respect to the July 2010 Distribution Date and each Distribution Date thereafter, the percentage equivalent of a fraction, the numerator of which is the sum of the Excess Spread Percentages determined with respect to the Due Periods relating to such Distribution Date and the immediately preceding two Distribution Dates and the denominator of which is three.

"Rating Agency" shall mean Standard & Poor's and DBRS.

"Reallocated Principal Collections" shall mean, for any Distribution Date, the Investor Principal Collections applied in accordance with Section 6.6 in an amount not to exceed the Monthly Principal Reallocation Amount for the related Due Period.

"Reassignment Amount" shall mean, for any Transfer Date, after giving effect to any deposits and distributions otherwise to be made on the related Distribution Date, the sum of (i) the Note Principal Balance on the related Distribution Date, plus (ii) Monthly Interest for the related Distribution Date and any Monthly Interest previously due but not distributed to the Series 2010-1 Noteholders; *plus* (iii) any amounts then due to the Indenture Trustee with respect to Series 2010-1.

"Redemption Date" shall have the meaning specified in Section 9(b)(ii).

"Regulation S Book-Entry Note" shall have the meaning specified in Section 13(b)(ii).

"Regulation S Permanent Book-Entry Note" shall have the meaning specified in Section 13(b)(ii).

"Regulation S Temporary Book-Entry Note" shall have the meaning specified in Section 13(b)(ii).

"Required Addition Event" means a "Required Addition Event" (as defined in the Pooling and Servicing Agreement), an "Additional Required Addition Event" (as defined in the Collateral Series Supplement) or a Required Addition Event under the Transfer and Servicing Agreement.

"Required Spread Account Amount" shall mean, for the April 2010 Distribution Date, zero, and for any Distribution Date thereafter, the lesser of (x) the Class C Principal Balance and (y) the product of (i) the Spread Account Percentage *times* (ii) prior to the end of the Revolving Period, the Collateral Amount as of such Distribution Date, and on any date after the end of the Revolving Period, the Collateral Amount as of the close of business on the last day of the Revolving Period.

"Reset Date" means:

(a) each Addition Date (other than any Addition Date for any Automatic Additional Accounts) and each "Addition Date" (as such term is defined in the Pooling and Servicing Agreement);

(b) each Removal Date and each "Removal Date" (as such term is defined in the Pooling and Servicing Agreement); and

(c) each date on which a new Series or Class of Notes is issued and each date on which a new "Series" or "Class" (each as defined in the Pooling and Servicing Agreement) of Investor Certificates is issued by the Certificate Trust.

"Restricted Book-Entry Note" shall have the meaning specified in Section 13(b)(i).

"Revolving Period" shall mean the period from and including the Closing Date to, but not including, the Fixed Principal Allocation Date.

"Series 2010-1" shall mean the Series of Notes, the terms of which are specified in this Indenture Supplement.

"Series 2010-1 Early Amortization Event" shall have the meaning specified in Section 8.1.

"Series 2010-1 Final Maturity Date" shall mean the September 2017 Distribution Date.

"Series 2010-1 Noteholder" shall mean the Holder of record of any Series 2010-1 Note.

"Series 2010-1 Notes" shall mean the Class A Notes, the Class M Notes, the Class B Notes, the Class C Notes and the Class D Notes.

"Series 2010-1 Termination Date" shall mean the earliest to occur of (a) the Distribution Date on which the Series 2010-1 Notes are paid in full, (b) the Series 2010-1 Final Maturity Date or (c) the date on which the Collateral Amount is reduced to zero.

"Series Account" shall mean, (a) with respect to Series 2010-1, the Spread Account and (b) with respect to any other Series, the "Series Accounts" for such Series as specified in the Indenture and the applicable Indenture Supplement for such Series.

"Series Servicing Fee Percentage" shall mean 2.0%.

"Similar Law" shall mean any federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility and prohibited transaction provisions of ERISA or the Code.

"Spread Account" shall mean the account designated as such, established and owned by the Issuer and maintained in accordance with Section 6.11.

"Spread Account Amount" shall mean with respect to any date, the amount on deposit in the Spread Account on such date (excluding Investment Earnings credited to the Spread Account).

"Spread Account Percentage" shall mean, for any Distribution Date, (i) % if the Quarterly Excess Spread Percentage on such Distribution Date is greater than or equal to %, (ii) % if the Quarterly Excess Spread Percentage on such Distribution Date is less than % and greater than or equal to %, (iii) % if the Quarterly Excess Spread Percentage on such Distribution Date is less than % and greater than or equal %, and (iv) % if the Quarterly Excess Spread Percentage on such Distribution Date is less than %; provided, that

(a) if the Spread Account Percentage for a Distribution Date is greater than %, then the Spread Account Percentage shall not decrease to a lower percentage until the first subsequent Distribution Date on which the arithmetic mean of the Quarterly Excess Spread Percentages for such subsequent Distribution Date and for the two Distribution Dates immediately prior to such subsequent Distribution Date is greater than or equal to the lowest Quarterly Excess Spread Percentage associated with a lower Spread Account Percentage;

(b) if the Spread Account Percentage for a Distribution Date is equal to %, then the Spread Account Percentage shall not decrease to a lower percentage until the first subsequent Distribution Date on which the arithmetic mean of the Quarterly Excess Spread Percentages for such subsequent Distribution Date and for the Distribution Date immediately prior to such subsequent Distribution Date is greater than or equal to the lowest Quarterly Excess Spread Percentage associated with a lower Spread Account Percentage;

(c) in no event will the Spread Account Percentage decrease by more than one of the levels specified above between any two consecutive Distribution Dates; and

(d) if an Early Amortization Event is deemed to occur, the Spread Account Percentage shall be %.

"Subject Instrument" shall mean any Note or Investor Certificate with respect to which the Transferor shall not have received an Opinion of Counsel to the effect that such Note or Investor Certificate will be treated as debt for Federal income tax purposes.

"Subperiod" shall mean, with respect to a Due Period in which one or more Reset Dates occur (the "Subject Due Period"), any of the following:

(i) the period from and including the last day of the prior Due Period to but excluding the first Reset Date in the Subject Due Period,

(ii) the period from and including the last Reset Date in the Subject Due Period to and including the last day of the Subject Due Period, and

(iii) the period, if any, from and including one Reset Date in the Subject Due Period to but excluding the next Reset Date.

"Target Amount" shall have the meaning specified in Section 6.1(b)(i).

SECTION 3. Servicing Compensation. The share of the Monthly Servicing Fee allocable to Series 2010-1 (the "Noteholder Servicing Fee") with respect to any Due Period shall be equal to one-twelfth of the product of (i) the Series Servicing Fee Percentage *times* (ii)

(a) the Collateral Amount as of the last day of such Due Period *minus* (b) the product of (1) the amount, if any, on deposit in the Excess Funding Account as of the last day of such Due Period *times* (2) the Principal Allocation Percentage for such Due Period; provided, however, that with respect to the initial Due Period ending after the Closing Date, the Noteholder Servicing Fee shall be adjusted based on the ratio of the number of days in the initial Due Period to 30; provided, further, that if a Successor Servicer that is not an Affiliate of the Transferor is appointed, the Noteholder Servicing Fee shall be such amount as may be agreed upon in writing between such Successor Servicer and the Indenture Trustee, so long as the Indenture Trustee shall have received written confirmation from each Rating Agency then rating any Class of Series 2010-1 Notes that such change would not result in a reduction or withdrawal by such Rating Agency of its rating of any Class of the Series 2010-1 Notes.

Except as specifically provided above, the remainder of the Monthly Servicing Fee shall be paid by the cash flows from the Issuer allocated to the Transferor or the Noteholders of other Series (as provided in the related Indenture Supplements) and in no event shall the Issuer, the Indenture Trustee or the Series 2010-1 Noteholders be liable therefor.

SECTION 4. Delivery and Payment for the Series 2010-1 Notes. The Issuer shall execute and deliver the Series 2010-1 Notes to the Indenture Trustee for authentication and the Indenture Trustee shall deliver the Series 2010-1 Notes when authenticated in accordance with Section 2.3 of the Indenture.

SECTION 5. Depository; Form of Delivery of Series 2010-1 Notes.

(a) The Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes shall be delivered as Book-Entry Notes as provided in Section 2.12 of the Indenture. The Class D Notes shall be delivered as Definitive Notes as provided in Section 2.14 of the Indenture.

(b) The Depository for Series 2010-1 shall be The Depository Trust Company, and the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes shall be initially registered in the name of Cede & Co., its nominee.

SECTION 6. Rights of Series 2010-1 Noteholders and Allocation and Application of Collections.

SECTION 6.1 Collections and Allocations.

(a) Allocations. Collections on Finance Charge Receivables, Collections on Principal Receivables, and Loss Amounts and Series Dilution Amounts allocated to Series 2010-1 pursuant to Article VIII of the Indenture shall be allocated and distributed as set forth in this Article.

(b) Allocations to the Series 2010-1 Noteholders. The Servicer shall on the Date of Processing, allocate to the Series 2010-1 Noteholders the following amounts as set forth below:

(i) Allocations of Finance Charge Collections. With respect to each Date of Processing, the Servicer shall allocate to the Series 2010-1 Noteholders an amount equal to the product of (A) the Investor Percentage and (B) the aggregate Collections of Finance Charge Receivables processed on such Date of Processing and shall credit such amount to the Finance Charge Ledger Balance, provided that, with respect to each Due Period falling in the Revolving Period or the Controlled Amortization Period, Collections of Finance Charge Receivables shall be credited to the Finance Charge Ledger Balance only until such time as the aggregate amount so credited equals the sum (the "Target Amount") of (I) the Monthly Interest for the related Distribution Date, (II) reimbursements of Reallocated Principal Collections for the related Due Period, (III) the Class A Deficiency Amount, the Class M Deficiency Amount, the Class B Deficiency Amount, the Class C Deficiency Amount and the Class D Deficiency Amount for the related Due Period, (IV) any amounts required to be deposited in the Spread Account on such Distribution Date, (V) 150% of the Investor Charge-Offs for the prior Due Period, and (VI) if the Bank is not the Servicer, the Noteholder Servicing Fee for such Due Period (and if the Bank is the Servicer, then amounts that otherwise would have been transferred to the Finance Charge Ledger Balance pursuant to this clause (B) shall instead be returned to the Bank as payment of the Noteholder Servicing Fee); provided further, that, notwithstanding the preceding proviso, if on any Business Day the Servicer determines that the Target Amount for a Due Period exceeds the Target Amount for that Due Period as previously calculated by the Servicer, then (x) the Servicer shall (on the same Business Day) inform Transferor of such determination, and (y) within two Business Days of receiving such notice Transferor shall allocate to the Finance Charge Ledger Balance funds in an amount equal to the amount of Collections of Finance Charge Receivables allocated to the Noteholders for that Due Period but not allocated to the Finance Charge Ledger Balance due to the operation of the preceding proviso (but not in excess of the amount required so that the aggregate amount deposited for the subject Due Period equals the Target Amount); and provided further, that if on any Distribution Date the Transferor Amount is less than the Minimum Transferor Amount after giving effect to all transfers and deposits on that Distribution Date, Transferor shall, on that Distribution Date, allocate to the Principal Ledger Balance funds in an amount equal to the amounts of Available Finance Charge Collections that are required to be treated as Available Principal Collections pursuant to Sections 6.4(a)(vi) and (vii) but are not available from funds in the Finance Charge Ledger Balance as a result of the operation of the second preceding proviso.

With respect to any Due Period when Collections of Finance Charge Receivables credited to the Finance Charge Ledger Balance are limited to deposits up to the Target Amount in accordance with this Section 6.1(b)(i), notwithstanding such limitation: (1) "Reallocated Principal Collections" for the related Distribution Date shall be calculated as if the full amount of Finance Charge Collections allocated to the Noteholders during that Due Period had been allocated to the Finance Charge Ledger Balance and applied on such Distribution Date in accordance with Section 6.4(a); and (2) Collections of Finance Charge Receivables released to Transferor pursuant to this Section 6.1(b)(i) shall be deemed, for purposes of all calculations under this Indenture Supplement, to have been credited to the Finance Charge Ledger Balance and applied to the items specified in Section 6.4(a) to which such amounts would have been

applied (and in the priority in which they would have been applied) had such amounts been available in the Finance Charge Ledger Balance on such Distribution Date.

(ii) Allocations of Principal Collections. With respect to each Date of Processing, the Servicer shall allocate to the Series 2010-1 Noteholders an amount equal to the product of (1) the Investor Percentage *times* (2) the aggregate amount of Collections of Principal Receivables processed on such Date of Processing (the product for any such date is hereinafter referred to as a "Percentage Allocation") and such amount shall be applied as follows: (I) first, if there shall not have been credited to the Finance Charge Ledger Balance an amount equal to the sum of the Class A Monthly Interest, the Class M Monthly Interest, the Class B Monthly Interest, the Class C Monthly Interest and, if the Bank is not the Servicer, the Noteholder Servicing Fee for such Due Period (the amount of any such shortfall in the Finance Charge Ledger Balance being hereinafter referred to as the "Potential Shortfall"), credited to the Finance Charge Ledger Balance in an amount equal to the lesser of (x) the amount of the Potential Shortfall and (y) 35.5% of the Percentage Allocation, for application as necessary as Reallocated Principal Collections in respect of such amounts on the following Distribution Date, (II) second, for any Due Period during an Amortization Period, credited to the Principal Ledger Balance for payment of Monthly Principal on the following Distribution Date until the amount credited to the Principal Ledger Balance for such purpose equals (x) during the Controlled Amortization Period, the Controlled Amortization Amount for the related Distribution Date and (y) during an Early Amortization Period, the Principal Balance, (III) third, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, credited to the Principal Ledger Balance for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, (IV) fourth, deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Minimum Transferor Amount and (V) fifth, paid to the Holders of the Transferor Interest; provided that if on any day the amount credited to the Finance Charge Ledger Balance in respect of Reallocated Principal Collections exceeds the Potential Shortfall, such excess amount shall be released from the Finance Charge Ledger Balance and applied pursuant to the preceding clauses (II) through (V) so that the amount credited to the Finance Charge Ledger Balance in respect of Reallocated Principal Collections equals the Potential Shortfall.

(c) To the extent that Collections of Principal Receivables allocated to the Series 2010-1 Noteholders pursuant to this subsection are paid to Transferor, Transferor shall make an amount equal to the Reallocated Principal Collections for the related Distribution Date available on that Distribution Date for application in accordance with Section 6.6; provided, however, that if Transferor fails to make such funds available, then an amount of Collections on Principal Receivables equal to that deficiency shall be treated as Reallocated Principal Collections for application in accordance with Section 6.6 prior to any other application of the amounts credited to the Principal Ledger Balance.

(d) During any period when Servicer is permitted by Section 4.3 of the Pooling and Servicing Agreement or Section 8.4 of the Indenture to make a single monthly deposit to the Collection Account, amounts allocated to the Series 2010-1 Noteholders pursuant to Sections 6.1(a) and (b) with respect to any Due Period need not be deposited into the Collection Account or any Series Account prior to the related Distribution Date, and, when so deposited, (x) may be deposited net of any amounts required to be distributed to Transferor and, if the Bank is Servicer, the Servicer, and (y) shall be credited to the Finance Charge Ledger Balance (in the case of Collections of Finance Charge Receivables) and the Principal Ledger Balance (in the case of Collections of Principal Receivables (not including any Shared Principal Collections allocated to Series 2010-1 pursuant to Section 4.3(f) of the Pooling and Servicing Agreement or Section 8.5 of the Indenture)).

(e) On any date, the Servicer may withdraw from the Collection Account or any Series Account any amounts inadvertently deposited in such account that should have not been deposited pursuant to this Section 6.1.

SECTION 6.2 Determination of Monthly Interest.

(a) The amount of monthly interest distributable in respect of the Class A Notes on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is 30 (or, in the case of the first Interest Period, 49) and the denominator of which is 360, (ii) the Class A Note Rate in effect with respect to the related Interest Period, and (iii) the Class A Principal Balance, determined as of the Record Date preceding such Distribution Date (the "Class A Monthly Interest"); provided, that in addition to the Class A Monthly Interest an amount equal to the amount of any unpaid Class A Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is 30 and the denominator of which is 360, (B) the sum of the Class A Note Rate in effect with respect to the related Interest Period and 1.0% per annum, and (C) any Class A Deficiency Amount from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class A Noteholders (the "Class A Additional Interest"), shall also be distributable in respect of the Class A Notes. The "Class A Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this Section 6.2(a) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class A Noteholders in respect of such amounts on all prior Distribution Dates.

(b) The amount of monthly interest distributable in respect of the Class M Notes on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is 30 (or, in the case of the first Interest Period, 49) and the denominator of which is 360, (ii) the Class M Note Rate in effect with respect to the related Interest Period, and (iii) the Class M Principal Balance, determined as of the Record Date preceding such Distribution Date (the "Class M Monthly Interest"); provided, that in addition to the Class M Monthly Interest an amount equal to the amount of any unpaid Class M Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is 30 and the denominator of which is 360, (B) the sum of the Class M Note Rate in effect with respect to the related Interest Period and 1.0% per annum, and (C) any Class M Deficiency Amount from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class M Noteholders (the "Class M Additional Interest"), shall also be

distributable in respect of the Class M Notes. The "Class M Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this Section 6.2(b) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class M Noteholders in respect of such amounts on all prior Distribution Dates.

(c) The amount of monthly interest distributable in respect of the Class B Notes on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is 30 (or, in the case of the first Interest Period, 49) and the denominator of which is 360, (ii) the Class B Note Rate in effect with respect to the related Interest Period, and (iii) the Class B Principal Balance, determined as of the Record Date preceding such Distribution Date (the "Class B Monthly Interest"); provided, that in addition to the Class B Monthly Interest an amount equal to the amount of any unpaid Class B Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is 30 and the denominator of which is 360, (B) the sum of the Class B Note Rate in effect with respect to the related Interest Period, and 1.0% per annum, and (C) any Class B Deficiency Amount from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class B Noteholders (the "Class B Additional Interest"), shall also be distributable in respect of the Class B Notes. The "Class B Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this Section 6.2(c) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class B Noteholders in respect of such amounts on all prior Distribution Dates.

(d) The amount of monthly interest distributable in respect of the Class C Notes on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is 30 (or, in the case of the first Interest Period, 49) and the denominator of which is 360, (ii) the Class C Note Rate in effect with respect to the related Interest Period, and (iii) the Class C Principal Balance, determined as of the Record Date preceding such Distribution Date (the "Class C Monthly Interest"); provided, that in addition to the Class C Monthly Interest an amount equal to the amount of any unpaid Class C Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is 30 and the denominator of which is 360, (B) the sum of the Class C Note Rate in effect with respect to the related Interest Period, and 1.0% per annum, and (C) any Class C Deficiency Amount from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class C Noteholders (the "Class C Additional Interest"), shall also be distributable in respect of the Class C Notes. The "Class C Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this Section 6.2(d) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class C Noteholders in respect of such amounts on all prior Distribution Dates.

(e) The amount of monthly interest distributable in respect of the Class D Notes on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is 30 (or, in the case of the first Interest Period, 49) and the denominator of which is 360, (ii) the Class D Note Rate in effect with respect to the related Interest Period, and (iii) the Class D Principal Balance, determined as of the Record Date preceding such Distribution Date (the "Class D Monthly Interest"); provided, that in addition to the Class D Monthly Interest an amount equal to any unpaid Class D Deficiency Amounts, as defined below, shall also be

distributed to the Class D Noteholders. The "Class D Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this Section 6.2(e) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class D Noteholders in respect of such amounts on all prior Distribution Dates.

SECTION 6.3 Determination of Monthly Principal. The amount of monthly principal to be transferred from the Principal Ledger Balance with respect to the Series 2010-1 Notes on each Distribution Date (the "Monthly Principal"), beginning with the Distribution Date in the month following the month in which the Controlled Amortization Period or, if earlier, the Early Amortization Period, begins, shall be equal to the least of (i) the Available Principal Collections with respect to such Distribution Date, (ii) for each Distribution Date with respect to the Controlled Amortization Period, the Controlled Payment Amount for such Distribution Date, and (iii) the Collateral Amount (after taking into account any adjustments to be made on such Distribution Date pursuant to Sections 6.5 and 6.6) prior to any payment of principal on such Distribution Date.

SECTION 6.4 Monthly Payments. On or before each Distribution Date, the Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B hereto and may be delivered electronically) to withdraw, and the Indenture Trustee, acting in accordance with such instructions, shall withdraw on such Distribution Date, to the extent of available funds, the amounts required to be withdrawn from the Collection Account (including the Finance Charge Ledger Balance and the Principal Ledger Balance) as follows:

(a) an amount equal to the Available Finance Charge Collections for the related Due Period shall be distributed on each Distribution Date in the following priority:

(i) an amount equal to the Class A Monthly Interest for such Distribution Date, *plus* the amount of any Class A Deficiency Amount for such Distribution Date, *plus* the amount of any Class A Additional Interest for such Distribution Date, shall be credited to the Distribution Ledger Balance for distribution to the Class A Noteholders on a pro rata basis in accordance with Section 7.1(a);

(ii) an amount equal to the Noteholder Servicing Fee for such Distribution Date *plus* the amount of any Noteholder Servicing Fee due but not paid to the Servicer on any prior Distribution Date shall be distributed to the Servicer;

(iii) an amount equal to the Class M Monthly Interest for such Distribution Date, *plus* the amount of any Class M Deficiency Amount for such Distribution Date, *plus* the amount of any Class M Additional Interest for such Distribution Date, shall be credited to the Distribution Ledger Balance for distribution to the Class M Noteholders on a pro rata basis in accordance with Section 7.1(b);

(iv) an amount equal to the Class B Monthly Interest for such Distribution Date, *plus* the amount of any Class B Deficiency Amount for such Distribution Date, *plus* the amount of any Class B Additional Interest for such Distribution Date, shall be credited to the Distribution Ledger Balance for distribution to the Class B Noteholders on a pro rata basis in accordance with Section 7.1(c);

(v) an amount equal to the Class C Monthly Interest for such Distribution Date, *plus* the amount of any Class C Deficiency Amount for such Distribution Date, *plus* the amount of any Class C Additional Interest for such Distribution Date, shall be credited to the Distribution Ledger Balance for distribution to the Class C Noteholders on a pro rata basis in accordance with Section 7.1(d);

(vi) an amount equal to the Investor Loss Amount and any Investor Uncovered Dilution Amount for such Distribution Date shall be treated as a portion of Available Principal Collections for such Distribution Date and, during an Amortization Period, credited to the Principal Ledger Balance;

(vii) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been reimbursed pursuant to this clause (vii) on prior Distribution Dates shall be treated as a portion of Available Principal Collections for such Distribution Date and, during the Amortization Period, credited to the Principal Ledger Balance;

(viii) an amount equal to the Class D Monthly Interest for such Distribution Date, *plus* the amount of any Class D Deficiency Amount for such Distribution Date shall be credited to the Distribution Ledger Balance for distribution to the Class D Noteholders on a pro rata basis in accordance with Section 7.1(e);

(ix) an amount up to the excess, if any, of the Required Spread Account Amount (determined after all deposits, withdrawals, reductions, payments and adjustments to be made with respect to such Distribution Date) over the Spread Account Amount (determined after all deposits, withdrawals, reductions, payments and adjustments to be made with respect to such Distribution Date) shall be deposited in the Spread Account;

(x) any amounts designated in writing by the Transferor to the Servicer and Indenture Trustee as amounts to be paid from Available Finance Charge Collections shall be paid in accordance with the Transferor's instructions; and

(xi) the balance, if any, will constitute a portion of Shared Excess Finance Charge Collections for such Distribution Date and will be available for allocation to other Series or Certificate Series in Group One and, to the extent not required to be applied as Shared Excess Finance Charge Collections with respect to any Series or Certificate Series in Group One, shall be distributed to the Holders of the Transferor Interest or any other Person then entitled to such amounts.

(b) During the Revolving Period, an amount equal to the Available Principal Collections for the related Due Period shall be treated as Shared Principal Collections and applied to the Series and Certificate Series in Group One that are Principal Sharing Series other than this Series 2010-1 and as provided in Section 4.3(f) of the Pooling and Servicing Agreement and Section 8.5 of the Indenture.

(c) During the Controlled Amortization Period or the Early Amortization Period (beginning with the Distribution Date and on each subsequent Distribution Date in the month following the month in which the Controlled Amortization Period or the Early Amortization Period begins), an amount equal to the Available Principal Collections for the related Due Period shall be distributed on each Distribution Date in the following priority:

(i) an amount equal to the Monthly Principal for such Distribution Date shall be credited to the Distribution Ledger Balance for distribution to the Class A Noteholders in accordance with Section 7.1(a) until the Class A Principal Balance has been paid in full;

(ii) after giving effect to the distribution referred to in clause (i) above, an amount equal to the Monthly Principal remaining, if any, shall be credited to the Distribution Ledger Balance for distribution to the Class M Noteholders in accordance with Section 7.1(b) until the Class M Principal Balance has been paid in full;

(iii) after giving effect to the distribution referred to in clauses (i) and (ii) above, an amount equal to the Monthly Principal remaining, if any, shall be credited to the Distribution Ledger Balance for distribution to the Class B Noteholders in accordance with Section 7.1(c) until the Class B Principal Balance has been paid in full;

(iv) after giving effect to the distributions referred to in clauses (i), (ii) and (iii) above, an amount equal to the Monthly Principal remaining, if any, shall be credited to the Distribution Ledger Balance for distribution to the Class C Noteholders in accordance with Section 7.1(d) until the Class C Principal Balance has been paid in full;

(v) after giving effect to the distributions referred to in clauses (i), (ii), (iii) and (iv) above, an amount equal to the Monthly Principal remaining, if any, shall be credited to the Distribution Ledger Balance for distribution to the Class D Noteholders in accordance with Section 7.1(e) until the Class D Principal Balance has been paid in full; and

(vi) an amount equal to Available Principal Collections remaining after the applications specified in clauses (i), (ii), (iii), (iv) and (v) above shall be treated as Shared Principal Collections and applied to Series and Certificate Series in Group One which are Principal Sharing Series other than this Series 2010-1 and as provided in Section 4.3(f) of the Pooling and Servicing Agreement and Section 8.5 of the Indenture.

SECTION 6.5 Investor Charge-Offs. On or before each Distribution Date, the Servicer shall calculate the Investor Loss Amount and any Investor Uncovered Dilution Amount for the related Distribution Date. If, on any Distribution Date, the sum of the Investor Loss Amount and the Investor Uncovered Dilution Amount for such Distribution Date exceeds the sum of the amounts allocated with respect thereto pursuant to Section 6.4(a)(vi) for such Distribution Date, the Collateral Amount will be reduced (but not below zero) by the amount of such excess (such reduction, an "Investor Charge-Off").

If the Collateral Amount has been reduced by an Investor Charge-Off, it will be reimbursed on any Distribution Date (but not by an amount in excess of the aggregate Investor Charge-Offs) by the amount of Available Finance Charge Collections allocated and available to be treated as a portion of Available Principal Collections pursuant to Section 6.4(a)(vii).

SECTION 6.6 Reallocated Principal Collections. On or before each Distribution Date, the Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B hereto and may be delivered electronically) to apply Reallocated Principal Collections with respect to such Distribution Date to fund any deficiency in the amounts payable under in clauses 6.4(a)(i) through (v) after giving effect to the application of Available Finance Charge Collections to fund such payments. Such Reallocated Principal Collections shall be applied pursuant to and in the priority set forth in clauses 6.4(a)(i) through (v). The amount of such Reallocated Principal Collections shall be allocated to the Distribution Ledger Balance. On each Distribution Date, the Collateral Amount shall be reduced by the amount of Reallocated Principal Collections for such Distribution Date.

SECTION 6.7 Shared Excess Finance Charge Collections.

(a) The balance of any Available Finance Charge Collections on deposit in the Collection Account after giving effect to Sections 6.4(a)(i) through (x) will constitute a portion of Shared Excess Finance Charge Collections and will be available for Allocation to other Series and Certificate Series in Group One as described in Section 4.3(g) of the Pooling and Servicing Agreement and Section 8.6 of the Indenture.

(b) Series 2010-1 shall be included in Group One. Subject to Section 4.3(g) of the Pooling and Servicing Agreement and Section 8.6 of the Indenture, Shared Excess Finance Charge Collections with respect to the Series and Certificate Series in Group One for any Distribution Date will be allocated to Series 2010-1 in an amount equal to the product of (x) the aggregate amount of Shared Excess Finance Charge Collections with respect to all Series and Certificate Series in Group One for such Distribution Date and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2010-1 for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all Series and Certificate Series in Group One for such Distribution Date. The "Finance Charge Shortfall" for Series 2010-1 for any Distribution Date will be equal to the excess, if any, of (a) the full amount required to be paid, without duplication, pursuant to Sections 6.4(a)(i) through (x) on such Distribution Date over (b) the Available Finance Charge Collections for such Distribution Date (excluding any portion thereof attributable to Excess Finance Charge Collections).

SECTION 6.8 Shared Principal Collections. Subject to Section 4.3(f) of the Pooling and Servicing Agreement and Section 8.5 of the Indenture, Shared Principal Collections for any Distribution Date will be allocated to Series 2010-1 in an amount equal to the product of (x) the aggregate amount of Shared Principal Collections with respect to all Series and Certificate Series in Group One that are Principal Sharing Series for such Distribution Date and (y) a fraction, the numerator of which is the Principal Shortfall for Series 2010-1 for such Distribution Date and the denominator of which is the Cumulative Principal Shortfall for such Distribution Date.

SECTION 6.9 Purchase and Cancellation of Notes. The Transferor may on any Distribution Date during the Revolving Period or the Controlled Amortization Period, upon five Business Days' prior written notice to the Indenture Trustee, purchase Series 2010-1 Notes on the secondary market and request the Indenture Trustee to cancel such Series 2010-1 Notes purchased by the Transferor on such Distribution Date. In such case, the Class A, Class M, Class B, Class C and/or Class D Principal Balance, as applicable, will be reduced by the portion thereof represented by such cancelled Notes; provided that after giving effect to any cancellation (A) the Class M Principal Balance shall not be less than 9.75% of the Principal Balance (calculated after giving effect to such cancellation), (B) the Class B Principal Balance shall not be less than 6.50% of the Principal Balance (calculated after giving effect to such cancellation), (C) the Class C Principal Balance shall not be less than 11.50% of the Principal Balance (calculated after giving affect to such cancellation), and (D) the Class D Principal Balance shall not be less than 7.75% of the Principal Balance (calculated after giving effect to such cancellations). No Series 2010-1 Noteholder shall be required to sell its Notes to the Transferor pursuant to this Section 6.9.

SECTION 6.10 Paired Series. Any other Series in Group One may be designated (subject to satisfaction of the Rating Agency Condition) as a Paired Series for Series 2010-1. Such Paired Series either shall be prefunded with an initial deposit to a prefunding account in an amount up to the initial principal amount of such Paired Series and primarily from the sale of such Paired Series or shall have a variable principal amount. Any such prefunding account shall be held for the benefit of such Paired Series and not for the benefit of the Series 2010-1 Noteholders. As funds in the Collection Account are allocated for distribution as Available Principal Collections during the Early Amortization Period or Controlled Amortization Period, either (i) in the case of a prefunded Paired Series, an equal amount of funds in any prefunding account for such Paired Series shall be released and distributed pursuant to the terms of such Paired Series or (ii) in the case of a Paired Series having a variable principal amount, an interest in such variable Paired Series in an equal or lesser amount may be sold by the Issuer and the proceeds thereof will be distributed pursuant to the terms of such Paired Series, and, in either case, the Collateral Amount of such Paired Series will increase by up to a corresponding amount. Upon payment in full of the Collateral Amount, assuming that there have been no unreimbursed Loss Amounts with respect to any related Paired Series, the aggregate amount of such Paired Series shall have been increased by an amount up to an aggregate amount equal to the Collateral Amount paid to the Series 2010-1 Noteholders (or such other amount as the holders of such Paired Series shall agree).

SECTION 6.11 Spread Account.

(a) The Servicer, for the benefit of the Class C Noteholders, shall establish and maintain in the name of the Indenture Trustee, on behalf of the Issuer, a segregated trust account with a Qualified Depository Institution bearing a designation clearly indicating that the funds deposited therein are held in the name of the Indenture Trustee for the benefit of the Class C Noteholders (the "Spread Account"), subject to the rights of the Transferor set forth herein. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Spread Account and in all proceeds thereof. The Spread Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Class C Noteholders, subject to the rights of the Transferor set forth herein. Except as expressly provided in this Indenture Supplement, the Servicer agrees that it shall have no right of setoff or banker's lien against, and no right to otherwise deduct from, any funds held in the Spread

Account for any amount owed to it by the Indenture Trustee, the Issuer or any Series 2010-1 Noteholder. If, at any time, the Indenture Trustee is advised in writing by the Servicer that the institution holding the Spread Account ceases to be a Qualified Depository Institution, the Indenture Trustee upon receiving such notice by the Servicer (or the Servicer on its behalf) shall promptly (but in any event within 10 Business Days) establish a new Spread Account with a Qualified Depository Institution meeting the conditions specified above, transfer any cash or any investments to such new Spread Account and from the date such new Spread Account is established, it shall be the "Spread Account."

(b) Funds on deposit in the Spread Account shall at the direction of the Servicer be invested by the Indenture Trustee in Permitted Investments selected by the Servicer. All such Permitted Investments shall be held by the Indenture Trustee for the benefit of the Class C Noteholders, subject to the rights of the Transferor set forth herein. The Indenture Trustee shall maintain for the benefit of the Series 2010-1 Noteholders possession of the negotiable instruments or securities, if any, evidencing such Permitted Investments. Funds on deposit in the Spread Account on any date (after giving effect to any withdrawals from the Spread Account on such date) will be invested in Permitted Investments that will mature one Business Day prior to the Distribution Date following such date so that funds will be available for withdrawal on such Distribution Date. On each Determination Date, the Servicer (subject to Section 6.11(d)) shall instruct the Indenture Trustee to withdraw on the related Distribution Date from the Spread Account all Investment Earnings and pay such amount to the Transferor.

(c) If, after giving effect to all deposits to and withdrawals from the Spread Account with respect to any Distribution Date, the Spread Account Amount shall exceed the Required Spread Account Amount, the Indenture Trustee, acting in accordance with the instructions of the Servicer, shall withdraw an amount equal to such excess from the Spread Account, and pay such amount to the Transferor.

(d) The Indenture Trustee, acting in accordance with the instructions of the Servicer, shall from time to time deposit in the Spread Account funds otherwise required to be deposited in the Spread Account pursuant to Section 6.4(a)(ix). If, on any Distribution Date, the amount of Available Finance Charge Collections available for distribution pursuant to Section 6.4(a)(v) is less than the aggregate amount required to be distributed pursuant to Section 6.4(a)(v), the Servicer shall direct the holder of the Spread Account to withdraw the amount of such deficiency, up to the Spread Account Amount and, if the Spread Account Amount is less than such deficiency, Investment Earnings credited to the Spread Account, from the Spread Account and credit such amount to the Distribution Ledger Balance for distribution to the Class C Noteholders.

(e) Unless an Early Amortization Event occurs, on the Class C Expected Final Payment Date, after applying any funds on deposit in the Spread Account as described in Section 6.11(d), the Indenture Trustee at the written direction of the Servicer shall withdraw from the Spread Account an amount equal to the lesser of (i) the Class C Principal Balance (after any payments to be made pursuant to Section 6.4(c) on such date) and (ii) the Available Spread Account Amount and, if the Available Spread Account Amount is not sufficient to reduce the Class C Note Principal Balance to zero, Investment Earnings credited to the Spread Account up to the amount required to reduce the Class C Note Principal Balance to zero, and the Indenture Trustee upon the written direction of the Servicer or the Servicer shall deposit such amounts into the Collection Account for distribution to the Class C Noteholders in accordance with Section 7.1(d).

(f) Upon an Early Amortization Event, the amount, if any, remaining on deposit in the Spread Account after making the payments described in Section 6.11(d), shall be applied to pay principal on the Class C Notes on the earlier of the Series 2010-1 Final Maturity Date and the first Distribution Date on which the Class A Note Principal Balance, the Class M Note Principal Balance and the Class B Note Principal Balance have been paid in full

(g) On any day following the occurrence of an Event of Default with respect to Series 2010-1 and acceleration of the maturity of the Series 2010-1 Notes pursuant to Section 5.3 of the Indenture, the Indenture Trustee shall withdraw from the Spread Account an amount equal to the Available Spread Account Amount and deposit such amount into the Distribution Account for distribution to the Class C Noteholders, the Class A Noteholders, the Class M Noteholders and the Class B Noteholders, in that order of priority, in accordance with Section 7.1, to fund any shortfalls in amounts owed to such Noteholders.

SECTION 6.12 Permitted Investments. In selecting Permitted Investments for the funds on deposit in the Spread Account, the Servicer shall make such selection after consultation with the Indenture Trustee and with a view to ensuring that an amount equal to the sum of (i) Monthly Interest due on each Distribution Date, and (ii) during the Amortization Period, the amount of principal to be paid on the Series 2010-1 Notes on such Distribution Date will be held by the Indenture Trustee in uninvested funds on the Business Day immediately prior to such Distribution Date.

SECTION 6.13 Transferor's or Servicer's Failure to Make a Deposit or Payment. If the Servicer or Transferor fails to make, or give instructions to make, any payment or deposit required to be made or given by the Servicer or Transferor, respectively, at the time specified in the Agreement (including applicable grace periods), the Indenture Trustee shall make such payment or deposit from the applicable account without instruction from the Servicer or Transferor. The Indenture Trustee shall be required to make any such payment, deposit or withdrawal hereunder only to the extent that the Indenture Trustee has sufficient information to allow it to determine the amount thereof; provided, however, that the Indenture Trustee shall in all cases be deemed to have sufficient information to determine the amount of interest payable to the Series 2010-1 Noteholders on each Distribution Date. The Servicer shall, upon request of the Indenture Trustee, promptly provide the Indenture Trustee with all information necessary to allow the Indenture Trustee to make such payment, deposit or withdrawal. Such funds or the proceeds of such withdrawal shall be applied by the Indenture Trustee in the manner in which such payment or deposit should have been made by Transferor or the Servicer, as the case may be.

SECTION 7. Distributions and Reports to Noteholders.

SECTION 7.1 Distributions.

(a) On each Distribution Date, the Indenture Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Indenture Trustee pursuant to Article V of the Pooling and Servicing Agreement or Section 3.4(b) of the Transfer and Servicing Agreement, as applicable) to each Class A Noteholder of record on the immediately preceding Record Date (other than as provided in Section 11.3 of the Indenture respecting a final distribution) such Class A Noteholder's pro rata share (based on the aggregate outstanding Principal Balance of the Series 2010-1 Notes represented by Class A Notes held by such Class A Noteholder) of amounts allocated to the Distribution Ledger Balance, the Finance Charge Ledger Balance and the Principal Ledger Balance as are payable to the Class A Noteholders pursuant to Section 6.4 by check mailed to each Class A Noteholder (at such Class A Noteholder's address as it appears in the Note Register), except that with respect to Class A Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds.

(b) On each Distribution Date, the Indenture Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Indenture Trustee pursuant to Article V of the Pooling and Servicing Agreement or Section 3.4(b) of the Transfer and Servicing Agreement, as applicable) to each Class M Noteholder of record on the immediately preceding Record Date (other than as provided in Section 11.3 of the Indenture respecting a final distribution) such Class M Noteholder's pro rata share (based on the aggregate outstanding Principal Balance of the Series 2010-1 Notes represented by Class M Notes held by such Class M Noteholder) of amounts allocated to the Distribution Ledger Balance, the Finance Charge Ledger Balance and the Principal Ledger Balance as are payable to the Class M Noteholders pursuant to Section 6.4 by check mailed to each Class M Noteholder (at such Class M Noteholder's address as it appears in the Note Register), except that with respect to Class M Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds.

(c) On each Distribution Date, the Indenture Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Indenture Trustee pursuant to Article V of the Pooling and Servicing Agreement or Section 3.4(b) of the Transfer and Servicing Agreement, as applicable) to each Class B Noteholder of record on the immediately preceding Record Date (other than as provided in Section 11.3 of the Indenture respecting a final distribution) such Class B Noteholder's pro rata share (based on the aggregate outstanding Principal Balance of the Series 2010-1 Notes represented by Class B Notes held by such Class B Noteholder) of amounts allocated to the Distribution Ledger Balance, the Finance Charge Ledger Balance and the Principal Ledger Balance as are payable to the Class B Noteholders pursuant to Section 6.4 by check mailed to each Class B Noteholder (at such Class B Noteholder's address as it appears in the Note Register), except that with respect to Class B Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds.

(d) On each Distribution Date, the Indenture Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Indenture Trustee pursuant to Article V of the Pooling and Servicing Agreement or Section 3.4(b) of the Transfer and Servicing Agreement, as applicable) to each Class C Noteholder of record on the immediately preceding Record Date (other than as provided in Section 11.3 of the Indenture respecting a final

distribution) such Class C Noteholder's pro rata share (based on the aggregate outstanding Principal Balance of the Series 2010-1 Notes represented by Class C Notes held by such Class C Noteholder) of amounts allocated to the Distribution Ledger Balance, the Finance Charge Ledger Balance and the Principal Ledger Balance as are payable to the Class C Noteholders pursuant to Sections 6.4 and 6.11 by check mailed to each Class C Noteholder (at such Class C Noteholder's address as it appears in the Note Register), except that with respect to Class C Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds.

(e) On each Distribution Date, the Indenture Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Indenture Trustee pursuant to Article V of the Pooling and Servicing Agreement or Section 3.4(b) of the Transfer and Servicing Agreement, as applicable) to each Class D Noteholder of record on the immediately preceding Record Date (other than as provided in Section 11.3 of the Indenture respecting a final distribution) such Class D Noteholder's pro rata share (based on the aggregate outstanding Principal Balance of the Series 2010-1 Notes represented by Class D Notes held by such Class D Noteholder) of amounts allocated to the Distribution Ledger Balance, the Finance Charge Ledger Balance and the Principal Ledger Balance as are payable to the Class D Noteholders pursuant to Section 6.4 by check mailed to each Class D Noteholder (at such Class D Noteholder's address as it appears in the Note Register).

SECTION 7.2 Monthly Noteholders' Statement.

(a) On or before each Distribution Date, the Paying Agent shall make available to each Series 2010-1 Noteholder and each Rating Agency a statement substantially in the form of Exhibit C to this Supplement prepared by the Servicer, appropriately completed.

(b) On or before January 31 of each calendar year, beginning with calendar year 2011, the Indenture Trustee shall make available to each Person who at any time during the preceding calendar year was a Series 2010-1 Noteholder, a statement prepared by the Servicer containing the information required to be contained in the regular monthly statement to Series 2010-1 Noteholders, aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2010-1 Noteholder, together with such other customary information (consistent with the treatment of the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes as debt) as the Servicer deems necessary or desirable to enable the Series 2010-1 Noteholders to prepare their tax returns. The Servicer will provide such information to the Indenture Trustee as soon as possible after January 1 of each calendar year. Such obligations of the Indenture Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Indenture Trustee pursuant to any requirements of the Code as from time to time in effect.

(c) Each statement to be made available pursuant to this Section 7.2 may be made available electronically.

SECTION 8. Series 2010-1 Early Amortization Events.

SECTION 8.1 Series 2010-1 Early Amortization Events. If any one of the following events shall occur with respect to the Series 2010-1 Notes:

(a) failure on the part of the Applicable Assignor to make any payment, deposit, allocation or credit to a ledger balance of the Collection Account required by the terms of the Indenture, this Indenture Supplement, the Pooling and Servicing Agreement, the Purchase Agreement, the Collateral Series Supplement or the Transfer and Servicing Agreement on or before the date occurring five (5) Business Days after the date such payment, deposit, allocation or credit is required to be made herein;

(b) failure on the part of an Applicable Assignor to duly observe or perform in any material respect any of its covenants or agreements set forth in the Indenture, this Indenture Supplement, Collateral Series Supplement, the Pooling and Servicing Agreement, the Transfer and Servicing Agreement or the Purchase Agreement, which failure has a material adverse effect on the Noteholders of any Class of the Series 2010-1 Notes and which continues unremedied for a period of sixty (60) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by the Controlling Noteholders, and continues to affect materially and adversely the interests of such Class for such period;

(c) any representation or warranty made by an Applicable Assignor in the Indenture, this Indenture Supplement, the Pooling and Servicing Agreement, the Collateral Series Supplement, the Transfer and Servicing Agreement or the Purchase Agreement, or any information contained in a computer file or microfiche or written list required to be delivered by the Transferor pursuant to Section 2.1, 2.6 or 2.7 of the Transfer and Servicing Agreement or Section 2.1, 2.6 or 2.7 of the Pooling and Servicing Agreement or by the Originator pursuant to Section 1.1, 2.4(e) or 2.5 of the Purchase Agreement, (i) shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of sixty (60) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by the Controlling Noteholders, and (ii) as a result of which the interests of the Noteholders of any Class of the Series 2010-1 Notes are materially and adversely affected and continue to be materially and adversely affected for such period; provided, however, that a Series 2010-1 Early Amortization Event pursuant to this Section 8.1(c) shall not be deemed to have occurred hereunder if the Transferor has accepted reassignment of the related Receivable, or all of such Receivables, if applicable, during such period in accordance with the provisions of the Transfer and Servicing Agreement or the Pooling and Servicing Agreement;

(d) the average Portfolio Yield for any three consecutive Due Periods is reduced to a rate which is less than the average Base Rate for such period;

(e) an Applicable Assignor shall fail to convey Receivables arising under Additional Accounts to the Receivables Trust, as required by Section 2.6(a) of the Pooling and Servicing Agreement, Section 8 of the Collateral Series Supplement or Section 2.6(b) of the

Transfer and Servicing Agreement, provided that such failure shall not give rise to an Early Amortization Event if, prior to the date on which such conveyance was required to be completed, Transferor causes a reduction in the invested amount of any Variable Interest or variable interest Certificate Series to occur, so that, after giving effect to that reduction, a Required Addition Event shall no longer exist;

(f) any Servicer Default or "Servicer Default" under the Pooling and Servicing Agreement shall occur which has a material adverse effect on the Class A Noteholders, the Class M Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders;

(g) the Class A Principal Balance shall not be paid in full on the Class A Expected Final Payment Date, the Class M Principal Balance shall not be paid in full on the Class M Expected Final Payment Date, the Class B Principal Balance shall not be paid in full on the Class B Expected Final Payment Date or the Class C Principal Balance shall not be paid in full on the Class C Expected Final Payment Date;

(h) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2010-1 and acceleration of the maturity of the Series 2010-1 Notes pursuant to Section 5.3 of the Indenture;

(i) the occurrence of an Early Amortization Event (as defined in the Pooling and Servicing Agreement) specified in Section 9.1 of the Pooling and Servicing Agreement; or

(j) the occurrence of an Insolvency Event relating to Charming Shoppes, Inc.;

then, (x) in the case of any event described in subparagraph (a), (b), (c) or (f) after the applicable grace period set forth in such subparagraphs, either the Indenture Trustee or the Controlling Noteholders by notice then given in writing to the Transferor and the Servicer (and to the Indenture Trustee if given by the Noteholders) may declare that an early amortization event (a "Series 2010-1 Early Amortization Event") has occurred as of the date of such notice, (y) in the case of any event described in subparagraphs (d), (e), (g), (h) or (i), a Series 2010-1 Early Amortization Event shall occur without any notice or other action on the part of the Indenture Trustee or the Series 2010-1 Noteholders immediately upon the occurrence of such event, and (z) in the case of the event described in subparagraph (j), the Controlling Noteholders by notice then given in writing to the Transferor, the Servicer and the Indenture Trustee, may declare that a Series 2010-1 Early Amortization Event has occurred as of the date of such notice; provided that, if no such notice is given within 15 days of such event and if such event shall not have been waived by the Controlling Noteholders within 15 days of such event, a Series 2010-1 Early Amortization Event will be deemed to have occurred.

SECTION 8.2 Notice of Early Amortization Events. The Issuer agrees that upon the occurrence of an Early Amortization Event it shall notify all Series 2010-1 Noteholders of such event and will provide the Indenture Trustee with the material details of such event to be included in the periodic reports to be distributed to the Series 2010-1 Noteholders pursuant to Section 7.2(a).

SECTION 9. Series 2010-1 Termination. (a) On the Series 2010-1 Final Maturity Date, the Principal Balance of the Series 2010-1 Notes shall be due and payable, and the rights of the Series 2010-1 Noteholders to receive payments from the Issuer shall be limited solely to the right to receive payments pursuant to Section 5.5 of the Indenture.

(b) Optional Redemption of Series 2010-1 Notes.

(i) On any day occurring on or after the date on which the outstanding principal balance of the Series 2010-1 Notes is reduced to 5% or less of the Initial Principal Balance of the Series 2010-1 Notes, the Servicer shall have the option to redeem the Series 2010-1 Notes, at a purchase price equal to (i) if such day is a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) if such day is not a Distribution Date, the Reassignment Amount for the Distribution Date following such day.

(ii) Servicer shall give the Indenture Trustee at least thirty (30) days prior written notice of the date on which Servicer intends to exercise such optional redemption (such date, the "Redemption Date"). Not later than 12:00 noon, New York City time, on such day Servicer shall deposit into the Collection Account in immediately available funds the excess of the Reassignment Amount over the amount, if any, allocated to the Distribution Ledger Balance. Such redemption option is subject to payment in full of the Reassignment Amount. Following such deposit into the Collection Account in accordance with the foregoing, the Collateral Amount for Series 2010-1 shall be reduced to zero and the Series 2010-1 Noteholders shall have no further security interest in the Receivables. The Reassignment Amount shall be distributed as set forth in Section 6.4.

(iii) The amount to be paid by the Transferor with respect to Series 2010-1 in connection with a reassignment of Receivables to Transferor pursuant to Section 2.7(c) of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the Distribution Date of such repurchase.

SECTION 10. Ratification of Indenture; Amendments. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument. This Indenture Supplement may be amended only by a Supplemental Indenture entered in accordance with the terms of Section 10.1 or 10.2 of the Indenture. For purposes of the application of Section 10.2 to any amendment of this Indenture Supplement, the Series 2010-1 Noteholders shall be the only Noteholders whose vote shall be required.

The Servicer shall provide notice to the Rating Agencies of the waiver of any Early Amortization Event with respect to Series 2010-1.

SECTION 11. Counterparts. This Indenture Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 12. No Petition. The Issuer and the Indenture Trustee, by entering into this Indenture Supplement, and each Series 2010-1 Noteholder, by accepting a Series 2010-1 Note, hereby covenant and agree that they will not at any time, notwithstanding any prior termination of this Indenture Supplement, institute against the Issuer, the Certificate Trust or the Transferor, or solicit or join or cooperate with or encourage any institution against the Issuer, the Certificate Trust or the Transferor of any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States federal or state bankruptcy or similar law in connection with any obligation relating to the Series 2010-1 Notes, this Indenture Supplement or any of the other Transaction Documents; provided, however, that this Section 12 shall not operate to preclude any remedy described in Article V of the Indenture.

SECTION 13. Forms of Series 2010-1 Notes.

(a) Form of Notes. The form of each of the Class A Notes, the Class M Notes, the Class B Notes, the Class C Notes and the Class D Notes, including the Certificate of Authentication, shall be substantially as set forth in Exhibits A-1, A-2, A-3 and A-4 hereto.

(b) Book-Entry Notes.

(i) The Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes that are not sold in offshore transactions in reliance on Regulation S under the Securities Act shall be offered and sold in reliance on the exemption from registration under Rule 144A (except for any sale directly from the Issuer) and shall be issued initially in the form of one or more permanent global certificates in definitive, fully registered form without interest coupons with the applicable legends set forth in Exhibit A hereto, added to the form of such Notes (each, a "Restricted Book-Entry Note"), which shall be registered in the name of the nominee of the Depository and deposited with the Indenture Trustee, as custodian for the Depository. The aggregate principal amount of the Restricted Book-Entry Notes may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee or the Depository or its nominee, as the case may be, as hereinafter provided.

(ii) The Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes offered and sold in offshore transactions in reliance on Regulation S under the Securities Act shall be issued initially, and during the "40 day distribution compliance period" described below shall remain, in the form of temporary global certificates, without interest coupons (the "Regulation S Temporary Book-Entry Notes"), to be held by the Depository and registered in the name of a nominee of the Depository or its custodian for the respective accounts of Euroclear and Clearstream duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. The "40 day distribution compliance period" shall be terminated upon the later of (i) the end of the distribution compliance period (as defined in Rule 902 of the Securities Act) and (ii) receipt by the Indenture Trustee of a written certificate from the Depository, together with copies of certificates substantially in the form of Exhibit E from Euroclear or Clearstream, certifying that the beneficial owner of such Regulation S Temporary Book-Entry Note is a non-U.S. person. Following the termination of the 40 day distribution compliance period, beneficial interests in the Regulation S Temporary Book-Entry Notes

may be exchanged for beneficial interests in permanent Book-Entry Notes (the "Regulation S Permanent Book-Entry Notes"; and together with the Regulation S Temporary Book-Entry Note, the "Regulation S Book-Entry Notes"), which will be duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided and which will be deposited with the Indenture Trustee, as custodian for the Depository, and registered in the name of the Depository or a nominee thereof. Upon any exchange of a portion of a Regulation S Temporary Book-Entry Note for a comparable portion of a Regulation S Permanent Book-Entry Note, the Indenture Trustee shall endorse on the schedules affixed to each of such Regulation S Book-Entry Note (or on continuations of such schedules affixed to each of such Regulation S Book-Entry Note and made parts thereof) appropriate notations evidencing the date of transfer and (x) with respect to the Regulation S Temporary Book-Entry Note, a decrease in the principal amount thereof equal to the amount covered by the applicable certification and (y) with respect to the Regulation S Permanent Book-Entry Note, an increase in the principal amount thereof equal to the principal amount of the decrease in the Regulation S Temporary Book-Entry Note.

(c) Definitive Series 2010-1 Notes. (i) The Class D Notes shall be issued in the form of Definitive Notes with the applicable legends set forth in Exhibit A-4 hereto, which shall be registered in the name of the Holder or a nominee thereof, duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. Except as provided in Section 2.14 of the Indenture, owners of beneficial interests in the Book-Entry Notes shall not be entitled to receive Definitive Notes.

SECTION 14. Transfer Restrictions.

(a) No Series 2010-1 Note may be sold or transferred (including, without limitation, by pledge or hypothecation) unless such sale or transfer is exempt from the registration requirements of the Securities Act and is exempt from the registration requirements under applicable state securities laws.

No Class A Note, Class M Note, Class B Note or Class C Note may be offered, sold or delivered within the United States or to, or for the benefit of, U.S. Persons as defined in Regulation S except to (i) the Transferor or (ii) QIBs purchasing for their own account or for the accounts of one or more QIBs, for which the purchaser is acting as fiduciary or agent in accordance with Rule 144A under the Securities Act. The Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes may also be sold or resold, as the case may be, in offshore transactions to non-U.S. Persons in reliance on Regulation S under the Securities Act.

No Class D Note may be offered, sold or delivered to, or for the benefit of, any Person except U.S. Persons (as defined in Section 7701(a)(30) of the Code) within the United States that are (i) the Transferor or (ii) QIBs purchasing for their own account or for the accounts of one or more QIBs, for which the purchaser is acting as a fiduciary or agent in accordance with Rule 144A under the Securities Act.

No Class D Note may be offered, sold or delivered to, or for the benefit of (i) a Benefit Plan Investor or (ii) an Other Plan Investor if such acquisition would result in a non-exempt prohibited transaction under, or a non-exempt violation of, Similar Law.

None of the Issuer, the Indenture Trustee, the Transferor, the Originator, the Servicer or any other Person will register the Series 2010-1 Notes under the Securities Act or any applicable securities laws.

(b) Notwithstanding any provision to the contrary herein, so long as a Book-Entry Note remains outstanding and is held by or on behalf of the Depository, transfers of a Book-Entry Note, in whole or in part, shall only be made in accordance with this Section 14(b) and Section 2.12 of the Indenture.

(i) Subject to clauses (ii) and (iii) of this Section 14(b), transfers of a Book-Entry Note shall be limited to transfers of such Book-Entry Note in whole, but not in part, to a nominee of the Depository or to a successor of the Depository or such successor's nominee.

(ii) Regulation S Book-Entry Note to Restricted Book-Entry Note. If a holder of a beneficial interest in a Regulation S Book-Entry Note wishes to transfer all or a part of its interest in such Regulation S Book-Entry Note to a Person who wishes to take delivery thereof in the form of a Restricted Book-Entry Note, such holder may, subject to the terms hereof and the rules and procedures of Euroclear or Clearstream, as the case may be, and the Depository exchange or cause the exchange of such interest for an equivalent beneficial interest in a Restricted Book-Entry Note of the same Class. Upon receipt by the Transfer Agent and Registrar, of (A) instructions from Euroclear, Clearstream or the Depository, as the case may be, directing the Indenture Trustee, as Transfer Agent and Registrar, to cause such Restricted Book-Entry Note to be increased by an amount equal to such beneficial interest in such Regulation S Book-Entry Note but not less than the minimum denomination applicable to the related Class of Series 2010-1 Notes, and (B) a certificate substantially in the form of Exhibit D-1 hereto given by the prospective transferee of such beneficial interest and stating, among other things, that such transferee acquiring such interest in a Restricted Book-Entry Note is a QIB, is obtaining such beneficial interest in a transaction pursuant to Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, then Euroclear, Clearstream or the Indenture Trustee, as Transfer Agent and Registrar, as the case may be, will instruct the Depository to reduce such Regulation S Book-Entry Note by the aggregate principal amount of the interest in such Regulation S Book-Entry Note to be transferred, increase the Restricted Book-Entry Note specified in such instructions by an amount equal to such reduction in such principal amount of the Regulation S Book-Entry Note and make the corresponding adjustments to the applicable participants' accounts.

(iii) Restricted Book-Entry Note to Regulation S Book-Entry Note. If a holder of a beneficial interest in a Restricted Book-Entry Note wishes to transfer all or a part of its interest in such Restricted Book-Entry Note to a Person who wishes to take delivery thereof in the form of a Regulation S Book-Entry Note, such holder may, subject to the

terms hereof and the rules and procedures of Euroclear or Clearstream, as the case may be, and the Depository exchange or cause the exchange of such interest for an equivalent beneficial interest in a Regulation S Book-Entry Note of the same Class. Upon receipt by the Indenture Trustee, as Transfer Agent and Registrar, of (A) instructions from Euroclear, Clearstream or the Depository, as the case may be, directing the Indenture Trustee, as Transfer Agent and Registrar, to cause such Regulation S Book-Entry Note to be increased by an amount equal to the beneficial interest in such Restricted Book-Entry Note but not less than the minimum denomination applicable to the related Class of Series 2010-1 Notes to be exchanged, and (B) a certificate substantially in the form of Exhibit D-2 hereto given by the prospective transferee of such beneficial interest and stating, among other things, that such transferee acquiring such interest in a Regulation S Book-Entry Note is a non-U.S. Person located outside the United States and such transfer is being made pursuant to Rule 903 or 904 under Regulation S of the Securities Act, then Euroclear, Clearstream or the Indenture Trustee, as Transfer Agent and Registrar, as the case may be, will instruct the Depository to reduce such Restricted Book-Entry Note by the aggregate principal amount of the interest in such Restricted Book-Entry Note to be transferred, increase the Regulation S Book-Entry Note specified in such instructions by an aggregate principal amount equal to such reduction in the principal amount of the Restricted Book-Entry Note and make the corresponding adjustments to the applicable participants' accounts.

(iv) Other Exchanges. In the event that a Class A Note, a Class M Note, a Class B Note or a Class C Note initially represented by a Book-Entry Note is exchanged for one or more Definitive Notes pursuant to Section 2.14 of the Indenture, the related Class A Noteholder, Class M Noteholder, Class B Noteholder or Class C Noteholder, as the case may be, shall be required to deliver a representation letter with respect to the matters described in Section 14(c). Such Definitive Notes may be exchanged for one another only upon delivery of a representation letter with respect to the matters described in Section 14(c) and in accordance with such procedures as are substantially consistent with the provisions above (including certification requirements intended to insure that such transfers comply with Rule 144A or are to non-U.S. Persons, or otherwise comply with Regulation S under the Securities Act, as the case may be) and as may be from time to time adopted by the Issuer and the Indenture Trustee.

(c) Each beneficial owner of Restricted Book-Entry Notes or Regulation S Book-Entry Notes will be deemed to represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(i) The owner either (A)(1) is a QIB, (2) is aware that the sale of the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, to it (other than the initial sale by the Issuer) is being made in reliance on the exemption from registration provided by Rule 144A under the Securities Act and (3) is acquiring the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, for its own account or for one or more accounts, each of which is a QIB, and as to each of which the owner exercises sole investment discretion, and in a principal amount of not less than $100,000 for the purchaser or for each such account, as the case may be, or (B) (1) is not a U.S.

Person (as defined under Regulation S of the Securities Act) and (2) is purchasing the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, pursuant to Rule 903 or 904 of Regulation S of the Securities Act. The owner has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, and the owner and any accounts for which it is acting are each able to bear the economic risk of the owner's or its investment. The owner understands that in the event that at any time the Issuer or the Indenture Trustee determines that such purchaser was in breach, at the time given, of any of the representations or agreements set forth in this clause (i), upon direction from the Issuer, the Indenture Trustee shall consider the acquisition of the related Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, void and require that the related Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, be transferred to a Person designated by the Issuer.

(ii) The owner understands that the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, have not been and will not be registered under the Securities Act, and, if in the future the owner decides to offer, resell, pledge or otherwise transfer the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, such Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, may be offered, resold, pledged or otherwise transferred only to (A) to the Transferor or the Issuer, (B) inside the United States to a QIB in accordance with Rule 144A under the Securities Act, or (C) outside the United States to non-U.S. persons in a transaction complying with Rule 903 or 904 of Regulation S under the Securities Act, and in accordance with the Indenture and this Indenture Supplement and the applicable legends on such Series 2010-1 Notes set forth in Exhibits A-1, A-2 and A-3 hereto, as applicable. The owner acknowledges that no representation is made by the Issuer, the Indenture Trustee, the Transferor or the Initial Purchaser, as the case may be, as to the availability of any exemption under the Securities Act or any State securities laws for resale of the Series 2010-1 Notes.

(iii) The owner is not purchasing the Class A Notes, Class M Notes, Class B Notes or Class C Notes, as applicable, with a view to the resale, distribution or other disposition thereof in violation of the Securities Act. The owner understands that an investment in the Series 2010-1 Notes involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances.

(iv) In connection with the purchase of the Series 2010-1 Notes: (A) none of the Issuer, the Initial Purchaser or the Indenture Trustee is acting as a fiduciary or financial or investment adviser for the owner; and (B) the owner is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Originator, the Transferor, the Servicer, the Issuer, the Initial Purchaser, the Indenture Trustee or the Trustee or any of their Affiliates other than in a current offering memorandum for such Series 2010-1 Notes.

(v) The owner understands and agrees that any purported transfer of the Series 2010-1 Notes to an owner that does not comply with the requirements of this clause (v) shall be null and void *ab initio*. The owner understands that in the event that at any time the Indenture Trustee has determined, or the Issuer notifies the Indenture Trustee that the Issuer has determined, that such purchaser was in breach, at the time given, of any of the representations or agreements set forth in clause (i) above, then the Indenture Trustee shall consider the acquisition of the related Series 2010-1 Notes void and require that the related Series 2010-1 Notes be transferred to a Person designated by the Issuer.

(vi) The owner understands that the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes bear the applicable legend set forth in Exhibits A-1, A-2 and A-3 hereto.

(vii) Either (a) the owner is not a Benefit Plan Investor or an Other Plan Investor, and no part of the assets to be used by the owner to acquire or hold the Class A Notes, Class M Notes, Class B Notes or Class C Notes (or a beneficial interest therein) constitutes the assets of any such Benefit Plan Investor or Other Plan Investor, or (b) its acquisition, holding and/or disposition of the Class A Notes, Class M Notes, Class B Notes or Class C Notes (or a beneficial interest therein) does not and will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a non-exempt violation of any Similar Law. Each transferee of a Class A Note, Class M Note, Class B Note or Class C Note will be deemed to make the foregoing representations and warranties.

(viii) If such owner is acquiring the Class A Notes, the Class M Notes, the Class B Notes or the Class C Notes in an "offshore transaction" (as defined in Regulation S), it acknowledges that such Series 2010-1 Notes will initially be represented by the Regulation S Temporary Book-Entry Notes and that transfers thereof or any interest or participation therein are restricted as described herein. It understands that the Temporary Regulation S Book-Entry Note will bear a legend to the following effect unless the Transferor determines otherwise, consistent with applicable law:

"THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS TEMPORARY GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR DELIVERED, EXCEPT AS PERMITTED UNDER THE SERIES 2010-1 INDENTURE SUPPLEMENT. NO BENEFICIAL OWNERS OF THIS TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF PRINCIPAL OR INTEREST HEREON UNLESS THE REQUIRED CERTIFICATIONS HAVE BEEN DELIVERED PURSUANT TO THE TERMS OF THE SERIES 2010-1 INDENTURE SUPPLEMENT."

(ix) If such owner is acquiring the Class A Notes, the Class M Notes, the Class B Notes or the Class C Notes in an "offshore transaction" (as defined in Regulation S), the owner is aware that the sale of such Series 2010-1 Notes to it is being made in reliance on the exemption from registration provided by Regulation S and understands that the Series 2010-1 Notes offered in reliance on Regulation S under the Securities Act will be represented by one or more Regulation S Book-Entry Notes and will bear the appropriate legends set forth in Exhibits A-2 or A-3, as applicable. The Series 2010-1 Notes so represented may not at any time be held by or on behalf of U.S. Persons as defined in Regulation S. Each of the owner and the related Holder is not, and will not be, a U.S. Person as defined in Regulation S. Before any interest in a Regulation S Book-Entry Note may be offered, resold, pledged or otherwise transferred to a Person who takes delivery in the form of a Restricted Book-Entry Note, the transferor and the prospective transferee will be required to provide the Indenture Trustee with a written certification substantially in the form of Exhibit D-1 hereto as to compliance with the transfer restrictions.

(x) The purchaser acknowledges that the Originator, the Servicer, the Transferor, the Issuer and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate, it will promptly notify the Servicer, the Transferor and the Issuer.

(d) Any purported transfer of a Series 2010-1 Note not in accordance with the Indenture and this Section 14 shall be null and void and shall not be given effect for any purpose hereunder.

(e) If the Indenture Trustee determines or is notified by the Issuer, the Transferor or the Servicer that (i) a transfer or attempted or purported transfer of any interest in any Series 2010-1 Note was not consummated in compliance with the provisions of this Section 14 on the basis of an incorrect form or certification from the transferee or purported transferee, (ii) a transferee failed to deliver to the Indenture Trustee any form or certificate required to be delivered hereunder, (iii) the holder of any interest in a Series 2010-1 Note is in breach of any representation or agreement set forth in any certificate or any deemed representation or agreement of such holder or (iv) such transfer would have the effect of causing the assets of the Issuer to be deemed to be "plan assets" (within the meaning of 29 C.F.R. 2510.3-101, as amended by Section 3(42) of ERISA), the Indenture Trustee will not register such attempted or purported transfer and if a transfer has been registered, such transfer shall be absolutely null and void ab initio and shall vest no rights in the purported transferee (such purported transferee, a "Disqualified Transferee").

SECTION 15. Perfection Representations and Warranties of the Issuer. This Indenture Supplement shall constitute a Specified Agreement, the Issuer shall constitute a Debtor and the Indenture Trustee shall constitute a Secured Party for purposes of the Perfection Representations and Warranties set forth in Section 3.17.

SECTION 16. Governing Law. THIS INDENTURE SUPPLEMENT 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 17. Limitation of Liability of Owner Trustee. Notwithstanding anything contained herein to the contrary, this instrument has been signed by BNY Mellon Trust of Delaware not in its individual capacity but solely in its capacity as Owner Trustee and in no event shall BNY Mellon Trust of Delaware in its individual capacity or any beneficial owner of Issuer have any liability for the representations, warranties, covenants, agreements or other obligations of Issuer hereunder, as to all of which recourse shall be had solely to the assets of Issuer. For all purposes of this Indenture Supplement, in the performance of any duties or obligations hereunder, Owner Trustee (as such or in its individual capacity) shall be subject to, and entitled to the benefits of, the terms and provisions of the Trust Agreement.

SECTION 18. Deemed Consent. Each Series 2010-1 Noteholder, by accepting a Series 2010-1 Note, will be deemed to have consented to any changes to the Issuer or the Transferor or any of the Transaction Documents that are necessary (i) to re-establish and maintain sale accounting in the event the accounting standards should change and sale accounting treatment is possible or (ii) in order to comply with the FDIC rule or any similar federal regulation with respect to transfers of receivables. No changes may be made to the Issuer or the Transferor or any of the Transaction Documents that would have required your consent if not for the preceding sentence unless the Rating Agency Condition is satisfied.

IN WITNESS WHEREOF, the Transferor, the Servicer and the Indenture Trustee have caused this Indenture Supplement to be duly executed by their respective officers as of the day and year first above written.

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST II,
Issuer

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

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

U.S. BANK NATIONAL ASSOCIATION, Indenture Trustee

By: /s/ Tamara Schultz-Fugh
Name: Tamara Schultz-Fugh
Title: Vice President

Exhibit 10.7

EXECUTION COPY

WFN CREDIT COMPANY, LLC,

Seller,

WORLD FINANCIAL NETWORK NATIONAL BANK,

Servicer,

and

U.S. BANK NATIONAL ASSOCIATION,

Trustee

on behalf of the Collateral Certificateholder

COLLATERAL SERIES SUPPLEMENT

Dated as of March 26, 2010

to

SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

Dated as of November 25, 1997

WORLD FINANCIAL NETWORK CREDIT CARD MASTER TRUST II

TABLE OF CONTENTS

COLLATERAL SERIES SUPPLEMENT dated as of March 26, 2010 (this "Series Supplement"), among WFN Credit Company, LLC, a Delaware limited liability company, as Seller, World Financial Network National Bank, a national banking association, as Servicer, and U.S. Bank National Association, as Trustee under the Second Amended and Restated Pooling and Servicing Agreement dated as of November 25, 1997, as amended as of July 22, 1999, May 8, 2001, August 5, 2004, March 18, 2005, October 17, 2007, October 30, 2009 and March 11, 2010, among Seller, the Servicer and the Trustee (as amended, the "Agreement").

Section 6.9(c) of the Agreement provides, among other things, that the Seller and the Trustee may at any time and from time to time enter into a Supplement to the Agreement for the purpose of authorizing the delivery by Trustee to Seller for the execution and redelivery to the Trustee for authentication of one or more Series of Investor Certificates.

Pursuant to this Series Supplement, Seller and Trustee shall create a new Series of Investor Certificates and shall specify the Principal Terms thereof and add and amend certain provisions of the Agreement.

SECTION 1. Designation. There is hereby created a Series of Investor Certificates to be issued pursuant to the Agreement and this Series Supplement to be known as the "Collateral Certificates." The Collateral Certificates will be transferred by WFN Credit Company, LLC, as transferor (the "Transferor"), to World Financial Network Credit Card Master Note Trust II (the "Note Trust") pursuant to a Transfer and Servicing Agreement, dated as of March 26, 2010, among the Transferor, the Servicer and the Note Trust (the "Transfer and Servicing Agreement"). The Note Trust will pledge the Collateral Certificates as collateral for one or more series of notes (each, a "Note Series") to be issued by the Note Trust pursuant to a Master Indenture, dated as of March 26, 2010, between the Note Trust and U.S. Bank National Association, as indenture trustee, and one or more supplements to the Master Indenture (each, an "Indenture Supplement" and, together with the Master Indenture referred to above, the "Indenture"). The portions of the Collateral Certificates primarily securing each Note Series shall be treated as separate Series (each, a "Collateral Series") under the Agreement and this Series Supplement. Certain terms pertaining to each Collateral Series will be defined in the applicable Indenture Supplements (but are hereby incorporated by reference into this Series Supplement), including whether or not such Collateral Series is a Principal Sharing Series and the Minimum Seller Interest for such Collateral Series. Unless and until the Trust has been terminated as permitted by Section 3(b) of this Series Supplement: (a) each Indenture Supplement executed and delivered by the Note Trust shall be deemed to supplement this Series Supplement; (b) a new Collateral Series shall be deemed to be issued upon the issuance of each Note Series and shall have the same designation (e.g., Series 2010-1) and belong to the same Group as the related Note Series; (c) the amounts payable as interest and principal on such Collateral Series is comparable to the aggregate of the amounts payable on the related Note Series and shall be payable at the times and in the amounts specified in the Indenture Supplement for such related Note Series, (d) all amounts available and applied as credit enhancement with respect to such Note Series shall be deemed to be available and applied as credit enhancement with respect to such Collateral Series; (e) all amounts payable to the Transferor pursuant to the related Indenture Supplement shall be deemed to be payable to the Seller pursuant to this Series Supplement and (f) the conditions defined in Section 6.9(b) of the Agreement for issuance of new Series must be satisfied in connection with each issuance of a Note Series.

SECTION 2. Definitions. If any term or provision contained herein shall conflict with or be inconsistent with any provision contained in the Agreement, the terms and provisions of this Series Supplement shall govern. All Article, Section or subsection references herein shall mean Article, Section or subsections of the Agreement, as amended or supplemented by this Series Supplement, except as otherwise provided herein. All capitalized terms not otherwise defined herein are used herein as defined in the Agreement. Each capitalized term defined herein shall relate only to the Collateral Certificates and no other Series of Certificates issued by the Trust.

"Additional Required Addition Event" is defined in Section 8 of this Series Supplement.

"Additional Required Designation Date" is defined in Section 8 of this Series Supplement.

"Adjusted Seller Interest" means, at any time, the result (without duplication) of (i) the aggregate amount of Principal Receivables in the Trust, plus (ii) the Excess Funding Amount, plus (iii) amounts credited to the Collection Account or any Trust Account for payment of principal on the Investor Certificates or any Note Series to the extent not subtracted in calculating the Aggregate Investor/Purchaser Interest, minus (iv) the Aggregate Investor/Purchaser Interest calculated assuming that the Investor Interest of any Series of Investor Certificates (other than any Collateral Series) that enters into an early amortization period prior to the start of its scheduled Amortization Period equals the Investor Interest for such series as of the start of such early amortization period and assuming that the "Collateral Amount" (as defined in the related Indenture Supplement) of any Note Series that enters into an early amortization period prior to the start of its scheduled Amortization Period equals the Collateral Amount (as defined in the related Indenture Supplement) for such Note Series as of the start of such early amortization period. It is understood and agreed that the Adjusted Seller Interest may be less than zero and expressed as a negative number.

"Amortization Period" means, for any Collateral Series, any period specified in the related Indenture Supplement during which a share of principal collections is set aside to repay the principal investment in the related Note Series.

"Business Day" is defined in Annex A to the Indenture.

"Closing Date" means, for any Collateral Series, the "Closing Date" for the related Note Series, as defined in the related Indenture Supplement.

"Collateral Certificates" is defined in Section 1 of this Series Supplement.

"Collateral Series" is defined in Section 1 of this Series Supplement.

"Distribution Date" is defined for each Collateral Series in the related Indenture Supplement.

"Excess Finance Charge Collections" means for any Collateral Series, all amounts identified as such in the related Indenture Supplement.

"Finance Charge Shortfall" means, for any Collateral Series, the Finance Charge Shortfall for the related Note Series, as defined in the related Indenture Supplement.

"Indenture" is defined in Section 1 of this Series Supplement.

"Indenture Supplement" is defined in Section 1 of this Series Supplement.

"Initial Investor Interest" means, for any Collateral Series, the "Initial Principal Balance" of the related Note Series, as defined in the related Indenture Supplement.

"Invested Amount" means, for any Collateral Series, the "Collateral Amount" of the related Note Series, as defined in the related Indenture Supplement.

"Investor Certificate" means a Collateral Certificate.

"Investor Holder" means the holder of record of any Investor Certificate.

"Investor Servicing Fee" means, for any Collateral Series, the "Noteholder Servicing Fee" for the related Note Series as defined in the related Indenture Supplement.

"Investor/Purchaser Percentage" means, for any Collateral Series, the Floating Allocation Percentage or Fixed Allocation Percentage, as applicable, for the related Note Series, as defined in the related Indenture Supplement.

"Minimum Seller Interest" means, for any Collateral Series, the Minimum Transferor Amount as defined in the related Indenture Supplement.

"Note Series" is defined in Section 1 of this Series Supplement.

"Note Trust" is defined in Section 1 of this Series Supplement.

"Principal Shortfall" means, for any Collateral Series, the "Principal Shortfall" for the related Note Series, as defined in the related Indenture Supplement.

"Rating Agency" means, for any Collateral Series, the rating agencies for the related Note Series, as defined in the related Indenture Supplement.

"Record Date" is defined for each Collateral Series in the related Indenture Supplement.

"Series Accounts" means, for any Collateral Series, any "Series Accounts" established for the benefit of the related Note Series, as defined in the related Indenture Supplement.

"Series Servicing Fee Percentage" is defined for each Collateral Series in the related Indenture Supplement.

"Series Termination Date" means, for any Collateral Series, the final maturity date for the related Note Series defined in the related Indenture Supplement.

"Shared Principal Collections" means, for any Collateral Series, all amounts identified as such in the related Indenture Supplement.

"Transfer and Servicing Agreement" is defined in Section 1 of this Series Supplement.

SECTION 3. Reassignment and Transfer Terms.

(a) If the Servicer purchases, redeems or prepays any Note Series pursuant to an optional redemption provision under the related Indenture Supplement, then the related Collateral Series shall be deemed to have been retired. Upon the termination of any Note Series pursuant to the Indenture, the related Collateral Series shall also terminate.

(b) Once each Series of Certificates issued under the Agreement has been retired, other than the Collateral Series and any other Series the requisite holders of which have consented to the following transactions, the Holder of the Exchangeable Seller Certificate shall have the option to transfer the Exchangeable Seller Certificate to the Note Trust, upon which transfer the Trust shall terminate, and all of the trust assets Conveyed by the Seller to the Trust pursuant to Section 2.1 of the Agreement shall be distributed to the Note Trust, as holder of all of the beneficial interests in the Trust; provided that such termination shall not take effect until Seller has delivered to the Indenture Trustee a Tax Opinion (as defined in Annex A to the Master Indenture) with respect to the termination and favorable legal opinions as to (i) the enforceability of any documents executed by Seller in connection with the termination and (ii) the validity and priority of the security interest in the Receivables and the proceeds thereof granted by Transferor to Issuer pursuant to the Transfer and Servicing Agreement, on terms substantially similar to the most recent legal opinion delivered by Seller's counsel as to the validity and priority of the security interest granted by Seller to the Trust in connection with the then most recently issued Note Series.

SECTION 4. Delivery and Payment for the Collateral Certificates. Seller shall execute and deliver the Collateral Certificates to Trustee for authentication in accordance with Section 6.1 of the Agreement. The Trustee shall deliver the Collateral Certificates when authenticated in accordance with Section 6.2 of the Agreement. For convenience, the Collateral Certificate shall be registered in the name of Indenture Trustee, notwithstanding that the Collateral Certificate shall have been initially issued to Seller, transferred by Seller to Issuer pursuant to the Transfer and Servicing Agreement and pledged by Issuer to Indenture Trustee pursuant to the Master Indenture.

SECTION 5. Form of Delivery of Collateral Certificates.

(a) The Collateral Certificates shall be delivered as Definitive Certificates, substantially in the form of Exhibit A hereto.

(b) Each Collateral Certificate shall constitute a "security" within the meaning of Article 8 of the Uniform Commercial Code (including Section 8-102(a)(15) thereof) as in effect from time to time in the State of New York.

(c) For purposes of voting with respect to any consent or other matter under the Agreement or this Series Supplement, each class of notes included in any Note Series shall be deemed to be a Class of Certificates in the related Collateral Series, and the provisions for voting by beneficial owners of such notes specified in the Indenture shall apply *mutatis mutandis* to voting under the Agreement and this Series Supplement.

(d) The Collateral Certificates may not be sold, participated, transferred, assigned or otherwise pledged or conveyed in whole or in part except upon the prior delivery to the Trustee and the Owner Trustee of a Tax Opinion (as defined in each of the Agreement and the Indenture, respectively) with respect thereto.

SECTION 6. Article IV of Agreement. Sections 4.1, 4.2 and 4.3 of the Agreement shall read in their entirety as provided in the Agreement. The remainder of Article IV of the Agreement shall read in its entirety as follows and shall be applicable only to the Collateral Certificates:

ARTICLE IV

RIGHTS OF CERTIFICATEHOLDERS AND
ALLOCATION AND APPLICATION OF COLLECTIONS

Section 4.4 Rights of Investor Certificateholders. The Collateral Certificates shall represent undivided interests in the Trust, consisting of the right to receive (a) the related Allocation Percentage (as defined in the related Indenture Supplement) of Collections, (b) funds on deposit in the Collection Account and the Excess Funding Account allocable to the Collateral Certificates and funds on deposit in the Series Accounts, (c) Shared Principal Collections allocated to the Collateral Certificates in accordance with subsection 4.3(f), (d) Shared Excess Finance Charge Collections allocated to the Collateral Certificates in accordance with subsection 4.3(g) and (e) any related Enhancement for the Collateral Certificates and related Note Series. Unless otherwise specified in the related Indenture Supplement, each Collateral Series shall consist of a single Class and shall not be senior or subordinated to any other Series. The Transferor Interest (as defined in the Indenture) shall not represent any interest in the Collection Account or any Series Accounts, except as specifically provided in this Article IV and the related Indenture Supplement.

Section 4.5 Allocations. The Servicer shall, prior to the close of business on the day any Collections are deposited in the Collection Account, allocate from the Collection Account to the Collateral Series related to each Note Series the amounts specified in the related Indenture Supplement, which shall be deposited or otherwise applied as provided in such Indenture Supplement.

SECTION 7. Early Amortization Events and Events of Default. In addition to the Early Amortization Events specified in Section 9.1 of the Agreement, the Early Amortization Events applicable to each Collateral Series shall be the Early Amortization Events specified in the related Indenture Supplement, as well as the Trust Early Amortization Events specified in the Indenture. In addition, each Note Series will have the benefit of applicable "Events of Default," as defined in the Indenture. Upon the occurrence of an applicable Event of Default, the Indenture Trustee shall have the right to foreclose upon a portion of the Receivables, as defined (and subject to the limitations stated) in the Indenture notwithstanding the continuing existence of the Trust, and the Trustee shall cooperate with the Indenture Trustee in the exercise of such right.

SECTION 8. Additional Covenants. (a) So long as any Note Series is outstanding, if the Adjusted Seller Interest is less than zero (an "Additional Required Addition Event"), the Seller shall on or prior to the close of business on the 10th Business Day following the occurrence of such Additional Required Addition Event (the "Additional Required Designation Date"), unless the Adjusted Seller Interest equals or exceeds zero as of the close of business on any day after the occurrence of such Additional Required Addition Event and prior to the Additional Required Designation Date, designate additional Eligible Accounts to be included as Accounts as of the Additional Required Designation Date or any earlier date in a sufficient amount such that after giving effect to such addition, the Adjusted Seller Interest as of the close of business on the Addition Date is at lease equal to zero on such date. The failure of any condition set forth in Section 2.6(c) or (d) of the Agreement as the case may be, shall not relieve the Seller of its obligation pursuant to this paragraph; provided, however, that the failure of the Seller to transfer Receivables to the Trust 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 the 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 Note Series for which, pursuant to the Indenture Supplement therefor, a failure by the Seller to convey Receivables in Additional Accounts to the Issuer by the day on which it is required to convey such Receivables constitutes an "Early Amortization Event" (as defined in such Indenture Supplement).

(b) Seller will not exercise its option to designate a Discount Percentage.

SECTION 9. Reports. So long as any Note Series is outstanding, the Servicer will prepare and deliver the certificates described in Section 3.4(b) of the Transfer and Servicing Agreement.

SECTION 10. Modification to and Ratification of Agreement. For purposes of this Supplement and each Collateral Series:

(a) Notwithstanding anything to the contrary in Section 3.2 of the Agreement, the Monthly Servicing Fee payable with respect to each Note Series and the related Collateral Series shall be solely as set forth in the related Indenture Supplement; and

(b) Sections 3.7 and 12.1(c) shall not be applicable to any Collateral Series.

In addition, to the extent that the terms of this Series Supplement (directly or as supplemented by any Indenture Supplement) are deemed to be inconsistent with the terms of the Agreement, this Series Supplement shall be deemed to modify or amend the terms of the Agreement solely as applied to each Collateral Series affected by any such inconsistency, as permitted by Section 6.9(c) of the Agreement. Otherwise, as supplemented by this Series Supplement (and the various Indenture Supplements executed form time to time), the Agreement is in all respects ratified and confirmed and the Agreement as so amended and supplemented by this Series Supplement shall be read, taken and construed as one and the same instrument.

SECTION 11. Counterparts. This Series Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 12. Successors and Assigns. This Series Supplement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 13. Governing Law. This Series Supplement 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 14. No Petition. Servicer, Trustee and (with respect to the Trust only) Seller, by entering into this Series Supplement and each Holder, by accepting a Collateral Certificate hereby covenant and agree that they will not at any time institute against the Trust or the Seller, or join in any institution against the Trust or the Seller of, any bankruptcy proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Investor Certificateholders, the Noteholders, (as defined in the Indenture), the Agreement, this Series Supplement or the Indenture provided, however that nothing herein shall prohibit the Trustee from filing proofs of claim or otherwise participating in any such proceedings instituted by any other person.

SECTION 15. Amendments. This Series Supplement may be amended pursuant to Section 13.1 of the Agreement.

SECTION 16. Third Party Beneficiary. The Indenture Trustee shall be a third party beneficiary of this Series Supplement and shall have the right to enforce the terms of this Series Supplement as if it was a party hereto.

IN WITNESS WHEREOF, the parties have caused this Series Supplement to be duly executed by their respective officers as of the day and year first above written.

WFN CREDIT COMPANY, LLC, as Seller

By: /s/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

WORLD FINANCIAL NETWORK NATIONAL BANK, as Servicer

By: /s/ Ronald C. Reed
Name: Ronald C. Reed
Title: Treasurer

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Tamara Schultz-Fugh
Name: Tamara Schultz-Fugh
Title: Vice President

FIRST AMENDMENT TO
SERIES 2009-VFC1 SUPPLEMENT

This **FIRST AMENDMENT TO SERIES 2009-VFC1 SUPPLEMENT**, dated as of March 30, 2010 (this "*Amendment*") is made among World Financial Network National Bank, a national banking association ("*WFN*"), as Servicer ("*Servicer*"), WFN Credit Company, LLC, a Delaware limited liability company ("*WFN Credit*"), as Transferor ("*Transferor*") and Union Bank, N.A. (formerly known as Union Bank of California, N.A., successor in interest to JPMorgan Chase Bank, N.A.), not in its individual capacity but solely as Trustee ("*Trustee*") under the Amended and Restated Pooling and Servicing Agreement, dated as of January 30, 1998, as amended and restated as of September 28, 2001 (as further amended as of April 7, 2004, March 23, 2005, October 26, 2007, and March 30, 2010, and as modified by a Trust Combination Agreement dated as of April 26, 2005, and as further amended, restated and otherwise modified from time to time, the "*Agreement*"). Capitalized terms used and not otherwise defined in this Amendment are used as defined in the Agreement, as supplemented by that certain Series 2009-VFC1 Supplement, dated as of March 31, 2009, among the Servicer, the Transferor and the Trustee (as amended, restated and otherwise modified from time to time, the "*Series Supplement*").

Background

A. The parties hereto have entered into the Agreement and the Series Supplement.

B. The parties hereto wish to amend the Series Supplement as set forth in this Amendment.

Agreement

1. *Amendment of the Series Supplement*. The Series Supplement is hereby amended as provided in this Section 1.

(a) Section 2 of the Series Supplement is hereby amended by deleting the definitions of "Class A Controlled Amortization Amount", "Class B Funded Amount", "Class B Maximum Funded Amount", "Class M Maximum Funded Amount", "Rating Agency Condition", and "Required Cash Collateral Amount" in their entirety and replacing each respective definition with the following in the correct alphabetical order:

"*Class A Controlled Amortization Amount*" means for any Transfer Date with respect to the Controlled Amortization Period, the Class A Invested Amount as of the close of business on the last day of the Revolving Period *divided by* [_].

"*Class B Funded Amount*" means, on any Business Day, an amount equal to the result of (a) $[_], *plus* (b) the aggregate amount of all Class B Incremental Funded Amounts for all Class B Incremental Fundings occurring on or prior to that Business Day, *minus* (c) the aggregate amount of principal payments made to the Class B Holder prior to such date.

"*Class B Maximum Funded Amount*" means $[_] as such amount may be increased or decreased from time to time pursuant to *Section 6* of this Series Supplement.

"*Class M Maximum Funded Amount*" means $[_], as such amount may be increased or decreased from time to time pursuant to *Section 6* of this Series Supplement.

"*Rating Agency Condition*" shall mean for purposes of this Series Supplement and the Agreement with respect to Series 2009-VFC1 (i) the consent of the Class A Holders, the Class M Holders and the Class B Holders, (ii) DBRS shall have notified the Servicer in writing that such action will not result in a reduction or withdrawal of their respective ratings of any outstanding Class of Series 2009-VFC1 Certificates for which such Rating Agency provides a rating and (iii) 10 days' prior written notice (or, if 10 days' advance notice is impracticable, as much advance notice as is practicable) to Fitch delivered electronically to notifications.abs@fitchratings.com.

"*Required Cash Collateral Amount*" means, with respect to any date of determination (a) as of the First Amendment Date, $[_] and (b) on any Transfer Date thereafter the sum of (i) 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, plus (ii) the Supplemental Cash Collateral Amount on such date of determination.

(b) Section 2 of the Series Supplement is hereby amended by adding the definition of "First Amendment Date" set forth below in the correct alphabetical order:

"First Amendment Date" means March 30, 2010.

(c) Section 5 of the Series Supplement is hereby amended by deleting the language "an amount less than or equal to [_%]" and replacing such language with "an amount less than or equal to [_]%".

2. *Binding Effect; Ratification*. (a) This Amendment shall become effective, as of the date first set forth above, when (i) counterparts hereof shall have been executed and delivered by the parties hereto, and thereafter shall be binding on the parties hereto and their respective successors and assigns, (ii) the Series 2009-VFC1 Investor Holders shall have given their written consent pursuant to Section 17(c) of the Series Supplement, (iii) the Class M Holders shall have given their consent to the reduction of the Class M Maximum Funded Amount required by Section 6(b) of the Series Supplement and (iv) the Class B Holders shall have given their consent to the reduction of the Class B Maximum Funded Amount required pursuant to Section 6(c) of the Series Supplement.

(b) On and after the execution and delivery hereof, this Amendment shall be a part of the Series Supplement and each reference in the Series Supplement to "this Series Supplement" or "hereof", "hereunder" or words of like import, and each reference in any other Transaction Document to the Series Supplement shall mean and be a reference to such Series Supplement as amended hereby.

(c) Except as expressly amended hereby, the Series Supplement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

4. *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.

(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. Counterparts of this Amendment may be delivered by facsimile or electronic transmission.

(d) The Trustee shall not be responsible for the validity or sufficiency of this Amendment, nor for the recitals contained herein.

(e) Notwithstanding any provision of the Series Supplement to the contrary, on March 31, 2010, the Transferor shall cause the Trust (i) to reduce the Class M Funded Amount to the Class M Maximum Funded Amount by making a principal payment of $[_] to the Class M Holder from the Optional Amortization Funds and (ii) to reduce the Class B Funded Amount to the Class B Maximum Funded Amount by making a principal payment of $[_] to the Class B Holder from the Optional Amortization Funds, and such funds shall be deposited into the Collection Account for the purpose of making such payment on March 31, 2010.

[*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: Treasurer

WFN CREDIT COMPANY, LLC, as Transferor

By: /s/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

UNION BANK, N.A., not in its individual capacity, but solely as Trustee

By: /s/ Eva Aryeetey
Name: Eva Aryeetey
Title: Vice President

Exhibit 10.9

EXECUTION COPY

FOURTH AMENDMENT TO
AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

This FOURTH AMENDMENT TO AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT, dated as of March 30, 2010 (this "*Amendment*") is made among World Financial Network National Bank, a national banking association located in Columbus Ohio ("*WFNNB*"), as Servicer, WFN Credit Company, LLC ("*WFN Credit*"), as Transferor, and Union Bank, N.A. ("*Union Bank*"), formerly known as Union Bank of California, N.A., successor to JPMorgan Chase Bank, N.A., as Trustee of World Financial Network Credit Card Master Trust III (the "*Issuer*"), to the Amended and Restated Pooling and Servicing Agreement, dated as of January 30, 1998, among WFNNB, as Servicer, WFN Credit, as Transferor and Union Bank, as Trustee (as amended and restated as of September 28, 2001, as further amended as of April 7, 2004, March 23, 2005 and October 26, 2007 and modified by a Trust Combination Agreement, dated as of April 26, 2005, as amended, the "*Pooling Agreement*"). Capitalized terms used and not otherwise defined in this Amendment are used as defined in the Pooling Agreement.

WHEREAS, WFNNB is contemplating a merger with and into WFNNB Interim National Bank (the "Interim Bank"), an interim national banking association located in Delaware, with the resulting bank being a national banking association named World Financial Network National Bank and located in Delaware (the "Merger"); and

WHEREAS, the parties hereto desire to amend the Pooling Agreement in certain respects as set forth herein, with certain of such amendments taking effect upon consummation of the Merger;

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:

SECTION 1. Amendments. (a) The definition of "*Business Day*" in Section 1.1 of the Pooling Agreement is hereby amended by adding the phrase ", Wilmington, Delaware" immediately after the phrase "New York, New York" where it appears in such definition.

(b) The definition of "*UCC*" in Section 1.1 of the Pooling Agreement is hereby amended by deleting the word "Ohio" where it appears and substituting with the word "Delaware."

(c) Section 8.2(a) of the Pooling Agreement is hereby amended by deleting the words "a corporation" where they appear in Section 8.2(a) and substituting with the words "an entity".

SECTION 2. Conditions to Effectiveness. (a) The amendment set forth in Section 1(c) of this Amendment shall become effective on the date hereof upon (i) receipt 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.

(b) Following the effectiveness of the amendment described in Section 1(c) of this Amendment, the amendments set forth in Sections 1 (a) and 1(b) shall become effective upon the consummation of the Merger.

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.

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. Counterparts of this Amendment may be delivered by facsimile or electronic transmission.

SECTION 7. Approved Portfolio. For the avoidance of doubt, the RPA Seller's private label credit card program for Little Switzerland, which is an Approved Portfolio, includes, without limitation, all accounts from time to time included in the RPA Seller's private label credit card program for Little Switzerland that are originated through Jewels retailers.

SECTION 8. Trustee Disclaimer. Trustee shall not be responsible for the validity or sufficiency of this amendment, nor for the recitals contained herein.

[*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.

WFN CREDIT COMPANY, LLC

By: /s/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

UNION BANK, N.A., as Trustee

By: /s/ Eva Aryeetey
Name: Eva Aryeetey
Title: Vice President

WORLD FINANCIAL NETWORK NATIONAL BANK

By: /s/ Ronald C. Reed
Name: Ronald C. Reed
Title: Treasurer

Exhibit 31.1

CERTIFICATION OF THE
CHIEF EXECUTIVE 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; and

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 Executive Officer

Date: May 7, 2010

Exhibit 31.2

CERTIFICATION OF THE
CHIEF FINANCIAL OFFICER
OF
ALLIANCE DATA SYSTEMS CORPORATION

I, Charles L. Horn, 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; and

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/ CHARLES L. HORN

Charles L. Horn
Chief Financial Officer

Date: May 7, 2010

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 March 31, 2010 (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
Edward J. Heffernan
Chief Executive Officer

Date: May 7, 2010

Subscribed and sworn to before me
this 7th day of May, 2010.

/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 March 31, 2010 (the "Form 10-Q") of Alliance Data Systems Corporation (the "Registrant").

I, Charles L. Horn, 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/ CHARLES L. HORN
Charles L. Horn
Chief Financial Officer

Date: May 7, 2010

Subscribed and sworn to before me
this 7th day of May, 2010.

/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.