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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

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 Offices)	**(Zip Code)**

(972) 348-5100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed 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 Regulation 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ 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 June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter, 53,647,232 shares of common stock were outstanding and the aggregate market value of the common stock held by non-affiliates of the registrant on that date was approximately $2.2 billion (based upon the closing price on the New York Stock Exchange on June 30, 2009 of $41.19 per share). Aggregate market value is estimated solely for the purposes of this report. This shall not be construed as an admission for the purposes of determining affiliate status.

As of February 25, 2010, 52,553,789 shares of common stock were outstanding.

Documents Incorporated By Reference

Certain information called for by Part III is incorporated by reference to certain sections of the Proxy Statement for the 2010 Annual Meeting of our stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2009.

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Caution Regarding Forward-Looking Statements

This Form 10-K 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 this Form 10-K, elsewhere in this Form 10-K and in the documents incorporated by reference in this Form 10-K.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements contained in this Form 10-K 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 I

Item 1. Business

Our Company

We are a leading provider of data-driven and transaction-based marketing and customer loyalty solutions. We offer a comprehensive portfolio of integrated outsourced marketing solutions, including customer loyalty programs, database marketing services, marketing strategy consulting, analytics and creative services, permission-based email marketing and private label and co-brand retail credit card programs. We focus on facilitating and managing interactions between our clients and their customers through a variety of consumer marketing channels, including in-store, on-line, catalog, mail and telephone. We capture and analyze data created during each customer interaction, leveraging the insight derived from that data to enable clients to identify and acquire new customers and to enhance customer loyalty. We believe that our services are becoming increasingly valuable as businesses shift marketing resources away from traditional mass marketing toward more targeted marketing programs that provide measurable returns on marketing investments.

Our client base of more than 800 companies consists primarily of large consumer-based businesses, including well-known brands such as Bank of Montreal, Hilton, Bank of America, Victoria's Secret, Canada Safeway, Shell Canada, Pottery Barn, Ann Taylor and J. Crew. Our client base is diversified across a broad range of end-markets, including, among others, financial services, specialty retail, grocery and drugstore chains, petroleum retail, technology, hospitality and travel, media and pharmaceuticals. We believe our comprehensive suite of marketing solutions offers us a significant competitive advantage, as many of our competitors offer a more limited range of services. We believe the breadth and quality of our service offerings have enabled us to establish and maintain long-standing client relationships.

We continue to execute on our growth strategy by securing new clients and renewing and expanding relationships with existing clients. Key activities for 2009 included:

Private Label Credit and Services. In 2009, we entered into a new agreement for private label credit card services with Haband. We completed the conversion of the acquired private label credit card portfolio of HSN and began providing private label and co-brand credit card services. We signed an agreement with specialty retailer Big M, Inc. to acquire its existing portfolio and provide private label credit card services. We signed a long-term agreement with Charming Shoppes, Inc. to acquire their credit card files and service center operations associated with their card programs and assumed operation of the private label credit card programs. We signed a multi-year agreement with Pacific Dental Services to provide patient financing and marketing services for dental and orthodontic procedures performed in affiliated dental practices. We renewed our agreements with Pacific Sunwear of California and Tween Brands, which included expanded services to their Justice branded stores.

Epsilon Marketing Services. In 2009, we signed a new multi-year agreement with San-Francisco-based Visa to develop, host and operate Visa's next-generation loyalty program for its issuers. In 2009, we signed America's Gardening Resource, a manufacturer and retailer of gardening products, to build and maintain its customer marketing database. Additionally, we signed 19 new clients for permission-based email and digital services, including Scott Trade, TCF Bank and Air China.

We further expanded our relationships with several key clients, including AstraZeneca to provide comprehensive database and permission-based email marketing solutions; R.J. Reynolds to host its consumer database and support its consumer communication programs; and Capital One Financial Corporation to support its customer loyalty program. Lastly, we renewed relationships with long-time clients National Geographic Society to continue to provide database hosting and marketing services; Reed Business Information US to provide permission-based email marketing services; and KeyCorp to provide direct marketing services.

Loyalty Services. In 2009, we expanded our relationship with rewards supplier Best Western International, Inc. as a new sponsor in the AIR MILES® Reward Program. We completed significant renewals with several of our key sponsors including Shell Canada Products and Goodyear Canada. In 2009, our largest sponsor, Bank of Montreal, significantly expanded their commitment to the AIR MILES Reward Program through enhancements made to their credit card programs that allow collectors to earn double AIR MILES reward miles.

We expanded our global reach by acquiring a 29 percent interest in CBSM – Companhia Brasileira De Servicos De Marketing, operator of Brazil's dotz loyalty program. Founded in 2000, dotz is a Brazilian-based loyalty program with more than 200,000 active participants, 50 online sponsors and a rewards catalog featuring more than 6,000 products and services.

In February 2009, we completed the sale of the remainder of our utilities services business. In November 2009, we terminated operations of our credit program for web and catalog retailer VENUE.

Our corporate headquarters are located at 17655 Waterview Parkway, Dallas, Texas 75252, and our telephone number is 972-348-5100. We have signed a new lease and expect to move our corporate headquarters to 7500 Dallas Parkway, Suite 800, Plano, Texas 75024 in the third quarter of 2010.

Our Market Opportunity and Growth Strategy

We intend to enhance our position as a leading provider of targeted, data-driven and transaction-based marketing and loyalty solutions and to continue our growth in revenue and earnings by pursuing the following strategies:

- *Capitalize on our Leadership in Targeted and Data-Driven Consumer Marketing.* We intend to continue to capitalize on the ongoing shift away from traditional mass marketing campaigns to targeted and data-driven marketing programs with measurable return on investment. As consumer companies initiate or expand their targeted and transaction-based marketing strategies, we believe we are well-positioned to acquire new clients and sell additional services to existing clients based on our extensive experience in capturing and analyzing our clients' customer transaction data to develop targeted marketing programs. We believe our comprehensive portfolio of high-quality targeted marketing and loyalty solutions provides a competitive advantage over peers with more limited service offerings. We seek to extend our leadership position in the transaction-based and targeted marketing services sector by continuing to improve the breadth and quality of our products and services. We also intend to enhance our leadership position in loyalty programs by expanding the scope of the AIR MILES Reward Program and by continuing to develop stand-alone loyalty programs such as the *Hilton HHonors® Program* and the *Citi Thank You® Network*. We believe that building on our market leadership will enable us to benefit from the anticipated growth in demand for targeted marketing strategies.
- *Sell More Fully Integrated End-to-End Marketing Solutions.* In our Epsilon Marketing Services segment, we have assembled what we believe is the industry's most comprehensive suite of targeted and data-driven marketing services, including marketing strategy consulting, data services, database development and management, marketing analytics, creative design and delivery services such as email communications. We are able to offer an end-to-end solution to clients, providing a significant opportunity to expand our relationships with existing clients, the majority of which do not currently purchase the full suite of services we offer. In addition, we further intend to integrate our product and service offerings across our segments so that we can provide clients in a broad range of industries with a comprehensive portfolio of targeted marketing solutions, including both coalition and individual loyalty programs, private label retail credit card programs and other transaction-based marketing solutions. By selling integrated solutions within and across our segments and our entire client base, we have a significant opportunity to maximize the value of our long-standing client relationships.
- *Continue to Expand our Global Footprint.* We plan to grow our business by leveraging our core competencies in the North American marketplace to further penetrate international markets. Global

reach is increasingly important as our clients grow into new markets, and we are well positioned to cost-effectively increase our global presence. We believe international expansion will provide us with strong revenue growth opportunities.

- *Optimize our Business Portfolio.* We will continue to evaluate our products and services given our strategic direction and demand trends. While we are focused on realizing organic revenue growth and margin expansion, we will consider select acquisitions of complementary businesses that would enhance our product portfolio, market positioning or geographic presence. We have a strong track record of identifying and integrating such targeted acquisitions.

Products and Services

Our products and services are reported under four segments—Loyalty Services, Epsilon Marketing Services, Private Label Services, and Private Label Credit. We have traditionally marketed and sold our products and services on a stand-alone basis but increasingly market and sell them on an integrated basis. Our products and services are listed below. Financial information about our segments and geographic areas appears in Note 20, "Segment Information," of the Notes to Consolidated Financial Statements.

Segment	Products and Services
Loyalty Services	• AIR MILES Reward Program
Epsilon Marketing Services	• Marketing Services
	—Marketing database services
	—Analytical services
	—Strategic consulting and creative services
	—Proprietary data services
	—Digital communications
Private Label Services	• Processing Services
	—New account processing
	—Billing and payment processing
	—Remittance processing
	—Customer care
	• Marketing Services
Private Label Credit	• Private Label Receivables Financing
	—Underwriting and risk management
	—Receivables funding

Loyalty Services

Our Loyalty Services clients are focused on targeting, acquiring and retaining loyal and profitable customers. We use the information gathered through our loyalty programs to help our clients design and implement effective marketing programs. Our clients within this segment include, among others, financial services providers, supermarkets, petroleum retailers, specialty retailers and pharmaceutical companies.

Our AIR MILES Reward Program is the largest coalition loyalty program in Canada, with over 120 sponsors participating in the program. The AIR MILES Reward Program enables consumers to earn AIR MILES reward miles as they shop within a range of retailers and other sponsors participating in the AIR MILES Reward Program. These AIR MILES reward miles can be redeemed by our collectors for travel or other awards. We believe that one of the reasons our AIR MILES Reward Program is so popular, as evidenced by the approximately 70% participation rate for Canadian households, is that it allows consumers to rapidly accumulate AIR MILES reward miles across a significant portion of their day-to-day spending. The three primary parties involved in our AIR MILES Reward Program are: sponsors, collectors and suppliers, each of which is described below.

Sponsors. More than 120 brand name sponsors participate in our AIR MILES Reward Program, including Canada Safeway, Shell Canada, Jean Coutu, Amex Bank of Canada and Bank of Montreal. The AIR MILES

Reward Program is a full service outsourced loyalty program for our sponsors, who pay us a fee per AIR MILES reward mile issued, in return for which we provide all marketing, customer service and rewards and redemption management. We typically grant participating sponsors exclusivity in their market category, enabling them to realize incremental sales and increase market share as a result of their participation in the AIR MILES Reward Program coalition.

Collectors. Collectors earn AIR MILES reward miles at thousands of retail and service locations in addition to the many locations where collectors can use certain cards issued by Bank of Montreal and Amex Bank of Canada to earn AIR MILES reward miles. The AIR MILES Reward Program offers a reward structure that provides a quick, easy and free way for collectors to earn a broad selection of travel, entertainment and other lifestyle rewards through their day-to-day shopping at participating sponsors.

Suppliers. We enter into agreements with airlines, movie theaters and manufacturers of consumer electronics and other providers to supply rewards for the AIR MILES Reward Program, with over 300 suppliers using the AIR MILES Reward Program as an additional distribution channel for their products. Suppliers include such well-recognized companies as Apple, Starbucks and Sony.

Epsilon Marketing Services

Epsilon Marketing Services is a leader in providing integrated direct marketing solutions that combine database marketing technology and analytics with a broad range of direct marketing services. We offer customer management and loyalty solutions by using data, database technologies, analytics and delivery platforms to maximize the value and loyalty of our clients' customers and assist our clients in acquiring new customers. Our marketing programs target and reach individual consumers and provide a measurable return on our clients' marketing investments. We are also an industry leader in providing customer acquisition and retention solutions by using cooperative databases containing consumer transactional data from more than 1,500 multi-channel catalogers, retailers, on-line merchants and business-to-business marketers. We also operate what we believe to be the world's largest permission-based email marketing platform. We offer our clients a full end-to-end solution, including marketing strategy consulting, data services, database development and management, marketing analytics, creative design and delivery services such as email communications, which we believe provides us with a competitive advantage over other marketing services providers with more limited service offerings. Epsilon Marketing Services has over 500 clients, operating primarily in the financial services, specialty retail, hospitality and pharmaceutical end-markets.

Marketing Database Services. We provide design and management of outsourced loyalty programs, integrated marketing databases, customer and prospect data integration and data hygiene, campaign management and marketing application integration and web design and development.

Analytical Services. We provide behavior-based, demographic and attitudinal segmentation, acquisition, attrition, cross-sell and up-sell, retention, loyalty and value predictive modeling, and program evaluation, testing and measurement across our integrated marketing services.

Strategic Consulting and Creative. We provide consulting services that analyze our client's business, brand and/or product strategy to create customer campaigns and sales channel strategies and tactics designed to further optimize our clients' customer relationships and marketing return on investment. We also provide direct marketing program design, development and management, campaign design and execution, value proposition and business case development, concept development and creative media consulting, print, imaging and personalization services, data processing services, fulfillment services and mailing services.

Proprietary Data Services. We provide various data services that we believe are essential to making informed marketing decisions. Together with our clients, we use this data to develop highly targeted, individualized marketing programs that build stronger customer relationships and increase response rates in marketing programs.

Digital Communications. We provide strategic, permission-based email communication solutions and marketing technologies. Our end-to-end suite of industry specific products and services includes scalable email campaign technology, delivery optimization, marketing automation tools, turnkey integration solutions, strategic consulting and creative expertise to produce email programs that generate measurable results throughout the customer lifecycle.

Private Label Services

Our Private Label Services segment assists some of the best known retailers in extending their brand with a private label and/or co-brand credit account that can be used by customers at the clients' store locations, or through on-line or catalog purchases. Our co-brand credit accounts can also be used by customers outside of our clients' store locations. Our clients include Victoria's Secret, Ann Taylor, Eddie Bauer, Pottery Barn, Pac Sun and The Buckle. We provide service and maintenance to our clients' private label credit and co-brand credit programs and assist our clients in acquiring, retaining and managing valuable repeat customers. Our Private Label Services segment performs processing services for our Private Label Credit segment in connection with that segment's private label credit and co-brand programs. These inter-segment services accounted for approximately 96.7% of Private Label Services' revenue for the year ended December 31, 2009. We have developed a proprietary credit system designed specifically for retailers that has the flexibility to be customized to accommodate our clients' specific needs. We have also built into the system marketing tools to assist our clients in increasing sales. We use our Quick Credit and On-Line Prescreen products to originate new private label and co-brand credit accounts. We believe that these products provide an effective marketing advantage over competing services.

We use automated technology for bill preparation, printing and mailing, and also offer consumers the ability to view, print and pay their bills on-line. By doing so, we improve the funds availability for both our clients and for those private label and co-brand credit receivables that we own or securitize. Our customer care operations are influenced by our retail heritage. We focus our training programs in all areas to achieve the highest possible standards and monitor our performance by conducting surveys with our clients and their customers. Our call centers are equipped to handle phone, mail, fax and on-line inquiries. We also provide collection activities on delinquent accounts to support our private label and co-brand credit programs. Through our integrated marketing services, we design and implement strategies that increase the loyalty and purchasing behavior of cardholders. Our card programs capture transaction data that we analyze to better understand consumer behavior and use to increase the effectiveness of our clients' marketing activities. We use multi-channel marketing communication tools, including permission-based email, mobile messaging and direct mail to reach our clients' customers.

Private Label Credit

Our Private Label Credit segment provides risk management solutions, account origination and funding services for our more than 100 private label and co-brand retail credit card programs. Through these programs, at December 31, 2009, we managed approximately $5.3 billion in receivables, from over 24.3 million active accounts for the year ended December 31, 2009, with an average balance during that period of approximately $391 for accounts with outstanding balances. We process millions of credit applications each year using automated proprietary scoring technology and verification procedures to make risk-based origination decisions when approving new account-holders and establishing their credit limits. These procedures help us segment prospects into narrower ranges within each risk score provided by credit bureaus, allowing us to better evaluate individual credit risk and tailor our risk-based pricing accordingly. Our accountholder base consists primarily of middle- to upper-income individuals, in particular 35 to 49 year-old married females who use our accounts primarily as brand affinity tools rather than pure financing instruments, resulting in lower average balances compared to balances on general purpose credit cards. We focus our sales efforts on prime borrowers and do not target sub-prime borrowers.

Historically, we have used a securitization program as our primary funding vehicle for retail credit receivables. Securitizations involve the packaging and selling of both current and future receivable balances of credit accounts to a special purpose entity that then sells them to a master trust. As of December 31, 2009, Limited Brands and Charming Shoppes accounted for approximately 16.5% and 10.5%, respectively, of the receivables in the combined trust portfolios.

Safeguards to Our Business; Disaster and Contingency Planning

We operate, either internally or through third-party service providers, multiple data processing centers to process and store our customer transaction data. Given the significant amount of data that we or our third-party service providers manage, much of which is real-time data to support our clients' commerce initiatives, we have established redundant capabilities for our data centers. We have a number of safeguards in place that are designed to protect us from data-related risks and in the event of a disaster, to restore our data centers' systems.

Protection of Intellectual Property and Other Proprietary Rights

We rely on a combination of copyright, trade secret and trademark laws, confidentiality procedures, contractual provisions and other similar measures to protect our proprietary information and technology used in each segment of our business. We currently have four patent applications pending with the U.S. Patent and Trademark Office and one international application. We generally enter into confidentiality or license agreements with our employees, consultants and corporate partners, and generally control access to and distribution of our technology, documentation and other proprietary information. Despite the efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain the use of our products or technology that we consider proprietary and third parties may attempt to develop similar technology independently. We pursue registration and protection of our trademarks primarily in the United States and Canada, although we also have either registered trademarks or applications pending in Argentina, New Zealand, the European Union Community, Peru, Mexico, Venezuela, Brazil, United Kingdom, Australia, China, Hong Kong, Japan, South Korea and Singapore and internationally under the Madrid Protocol in several of the aforementioned countries.

Effective protection of intellectual property rights may be unavailable or limited in some countries. The laws of some countries do not protect our proprietary rights to the same extent as in the United States and Canada. We are the exclusive Canadian licensee of the AIR MILES family of trademarks pursuant to a perpetual license agreement with Air Miles International Trading B.V., for which we pay a royalty fee. We believe that the AIR MILES family of trademarks and our other trademarks are important for our branding, corporate identification and marketing of our services in each business segment.

Competition

The markets for our products and services are highly competitive. We compete with marketing services companies, credit card issuers, and data processing companies, as well as with the in-house staffs of our current and potential clients.

Loyalty Services. As a provider of marketing services, our Loyalty Services segment generally competes with advertising and other promotional and loyalty programs, both traditional and on-line, for a portion of a client's total marketing budget. In addition, we compete against internally developed products and services created by our existing and potential clients. We expect competition to intensify as more competitors enter our market. Competitors with our AIR MILES Reward Program may target our sponsors and collectors as well as draw rewards from our rewards suppliers. Our ability to generate significant revenue from clients and loyalty partners will depend on our ability to differentiate ourselves through the products and services we provide and the attractiveness of our loyalty and rewards programs to consumers. The continued attractiveness of our loyalty and rewards programs will also depend on our ability to remain affiliated with sponsors that are desirable to consumers and to offer rewards that are both attainable and attractive to consumers. Intensifying competition may make it more difficult for us to do this.

Epsilon Marketing Services. Our Epsilon Marketing Services segment generally competes with a variety of niche providers. These competitors' focus has primarily been on one or two services within the marketing value chain, rather than the full spectrum of data-driven marketing services used for both traditional and on-line advertising and promotional programs. In addition, Epsilon Marketing Services competes against internally developed products and services created by our existing clients and others. We expect competition to intensify as more competitors enter our market. For our targeted direct marketing services offerings, our ability to continue to capture detailed customer transaction data is critical in providing effective customer relationship management strategies for our clients. Our ability to differentiate the mix of products and services that we offer, together with the effective delivery of those products and services, are also important factors in meeting our clients' objective to continually improve their return on marketing investment.

Private Label Services and Private Label Credit. Our Private Label Credit and Private Label Services segments compete primarily with financial institutions whose marketing focus has been on developing credit card programs with large revolving balances. These competitors further drive their businesses by cross-selling their other financial products to their cardholders. Our focus has primarily been on targeting specialty retailers that understand the competitive advantage of developing loyal customers. Typically these retailers have customers that make more frequent and smaller transactions. As a result, we are able to analyze card-based transaction data we obtain through managing our card programs, including customer specific transaction data and overall consumer spending patterns, to develop and implement targeted marketing strategies and to develop successful customer relationship management strategies for our clients. As an issuer of private label retail cards, we compete with other payment methods, primarily general purpose credit cards like Visa and MasterCard, which we also issue primarily as co-branded private label retail cards, American Express and Discover Card, as well as cash, checks and debit cards.

Regulation

Federal and state laws and regulations extensively regulate the operations of our credit card services bank subsidiary, World Financial Network National Bank, or WFNNB, and our industrial bank subsidiary, World Financial Capital Bank, or WFCB. Many of these laws and regulations are intended to maintain the safety and soundness of WFNNB and WFCB, and they impose significant restraints on those companies to which other non-regulated companies are not subject. Because WFNNB is deemed a credit card bank and WFCB is an industrial bank within the meaning of the Bank Holding Company Act, we are not subject to regulation as a bank holding company. If we were subject to regulation as a bank holding company, we would be constrained in our operations to a limited number of activities that are closely related to banking or financial services in nature. Nevertheless, as a national bank, WFNNB is still subject to overlapping supervision by the Office of the Comptroller of the Currency, or OCC, and the Federal Deposit Insurance Corporation, or FDIC; and, as an industrial bank, WFCB is still subject to overlapping supervision by the FDIC and the State of Utah.

WFNNB and WFCB must maintain minimum amounts of regulatory capital. If WFNNB or WFCB does not meet these capital requirements, their respective regulators have broad discretion to institute a number of corrective actions that could have a direct material effect on our financial statements. WFCB, as an institution insured by the FDIC, must maintain certain capital ratios, paid-in capital minimums and adequate allowances for loan losses. WFNNB must meet specific guidelines that involve measures and ratios of its assets, liabilities, regulatory capital, interest rate exposure and certain off-balance sheet items under regulatory accounting standards, among other factors. Under the National Bank Act, if the capital stock of WFNNB is impaired by losses or otherwise, we, as the sole shareholder, may be assessed the deficiency. To the extent necessary, if a deficiency in capital still exists, the FDIC may be appointed as a receiver to wind up WFNNB's affairs.

Before WFNNB can pay dividends to us, it must obtain prior regulatory approval if all dividends declared in any calendar year would exceed its net profits for that year plus its retained net profits for the preceding two calendar years, less any transfers to surplus. In addition, WFNNB may only pay dividends to the extent that retained net profits, including the portion transferred to surplus, exceed bad debts. Moreover, to pay any

dividend, WFNNB must maintain adequate capital above regulatory guidelines. Further, if a regulatory authority believes that WFNNB is engaged in or is about to engage in an unsafe or unsound banking practice, which, depending on its financial condition, could include the payment of dividends, that regulatory authority may require, after notice and hearing, that WFNNB also cease and desist from the unsafe practice. To pay any dividend, WFCB must also maintain adequate capital above regulatory guidelines.

As part of a portfolio acquisition in 2003 by WFNNB, which required approval by the OCC, the OCC required WFNNB to enter into an operating agreement with the OCC (the "2003 Operating Agreement") and a capital adequacy and liquidity maintenance agreement with us (the "2003 CALMA"). The 2003 Operating Agreement required WFNNB to continue to operate in a manner consistent with its current practices, regulatory guidelines and applicable law, including those related to affiliate transactions, maintenance of capital and corporate governance. In August 2009, we entered into a revised operating agreement with WFNNB and the OCC (the "2009 Operating Agreement"), which required us to enter into both a new capital adequacy and liquidity maintenance agreement (the "2009 CALMA") and a capital and liquidity support agreement (the "2009 CALSA") with WFNNB. The 2009 Operating Agreement has not required any changes in WFNNB's operations. The 2009 CALMA and 2009 CALSA memorialize our current obligations to ensure that WFNNB remains in compliance with its minimum capital requirements.

We are limited under Sections 23A and 23B of the Federal Reserve Act in the extent to which we can borrow or otherwise obtain credit from or engage in other "covered transactions" with WFNNB or WFCB, which may have the effect of limiting the extent to which WFNNB or WFCB can finance or otherwise supply funds to us. "Covered transactions" include loans or extensions of credit, purchases of or investments in securities, purchases of assets, including assets subject to an agreement to repurchase, acceptance of securities as collateral for a loan or extension of credit, or the issuance of a guarantee, acceptance, or letter of credit. Although the applicable rules do not serve as an outright bar on engaging in "covered transactions," they do require that we engage in "covered transactions" with WFNNB or WFCB only on terms and under circumstances that are substantially the same, or at least as favorable to WFNNB or WFCB, as those prevailing at the time for comparable transactions with nonaffiliated companies. Furthermore, with certain exceptions, each loan or extension of credit by WFNNB or WFCB to us or our other affiliates must be secured by collateral with a market value ranging from 100% to 130% of the amount of the loan or extension of credit, depending on the type of collateral.

We are required to monitor and report unusual or suspicious account activity as well as transactions involving amounts in excess of prescribed limits under the Bank Secrecy Act, Internal Revenue Service, or IRS, rules, and other regulations. Congress, the IRS and the bank regulators have focused their attention on banks' monitoring and reporting of suspicious activities. Additionally, Congress and the bank regulators have proposed, adopted or passed a number of new laws and regulations that may increase reporting obligations of banks. We are also subject to numerous laws and regulations that are intended to protect consumers, including state laws, the Truth in Lending Act, Equal Credit Opportunity Act and Fair Credit Reporting Act. These laws and regulations mandate various disclosure requirements and regulate the manner in which we may interact with consumers. These and other laws also limit finance charges or other fees or charges earned in our activities. We conduct our operations in a manner that we believe excludes us from regulation as a consumer reporting agency under the Fair Credit Reporting Act. If we were deemed a consumer reporting agency, however, we would be subject to a number of additional complex regulatory requirements and restrictions.

A number of privacy regulations have been implemented in the United States, Canada, the European Union and China in recent years. These regulations place many new restrictions on our ability to collect and disseminate customer information. In addition, the enactment of new or amended legislation around the world could place additional restrictions on our ability to utilize customer information.

Under the Gramm-Leach-Bliley Act, we are required to maintain a comprehensive written information security program that includes administrative, technical and physical safeguards relating to customer information.

We also were required to develop an initial privacy notice and we are required to provide annual privacy notices to customers that describe in general terms our information sharing practices. If we intend to share nonpublic personal information about customers with affiliates and/or nonaffiliated third parties, we must provide our customers with a notice and a reasonable period of time for each customer to "opt out" of any such disclosure.

In addition to the federal privacy laws with which we must comply, states also have adopted statutes, regulations or other measures governing the collection and distribution of nonpublic personal information about customers. In some cases these state measures are preempted by federal law, but if not, we monitor and seek to comply with individual state privacy laws in the conduct of our business.

We also have systems and processes to comply with the USA PATRIOT ACT of 2001, which is designed to deter and punish terrorist acts in the United States and around the world, to enhance law enforcement investigatory tools, and for other purposes. Canada has likewise enacted privacy legislation known as the Personal Information Protection and Electronic Documents Act. This act requires organizations to obtain a consumer's consent to collect, use or disclose personal information. Under this act, which took effect on January 1, 2001, the nature of the required consent depends on the sensitivity of the personal information, and the act permits personal information to be used only for the purposes for which it was collected. Some provinces have enacted substantially similar privacy legislation. We believe we have taken appropriate steps with our AIR MILES Reward Program to comply with these laws.

Employees

As of December 31, 2009, we had approximately 7,400 employees. We believe our relations with our employees are good. We have no collective bargaining agreements with our employees.

Available Information

We file or furnish annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. You may read and copy, for a fee, any document we file or furnish at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public at the SEC's web site at *www.sec.gov.* You may also obtain copies of our annual, quarterly and current reports, proxy statements and certain other information filed or furnished with the SEC, as well as amendments thereto, free of charge from our web site. Our web site is *www.AllianceData.com.* No information from this web site is incorporated by reference herein. These documents are posted to our web site as soon as reasonably practicable after we have filed or furnished these documents with the SEC. We post our audit committee, compensation committee, nominating and corporate governance committee, and executive committee charters, our corporate governance guidelines, and our code of ethics, code of ethics for Senior Financial Executives and Chief Executive Officer, and code of ethics for Board Members on our web site. These documents are available free of charge to any stockholder upon request.

Item 1A. Risk Factors

RISK FACTORS

Risk Factors Related to Our Business

Our 10 largest clients represented 46.6% of our consolidated revenue in 2009 and the loss of any of these clients could cause a significant drop in our revenue.

We depend on a limited number of large clients for a significant portion of our consolidated revenue. Our 10 largest clients represented approximately 46.6% of our consolidated revenue during the year ended December 31, 2009, with Bank of Montreal representing approximately 16.7% of our 2009 consolidated revenue. A decrease in revenue from any of our significant clients for any reason, including a decrease in pricing or activity, or a decision either to utilize another service provider or to no longer outsource some or all of the services we provide, could have a material adverse effect on our consolidated revenue. In addition, our 10 largest clients in the Private Label Services segment and the Private Label Credit segment are the same, and any loss of such clients could have a material adverse effect on our revenue and profitability generated by each of these segments.

Loyalty Services. Loyalty Services represents 30.5% of total revenue. Our 10 largest clients in this segment represented approximately 81.2% of our Loyalty Services revenue in 2009. Bank of Montreal and Canada Safeway represented approximately 45.9% and 10.6%, respectively, of this segment's revenue for 2009. Our contract with Bank of Montreal expires in 2013 and our contract with Canada Safeway expires in 2010, each subject to automatic renewals at five-year intervals.

Epsilon Marketing Services. Epsilon Marketing Services represents 21.9% of total revenue. Our 10 largest clients in this segment represented approximately 27.4% of our Epsilon Marketing Services revenue in 2009.

Private Label Services. Private Label Services represents 16.9% of total revenue. Our 10 largest clients in this segment represented approximately 71.1% of our Private Label Services revenue for this segment in 2009. Limited Brands and its retail affiliates represented approximately 21.2% of our revenue for this segment in 2009. Our contracts with Limited Brands and its retail affiliates expire in 2012.

Private Label Credit. Private Label Credit represents 29.5% of total revenue. Our 10 largest clients in this segment represented approximately 73.5% of our Private Label Credit revenue for this segment in 2009. Limited Brands and its retail affiliates represented approximately 22.0% of our revenue for this segment in 2009. Our contracts with Limited Brands and its retail affiliates expire in 2012.

The markets for the services that we offer may fail to expand or may contract and this could negatively impact our growth and profitability.

Our growth and continued profitability depend on acceptance of the services that we offer. Our clients may not continue to use loyalty and targeted marketing strategies. Changes in technology may enable merchants and retail companies to directly process transactions in a cost-efficient manner without the use of our services. Additionally, downturns in the economy or the performance of retailers may result in a decrease in the demand for our marketing strategies. Further, if customers make fewer purchases of our Private Label Services customers' products and services, we will have fewer transactions to process, resulting in lower revenue. Any decrease in the demand for our services for the reasons discussed above or any other reasons could have a material adverse effect on our growth, revenue and operating results.

Recently issued accounting standards could have a significant impact on us, 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 (the "WFN Trusts"), World Financial Capital Credit Card Master Note Trust (the "WFC Trust") or our bank subsidiaries.

On June 12, 2009, the Financial Accounting Standards Board, or FASB, issued guidance related to accounting for transfers of financial assets and the consolidation of variable interest entities. The new accounting standards are effective for annual periods beginning after November 15, 2009, with earlier application prohibited.

Through December 31, 2009, significant portions of the credit card receivables originated by WFNNB or WFCB and ultimately sold to the WFN Trusts or the WFC Trust, which are Qualifying Special Purpose Entities, or QSPEs, as part of our securitization program were exempt from consolidation on the balance sheet of WFNNB, WFCB or any of their affiliates, including us.

The new guidance amends the accounting for transfers of financial assets to QSPEs and thus will impact the accounting for our securitization program. Furthermore, under the new guidance, the WFN Trusts and the WFC Trust will no longer be exempt from consolidation. This new guidance requires an initial evaluation as well as an ongoing assessment of our involvement with the operations of the WFN Trusts and the WFC Trust and our rights or obligations to receive benefits or absorb losses of these securitization trusts that could be potentially significant in order to determine whether those entities will be required to be consolidated on the balance sheet of WFNNB, WFCB or their affiliates, including us. The assessment under this guidance will result in the consolidation of the securitization trusts on the balance sheet of WFNNB, WFCB or their affiliates, including us, beginning January 1, 2010.

Consolidation of the securitization trusts will have a significant impact on our consolidated financial statements. With the addition of the securitized credit card receivables to their balance sheets resulting from the accounting change, under existing regulatory capital requirements, WFNNB's and WFCB's required capital may increase. In addition, if WFNNB or WFCB were to fall below the well-capitalized levels, it may have an adverse impact on their liquidity and cost of funds, as well as limiting their ability to issue brokered deposits. Covenants in our credit facilities and senior note purchase agreement also require that we cause our bank subsidiaries to be classified as "well-capitalized" at all times. It is possible that the implementation of these new accounting standards will have an adverse impact on WFNNB, WFCB or their affiliates, including us.

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

Since January 1996, we have sold a majority of the credit card receivables originated by 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 a significant funding vehicle through which we finance WFNNB's and WFCB's credit card receivables. If WFNNB or WFCB were not able to regularly securitize the receivables it originates, our ability to fund new credit card receivables and to grow or even maintain our Private Label business would be materially impaired. WFNNB's and WFCB's ability to effect securitization transactions is affected by the following factors, some of which are beyond our control:

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

Beginning in the second half of 2007 and continuing through 2009, conditions in the securities market in general and the asset-backed securitization market in particular deteriorated significantly. While we were able to complete two public asset-backed securities issuances out of our securitization trusts in April and August 2009 that were eligible under the Federal Reserve's Term Asset-Backed Securities Loan Facility Program, or TALF, the TALF program is set to expire in March 2010. If these conditions persist, deteriorate further or recur in the future, neither WFNNB nor WFCB may be able to securitize the receivables it originates on terms similar to those it has received historically, or at all. We have $265.4 million of asset-backed notes that will become due in 2010. In addition, we have approximately $2.5 billion in private conduit capacity of which $1.4 billion was outstanding at December 31, 2009 and coming due at various dates in 2010. Our ability to refinance these notes on favorable terms or at all will depend upon our ability to continue to securitize our receivables, which will depend upon the conditions in the securities market at the time, as well as the other factors described above.

Further, while we have capacity to issue new asset-backed securities from our securitization trusts, there has been uncertainty in the securitization market recently over existing 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 has structured the issuance of its asset-backed securities with the intention that the transfers of the securitized credit card receivables by WFNNB 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 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 March 31, 2010, or, with respect to revolving securitization trusts, for securitizations in which the related beneficial interests were issued on or before March 31, 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 March 31, 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. In addition, TALF will expire in March 2010 for credit card asset-backed securities, which could make it more difficult for WFNNB to access the securitization market.

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

Recent government actions to stabilize credit markets and financial institutions may not be effective and could adversely affect our competitive position.

In recent years, the U.S. Government enacted legislation and created several programs to help stabilize credit markets and financial institutions and restore liquidity, including the Emergency Economic Stabilization Act of 2008, the Federal Reserve Board's Term Asset Backed Securities Loan Facility and the Federal Deposit

Insurance Corporation's Temporary Liquidity Guarantee Program. Additionally, the governments of many nations enacted similar measures for institutions in their respective countries. There is no assurance that these programs individually or collectively will have beneficial effects in the credit markets, will address credit or liquidity issues of companies that participate in the programs or will reduce volatility or uncertainty in the financial markets. The failure of these programs to have their intended effects could have a material adverse effect on the financial markets, which in turn could materially and adversely affect our business, financial condition and results of operations. During the period that these programs are in place, we could temporarily benefit from the terms of the programs or from the conditions for participation, relative to other companies that do not participate in the programs we do or other companies could benefit from programs that we are not eligible to, or elect not to, participate in. To the extent that we participate in these programs or other similar programs, there is no assurance that such programs will remain available for sufficient periods of time or on acceptable terms to benefit us, and the expiration of such programs could have unintended adverse effects on us.

Increases in net charge-offs beyond our current estimates could have a negative impact on our operating income and profitability.

The primary risk associated with unsecured consumer lending is the risk of default or bankruptcy of the borrower, resulting in the borrower's balance being charged-off as uncollectible. We rely principally on the customer's creditworthiness for repayment of the loan and therefore have no other recourse for collection. We may not be able to successfully identify and evaluate the creditworthiness of cardholders to minimize delinquencies and losses. An increase in defaults or net charge-offs could result in a reduction in operating income. General economic factors, such as the rate of inflation, unemployment levels and interest rates, may result in greater delinquencies that lead to greater credit losses. In addition to being affected by general economic conditions and the success of our collection and recovery efforts, our delinquency and net credit card receivable charge-off rates are affected by the credit risk of our credit card receivables and the average age of our various credit card account portfolios. The average age of our credit card receivables affects the stability of delinquency and loss rates of the portfolio. An older credit card portfolio generally drives a more stable performance in the portfolio. For 2009, our managed receivables net charge-off rate was 9.3% compared to 7.3% and 5.8% for 2008 and 2007, respectively. Our pricing strategy may not offset the negative impact on profitability caused by increases in delinquencies and losses, thus any material increases in delinquencies and losses beyond our current estimates could have a material adverse impact on us.

Interest rate increases could materially adversely affect our earnings.

Interest rate risk affects us directly in our lending and borrowing activities. Our borrowing costs, including off-balance sheet swap payments, were approximately $312.1 million for 2009, which includes both on-and off-balance sheet transactions. Of this total, $146.6 million of the interest expense for 2009 was attributable to on-balance sheet indebtedness and the remainder was attributable to our securitized credit card receivables, which are financed off-balance sheet. To manage our risk from market interest rates, we actively monitor the interest rates and the interest sensitive components both on- and off-balance sheet to minimize the impact that changes in interest rates have on the fair value of assets, net income and cash flow. To achieve this objective, we manage our exposure to fluctuations in market interest rates by matching asset and liability repricings and through the use of fixed-rate debt instruments to the extent that reasonably favorable rates are obtainable with such arrangements. In addition, we enter into derivative financial instruments such as interest rate swaps and treasury locks to mitigate our interest rate risk on a related financial instrument or to lock the interest rate on a portion of our variable debt. We do not enter into derivative or interest rate transactions for trading or other speculative purposes.

For additional information regarding our interest rate risk, please see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in this Annual Report on Form 10-K and any updated information that may be included in "Part I., Item 3. Quantitative and Qualitative Disclosures About Market Risk" or "Item 1A. Risk Factors" of our subsequent Quarterly Reports on Form 10-Q.

We expect growth in our Private Label Credit and Private Label Services segments to result from new and acquired credit card programs whose credit card receivable performance could result in increased portfolio losses and negatively impact our earnings.

We expect an important source of growth in our credit card operations to come from the acquisition of existing credit card programs and initiating credit card programs with retailers who do not currently offer a private label or co-branded retail card. Although we believe our pricing and models for determining credit risk are designed to evaluate the credit risk of existing programs and the credit risk we are willing to assume for acquired and start-up programs, we cannot assure you that the loss experience on acquired and start-up programs will be consistent with our more established programs. The failure to successfully underwrite these credit card programs may result in defaults greater than our expectations and could have a materially adverse impact on us and our earnings.

As a result of our significant Canadian operations, our reported financial information will be affected by fluctuations in the exchange rate between the U.S. and Canadian dollars.

We are exposed to fluctuations in the exchange rate between the U.S. and Canadian dollars through our significant Canadian operations. We do not hedge any of our net investment exposure in our Canadian subsidiary. A 10% increase in the Canadian exchange rate would have resulted in an increase in pre-tax income of $16.6 million for the year ended December 31, 2009. Conversely, a corresponding decrease in the exchange rate would result in a comparable decrease to pre-tax income.

Our level of indebtedness could materially adversely affect our ability to generate sufficient cash to repay our outstanding debt, our ability to react to changes in our business and our ability to incur additional indebtedness to fund future needs.

We have a high level of indebtedness, which requires a high level of interest and principal payments. Subject to the limits contained in our credit facility, our note purchase agreement, our indenture governing the convertible senior notes and our other debt instruments, we may be able to incur substantial additional indebtedness from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our level of indebtedness could intensify. Our level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our higher level of indebtedness, combined with our other financial obligations and contractual commitments, could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under any of our debt instruments, including restrictive covenants, could result in an event of default under the indenture governing our convertible senior notes and the agreements governing our other indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions and other purposes;
- increase our vulnerability to adverse economic and industry conditions, which could place us at a competitive disadvantage;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- limit our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions and other corporate purposes;
- reduce or delay investments and capital expenditures;

- cause any refinancing of our indebtedness to be at higher interest rates and require us to comply with more onerous covenants, which could further restrict our business operations; and
- prevent us from raising the funds necessary to repurchase all notes tendered to us upon the occurrence of certain changes of control, which would constitute a default under the indenture governing the convertible senior notes.

The hedging activity related to our securitization trusts and our floating rate indebtedness subjects us to counterparty risks relating to the creditworthiness of the commercial banks with whom we enter into hedging transactions.

In order to execute hedging strategies related to the securitization trusts and our floating rate indebtedness, we have entered into interest rate derivative contracts with commercial banks. These banks are otherwise known as counterparties. It is our policy to enter into such contracts with counterparties that are deemed to be creditworthy. However, if macro- or micro-economic events were to negatively impact these banks, the banks might not be able to honor their obligations either to us or to the securitization trusts and we might suffer a direct loss.

We rely on third party vendors to provide products and services. Our profitability could be adversely impacted if they fail to fulfill their obligations.

The failure of our suppliers to deliver products and services in sufficient quantities and in a timely manner could adversely affect our business. If our significant vendors were unable to renew our existing contracts, we might not be able to replace the related product or service at the same cost which would negatively impact our profitability.

If actual redemptions by AIR MILES Reward Program collectors are greater than expected, or if the costs related to redemption of AIR MILES reward miles increase, our profitability could be adversely affected.

A portion of our revenue is based on our estimate of the number of AIR MILES reward miles that will go unused by the collector base. The percentage of unredeemed AIR MILES reward miles is known as “breakage” in the loyalty industry. AIR MILES reward miles currently do not expire. We experience breakage when AIR MILES reward miles are not redeemed by collectors for a number of reasons, including:

- loss of interest in the program or sponsors;
- collectors moving out of the program area; and
- death of a collector.

If actual redemptions are greater than our estimates, our profitability could be adversely affected due to the cost of the excess redemptions. In addition, since we recognize revenue over the estimated life of an AIR MILES reward mile for those AIR MILES reward miles subject to breakage, any significant change in, or failure by management to reasonably estimate, breakage could adversely affect our profitability.

Our AIR MILES Reward Program also exposes us to risks arising from potentially increasing reward costs. Our profitability could be adversely affected if costs related to redemption of AIR MILES reward miles increase. A 10% increase in the cost of redemptions would have resulted in a decrease in pre-tax income of $35.4 million for the year ended December 31, 2009.

The loss of our most active AIR MILES Reward Program collectors could negatively affect our growth and profitability.

Our most active AIR MILES Reward Program collectors drive a disproportionately large percentage of our AIR MILES Reward Program revenue. The loss of a significant portion of these collectors, for any reason, could impact our ability to generate significant revenue from sponsors. The continued attractiveness of our loyalty and rewards programs will depend in large part on our ability to remain affiliated with sponsors that are desirable to consumers and to offer rewards that are both attainable and attractive.

If we fail to identify suitable acquisition candidates, or to integrate the businesses we acquire, it could negatively affect our business.

Historically, we have engaged in a significant number of acquisitions, and those acquisitions have contributed to our growth in revenue and profitability. We believe that acquisitions will continue to be a key component of our growth strategy. However, we may not be able to continue to locate and secure acquisition candidates on terms and conditions that are acceptable to us. If we are unable to identify attractive acquisition candidates, our growth could be impaired.

There are numerous risks associated with acquisitions, including:

- the difficulty and expense that we incur in connection with the acquisition;
- adverse accounting consequences of conforming the acquired company's accounting policies to ours;
- the diversion of management's attention from other business concerns;
- the potential loss of customers or key employees of the acquired company;
- the impact on our financial condition due to the timing of the acquisition or the failure to meet operating expectations of the acquired business; and
- the assumption of unknown liabilities of the acquired company.

Acquisitions that we make may not be successfully integrated into our ongoing operations and we may not achieve any expected cost savings or other synergies from any acquisition. If the operations of an acquired business do not meet expectations, our profitability and cash flows may be impaired and we may be required to restructure the acquired business or write-off the value of some or all of the assets of the acquired business.

Legislation relating to consumer privacy may affect our ability to collect data that we use in providing our loyalty and marketing services, which, among other things, could negatively affect our ability to satisfy our clients' needs.

The enactment of new or amended legislation or industry regulations arising from public concern over consumer privacy issues could have a material adverse impact on our marketing services. Legislation or industry regulations regarding consumer privacy issues could place restrictions upon the collection, sharing and use of information that is currently legally available, which could materially increase our cost of collecting some data. These types of legislation or industry regulations could also prohibit us from collecting or disseminating certain types of data, which could adversely affect our ability to meet our clients' requirements and our profitability and cash flow. In addition to the United States and Canadian regulations discussed below, we have expanded our marketing services through the acquisition of companies formed and operating in foreign jurisdictions that may be subject to additional or more stringent legislation and regulations regarding consumer privacy.

In the United States, federal and state laws such as the federal Gramm-Leach-Bliley Act and the Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act of 2003, make it more difficult to collect, share and use information that has previously been legally available and may increase our costs of collecting some data. Regulations under these acts give cardholders the ability to "opt out" of having information generated by their credit card purchases shared with other affiliated and unaffiliated parties or the public. Our ability to gather, share and utilize this data will be adversely affected if a significant percentage of the consumers whose purchasing behavior we track elect to "opt out," thereby precluding us and our affiliates from using their data.

In the United States, the federal Do-Not-Call Implementation Act makes it more difficult to telephonically communicate with prospective and existing customers. Similar measures were implemented in Canada beginning September 1, 2008. Regulations in both the United States and Canada give consumers the ability to "opt out," through a national do-not-call registry and state do-not-call registries of having telephone solicitations placed to them by companies that do not have an existing business relationship with the consumer. In addition, regulations require companies to maintain an internal do-not-call list for those who do not want the companies to solicit them through telemarketing. These regulations could limit our ability to provide services and information to our clients. Failure to comply with these regulations could have a negative impact on our reputation and subject us to significant penalties.

In the United States, the federal Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 restricts our ability to send commercial electronic mail messages, the primary purpose of which is advertising or promoting a commercial product or service, to our customers and prospective customers. The act requires that a commercial electronic mail message provide the customers with an opportunity to opt-out from receiving future commercial electronic mail messages from the sender. Failure to comply with the terms of this act could have a negative impact on our reputation and subject us to significant penalties.

In Canada, the Personal Information Protection and Electronic Documents Act requires an organization to obtain a consumer's consent to collect, use or disclose personal information. Under this act, consumer personal information may be used only for the purposes for which it was collected. We allow our customers to voluntarily "opt out" from receiving either one or both promotional and marketing mail or promotional and marketing electronic mail. Heightened consumer awareness of, and concern about, privacy may result in customers "opting out" at higher rates than they have historically. This would mean that a reduced number of customers would receive bonus and promotional offers and therefore those customers may collect fewer AIR MILES reward miles.

Failure to safeguard our databases and consumer privacy could affect our reputation among our clients and their customers, and may expose us to legal claims.

As part of our AIR MILES Reward Program, targeted marketing services programs and credit card programs, we maintain marketing databases containing information on consumers' account transactions. Although we have extensive security procedures, our databases may be subject to unauthorized access. If we experience a security breach, the integrity of our databases could be affected. Security and privacy concerns may cause consumers to resist providing the personal data necessary to support our profiling capability. The use of our loyalty, marketing services or credit card programs could decline if any compromise of security occurred. In addition, any unauthorized release of customer information or any public perception that we released consumer information without authorization, could subject us to legal claims from consumers or regulatory enforcement actions and adversely affect our client relationships.

Loss of data center capacity, interruption of telecommunication links, computer viruses or inability to utilize proprietary software of third party vendors could affect our ability to timely meet the needs of our clients and their customers.

Our ability, and that of our third-party service providers, to protect our data centers against damage or inoperability from fire, power loss, telecommunications failure, computer viruses and other disasters is critical. In order to provide many of our services, we must be able to store, retrieve, process and manage large amounts of data and periodically expand and upgrade our database capabilities. Any damage to our data centers, or those of our third-party service providers, any failure of our telecommunication links that interrupts our operations or any impairment of our ability to use our software or the proprietary software of third party vendors, including impairments due to virus attacks, could adversely affect our ability to meet our clients' needs and their confidence in utilizing us for future services.

Current and proposed regulation and legislation relating to our retail credit services could limit our business activities, product offerings and fees charged.

Various federal and state laws and regulations significantly limit the retail credit services activities in which we are permitted to engage. Such laws and regulations, among other things, limit the fees and other charges that we can impose on consumers, limit or proscribe certain other terms of our products and services, require specified disclosures to consumers, or require that we maintain certain licenses, qualifications and minimum capital levels. In some cases, the precise application of these statutes and regulations is not clear. In addition, numerous legislative and regulatory proposals are advanced each year which, if adopted, could have a materially adverse effect on our profitability or further restrict the manner in which we conduct our activities. In May 2009, the Credit Card Accountability Responsibility and Disclosure Act of 2009 was enacted, or the CARD Act. The CARD Act, together with its implementing rules, which become effective in 2010, act to limit or modify certain

credit card practices and require increased disclosures to consumers. The credit card practices addressed by the rules include, but are not limited to, restrictions on the application of rate increases to existing and new balances, payment allocation, default pricing, imposition of late fees and two-cycle billing. The CARD Act rules incorporate the substance of the rules previously adopted by the Federal Reserve Board in December 2008 that amended both Regulation AA (Unfair or Deceptive Acts or Practices) and Regulation Z (Truth in Lending Act). Therefore, these prior rules have been withdrawn. The failure to comply with, or adverse changes in, the laws or regulations to which our business is subject, or adverse changes in their interpretation, could have a materially adverse effect on our ability to collect our receivables and generate fees on the receivables, thereby adversely affecting our profitability.

Our failure to protect our intellectual property rights may harm our competitive position, and litigation to protect our intellectual property rights or defend against third party allegations of infringement may be costly.

Third parties may infringe or misappropriate our trademarks or other intellectual property rights, which could have a material adverse effect on our business, financial condition or operating results. The actions we take to protect our trademarks and other proprietary rights may not be adequate. Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. We may not be able to prevent infringement of our intellectual property rights or misappropriation of our proprietary information. Any infringement or misappropriation could harm any competitive advantage we currently derive or may derive from our proprietary rights. Third parties may also assert infringement claims against us. Any claims and any resulting litigation could subject us to significant liability for damages. An adverse determination in any litigation of this type could require us to design around a third party's patent or to license alternative technology from another party. In addition, litigation is time consuming and expensive to defend and could result in the diversion of our time and resources. Any claims from third parties may also result in limitations on our ability to use the intellectual property subject to these claims.

Airline or travel industry disruptions, such as an airline insolvency, could negatively affect the AIR MILES Reward Program, our revenues and profitability.

Air travel is one of the appeals of the AIR MILES Reward Program to collectors. As a result of airline insolvencies and restructurings, we may experience service disruptions that prevent us from fulfilling collectors' flight redemption requests. If one of our existing airline suppliers sharply reduces its fleet capacity and route network, we may not be able to satisfy our collectors' demands for airline tickets. Tickets from other airlines, if available, could be more expensive than a comparable ticket under our current supply agreements with existing suppliers, and the routes offered by the other airlines may be inadequate, inconvenient or undesirable to the redeeming collectors. As a result, we may experience higher air travel redemption costs, and collector satisfaction with the AIR MILES Reward Program might be adversely affected.

As a result of airline or travel industry disruptions, political instability, terrorist acts or war, some collectors could determine that air travel is too dangerous or burdensome. Consequently, collectors might forego redeeming AIR MILES reward miles for air travel and therefore might not participate in the AIR MILES Reward Program to the extent they previously did, which could adversely affect our revenue from the program.

Our bank subsidiaries are subject to extensive federal regulation that may require us to make capital contributions to them, and that may restrict the ability of these subsidiaries to make cash available to us.

Federal and state laws and regulations extensively regulate the operations of our credit card services bank subsidiary, WFNNB, as well as our industrial bank, WFCB. Many of these laws and regulations are intended to maintain the safety and soundness of WFNNB and WFCB, and they impose significant restraints on them to which other non-regulated entities are not subject. As a national bank, WFNNB is subject to overlapping supervision by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, or the OCC, and the Federal Deposit Insurance Corporation, or the FDIC. As an industrial bank, WFCB is subject to overlapping supervision by the FDIC and the State of Utah. WFNNB and WFCB must maintain minimum amounts of regulatory capital. If WFNNB and WFCB do not meet these capital requirements,

their respective regulators have broad discretion to institute a number of corrective actions that could have a direct material effect on our financial statements. WFCB, as an institution insured by the FDIC, must maintain certain capital ratios, paid-in capital minimums and adequate allowances for loan losses. WFNNB must meet specific guidelines that involve measures and ratios of its assets, liabilities, regulatory capital, interest rate exposure and certain off-balance sheet items under regulatory accounting standards, among other factors. As part of a portfolio acquisition in 2003 by WFNNB, which required approval by the OCC, the OCC required WFNNB to enter into an operating agreement with it (the "2003 Operating Agreement") and a capital adequacy and liquidity maintenance agreement with us (the "2003 CALMA"). The 2003 Operating Agreement required WFNNB to continue to operate in a manner consistent with its current practices, regulatory guidelines and applicable law, including those related to affiliate transactions, maintenance of capital and corporate governance. On August 14, 2009, we entered into a revised operating agreement with WFNNB and the OCC (the "2009 Operating Agreement"), which required us to enter into both a new capital adequacy and liquidity maintenance agreement (the "2009 CALMA") and a capital and liquidity support agreement (the "2009 CALSA") with WFNNB. The 2009 Operating Agreement has not required any changes in WFNNB's operations. The 2009 CALMA and 2009 CALSA memorialize our current obligations to ensure that WFNNB remains in compliance with its minimum capital requirements. If either WFNNB or WFCB were to fail to meet any of the capital requirements to which it is subject, we may be required to provide them with additional capital, which could impair our ability to service our indebtedness.

Before WFNNB can pay dividends to us, it must obtain prior regulatory approval if all dividends declared in any calendar year would exceed its net profits for that year plus its retained net profits for the preceding two calendar years, less any transfers to surplus. In addition, WFNNB may pay dividends only to the extent that retained net profits, including the portion transferred to surplus, exceed bad debts. Moreover, to pay any dividend, WFNNB must maintain adequate capital above regulatory guidelines. Further, if a regulatory authority believes that WFNNB is engaged in or is about to engage in an unsafe or unsound banking practice, which, depending on its financial condition, could include the payment of dividends, that regulatory authority may require, after notice and hearing, that WFNNB cease and desist from the unsafe practice. To pay any dividend, WFCB must also maintain adequate capital above regulatory guidelines. Accordingly, neither WFNNB nor WFCB may be able to make any of its cash or other assets available to us, including servicing our indebtedness.

If our bank subsidiaries fail to meet certain criteria, we may become subject to regulation under the Bank Holding Company Act, which could force us to cease all of our non-banking activities and thus cause a drastic reduction in our profits and revenue.

If either of our depository institution subsidiaries failed to meet the criteria for the exemption from the definition of "bank" in the Bank Holding Company Act under which it operates (which exemptions are described below), and if we did not divest such depository institution upon such an occurrence, we would become subject to regulation under the Bank Holding Company Act. This would require us to cease certain of our activities that are not permissible for companies that are subject to regulation under the Bank Holding Company Act. One of our depository institution subsidiaries, WFNNB, is a limited-purpose national credit card bank located in Ohio. WFNNB will not be a "bank" as defined under the Bank Holding Company Act so long as it remains in compliance with the following requirements:

- it engages only in credit card operations;
- it does not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties;
- it does not accept any savings or time deposits of less than $100,000, except for deposits pledged as collateral for its extensions of credit;
- it maintains only one office that accepts deposits; and
- it does not engage in the business of making commercial loans.

Our other depository institution subsidiary, WFCB, is a Utah industrial bank that is authorized to do business by the State of Utah and the FDIC. WFCB will not be a "bank" as defined under the Bank Holding Company Act so long as it remains an industrial bank in compliance with the following requirements:

- it is an institution organized under the laws of a state which, on March 5, 1987, had in effect or had under consideration in such state's legislature a statute which required or would require such institution to obtain insurance under the Federal Deposit Insurance Act; and
- it does not accept demand deposits that the depositor may withdraw by check or similar means for payment to third parties.

If our industrial bank fails to meet the requirements of the FDIC or State of Utah, we may be subject to termination of our industrial bank.

Our industrial bank, WFCB, is authorized to do business by the State of Utah and the FDIC. WFCB is subject to capital ratios and paid-in capital minimums and must maintain adequate allowances for loan losses. If WFCB fails to meet the requirements of the FDIC or the State of Utah, it may be subject to termination as an industrial bank.

Competition in our industries is intense and we expect it to intensify.

The markets for our products and services are highly competitive and we expect competition to intensify in each of those markets. Many of our current competitors have longer operating histories, stronger brand names and greater financial, technical, marketing and other resources than we do. Certain of our segments also compete against in-house staffs of our current clients and others or internally developed products and services by our current clients and others. For example, as a result of increasing competitors in the loyalty market, including from Aeroplan, Air Canada's frequent flyer program, we may experience greater competition in attracting and retaining sponsors in our AIR MILES Reward Program. Our ability to generate significant revenue from clients and partners will depend on our ability to differentiate ourselves through the products and services we provide and the attractiveness of our programs to consumers. We may not be able to compete successfully against our current and potential competitors.

In 2009, our Private Label Services segment derived approximately 96.7 % of its revenue from servicing cardholder accounts for the Private Label Credit segment. If the Private Label Credit segment suffered a significant client loss, our revenue and profitability attributable to the Private Label Services segment could be materially and adversely affected.

Our Private Label Services segment performs card processing and servicing activities for cardholder accounts generated by our Private Label Credit segment. During 2009, our Private Label Services segment derived $383.5 million, or 96.7 %, of its revenues, from these services for our Private Label Credit segment. The financial performance of our Private Label Services segment, therefore, is linked to the activities of our Private Label Credit segment. If the Private Label Credit segment were to lose a significant client, our revenue and profitability attributable to the Private Label Services segment could be materially and adversely affected.

Anti-takeover provisions in our organizational documents, Delaware law and the fundamental change purchase rights of our convertible senior notes may discourage or prevent a change of control, even if an acquisition would be beneficial to our stockholders, which could affect our stock price adversely and prevent or delay change of control transactions or attempts by our stockholders to replace or remove our current management.

Delaware law, as well as provisions of our certificate of incorporation, bylaws and debt instruments, could discourage unsolicited proposals to acquire us, even though such proposals may be beneficial to our stockholders.

These include:

- a board of directors classified into three classes of directors with the directors of each class having staggered, three-year terms;
- our board's authority to issue shares of preferred stock without further stockholder approval;
- provisions of Delaware law providing that directors serving on staggered boards of directors, such as ours, may be removed only for cause; and
- fundamental change purchase rights of our convertible senior notes, which allow such noteholders to require us to purchase all or a portion of their convertible senior notes upon the occurrence of a fundamental change, as well as provisions requiring an increase to the conversion rate for conversions in connection with make-whole fundamental changes.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by our then-current board of directors, including a merger, tender offer or proxy contest involving us. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline or delay or prevent our stockholders from receiving a premium over the market price of our common stock that they might otherwise receive.

Future sales of our common stock, or the perception that future sales could occur, may adversely affect our common stock price.

As of February 25, 2010**,** we had an aggregate of 101,808,856 shares of our common stock authorized but unissued and not reserved for specific purposes. In general, we may issue all of these shares without any action or approval by our stockholders. We have reserved 21,003,000 shares of our common stock for issuance under our employee stock purchase plan and our long-term incentive plans, of which 4,135,824 shares are issuable upon vesting of restricted stock awards, restricted stock units, and upon exercise of options granted as of February 25, 2010, including options to purchase approximately 2,440,948 shares exercisable as of February 25, 2010 or that will become exercisable within 60 days after February 25, 2010. We have reserved for issuance 1,500,000 shares of our common stock, 909,041 of which remain issuable, under our 401(k) and Retirement Savings Plan. In addition, we may pursue acquisitions of competitors and related businesses and may issue shares of our common stock in connection with these acquisitions. Sales or issuances of a substantial number of shares of common stock, or the perception that such sales could occur, could adversely affect prevailing market prices of our common stock, and any sale or issuance of our common stock will dilute the percentage ownership held by our stockholders.

We do not intend to pay cash dividends.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be made at the discretion of our board of directors and will be dependent upon our financial condition, operating results, capital requirements and other factors that our board deems relevant.

Conversion of the convertible senior notes may dilute the ownership interest of existing stockholders.

The conversion of some or all of the convertible senior notes may dilute the ownership interests of existing stockholders. Any sales in the public market of any of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the conversion of the convertible

senior notes into shares of our common stock or a combination of cash and shares of our common stock could depress the price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2009, we leased approximately 45 general office properties worldwide, comprising over 2.1 million square feet. These facilities are used to carry out our operational, sales and administrative functions. Our principal facilities are as follows:

Location	Segment	Approximate Square Footage	Lease Expiration Date
Dallas, Texas	Corporate	230,061	October 31, 2010
Plano, Texas	Corporate	84,262	June 29, 2021
Columbus, Ohio	Corporate, Private Label Credit	199,112	November 30, 2017
Columbus, Ohio	Private Label Services	103,161	January 31, 2014
Westerville, Ohio	Private Label Services	100,800	May 31, 2011
Toronto, Ontario, Canada	Loyalty Services	183,014	September 30, 2017
Toronto, Ontario, Canada	Loyalty Services	16,124	October 31, 2014
New York, New York	Epsilon Marketing Services	50,648	January 31, 2018
Wakefield, Massachusetts	Epsilon Marketing Services	135,518	December 31, 2020
Irving, Texas	Epsilon Marketing Services	150,232	June 30, 2018
Thornton, Colorado	Epsilon Marketing Services	7,148	January 31, 2012
Lafayette, Colorado	Epsilon Marketing Services	80,132	April 30, 2016
Earth City, Missouri	Epsilon Marketing Services	116,783	September 30, 2012

We believe our current and proposed facilities are suitable to our businesses and that we will be able to lease, purchase or newly construct additional facilities as needed.

Item 3. 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 affect on our business or financial condition, including claims and lawsuits alleging breaches of our contractual obligations.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the New York Stock Exchange, or NYSE, and trades under the symbol "ADS." The following table sets forth for the periods indicated the high and low composite per share prices as reported by the NYSE.

	High	Low
Year Ended December 31, 2009		
First quarter	$ 48.71	$ 22.76
Second quarter	49.69	34.72
Third quarter	65.95	36.30
Fourth quarter	69.09	54.66
Year Ended December 31, 2008		
First quarter	$ 75.00	$ 39.54
Second quarter	62.50	47.00
Third quarter	67.68	47.54
Fourth quarter	66.15	34.76

Holders

As of February 25, 2010, the closing price of our common stock was $56.08 per share, there were 52,553,789 shares of our common stock outstanding, and there were approximately 35 holders of record of our common stock.

Dividends

We have never declared or paid any dividends on our common stock, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and the expansion of our business. Any future determination to pay cash dividends on our common stock will be at the discretion of our board of directors and will be dependent upon our financial condition, operating results, capital requirements and other factors that our board deems relevant. In addition, under the terms of our credit facility, we are restricted in the amount of any dividends or return of capital, other distribution, payment or delivery of property or cash to our common stockholders.

Issuer Purchases of Equity Securities

On July 30, 2008, we announced that our Board of Directors authorized a stock repurchase program to acquire up to $1.3 billion of our outstanding common stock through December 2009, subject to any restrictions pursuant to the terms of our credit agreements or otherwise.

The following table presents information with respect to purchases of our common stock made during the three months ended December 31, 2009:

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 2009:				
October 1-31	253,402	$ 57.90	251,768	$ 288.6
November 1-30	166,849	59.95	163,500	278.8
December 1-31	63,354	60.57	61,800	275.1
Total	483,605	$ 58.96	477,068	$ 275.1

(1) During the period represented by the table, the administrator of our 401(k) and Retirement Saving Plan purchased 6,537 shares of our common stock for the benefit of the employees who participated in that portion of the plan.

(2) On July 30, 2008, we announced that our Board of Directors authorized a stock repurchase program to acquire up to $1.3 billion of our outstanding common stock through December 31, 2009, subject to any restrictions pursuant to the terms of our credit agreement or otherwise. 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.

Equity Compensation Plan Information

The following table provides information as of December 31, 2009 with respect to shares of our common stock that may be issued under the 2005 Long Term Incentive Plan or the Amended and Restated Employee Stock Purchase Plan:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders	2,480,690	$ 36.05	1,391,133[1]
Equity compensation plans not approved by security holders	None	N/A	None
Total	2,480,690	$ 36.05	1,391,133

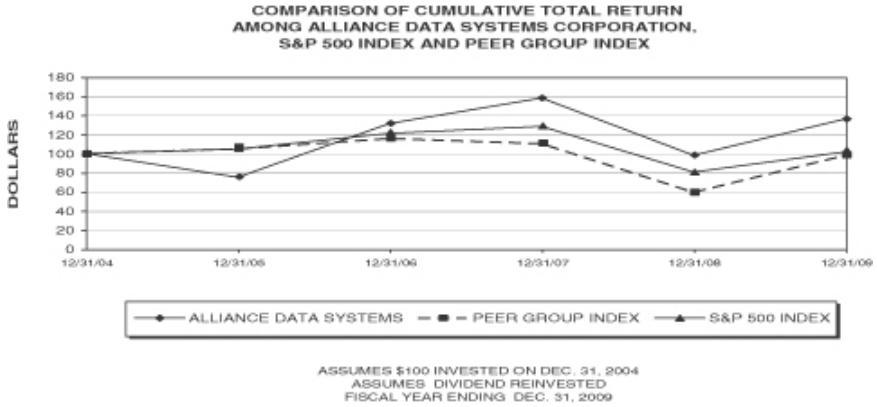
(1) Includes 704,245 shares available for future issuance under the Amended and Restated Employee Stock Purchase Plan.

Performance Graph

The following graph compares the yearly percentage change in cumulative total stockholder return on our common stock since December 31, 2004, with the cumulative total return over the same period of (1) the S&P 500 Index and (2) a peer group selected by us.

The companies in the peer group are Acxiom Corporation, Affiliated Computer Services, Inc., American Express Company, Capital One Financial Corporation, Convergys Corporation, DST Systems, Inc., Fidelity National Information Services, Inc., Fiserv, Inc., Global Payments, Inc., Harte-Hanks, Inc., MasterCard, Incorporated, Total Systems Services, Inc. and The Western Union Company.

Pursuant to rules of the SEC, the comparison assumes $100 was invested on December 31, 2004 in our common stock and in each of the indices and assumes reinvestment of dividends, if any. Also pursuant to SEC rules, the returns of each of the companies in the peer group are weighted according to the respective company's stock market capitalization at the beginning of each period for which a return is indicated. Historical stock prices are not indicative of future stock price performance.



	Alliance Data Systems Corporation	S&P 500	Peer Group
December 31, 2004	$ 100.00	$100.00	$ 100.00
December 31, 2005	74.98	104.91	104.85
December 31, 2006	131.57	121.48	116.01
December 31, 2007	157.94	128.16	110.32
December 31, 2008	98.00	80.74	59.32
December 31, 2009	136.04	102.11	98.38

Our future filings with the SEC may "incorporate information by reference", including this Form 10-K. Unless we specifically state otherwise, this Performance Graph shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Item 6. Selected Financial Data

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The following table sets forth our summary historical financial information for the periods ended and as of the dates indicated. You should read the following historical financial information along with "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in this Form 10-K. The fiscal year financial information included in the table below is derived from audited financial statements. Our financial statements have been presented with our merchant, utility services businesses, and terminated operations of a private label program as discontinued operations. All historical statements have been restated to conform to this presentation.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
	(In thousands, except per share amounts)				
Income statement data					
Total revenue	$1,964,341	$2,025,254	$1,962,159	$1,650,549	$1,232,480
Cost of operations (exclusive of amortization and depreciation disclosed separately below)[1]	1,354,138	1,341,958	1,304,631	1,095,929	833,283
General and administrative[1]	99,823	82,804	80,898	91,815	88,797
Depreciation and other amortization	62,196	68,505	59,688	48,499	40,545
Amortization of purchased intangibles	63,090	67,291	67,323	40,926	23,004
Gain on acquisition of a business	(21,227)	—	—	—	—
Loss on the sale of assets	—	1,052	16,045	—	—
Merger (reimbursements) costs	(1,436)	3,053	12,349	—	—
Total operating expenses	1,556,584	1,564,663	1,540,934	1,277,169	985,629
Operating income	407,757	460,591	421,225	373,380	246,851
Interest expense, net	144,811	80,440	69,381	40,722	13,905
Income from continuing operations before income taxes	262,946	380,151	351,844	332,658	232,946
Provision for income taxes	86,227	147,599	137,403	126,261	86,318
Income from continuing operations	176,719	232,552	214,441	206,397	146,628
Loss from discontinued operations, net of taxes	(32,985)	(26,150)	(50,380)	(16,792)	(7,883)
Net income	$ 143,734	$ 206,402	$ 164,061	$ 189,605	$ 138,745
Income from continuing operations per share—basic	$ 3.17	$ 3.25	$ 2.74	$ 2.59	$ 1.78
Income from continuing operations per share—diluted	$ 3.06	$ 3.16	$ 2.65	$ 2.53	$ 1.73
Net income per share—basic	$ 2.58	$ 2.88	$ 2.09	$ 2.38	$ 1.69
Net income per share—diluted	$ 2.49	$ 2.80	$ 2.03	$ 2.32	$ 1.64
Weighted average shares used in computing per share amounts—basic	55,765	71,502	78,403	79,735	82,208
Weighted average shares used in computing per share amounts—diluted	57,706	73,640	80,811	81,686	84,637

(1) Included in general and administrative is stock compensation expense of $24.3 million, $18.9 million, $20.7 million, $15.5 million, and $7.9 million for the years ended December 31, 2009, 2008, 2007, 2006, and 2005, respectively. Included in cost of operations is stock compensation expense of $29.3 million, $29.8 million, $27.6 million, $20.3 million, and $3.0 million, for the years ended December 31, 2009, 2008, 2007, 2006, and 2005, respectively.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
	(In thousands, except per share amounts)				
Adjusted EBITDA(2)					
Adjusted EBITDA	$ 590,077	$ 655,229	$ 632,185	$ 498,596	$ 321,361
Other financial data					
Cash flows from operating activities	$ 358,414	$ 451,019	$ 571,521	$ 397,910	$ 109,081
Cash flows from investing activities	$ (888,022)	$ (512,518)	$ (694,808)	$ (472,102)	$ (330,951)
Cash flows from financing activities	$ 570,189	$ (20,306)	$ 197,075	$ 112,270	$ 278,579
Segment Operating data					
Private label statements generated	130,176	125,197	135,261	135,764	124,836
Credit sales	$7,968,125	$7,242,422	$7,502,947	$7,444,298	$6,582,800
Average managed receivables	$4,359,625	$3,915,658	$3,909,627	$3,640,057	$3,170,485
AIR MILES reward miles issued	4,545,774	4,463,181	4,143,000	3,741,834	3,246,553
AIR MILES reward miles redeemed	3,326,307	3,121,799	2,723,524	2,456,932	2,023,218

(2) See “Use of Non-GAAP Financial Measures” set forth in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of our use of adjusted EBITDA and a reconciliation to net income, the most directly comparable GAAP financial measure.

	As of December 31,				
	2009	2008	2007	2006	2005
			(In thousands)		
Balance sheet data					
Seller’s interest and credit card receivables, net	$ 913,406	$ 612,940	$ 652,434	$ 569,389	$ 479,108
Redemption settlement assets, restricted	574,004	531,594	317,053	260,957	260,963
Total assets	5,225,667	4,341,989	4,162,395	3,481,199	2,996,096
Deferred revenue	1,146,146	995,634	828,348	651,506	610,533
Certificates of deposit	1,465,000	688,900	370,400	299,000	379,100
Long-term and other debt, including current maturities	1,782,352	1,491,275	957,650	741,618	452,449
Total liabilities	4,952,891	3,794,691	2,965,429	2,409,666	2,074,989
Total stockholders’ equity	272,776	547,298	1,196,966	1,071,533	921,107

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a leading provider of data-driven and transaction-based marketing and customer loyalty solutions. We offer a comprehensive portfolio of integrated outsourced marketing solutions, including customer loyalty programs, database marketing services, marketing strategy consulting, analytics and creative services, permission-based email marketing and private label retail credit card programs. We focus on facilitating and managing interactions between our clients and their customers through a variety of consumer marketing channels, including in-store, catalog, mail, telephone and on-line. We capture data created during each customer interaction, analyze the data and leverage the insight derived from that data to enable clients to identify and acquire new customers, as well as to enhance customer loyalty. We believe that our services are becoming increasingly valuable as companies continue to shift their marketing resources away from traditional mass marketing campaigns toward more targeted marketing programs that provide measurable returns on marketing investments. We operate in the following business segments: Loyalty Services, Epsilon Marketing Services, Private Label Credit and Private Label Services.

Loyalty Services. The Loyalty Services segment generates revenue primarily from our coalition loyalty program in Canada.

In our AIR MILES Reward Program, we primarily collect fees from our clients based on the number of AIR MILES reward miles issued and, in limited circumstances, the number of AIR MILES reward miles redeemed. All of the fees collected for AIR MILES reward miles issued are deferred and recognized over time. AIR MILES reward miles issued and AIR MILES reward miles redeemed are the two primary drivers of Loyalty Services' revenue and indicators of the success of the program. These two drivers are also important in the revenue recognition process.

- AIR MILES Reward Miles Issued: The number of AIR MILES reward miles issued reflects the buying activity of the collectors at our participating sponsors, who pay us a fee per AIR MILES reward mile issued. The fees collected from sponsors for the issuance of AIR MILES reward miles represent future revenue and earnings for us. The revenue related to the service element of the AIR MILES reward miles (which consists of marketing and administrative services provided to sponsors) is initially deferred and amortized over a period of 42 months, which is the estimated life of an AIR MILES reward mile, beginning with the issuance of the AIR MILES reward mile and ending upon its expected redemption.
- AIR MILES Reward Miles Redeemed: Redemptions show that collectors are redeeming AIR MILES reward miles to collect the rewards that are offered through our programs, which is an indicator of the success of the program. We recognize revenue from the redemptions of AIR MILES reward miles by collectors. The revenue related to the redemption element is deferred until the collector redeems the AIR MILES reward miles or over the estimated life of an AIR MILES reward mile in the case of AIR MILES reward miles that we estimate will go unused by the collector base or "breakage." We currently estimate breakage to be 28% of AIR MILES reward miles issued. There have been no changes to management's estimate of the life of a mile in the periods presented. Our estimated breakage changed from one-third to 28% effective June 1, 2008. See Note 10, "Deferred Revenue," of the Notes to Consolidated Financial Statements for additional information.

Our AIR MILES Reward Program tends to be resilient during economic swings, because many of our sponsors are in non-discretionary retail categories such as grocery stores, gas stations and pharmacies. Additionally, we target the sponsors' most loyal customers, who we believe are unlikely to significantly change their spending patterns. We are impacted by changes in the exchange rate between the U.S. dollar and the Canadian dollar.

Epsilon Marketing Services. The Epsilon Marketing Services segment is a leader in providing integrated direct marketing solutions that combine database marketing technology and analytics with a broad range of direct marketing services. Epsilon Marketing Services has over 500 clients, primarily in the financial services, specialty retail, hospitality and pharmaceutical end-markets.

Private Label Services. The Private Label Services segment primarily generates revenue based on the number of statements generated, customer calls handled, remittance processing, customer care and various marketing services. Statements generated represent the number of statements generated for our credit cards. The number of statements generated in any given period is a fairly reliable indicator of the number of active account holders during that period.

Companies are increasingly outsourcing their non-core processes such as billing and customer care. The Private Label Services segment is primarily affected by those industry trends that affect our Private Label Credit segment as discussed below.

Private Label Credit. The Private Label Credit segment provides risk management solutions, account origination and funding services for our more than 100 private label retail and co-branded credit card programs. Private Label Credit primarily generates revenue from securitization income, servicing fees from our securitization trusts and merchant discount fees. Private label credit sales and average managed receivables are the two primary drivers of revenue for this segment.

- Private Label Credit Sales: This represents the dollar value of private label credit card sales that occur at our clients' point of sale terminals or through catalogs or web sites. Generally, we are paid a percentage of these sales, referred to as merchant discount, from the retailers that utilize our program. Private label credit sales typically lead to higher portfolio balances as cardholders finance their purchases through our credit card banks.
- Average Managed Receivables: This represents the average balance of outstanding receivables from our cardholders at the beginning of each month during the period in question. Customers are assessed a finance charge based on their outstanding balance at the end of a billing cycle. There are many factors that drive the outstanding balances, such as payment rates, charge-offs, recoveries and delinquencies. Management actively monitors all of these factors.

The Private Label Credit segment is affected by increased outsourcing in targeted industries. The growing trend of outsourcing private label retail credit card programs leads to increased accounts and balances to finance. We focus our sales efforts on prime borrowers and do not target sub-prime borrowers. Additionally, economic trends can impact this segment. Interest expense is a significant component of operating costs for the securitization trusts.

Corporate/Other. This includes corporate overhead which is not allocated to our segments, as well as all other immaterial businesses.

Year in Review Highlights

Our results for the year ended December 31, 2009 included the following significant agreements and continued selective execution of our acquisition strategy:

- In January 2009, we announced the signing of a multi-year agreement with HSN, an interactive lifestyle network and retail destination, to provide both co-brand and private label credit card services. In addition, we purchased HSN's existing private label credit card portfolio in December 2008, with the conversion completed in the first quarter of 2009.
- In February 2009, we announced that Shell Canada Products, a top-5 AIR MILES Reward Program sponsor and a manufacturer, distributor, and marketer of refined petroleum products in Canada, had signed a multi-year renewal agreement.

- In February 2009, we announced the signing of a multi-year agreement with America's Gardening Resource, a manufacturer and retailer of gardening tools, products, and supplies, for Epsilon Marketing Services to build and maintain its customer marketing database.
- In February 2009, we announced the signing of a long-term agreement with Haband, a multi-channel retailer of men's and women's apparel and home goods via catalog and online, to provide private label credit card services.
- In March 2009, our private label credit card banking subsidiary, World Financial Network National Bank, completed the renewal of its $550.0 million conduit facility with Barclays Capital, Royal Bank of Canada, and JP Morgan, increasing its capacity to $666.7 million.
- In April 2009, we announced the signing of a multi-year contract extension with Pacific Sunwear of California, a specialty retailer of casual apparel, accessories, and footwear, to continue providing private label credit card services.
- In April 2009, as part of the securitization program for our private label credit card banking subsidiary, World Financial Network Credit Card Master Note Trust issued $708.9 million of term asset-backed securities to investors, including those participating in the U.S. government's TALF program.
- In April 2009, we announced that Goodyear Canada, one of the original 13 AIR MILES Reward Program sponsors and retailer of automotive tires and after-market automotive products, had signed a multi-year renewal agreement.
- In May 2009, we announced that Epsilon Marketing Services added 19 new clients to its permission-based email and digital solutions business during the first quarter of 2009.
- In May 2009, we announced the signing of a long-term expansion and extension agreement with Tween Brands, a specialty retailer, to continue to provide private label credit card services to its Limited Too / Justice brands.
- In May 2009, we completed a new three-year term credit facility.
- In May 2009, we announced the signing of a multi-year extension agreement with National Geographic Society for Epsilon Marketing Services to continue providing database hosting and marketing services.
- In June 2009, we completed an offering of $345.0 million aggregate principal amount of convertible senior notes due 2014, which included the exercise of an over-allotment option of $45.0 million.
- In July 2009, we announced an expansion agreement with pharmaceutical company, Astra Zeneca, for Epsilon Marketing Services to provide comprehensive database and permission-based email marketing solutions.
- In July 2009, we announced BMO Bank of Montreal's initiative to enhance its AIR MILES credit card program for Canadian BMO MasterCard® cardholders and AIR MILES reward miles collectors to provide an opportunity to substantially increase miles issued.
- In July 2009, we announced a multi-year agreement to provide private label credit card services to Big M, Inc., a multi-brand specialty retailer, and to acquire its existing private label credit card portfolio.
- In August 2009, we announced a long-term agreement with Charming Shoppes, Inc., a multi-brand apparel retailer, to assume operation of Charming Shoppes' private label credit card programs and to acquire the credit card files and service center operations associated with Charming Shoppes' branded card programs. The acquisition was completed in October 2009.
- In August 2009, as part of the securitization program for our private label credit card banking subsidiary, World Financial Network Credit Card Master Note Trust issued $949.3 million of term asset-backed securities to investors, including those participating in the U.S. government's TALF program.

- In September 2009, we announced a multi-year extension agreement with Reed Business Information US, a business-to-business information provider, for Epsilon Marketing Services to continue providing permission-based email marketing services.
- In September 2009, we announced a multi-year agreement with business support services provider, Pacific Dental Services to provide patient financing and marketing services via a private label credit card program for dental and orthodontic procedures performed in affiliated dental practices.
- In September 2009, our private label credit card banking subsidiary, World Financial Network National Bank, completed the renewal of its $1.3 billion conduit facility, increasing its capacity to $1.5 billion and our industrial bank, World Financial Capital Bank, renewed its $167.1 million conduit facility increasing its capacity to $200.0 million.
- In October 2009, we announced an expansion agreement with tobacco company, R.J. Reynolds, for Epsilon Marketing Services to host its consumer database and support its consumer communication programs.
- In October 2009, we announced Loyalty Services' acquisition of a 29 percent interest in CBSM – Companhia Brasileira De Servicos De Marketing, operator of Brazil's dotz loyalty program.
- In November 2009, we announced a new multi-year agreement with Visa for Epsilon Marketing Services to develop, host and operate Visa's next generation loyalty program for its issuers.
- In November 2009, we announced an expansion agreement with Best Western International, Inc. as a new sponsor in the AIR MILES Reward Program, building on an existing agreement where Best Western has been a rewards supplier in the AIR MILES Reward Program since 1995.
- In December 2009, we announced an extension agreement with KeyCorp for Epsilon Marketing Services to continue providing direct marketing services to KeyCorp's Key Bank.
- In December 2009, we announced an expansion agreement with Capital One Financial Corporation for Epsilon Marketing Services to support its customer loyalty program.

Discussion of Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting policies that are described in the Notes to Consolidated Financial Statements. The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We continually evaluate our judgments and estimates in determination of our financial condition and operating results. Estimates are based on information available as of the date of the financial statements and, accordingly, actual results could differ from these estimates, sometimes materially. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and operating results and require management's most subjective judgments. The most critical accounting policies and estimates are described below.

Securitization of credit card receivables. We utilize a securitization program to finance a majority of the credit card receivables that we underwrite. We use our off-balance sheet securitization program to lower our cost of funds and more efficiently use capital. In a securitization transaction, we sell credit card receivables originated by our Private Label Credit segment to a trust and retain servicing rights to those receivables, an equity interest in the trust, an interest in the receivables and retained interests in our subordinated notes. Our securitization trusts allow us to sell credit card receivables to the trusts on a daily basis. The securitization trusts are deemed to be QSPEs under GAAP and are appropriately not included in our consolidated financial statements. Our interest in our securitization program is represented on our consolidated balance sheets as seller's interest (our interest in the receivables) and due from securitizations (our retained interests and credit enhancement components).

The trusts issue bonds in the capital markets and notes in private transactions. The proceeds from the bonds and other debt are used to fund the receivables, while cash collected from cardholders is used to finance new receivables and repay borrowings and related borrowing costs. The excess spread is remitted to us as securitization income.

Our residual interest, often referred to as an interest-only strip, is recorded at fair value. The fair value of our interest-only strip represents the present value of the anticipated cash flows we will receive over the estimated life of the receivables, which ranges from 8.1 months to 12 months. This anticipated excess cash flow consists of the excess of finance charges and past-due fees net of the sum of the return paid to bond and note holders, estimated contractual servicing fees and credit losses. Because there is not a highly liquid market for these assets, we estimate the fair value of the interest-only strip primarily based upon discount, payment and default rates, which is the method we assume that another market participant would use to purchase the interest-only strip. The fair value of the interest-only strip, and the corresponding gain or loss, will be impacted by the estimated excess spread over the following two or three quarters. The excess spread is impacted primarily by finance and late fees collected, net charge-offs and interest rates.

Changes in the fair value of the interest-only strip are reflected in our financial statements as additional gains related to new receivables originated and securitized or other comprehensive income related to mark-to-market changes of our residual interest.

In recording and accounting for interest-only strips, we make assumptions about rates of payments and defaults that we believe reasonably reflect economic and other relevant conditions that affect fair value. Due to subsequent changes in economic and other relevant conditions, the actual rates of principal payments and defaults generally differ from our initial estimates, and these differences could sometimes be material. If actual payment and default rates are higher than previously assumed, the value of the interest-only strip could be impaired and the decline in the fair value would be recorded in earnings.

If management used different assumptions in estimating the value of the interest-only strip, the impact could have a significant effect on our consolidated financial statements. For example, a 10% change in the net charge-off rate assumption for our securitized credit card receivables could have resulted in a change of approximately $16.5 million in the value of the interest-only strip as of December 31, 2009.

We also retain certain subordinated beneficial interests in our securitized assets, primarily Class M, Class B, Class C and Class D notes issued by the securitization trusts as well as seller’s interest.

Seller’s interest ranks *pari passu* with investors’ interests in the securitization trusts and is carried on our consolidated financial statements at an allocated carrying amount based on their estimated fair value. Changes in the fair values of our seller’s interest are recorded through securitization income and finance charges, net, in our consolidated statements of income. We determine the fair value of our seller’s interest through discounted cash flow models. The estimated cash flows used include assumptions related to rates of payments and defaults, which reflect economic and other relevant conditions. The discount rate used is based on an interest rate curve that is observable in the market place plus a credit spread. If management used different assumptions in estimating the value of seller’s interest, it could have an impact on our consolidated financial statements. For example a 10% change in the net charge-off rate assumption could have resulted in a decrease of approximately $1.1 million in the value of the seller’s interest as of December 31, 2009.

Our retained interests are classified as available-for-sale investment securities and are carried on our consolidated financial statements at their estimated fair values. Changes in the fair values of these notes are recorded in other comprehensive income within stockholders’ equity. The fair value of these securities are estimated utilizing discounted cash flow models, where the interest and principal payments are discounted at assumed current market rates for the same or comparable transactions. In doing these valuations, management makes certain assumptions about the credit spreads the market participants would demand on the same or similar investments given the currently inactive market for credit card asset-backed securities. Assumed discount rates

are derived from indicative pricing observed in the most recent active market for such instruments, adjusted for changes occurring thereafter in relative credit spreads and liquidity risk premiums. If management used different assumptions in estimating the value of our retained interests, it could have an impact on our consolidated financial statements. For example, a 10% change in the discount rate could have resulted in a decrease of approximately $9.8 million in the value of the retained interest as of December 31, 2009.

See Note 7, “Securitization of Credit Card Receivables,” of the Notes to Consolidated Financial Statements for additional information.

We recognize the implicit forward contract to sell new receivables during a revolving period at its fair value at the time of sale. The implicit forward contract is entered into at the market rate and thus, its initial measure is zero at inception. In addition, we do not mark the forward contract to fair value in accounting periods following the securitization because management has concluded that the fair value of the implicit forward contract in subsequent periods is not material. We believe that servicing fees received represent adequate compensation based on the amount currently demanded by the marketplace. Additionally, these fees are the same as would fairly compensate a substitute servicer should one be required and, thus, we neither record a servicing asset nor servicing liability.

AIR MILES Reward Program. Because management has determined that the earnings process is not complete at the time an AIR MILES reward mile is issued, the recognition of revenue on all fees received based on issuance is deferred. We allocate the proceeds from issuances of AIR MILES reward miles into two components as follows:

- *Redemption element.* The redemption element is the larger of the two components. For this component, we recognize revenue at the time an AIR MILES reward mile is redeemed, or, for those AIR MILES reward miles that we estimate will go unredeemed by the collector base, known as “breakage,” over the estimated life of an AIR MILES reward mile.
- *Service element.* For this component, which consists of marketing and administrative services provided to sponsors, we recognize revenue pro rata over the estimated life of an AIR MILES reward mile.

Under certain of our contracts, a portion of the proceeds is paid to us at the issuance of AIR MILES reward miles and a portion is paid at the time of redemption. Under such contracts the proceeds received at issuance are initially deferred as service revenue and the revenue and earnings are recognized pro rata over the estimated life of an AIR MILES reward mile.

The amount of revenue recognized in a period is subject to the estimated life of an AIR MILES reward mile. Based on our historical analysis, we make a determination as to average life of an AIR MILES reward mile. The estimated life of an AIR MILES reward mile of 42 months and a breakage rate of 28% subsequent to June 1, 2008 and one-third for previous periods presented.

In May 2008, we secured a comprehensive long-term renewal and expansion agreement with Bank of Montreal as a sponsor in the AIR MILES Reward Program, pursuant to which Bank of Montreal transferred to us the responsibility of reserving for costs associated with the redemption of AIR MILES reward miles issued by Bank of Montreal as a sponsor. We received $369.9 million for the assumption of this liability. Historically, AIR MILES reward miles issued by Bank of Montreal have been excluded from our estimate of breakage as Bank of Montreal had the responsibility of redemption, and therefore no breakage estimate was required. However, changing the nature of our agreement required us to include these miles in our analysis, which impacted both the redemption rate and our estimate of breakage. After evaluating the impact of this transaction, we adjusted our estimate of breakage from one-third to 28%. The decline in the breakage rate assumption was due to greater redemption activity by collectors who use Bank of Montreal credit cards. The change in estimate had no impact on the total redemption liability, but reduced the amount of deferred breakage within the redemption liability that is expected to be recognized over the expected life of the AIR MILES reward mile.

We believe that the issuance and redemption of AIR MILES reward miles is influenced by the nature and volume of sponsors, the type of rewards offered, the overall health of the Canadian economy, the nature and extent of AIR MILES Reward Program promotional activity in the marketplace and the extent of competing loyalty programs. Throughout the history of the program, management has and will continue to make changes to the structure of the program that influence the redemption rate, and thus the breakage rate and estimated life of an AIR MILES reward mile. Prior changes to the program have included zone pricing for air travel and new merchandise introductions. These changes are made to the program not only to manage redemption activity but to respond to market conditions as well. Macroeconomic factors, such as the overall health of the Canadian economy, may impact collector behavior and such factors may influence redemption activity intermittently.

Breakage and the life of an AIR MILES reward mile are based on management's estimate after viewing and analyzing various historical trends including vintage analysis, current run rates and other pertinent factors, such as the impact of macroeconomic factors and changes in the program structure.

The estimated life of an AIR MILES reward mile and breakage are actively monitored by management and subject to external influences that may cause actual performance to differ from estimates.

As of December 31, 2009, we had $1,146.1 million in deferred revenue related to the AIR MILES Reward Program that will be recognized in the future. Further information is provided in Note 10, "Deferred Revenue," of the Notes to Consolidated Financial Statements.

Stock-based compensation. On January 1, 2006, we adopted the provisions of, and account for stock-based compensation in accordance with, FASB Accounting Standards Codification ("ASC") 718, "Compensation – Stock Compensation."

Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized ratably over the requisite service period. We are required to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. All share-based payment awards are amortized on a straight-line basis over the awards' requisite service periods, which are generally the vesting periods.

We used a binomial lattice option pricing model to determine the fair value of stock options. The determination of the fair value of stock-based payment awards on the date of grant using an option pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, the risk-free interest rate and expected dividends. No options were issued during 2009 or 2008.

See Note 14, "Stock Compensation Plans," of the Notes to Consolidated Financial Statements for further information regarding the application of ASC 718.

Income Taxes. We account for uncertain tax positions in accordance with ASC 740, "Income Taxes". The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding our income tax exposures. Interpretations of, and guidance surrounding, income tax laws and regulations change over time. As such, changes in our subjective assumptions and judgments can materially affect amounts recognized in the consolidated balance sheets and statements of income. See Note 12, "Income Taxes," of the Notes to Consolidated Financial Statements for additional detail on our uncertain tax positions and further information regarding ASC 740.

Accounting Treatment for Off-Balance Sheet Securitizations

In June 2009, the FASB issued guidance codified in ASC 860, "Transfers and Servicing," related to accounting for transfers of financial assets and ASC 810, "Consolidation," related to the consolidation of variable interest entities. ASC 860 removes the concept of a QSPE and eliminated the consolidation exception available for QSPEs. ASC 810 requires an initial evaluation as well as an ongoing assessment of the our involvement with the operations of the WFN Trusts and the WFC Trust and our rights or obligations to receive benefits or absorb losses of these securitization trusts that could be potentially significant in order to determine whether those entities will be required to be consolidated on the balance sheet of WFNNB, WFCB or their affiliates, including us.

The assessment of the WFN Trusts and the WFC Trust under ASC 860 and ASC 810 resulted in the consolidation of the securitization trusts on the balance sheet of WFNNB, WFCB or their affiliates, including us, effective January 1, 2010. Based on the carrying amounts of the trust assets and liabilities as prescribed by ASC 810, we expect to record a $3.4 billion increase in assets, including $0.5 billion to loan loss reserves, an increase in liabilities of $3.7 billion and a $0.4 billion reduction in stockholders' equity.

After adoption, our results of operations will no longer reflect securitization income, but will instead report interest income, and certain other income associated with all securitized credit card receivables. Net-charge offs associated with credit card receivables will be reflected in our cost of operations. Interest expense associated with debt issued from the trusts to third-party investors will be reported in interest expense. Additionally, after adoption, we will no longer record initial gains on new securitization activity since securitized credit card receivables will no longer receive sale accounting treatment. Further, we will not record any gains or losses on the revaluation of the interest-only strip receivable as that asset is not recognizable in a transaction accounted for as a secured borrowing. Because our securitization transactions will be accounted for as secured borrowings rather than asset sales, the cash flows from these transactions will be presented as cash flows from financing activities rather than cash flows from operating or investing activities.

The banking regulatory agencies issued regulatory capital rules in January 2010 relating to the adoption of the new accounting consolidation standards. These regulatory transition rules permit an optional two-quarter implementation delay, which may be followed by a two-quarter partial (50%) implementation. The effect of these transition rules defers the impact of the newly consolidated trusts to risk-weighted assets and the related risk-based capital requirements. We elected these regulatory capital transition rules for our newly consolidated securitization trusts.

After adoption of the new standards, regulatory capital amounts and ratios are estimated to exceed well capitalized minimum standards. We are prepared to provide capital support, if necessary, to support growth plans. Should support be required, regardless of form, we do not expect that it will require us to raise new capital or limit our stock repurchase program and other growth initiatives.

Inter-Segment Sales

Our Private Label Services segment performs card processing and servicing activities related to our Private Label Credit segment. For this, our Private Label Services segment receives a fee equal to its direct costs before corporate overhead plus a margin. The margin is based on current estimated market rates for similar services. This fee represents an operating cost to the Private Label Credit segment and corresponding revenue for our Private Label Services segment. Inter-segment sales are eliminated upon consolidation. Revenues earned by our Private Label Services segment from servicing our Private Label Credit segment, and consequently paid by our Private Label Credit segment to our Private Label Services segment, are set forth under "Eliminations" in the tables presented in the annual comparisons in our "Results of Operations."

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 measure presented in this Annual Report on Form 10-K 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.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
			(In thousands)		
Income from continuing operations	$ 176,719	$ 232,552	$ 214,441	$ 206,397	$ 146,628
Stock compensation expense	53,612	48,734	48,311	35,791	10,961
Provision for income taxes	86,227	147,599	137,403	126,261	86,318
Interest expense, net	144,811	80,440	69,381	40,722	13,905
Loss on the sale of assets	—	1,052	16,045	—	—
Merger and other costs[1]	3,422	9,056	19,593	—	—
Depreciation and other amortization	62,196	68,505	59,688	48,499	40,545
Amortization of purchased intangibles	63,090	67,291	67,323	40,926	23,004
Adjusted EBITDA	$ 590,077	$ 655,229	$ 632,185	$ 498,596	$ 321,361

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

Results of Operations

Year ended December 31, 2009 compared to the year ended December 31, 2008

	Year Ended December 31,		Change	
	2009	2008	$	%
	(in thousands, except percentages)			
Revenue:				
Loyalty Services	$ 715,091	$ 755,546	$ (40,455)	(5.4)%
Epsilon Marketing Services	514,272	490,998	23,274	4.7
Private Label Services	396,665	382,647	14,018	3.7
Private Label Credit	693,187	750,355	(57,168)	(7.6)
Corporate/Other	28,644	17,337	11,307	65.2
Eliminations	(383,518)	(371,629)	(11,889)	3.2
Total	$ 1,964,341	$ 2,025,254	$ (60,913)	(3.0)%
Adjusted EBITDA[1]:				
Loyalty Services	$ 200,724	$ 204,895	$ (4,171)	(2.0)%
Epsilon Marketing Services	128,253	126,558	1,695	1.3
Private Label Services	120,821	116,010	4,811	4.1
Private Label Credit	194,403	254,173	(59,770)	(23.5)
Corporate/Other	(54,124)	(46,407)	(7,717)	16.6
Total	$ 590,077	$ 655,229	$ (65,152)	(9.9)%
Stock compensation expense:				
Loyalty Services	$ 12,227	$ 12,611	$ (384)	(3.0)%
Epsilon Marketing Services	8,815	8,853	(38)	(0.4)
Private Label Services	6,585	6,591	(6)	(0.1)
Private Label Credit	1,614	1,788	(174)	(9.7)
Corporate/Other	24,371	18,891	5,480	29.0
Total	$ 53,612	$ 48,734	$ 4,878	10.0%
Depreciation and amortization:				
Loyalty Services	$ 21,772	$ 29,796	$ (8,024)	(26.9)%
Epsilon Marketing Services	69,941	75,481	(5,540)	(7.3)
Private Label Services	9,800	8,832	968	11.0
Private Label Credit	15,356	11,486	3,870	33.7
Corporate/Other	8,417	10,201	(1,784)	(17.5)
Total	$ 125,286	$ 135,796	$ (10,510)	(7.7)%
Operating income from continuing operations:				
Loyalty Services	$ 166,725	$ 162,488	$ 4,237	2.6%
Epsilon Marketing Services	49,497	39,591	9,906	25.0
Private Label Services	104,436	99,152	5,284	5.3
Private Label Credit	177,433	240,899	(63,466)	(26.3)
Corporate/Other	(90,334)	(81,539)	(8,795)	10.8
Total	$ 407,757	$ 460,591	$ (52,834)	(11.5)%
Adjusted EBITDA margin[2]:				
Loyalty Services	28.1%	27.1%	1.0%	
Epsilon Marketing Services	24.9	25.8	(0.9)	
Private Label Services	30.5	30.3	0.2	
Private Label Credit	28.0	33.9	(5.9)	
Total	30.0%	32.4%	(2.4)%	
Segment operating data:				
Private label statements generated	130,176	125,197	4,979	4.0%
Credit sales	$ 7,968,125	$ 7,242,422	$725,703	10.0%
Average managed receivables	$ 4,359,625	$ 3,915,658	$443,967	11.3%
AIR MILES reward miles issued	4,545,774	4,463,181	82,593	1.9%
AIR MILES reward miles redeemed	3,326,307	3,121,799	204,508	6.6%

(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.

Revenue. Total revenue decreased $60.9 million, or 3.0%, to $1,964.3 million for the year ended December 31, 2009 from $2,025.3 million for the comparable period in 2008 due to the following:

- *Loyalty Services.* Revenue decreased $40.5 million, or 5.4%, to $715.1 million for the year ended December 31, 2009. The decrease in revenue for the year was driven by the change in foreign currency exchange rates, which negatively impacted revenue by approximately $46.7 million and by a decrease in database marketing fees. These declines were offset by increases in redemption revenue attributable to a 6.6% increase in AIR MILES reward miles redeemed and issuance revenue of 10.4% attributable to strong AIR MILES reward miles issuances in prior years.
- *Epsilon Marketing Services.* Revenue increased $23.3 million, or 4.7%, to $514.3 million for the year ended December 31, 2009. Revenue from the segment's largest service offerings (marketing database services, analytical services and digital communications) increased as compared to the year ended December 31, 2008 by $22.1 million resulting from additional client signings and existing clients expanding their commitments to loyalty platforms. Additional revenue increases from proprietary data services were offset by a decrease in revenue attributable to the segment's agency business.
- *Private Label Services.* Revenue increased $14.0 million, or 3.7%, to $396.7 million for the year ended December 31, 2009 as a result of increases in servicing revenue of $11.6 million and services enhancement revenue of $1.6 million.
- *Private Label Credit.* Revenue decreased $57.2 million, or 7.6%, to $693.2 million for the year ended December 31, 2009. The decrease was due to a decrease in securitization income and finance charges, net, of $76.2 million, resulting from higher credit losses of 200 basis points. The impact of the higher credit losses was in part mitigated by positive trends in portfolio growth of 11.3%, credit sales growth of 10.0%, and an improvement in our cost of funds.
- *Corporate/Other.* Revenue increased $11.3 million to $28.6 million for the year ended December 31, 2009 as a result of transition services provided to the acquirers of our merchant services and utility services businesses.

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 the sale of assets, merger and other costs, depreciation and amortization. Adjusted EBITDA decreased $65.2 million, or 9.9%, to $590.1 million for the year ended December 31, 2009. Adjusted EBITDA margin, which for purposes of the discussion below is equal to adjusted EBITDA divided by revenue, decreased to 30.0% for the year ended December 31, 2009 from 32.4% for the comparable period in 2008. The changes in adjusted EBITDA and adjusted EBITDA margin are due to the following:

- *Loyalty Services*. Adjusted EBITDA decreased $4.2 million, or 2.0%, to $200.7 million for the year ended December 31, 2009. Adjusted EBITDA was negatively impacted by the change in foreign exchange rates by approximately $17.7 million. However, the decrease in adjusted EBITDA was partially offset by the growth in redemption and issuance revenue as previously described combined with a lower cost structure achieved through operating leverage. This positively impacted our adjusted EBITDA margin, which increased to 28.1% for the year ended December 31, 2009 as compared to 27.1% for the comparable period in 2008.
- *Epsilon Marketing Services*. Adjusted EBITDA increased $1.7 million, or 1.3%, to $128.3 million, while adjusted EBITDA margin declined to 24.9% for the year ended December 31, 2009 compared to 25.8% in the same period in 2008. The increase in adjusted EBITDA was driven by a $9.6 million, or 11.6%, increase in adjusted EBITDA from the largest service offerings (marketing database services, analytical services, and digital communications). Adjusted EBITDA margin and adjusted EBITDA, in part, were negatively impacted by weakness in our data service offering due to the recession, which resulted in an $8.1 million decline in adjusted EBITDA.

- *Private Label Services* Adjusted EBITDA increased $4.8 million, or 4.1%, to $120.8 million for the year ended December 31, 2009. Adjusted EBITDA margin increased to 30.5% for the year ended December 31, 2009 compared to 30.3% in the same period in 2008. Adjusted EBITDA and adjusted EBITDA margin were positively impacted by the increases in servicing revenue and services enhancement revenue as previously described, which was offset in part by an increase in operating expenses of $9.2 million.
- *Private Label Credit.* Adjusted EBITDA decreased $59.8 million, or 23.5%, to $194.4 million for the year ended December 31, 2009. Adjusted EBITDA margin decreased to 28.0% for the year ended December 31, 2009 as compared to 33.9% for the comparable period in 2008. Both adjusted EBITDA and adjusted EBITDA margin were negatively impacted by the decline in revenue as previously described.
- *Corporate/Other.* Adjusted EBITDA decreased $7.7 million, or 16.6%, to a loss of $54.1 million for the year ended December 31, 2009. This decrease was the result of information technology costs incurred to support the transition services provided to the acquirers of the merchant services and utility services businesses. Prior to their sale, such costs had been allocated to the respective businesses.

Stock compensation expense. Stock compensation expense increased $4.9 million, or 10.0%, to $53.6 million for the year ended December 31, 2009. The increase is the result of the issuance of restricted stock in 2009, which increased expense by $7.5 million for the year ended December 31, 2009. The increase in expense as a result of the granting of these awards was offset by a reduction in stock compensation expense resulting from certain awards becoming fully amortized prior to December 31, 2009 and the reversal of stock compensation expense for certain awards no longer expected to vest.

Depreciation and Amortization. Depreciation and amortization decreased $10.5 million, or 7.7%, to $125.3 million for the year ended December 31, 2009, due to a $6.3 million decrease in depreciation and other amortization and a $4.2 million decrease in amortization of purchased intangibles as certain assets became fully amortized.

Merger and other costs. Merger and other costs decreased $5.7 million to $3.4 million for the year ended December 31, 2009 from $9.1 million in the comparable period of 2008. During the year ended December 31, 2009, we incurred approximately $4.9 million in compensation charges related to the departure of certain executives and approximately $0.2 million of legal costs associated with the termination of our proposed merger with an affiliate of The Blackstone Group. These costs were offset in part by the release of a previously established $(1.0) million liability for merger costs and a reimbursement from our insurer in the amount of $(0.7) million related to payments made to settle certain shareholder litigation associated with the proposed merger. During the year ended December 31, 2008, we incurred approximately $3.1 million of costs associated with the proposed merger including an offset of $(3.0) million for reimbursement of costs incurred by us related to the Blackstone entities' financing of the proposed merger. In addition, during the year ended December 31, 2008, we incurred $6.0 million in compensation charges related to the severance of certain employees and other non-routine costs.

Gain on business combination. In October 2009, we incurred a gain of $21.2 million associated with the assumption of Charming Shoppes' credit card programs and service center operations and acquisition of the credit card files and certain other assets, which was accounted for as a bargain purchase under ASC 805, "Business Combinations."

Loss on sale of assets. In March 2008, we incurred an additional loss of $1.1 million related to the settlement of certain working capital accounts in connection with the disposition of our mail services business. No additional activity related to the disposition of our mail services business was incurred in 2009.

Operating Income. Operating income decreased $52.8 million, or 11.5%, to $407.8 million for the year ended December 31, 2009 from $460.6 million for the comparable period in 2008. Operating income decreased due to the revenue and expense factors discussed above.

Interest Expense, net. Interest expense, net increased $64.4 million, or 80.0%, to $144.8 million for the year ended December 31, 2009 from $80.4 million for the comparable period in 2008. The increase resulted in part from additional interest expense of $53.4 million associated with our convertible senior notes due 2013 and 2014 which were issued in July 2008 and June 2009, respectively. Interest expense on certificates of deposit increased $12.2 million as a result of higher average balances during the year ended December 31, 2009 than during the comparable period in 2008, and interest expense from the amortization of debt issuance costs increased $4.9 million. These increases were offset in part by decreases in interest expense on our credit facilities and senior notes of $19.3 million as a result of lower interest rates on our line of credit and the repayment of $250.0 million aggregate principal amount of 6.00% Series A senior notes in May 2009. Interest income decreased $13.8 million due to lower average balances of our short term cash investments, as well as a decrease in the yield earned on those short term cash investments.

Taxes. Income tax expense decreased $61.4 million to $86.2 million for the year ended December 31, 2009 from $147.6 million for the comparable period in 2008 due to a decrease in taxable income combined with a decrease in our effective tax rate to 32.8% for the year ended December 31, 2009 from 38.8% for the comparable period in 2008. During the year ended December 31, 2009, we recognized a $9.3 million tax benefit related to a foreign tax credit, a $21.2 million non-taxable gain on business acquistion and an $11.7 million tax benefit related to the reversal of previously established tax reserves to cover various uncertain tax positions, including the potential impact related to the timing of certain taxable income recognition. Based on a recent United States Tax Court decision, statute of limitations expirations and other factors, the uncertainty around this taxable income recognition has been removed and, as such, the related reserve associated with accrued interest is no longer required. The tax benefits were partially offset by $7.4 million tax expense resulting from enacted Ontario tax laws reducing the Ontario tax rate in December 2009.

Loss from discontinued operations. In March 2008, we determined that our merchant services and utility services businesses were not aligned with our long-term strategy and committed to a disposition plan for these businesses. In November 2009, we terminated operations of our credit program for web and catalog retailer VENUE. All of these operations have been reported as discontinued operations in our consolidated financial statements. On an after tax basis, losses from discontinued operations increased $6.8 million to $33.0 million for the year ended December 31, 2009 from $26.2 million in the comparable period in 2008. The loss recorded for the year ended December 31, 2009 was the result of a $19.9 million pre-tax loss recognized in connection with the sale of the remaining portion of our utility services business in February 2009 and $17.5 million in losses related to the termination of the credit program for VENUE. The loss recorded for the comparable period in 2008 resulted from the loss on the sale of the core portion of our utility services business, offset in part by a gain attributable to the sale of our merchant services business in May 2008.

Year ended December 31, 2008 compared to the year ended December 31, 2007

	Year Ended December 31,		Change	
	2008	2007	$	%
	(in thousands, except percentages)			
Revenue:				
Loyalty Services	$ 755,546	$ 628,792	$ 126,754	20.2%
Epsilon Marketing Services	490,998	458,610	32,388	7.1
Private Label Services	382,647	370,832	11,815	3.2
Private Label Credit	750,355	827,952	(77,597)	(9.4)
Corporate/Other	17,337	33,360	(16,023)	(48.0)
Eliminations	(371,629)	(357,387)	(14,242)	4.0
Total	$ 2,025,254	$ 1,962,159	$ 63,095	3.2%
Adjusted EBITDA[1]:				
Loyalty Services	$ 204,895	$ 132,136	$ 72,759	55.1%
Epsilon Marketing Services	126,558	118,219	8,339	7.1
Private Label Services	116,010	99,084	16,926	17.1
Private Label Credit	254,173	350,079	(95,906)	(27.4)
Corporate/Other	(46,407)	(67,333)	20,926	(31.1)
Total	$ 655,229	$ 632,185	$ 23,044	3.6%
Stock compensation expense:				
Loyalty Services	$ 12,611	$ 7,353	$ 5,258	71.5%
Epsilon Marketing Services	8,853	11,380	(2,527)	(22.2)
Private Label Services	6,591	5,613	978	17.4
Private Label Credit	1,788	774	1,014	131.0
Corporate/Other	18,891	23,191	(4,300)	(18.5)
Total	$ 48,734	$ 48,311	$ 423	0.9%
Depreciation and amortization:				
Loyalty Services	$ 29,796	$ 24,601	$ 5,195	21.1%
Epsilon Marketing Services	75,481	71,901	3,580	5.0
Private Label Services	8,832	8,429	403	4.8
Private Label Credit	11,486	11,231	255	2.3
Corporate/Other	10,201	10,849	(648)	(6.0)
Total	$ 135,796	$ 127,011	$ 8,785	6.9%
Operating income from continuing operations:				
Loyalty Services	$ 162,488	$ 100,184	$ 62,304	62.2%
Epsilon Marketing Services	39,591	34,935	4,656	13.3
Private Label Services	99,152	85,042	14,110	16.6
Private Label Credit	240,899	338,075	(97,176)	(28.7)
Corporate/Other	(81,539)	(137,011)	55,472	(40.5)
Total	$ 460,591	$ 421,225	$ 39,366	9.3%
Adjusted EBITDA margin[2]:				
Loyalty Services	27.1%	21.0%	6.1%	
Epsilon Marketing Services	25.8	25.8	0.0	
Private Label Services	30.3	26.7	3.6	
Private Label Credit	33.9	42.3	(8.4)	
Total	32.4%	32.2%	0.2%	
Segment operating data:				
Private label statements generated	125,197	135,261	(10,064)	(7.4)%
Credit sales	$ 7,242,422	$ 7,502,947	$(260,525)	(3.5)%
Average managed receivables	$ 3,915,658	$ 3,909,627	$ 6,031	0.2%
AIR MILES reward miles issued	4,463,181	4,143,000	320,181	7.7%
AIR MILES reward miles redeemed	3,121,799	2,723,524	398,275	14.6%

(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.

Revenue. Total revenue increased $63.1 million, or 3.2%, to $2,025.3 million for the year ended December 31, 2008 from $1,962.2 million for the comparable period in 2007 due to the following:

- *Loyalty Services*. Revenue increased $126.8 million, or 20.2%, to $755.5 million due to strong organic growth. Our AIR MILES Reward Program growth was driven by an increase in redemption revenue of $83.5 million related to a 14.6% increase in the redemption of AIR MILES reward miles. Issuance revenue increased $16.9 million related to growth in issuances of AIR MILES reward miles as the program continues to benefit from the ramp up of new sponsors and the expanded commitment from existing sponsors. Additionally, Loyalty Services experienced increases in commission revenue of $13.9 million due to growth in the program and investment revenue of $6.7 million due to the increase in our redemption settlement assets. Within our revenue increase, changes in the exchange rate of the Canadian dollar on a full year basis had a minimal impact on revenue for the AIR MILES Reward Program.
- *Epsilon Marketing Services*. Revenue increased $32.4 million, or 7.1%, to $491.0 million due to an increase of $37.8 million in revenue from strategic database services and digital communications. This increase was generated through a combination of new client signings as well as organic growth as we continued to provide additional services to our existing clients. This growth was partially offset by declines in revenue of $5.4 million related to our data products and our strategic consulting and creative services which were impacted by lower volumes.
- *Private Label Services*. Revenue increased $11.8 million, or 3.2%, to $382.6 million due to an increase in servicing revenue of $14.2 million as the impact of the loss of the Lane Bryant portfolio was offset by higher pricing. Additionally, revenue attributable to our marketing programs decreased $2.4 million primarily due to the non-renewal of an expiring contract with an existing client.
- *Private Label Credit*. Revenue decreased $77.6 million, or 9.4%, to $750.4 million due to an 11.9% decrease in securitization income and finance charges, net, resulting from a combination of higher credit losses of approximately 150 basis points, a lower collected yield of approximately 100 basis points, an improvement of approximately 45 basis points in cost of funds and the loss of the Lane Bryant portfolio.
- *Corporate/Other*. Revenue decreased $16.0 million, or 48.0%, to $17.3 million due to the loss of revenue from our mail services business of $31.6 million which was sold on November 7, 2007. This decrease was offset by revenue of $13.8 million for transition services provided to the acquirers of our utility and merchant services businesses.

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 the sale of assets, merger and other costs, depreciation and amortization. Adjusted EBITDA increased $23.0 million, or 3.6%, to $655.2 million for the year ended December 31, 2008. Adjusted EBITDA margin, which for purposes of the discussion below is equal to adjusted EBITDA divided by revenue, increased to 32.4% for the year ended December 31, 2008 from 32.2% for the comparable period in 2007. The changes in adjusted EBITDA and adjusted EBITDA margin are due to the following.

- *Loyalty Services*. Adjusted EBITDA increased $72.8 million, or 55.1%, to $204.9 million for the year ended December 31, 2008 from $132.1 million for the comparable period in 2007. The increase in adjusted EBITDA was driven by an increase in AIR MILES rewards miles redemptions, in part offset by an additional $56.3 million in cost of sales for the awards to satisfy the redemptions. Within these adjusted EBITDA increases, changes in the exchange rate of the Canadian dollar had a minimal impact. Adjusted EBITDA margin increased to 27.1% for the year ended December 31, 2008 from 21.0% for the comparable period in 2007. The increase in adjusted EBITDA margin resulted from strong revenue growth combined with a lower cost structure achieved through increased operating leverage.
- *Epsilon Marketing Services*. Adjusted EBITDA increased $8.3 million, or 7.1%, to $126.6 million for the year ended December 31, 2008 from $118.2 million for the comparable period in 2007. The

increase was driven by increases in revenue from strategic database services and digital communications partially offset by declines in revenue related to our data products and our strategic consulting and creative services which were impacted by lower volumes as previously described. Adjusted EBITDA margin remained flat at 25.8% for the year ended December 31, 2008 and the comparable period in 2007.

- *Private Label Services*. Adjusted EBITDA increased $16.9 million, or 17.1% to $116.0 million for the year ended December 31, 2008 from $99.1 million for the comparable period in 2007. Adjusted EBITDA margin increased to 30.3% for the year ended December 31, 2008 from 26.7% for the comparable period in 2007. Adjusted EBITDA and adjusted EBITDA margin were positively impacted by the increase in intersegment Private Label Services revenue and a decline in operating expenses due to a reduction in costs associated with a lower volume of statements generated.
- *Private Label Credit.* Adjusted EBITDA decreased $95.9 million, or 27.4%, to $254.2 million for the year ended December 31, 2008 from $350.1 million for the comparable period in 2007. Adjusted EBITDA margin decreased to 33.9% for the year ended December 31, 2008 from 42.3% for the comparable period in 2007. Adjusted EBITDA and adjusted EBITDA margin were negatively impacted by the decline in Private Label Credit revenue and an increase in operating expenses driven by higher servicing costs charged by our Private Label Services segment as well as higher marketing expenses incurred on behalf of our clients.
- *Corporate/Other.* Adjusted EBITDA increased $20.9 million, or 31.1%, to a loss of $46.4 million for the year ended December 31, 2008 from a loss of $67.3 million for the comparable period in 2007. The increase in adjusted EBITDA was impacted by the sale of our mail services business on November 7, 2007, as this division generated $39.5 million in operating expenses during 2007.

Stock compensation expense. Stock compensation expense increased $0.4 million, or 0.9%, to $48.7 million for the year ended December 31, 2008 from $48.3 million for the comparable period in 2007. The increase is the result of the issuance of equity awards comprised of restricted stock units covering a multi-year period in the second quarter of 2008. The increase in expense as a result of the granting of these awards was offset by a reduction in stock compensation resulting from certain awards becoming fully amortized prior to December 31, 2008, the true-up of certain estimates for forfeitures, as well as the reversal of stock compensation for those awards no longer expected to vest.

Depreciation and Amortization. Depreciation and amortization increased $8.8 million, or 6.9%, to $135.8 million for the year ended December 31, 2008 from $127.0 million for the comparable period in 2007. This increase was due to an additional $8.8 million in depreciation and other amortization in part related to our recent acquisitions and capital expenditures.

Merger and other costs. Merger and other costs were $9.1 million for the year ended December 31, 2008. Costs associated with the proposed merger were approximately $3.1 million and included advisory fees, legal and accounting costs. The $3.1 million is net of the $(3.0) million reimbursement received in July 2008 for costs incurred by us related to the Blackstone entities' financing of the proposed merger. In addition, we incurred $6.0 million in compensation charges related to the severance of certain employees and other non-routine costs associated with the disposition of our businesses.

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

Operating Income. Operating income increased $39.4 million, or 9.3%, to $460.6 million for the year ended December 31, 2008 from $421.2 million during the comparable period in 2007. Operating income was impacted by the revenue and expense factors discussed above.

Interest Expense, net. Interest expense, net increased $11.0 million, or 15.9%, to $80.4 million for the year ended December 31, 2008 from $69.4 million for the comparable period in 2007. The increase in expense was the result of additional interest expense of $22.9 million as a result of our convertible senior notes issued in 2008. This increase includes $16.9 million of non-cash amortization of imputed interest expense as a result of the adoption of ASC 470-20, "Debt – Debt with Conversion and Other Options." Interest expense on our capital leases and other debt increased approximately $6.3 million as a result of additional capital leases entered into during 2008 and the amortization of debt issuance costs, which includes the fees paid in connection with the convertible senior notes offering. Interest on certificates of deposit increased $1.1 million as a decline in interest rates was offset in part by higher average balances. These increases were offset in part by a decrease in interest expense of $14.0 million on our credit facilities and senior notes primarily as a result of lower average interest rates. Interest income increased $5.2 million due to higher average balances of our short-term cash investments, offset in part by a decrease in the yield earned on those short-term cash investments.

Taxes. Income tax expense increased $10.2 million to $147.6 million for the year ended December 31, 2008 from $137.4 million for the comparable period in 2007 due to an increase in taxable income. Our effective tax rate decreased to 38.8% for the year ended December 31, 2008 compared to 39.1% for the comparable period in 2007.

Loss from Discontinued Operations. In March 2008, we determined that our merchant services and utility services businesses were not aligned with our long-term strategy and committed to a disposition plan for these businesses. In November 2009, we terminated operations of our credit program for web and catalog retailer VENUE. Their results have been reported as a discontinued operation in our condensed consolidated financial statements, which resulted in a $0.1 million after tax loss in 2008. Our merchant services business was sold in May 2008 and the majority of our utility services business was sold in July 2008. See Note 4, "Discontinued Operations and Other Dispositions," of the Notes to Consolidated Financial Statements for additional information related to the sale of these businesses. On an after tax basis, loss from discontinued operations decreased $24.2 million to $26.2 million for the year ended December 31, 2008 as compared to $50.4 million for the comparable period in 2007. The year ended December 31, 2007 was impacted by a pre-tax impairment charge of $40.0 million related to the write-down of certain long-lived assets in our utility services business.

As a result of the completion of the sales of our merchant services business in May 2008 and the majority of our utility services business in July 2008, the 2008 amounts do not reflect a full year of operations. We also recorded a pre-tax gain of $29.0 million related to the sale of our merchant services business which was offset by losses in our utility services business of $20.7 million resulting from the sale and $19.0 million of impairment charges.

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 December 31, 2009, 65.4% of our managed accounts with balances and 63.7% of managed receivables were for accounts with origination dates greater than 24 months old. At December 31, 2008, 63.0% of our managed accounts with balances and 63.4% of managed 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 may engage collection agencies and outside attorneys to continue those efforts.

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

	December 31, 2009	% of Total	December 31, 2008	% of Total
	(In thousands, except percentages)			
Receivables outstanding	$5,347,285	100%	$4,502,284	100%
Receivables balances contractually delinquent:				
31 to 60 days	98,265	1.8%	82,784	1.8%
61 to 90 days	71,708	1.3	58,434	1.3
91 or more days	161,561	3.0	127,143	2.8
Total	$ 331,534	6.1%	$ 268,361	5.9%

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

	Year Ended December 31,		
	2009	2008	2007
	(In thousands, except percentages)		
Average managed receivables	$4,359,625	$3,915,658	$3,909,627
Net charge-offs	404,382	286,987	227,393
Net charge-offs as a percentage of average managed receivables	9.3%	7.3%	5.8%

Age of Portfolio. The following table sets forth, as of December 31, 2009, the number of managed accounts with balances and the related principal balances outstanding, based upon the age of the managed accounts:

Age Since Origination	Number of Accounts	Percentage of Accounts	Principal Balances Outstanding	Percentage of Balances Outstanding
		(In thousands, except percentages)		
0-12 Months	3,027	22.1%	$1,225,702	23.1%
13-24 Months	1,722	12.5	700,086	13.2
25-36 Months	1,411	10.3	562,245	10.6
37-48 Months	1,243	9.0	494,612	9.3
49-60 Months	992	7.2	385,825	7.2
Over 60 Months	5,337	38.9	1,945,152	36.6
Total	13,732	100.0%	$5,313,622	100.0%

See Note 7, “Securitization of Credit Card Receivables,” of the Notes to Consolidated Financial Statements for additional information related to the securitization of our credit card receivables.

Liquidity and Capital Resources

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

We generated cash flow from operating activities of $358.4 million for the year ended December 31, 2009 compared to $451.0 million for the comparable period in 2008. Cash flows in the year ended December 31, 2008 were impacted by an increase in deferred revenue related to a change in contractual terms with BMO Bank of Montreal. In May 2008, we assumed BMO Bank of Montreal's liability for the cost of redemptions for their outstanding AIR MILES reward miles, for which we received $369.9 million in cash.

We utilize our cash flow from operations for ongoing business operations, acquisitions and capital expenditures.

Investing Activities. Cash used in investing was $888.0 million for the year ended December 31, 2009 compared to $512.5 million for the comparable period in 2008. Significant components of investing activities are as follows:

- *Acquisitions.* During the year ended December 31, 2009, we had payments for acquired businesses totaling $158.9 million related to the assumption of Charming Shoppes' credit card programs and service center operations and acquisition of the credit card files and certain other assets. For the year ended December 31, 2008, we received approximately $138.0 million in proceeds from the sale of our merchant services business and the majority of our utility services business.
- *Redemption Settlement Assets.* Cash provided by redemption settlement assets was $52.4 million for the year ended December 31, 2009 compared to investments in redemption settlement assets of $317.6 million for the comparable period in 2008. In connection with the May 2008 transaction with BMO Bank of Montreal, we received $369.9 million in cash to assume the liability for the redemption of outstanding AIR MILES reward miles they previously issued, which we placed in our redemption settlement asset account.
- *Securitizations and Receivables Funding.* We generally fund private label credit card receivables through a securitization program that provides us with both liquidity and lower borrowing costs. As of December 31, 2009, we had over $4.7 billion of securitized credit card receivables. Securitizations require credit enhancements in the form of cash, spread accounts and additional receivables. The credit enhancement is partially funded through the use of certificates of deposit issued through our subsidiaries, WFNNB and WFCB. Net securitization and credit card receivable activity used $633.2 million for the year ended December 31, 2009 compared to $381.0 million in the comparable period in 2008. We intend to utilize our securitization program for the foreseeable future.
- *Capital Expenditures.* Our capital expenditures for the year ended December 31, 2009 were $53.0 million compared to $49.6 million for the prior year. We anticipate capital expenditures to be approximately 3% of our annual revenue for the foreseeable future.

Financing Activities. Cash provided by financing activities was $570.2 million for the year ended December 31, 2009 as compared to cash used by financing activities of $20.3 million in 2008. Our financing activities for 2009 related primarily to borrowings and repayments of debt and certificates of deposits, proceeds from the issuance of our convertible senior notes due 2014, proceeds from the issuance of warrants, payments for convertible note hedges, the purchase of prepaid forward contracts and repurchases of common stock.

Liquidity Sources. In addition to cash generated from operating activities, our primary sources of liquidity include: our securitization program, certificates of deposit issued by WFNNB and 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. Certain of the announced government programs, such as the Term Asset-Backed Securities Loan Facility, have facilitated the issuance of asset-backed securities and improved market conditions, thus enabling us to replace maturing or short-term funding as discussed in Note 7, "Securitization of Credit Card Receivables," of the Notes to Consolidated Financial Statements. 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 and Off-Balance Sheet Transactions. 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.

Historically, we have used both public and private asset-backed securities 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.

In March 2009, we renewed our 2009-VFC1 conduit facility, increasing its capacity from $550.0 million to $666.7 million and extended the maturity of our 2008-VFN conduit facility, increasing its capacity from $600.0 million to $664.6 million. As part of these two transactions, we increased our retained interests in subordinated notes by $181.3 million.

In April 2009, World Financial Network Credit Card Master Note Trust issued $708.9 million of term asset-backed securities to investors, including those participating in the U.S. government's TALF program. These notes will mature in November 2011. As part of this transaction, we retained all of the $148.9 million of subordinated classes of notes. Proceeds of this issuance were used to retire the 2008-VFN conduit facility, including the retained subordinated notes held by us.

In June 2009, we sold two portfolios of credit card receivables, which were acquired in 2008, to our securitization trusts. We sold a net principal balance of $60.5 million at par, retaining $7.3 million in a spread deposit account, resulting in net proceeds of $53.2 million.

In August 2009, World Financial Network Credit Card Master Note Trust issued $949.3 million of term asset-backed securities to investors, including those participating in the U.S. government's TALF program. The offering consisted of $500.0 million of Series 2009-B asset-backed notes which mature in July 2012, $139.2 million of Series 2009-C asset-backed notes which mature in July 2010, and $310.1 million of Series 2009-D asset-backed notes which mature in July 2013. We retained $118.7 million of these series.

In September 2009, we renewed World Financial Network Credit Card Master Note Trust's 2009-VFN conduit facility, increasing its capacity from $1.3 billion to $1.5 billion and extending its maturity to September 2010. As part of this transaction, we increased our retained interests in subordinated notes by $31.1 million from $12.0 million to $43.1 million.

In September 2009, we renewed World Financial Capital Master Note Trust's 2009-VFN conduit facility, increasing its capacity from $167.1 million to $200.0 million and extending its maturity to September 2010. As part of this transaction, we increased our retained interests in subordinated notes by $20.3 million from $12.7 million to $33.0 million.

In October 2009, World Financial Network Credit Card Master Note Trust II issued a 2009-VFC conduit facility, with commitments totaling $227.3 million and maturing October 2010. As part of this transaction, our retained interests were $30.9 million.

As of December 31, 2009, the WFN Trusts and the WFC Trust had approximately $4.7 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. The WFN Trusts and WFC Trust are required to maintain a credit enhancement level of between 4% and 10% of securitized credit card receivables.

The following table shows the maturities of borrowing commitments as of December 31, 2009 for the WFN Trusts and the WFC Trust by year:

	2010	2011	2012	2013	2014 & Thereafter	Total
			(In millions)			
Public notes	$ 265.4	$ 1,158.9	$ 730.4	$ 899.7	$ —	$ 3,054.4
Private conduits[1]	2,549.6	—	—	—	—	2,549.6
Total	$ 2,815.0	$ 1,158.9	$ 730.4	$ 899.7	$ —	$ 5,604.0

(1) Represents borrowing capacity, not outstanding borrowings. Private conduits are typically 364-day facilities which are renewed annually.

Early amortization events are generally driven by asset performance. The WFN Trusts' excess spread has not significantly deteriorated in 2009 as increased losses have been offset by a significant decrease in short-term borrowing rates. We do not believe it is reasonably likely for an early amortization event to occur due to asset performance. However, if an early amortization event were declared, the trustee of the particular securitization trust would retain the interest in the receivables along with the excess interest income that would otherwise be paid to our bank subsidiary until the securitization investors were fully repaid. The occurrence of an early amortization event would significantly limit or negate our ability to securitize additional receivables.

Debt

- *Certificates of Deposit.* We utilize certificates of deposit to finance the operating activities and fund securitization enhancement requirements of our credit card bank subsidiaries, WFNNB and WFCB. WFNNB and WFCB issue certificates of deposit in denominations of $100,000 in various maturities ranging between one month and five years and with effective annual interest rates ranging from 0.2% to 5.3%. As of December 31, 2009, we had $1.5 billion of certificates of deposit outstanding. Certificate of deposit borrowings are subject to regulatory capital requirements.
- *Credit Facility.* As of December 31, 2009, we maintained a credit agreement that provides for a $750.0 million revolving credit facility with a U.S. $50.0 million sublimit for Canadian dollar borrowings and a $50.0 million sublimit for swing line loans. At December 31, 2009, borrowings under the credit facility were $487.0 million and had a weighted average interest rate of 1.1%.
- *Senior Notes.* On May 16, 2006, we entered into a senior note purchase agreement and issued and sold $250.0 million aggregate principal amount of 6.00% Series A Notes due May 16, 2009 and $250.0 million aggregate principal amount of 6.14% Series B Notes due May 16, 2011. The Series A and

Series B Notes will accrue interest on the unpaid balance thereof at the rate of 6.00% and 6.14% per annum, respectively, from May 16, 2006, payable semiannually, on May 16 and November 16 in each year until the principal has become due and payable. The note purchase agreement includes usual and customary negative covenants and events of default for transactions of this type. We repaid the $250.0 million aggregate principal amount of 6.00% Series A Notes at its scheduled maturity of May 16, 2009.

- *Term Loan*. On May 15, 2009, we entered into a term loan agreement with Bank of Montreal, as administrative agent, and various other agents and banks. At December 31, 2009, borrowings under the Term Loan were $161.0 million with a weighted-average interest rate of 3.2%. The proceeds were used, together with other funds, to repay the $250.0 million aggregate principal amount of 6.00% Series A Notes due May 16, 2009.
- *Convertible Senior Notes due 2013.* In July 2008, we issued $700.0 million aggregate principal amount of Convertible Senior Notes due 2013. We granted to the initial purchases of the Convertible Senior Notes due 2013 an option to purchase up to an additional $105.0 million aggregate principal amount of the Convertible Senior Notes due 2013 solely to cover over-allotments, if any, which was exercised in full on August 4, 2008. Holders of the Convertible Senior Notes due 2013 have the right to require us to repurchase for cash all or some of their Convertible Senior Notes due 2013 upon the occurrence of certain fundamental changes.
- *Convertible Senior Notes due 2014.* In June 2009, we issued $345.0 million aggregate principal amount of Convertible Senior Notes due 2014, which included an over-allotment of $45.0 million. Holders of the Convertible Senior Notes due 2014 have the right to require us to repurchase for cash all or some of their Convertible Senior Notes due 2014 upon the occurrence of certain fundamental changes.

See Note 11, “Debt,” of the Notes to Consolidated Financial Statements for additional information regarding our credit facility, senior notes, term loan and Convertible Senior Notes due 2013 and 2014.

Repurchase of Equity Securities. During 2009, 2008, and 2007, we repurchased approximately 12.7 million, 17.2 million, and 1.8 million shares of our common stock for an aggregate amount of $520.8 million, $1,000.9 million, and $108.5 million, respectively. The 2009 amounts include 1,857,400 shares purchased under prepaid forward transactions for approximately $74.9 million, which shares are to be delivered over a settlement period in 2014. We have Board authorization to acquire an additional $275.1 million of common stock through December 31, 2010.

Contractual Obligations. The following table highlights, as of December 31, 2009, our contractual obligations and commitments to make future payments by type and period:

	2010	2011 & 2012	2013 & 2014	2015 & Thereafter	Total
			(In thousands)		
Certificates of deposit[1]	$ 797,258	$ 562,527	$ 160,711	$ —	$ 1,520,496
Convertible senior notes[1]	30,475	60,950	1,180,751	—	1,272,176
Credit facility[1]	5,347	493,684	—	—	499,031
Senior notes[1]	15,350	255,756	—	—	271,106
Term loan[1]	29,169	141,724	—	—	170,893
Operating leases	48,530	75,993	53,882	94,901	273,306
Capital leases	23,065	3,947	13	—	27,025
Software licenses	5,364	277	—	—	5,641
ASC 740 obligations[2]	—	—	—	—	—
Purchase obligations[3]	70,223	85,350	72,796	121,283	349,652
	$ 1,024,781	$ 1,680,208	$ 1,468,153	$ 216,184	$ 4,389,326

(1) The certificates of deposit, convertible senior notes, credit facility, senior notes and term loan represent our estimated debt service obligations, including both principal and interest. Interest was based on the interest rates in effect as of December 31, 2009, applied to the contractual repayment period.

(2) Does not reflect unrecognized tax benefits of $68 million, of which the timing remains uncertain.

(3) Purchase obligations are defined as an agreement to purchase goods or services that is enforceable and legally binding and specifying all significant terms, including the following: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and approximate timing of the transaction. The purchase obligation amounts disclosed above represent estimates of the minimum for which we are obligated and the time period in which cash outflows will occur. Purchase orders and authorizations to purchase that involve no firm commitment from either party are excluded from the above table. Purchase obligations include purchase commitments under our AIR MILES Reward Program, minimum payments under support and maintenance contracts and agreements to purchase other goods and services.

We believe that we will have access to sufficient resources to meet these commitments.

Inflation and Seasonality

Although we cannot precisely determine the impact of inflation on our operations, we do not believe that we have been significantly affected by inflation. For the most part, we have relied on operating efficiencies from scale and technology, as well as decreases in technology and communication costs, to offset increased costs of employee compensation and other operating expenses. Our revenues, earnings and cash flows are affected by increased consumer spending patterns leading up to and including the holiday shopping period in the third and fourth quarter and, to a lesser extent, during the first quarter as credit card balances are paid down.

Regulatory Matters

WFNNB is subject to various regulatory capital requirements administered by the OCC. WFCB is subject to regulatory capital requirements administered by both the FDIC and the State of Utah. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material adverse effect on our financial statements. Under the FDIC's order approving WFCB's application for deposit insurance, WFCB must meet specific capital ratios and paid-in capital minimums and must maintain adequate allowances for loan losses. If WFCB fails to meet the terms of the FDIC's order, the FDIC may withdraw insurance coverage from WFCB, and the State of Utah may withdraw its approval of WFCB. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, WFNNB must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. WFNNB is limited in the amounts that it can pay as dividends to us.

Quantitative measures established by regulations to ensure capital adequacy require WFNNB to maintain minimum amounts and ratios of total and Tier 1 capital to risk weighted assets and of Tier 1 capital to average assets. Under the regulations, a "well capitalized" institution must have a Tier 1 capital ratio of at least 6%, a total capital ratio of at least 10% and a leverage ratio of at least 5% and not be subject to a capital directive order. An "adequately capitalized" institution must have a Tier 1 capital ratio of at least 4%, a total capital ratio of at least 8% and a leverage ratio of at least 4%, but 3% is allowed in some cases. Under these guidelines, WFNNB is considered well capitalized. As of December 31, 2009, WFNNB's Tier 1 capital ratio was 15.2%, total capital ratio was 16.1% and leverage ratio was 32.3%, and WFNNB was not subject to a capital directive order. On April 22, 2005, WFCB received non-disapproval notification for a modification of the original three-year business plan. The letter of non-disapproval was issued jointly by the State of Utah and the FDIC. WFCB, under the terms of the letter, must maintain total risk-based capital equal to or exceeding 10% of total risk-based assets and must maintain Tier 1 capital to total assets ratio of not less than 16%. Both capital ratios were maintained at or above the indicated levels until the end of the bank's de novo period on November 30, 2006.

As part of a portfolio acquisition in 2003 by WFNNB, which required approval by the OCC, the OCC required WFNNB to enter into an operating agreement with the OCC (the "2003 Operating Agreement") and a capital adequacy and liquidity maintenance agreement with us (the "2003 CALMA"). The 2003 Operating

Agreement required WFNNB to continue to operate in a manner consistent with its current practices, regulatory guidelines and applicable law, including those related to affiliate transactions, maintenance of capital and corporate governance. In August 2009, we entered into a revised operating agreement with WFNNB and the OCC (the "2009 Operating Agreement"), which required us to enter into both a new capital adequacy and liquidity maintenance agreement (the "2009 CALMA") and a capital and liquidity support agreement (the "2009 CALSA") with WFNNB. The 2009 Operating Agreement has not required any changes in WFNNB's operations. The 2009 CALMA and 2009 CALSA memorialize our current obligations to ensure that WFNNB remains in compliance with its minimum capital requirements.

Recent Accounting Pronouncements

In June 2009, the FASB issued guidance codified in ASC 860, "Transfers and Servicing," related to accounting for transfers of financial assets and ASC 810, "Consolidation," related to the consolidation of variable interest entities. ASC 860 removes the concept of a QSPE and eliminates the consolidation exception currently available for QSPEs. It is effective for financial asset transfers on or after the beginning of the first annual reporting period beginning on or after November 15, 2009 and early adoption is prohibited. ASC 810 requires an initial evaluation as well as an ongoing assessment of our involvement with the operations of the WFN Trusts and the WFC Trust and our rights or obligations to receive benefits or absorb losses of these securitization trusts that could be potentially significant in order to determine whether those entities will be required to be consolidated on the balance sheet of WFNNB, WFCB or their affiliates, including us.

The assessment of the WFN Trusts and the WFC Trust under ASC 860 and ASC 810 will result in the consolidation of the securitization trusts on the balance sheet of WFNNB, WFCB or their affiliates, including us, beginning January 1, 2010. Based on the carrying amounts of the trust assets and liabilities as prescribed by ASC 810, we expect to record a $3.4 billion increase in assets, including $0.5 billion to loan loss reserves, an increase in liabilities of $3.7 billion and a $0.4 billion reduction in stockholders' equity.

After adoption, our results of operations will no longer reflect securitization income, but will instead report interest income, and certain other income associated with all securitized credit card receivables. Net-charge offs associated with credit card receivables will be reflected in our cost of operations. Interest expense associated with debt issued from the trusts to third-party investors will be reported in interest expense. Additionally, after adoption, we will no longer record initial gains on new securitization activity since securitized credit card receivables will no longer receive sale accounting treatment. Further, we will not record any gains or losses on the revaluation of the interest-only strip receivable as that asset is not recognizable in a transaction accounted for as a secured borrowing. Because our securitization transactions will be accounted for as secured borrowings rather than asset sales, the cash flows from these transactions will be presented as cash flows from financing activities rather than cash flows from operating or investing activities.

In October 2009, the FASB issued Accounting Standards Update ("ASU") 2009-13, "Multiple-Deliverable Revenue Arrangements." ASU 2009-13 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.” ASU 2010-06 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 will be 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 will only impact disclosures and would not have a material impact on our consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09, “Subsequent Events,” to remove the requirement for an entity that files or furnished financial statements with the SEC to disclose a date through which subsequent events have been evaluated in both originally issued and restated financial statements. Restated financial statements include financial statements revised as a result of correction of an error or retrospective application of U.S. GAAP. The ASU removes potential conflicts with the SEC’s literature. We adopted ASU 2010-09 in February 2010.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

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

Off-Balance Sheet Risk. We are subject to off-balance sheet risk in the normal course of business, including commitments to extend credit and through our securitization program. The securitization trusts enter into interest rate swaps to reduce the interest rate sensitivity of the securitization transactions. The securitization program involves elements of credit, market, interest rate, legal and operational risks in excess of the amount recognized on the balance sheet through our retained interests in the securitization and the interest-only strips.

Interest Rate Risk. Interest rate risk affects us directly in our lending and borrowing activities. Our total borrowing costs, including off-balance sheet swap payments, were approximately $312.1 million for 2009, which includes both on-and off-balance sheet transactions. Of this total, $146.6 million of the interest expense for 2009 was attributable to on-balance sheet indebtedness and the remainder to our securitized credit card receivables, which are financed off-balance sheet. To manage our risk from market interest rates, we actively monitor the interest rates and the interest sensitive components both on- and off-balance sheet to minimize the impact that changes in interest rates have on the fair value of assets, net income and cash flow. To achieve this objective, we manage our exposure to fluctuations in market interest rates by matching asset and liability repricings and through the use of fixed-rate debt instruments to the extent that reasonably favorable rates are obtainable with such arrangements. In addition, through the securitization trusts, we enter into derivative financial instruments such as interest rate swaps and treasury locks to mitigate our interest rate risk on a related financial instrument or to lock the interest rate on a portion of our variable debt. We do not enter into derivative or interest rate transactions for trading or other speculative purposes.

At December 31, 2009, we had $7.7 billion of debt, including $4.4 billion of off-balance sheet debt from our securitization program.

	As of December 31, 2009		
	Fixed rate	Variable rate	Total
		(In millions)	
Off-balance sheet	$ 3,306.2	$ 1,116.2	$ 4,422.4
On-balance sheet	1,134.4	2,113.0	3,247.4
Total	$ 4,440.6	$ 3,229.2	$ 7,669.8

- At December 31, 2009, our fixed rate off-balance sheet debt was locked at a current effective interest rate of 4.2% which included off-balance sheet variable rate debt fixed through interest rate swap agreements.
- At December 31, 2009, our fixed rate on-balance sheet variable rate debt was subject to fixed rates with a weighted average interest rate of 9.8%.

The approach we use to quantify interest rate risk is a sensitivity analysis which we believe best reflects the risk inherent in our business. This approach calculates the impact on pre-tax income from an instantaneous and sustained increase in interest rates of 1.0%. In 2009, a 1.0% increase in interest rates would have resulted in a decrease to fiscal year pre-tax income of approximately $32.3 million. Conversely, a corresponding decrease in interest rates would have resulted in a comparable increase to pre-tax income. Our use of this methodology to quantify the market risk of financial instruments should not be construed as an endorsement of its accuracy or the appropriateness of the related assumptions.

Credit Risk. We are exposed to credit risk relating to the credit card loans we make to our clients' customers. Our credit risk relates to the risk that consumers using the private label credit cards that we issue will not repay their revolving credit card loan balances. We have developed credit risk models designed to identify qualified consumers who fit our risk parameters. To minimize our risk of loan write-offs, we control approval rates of new accounts and related credit limits and follow strict collection practices. We monitor the buying limits, as well as set pricing regarding fees and interest rates charged.

Foreign Currency Exchange Rate Risk. We are exposed to fluctuations in the exchange rate between the U.S. and the Canadian dollar through our significant Canadian operations. We generally do not hedge any of our net investment exposure in our Canadian subsidiary. A 10% increase in the Canadian exchange rate would have resulted in an increase in pre-tax income of $16.6 million as of December 31, 2009. Conversely, a corresponding decrease in the exchange rate would result in a comparable decrease to pre-tax income.

Redemption Reward Risk. Through our AIR MILES Reward Program, we are exposed to potentially increasing reward costs associated primarily with travel rewards. To minimize the risk of rising travel reward costs, we:

- have multi-year supply agreements with several Canadian, U.S. and international airlines;
- are seeking new supply agreements with additional airlines;
- periodically alter the total mix of rewards available to collectors with the introduction of new merchandise rewards, which are typically lower cost per AIR MILES reward mile than air travel;
- allow collectors to obtain certain travel rewards using a combination of reward miles and cash or cash alone in addition to using AIR MILES reward miles alone; and
- periodically adjust the number of AIR MILES reward miles required to be redeemed to obtain a reward.

A 10% increase in the cost of rewards to satisfy redemptions would have resulted in a decrease in pre-tax income of $35.4 million, as of December 31, 2009. Conversely, a corresponding decrease in the cost of rewards to satisfy redemptions would result in a comparable increase to pre-tax income.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements begin on page F-1 of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

As of December 31, 2009, 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 December 31, 2009, 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.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal controls over financial reporting are designed 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 in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Our evaluation of and conclusion on the effectiveness of internal control over financial reporting as of December 31, 2009 did not include the internal controls for the assumption of Charming Shoppes' credit card programs and service center operations and acquisition of the credit card files and certain other assets, because of the timing of the acquisition, which was completed in October 2009. As of December 31, 2009, this entity constituted approximately $235.5 million of total assets, $18.6 million of revenues and $7.8 million of pre-tax income for the year then ended.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting. In conducting this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework.* Based on this evaluation, management, with the participation of the Chief Executive Officer and Chief Financial Offer, concluded that our internal control over financial reporting was effective as of December 31, 2009.

The effectiveness of internal control over financial reporting as of December 31, 2009, has been audited by Deloitte & Touche, LLP, the independent registered public accounting firm who also audited our consolidated financial statements. Deloitte & Touche's attestation report on the effectiveness of our internal control over financial reporting appears on page F-3.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended December 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated by reference to the Proxy Statement for the 2010 Annual Meeting of our stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2009.

Item 11. Executive Compensation

Incorporated by reference to the Proxy Statement for the 2010 Annual Meeting of our stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2009.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated by reference to the Proxy Statement for the 2010 Annual Meeting of our stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2009.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated by reference to the Proxy Statement for the 2010 Annual Meeting of our stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2009.

Item 14. Principal Accounting Fees and Services

Incorporated by reference to the Proxy Statement for the 2010 Annual Meeting of our stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2009.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements

(2) Financial Statement Schedule

(3) The following exhibits are filed as part of this Annual Report on Form 10-K or, where indicated, were previously filed and are hereby incorporated by reference.

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	Office Lease between Nodenble Associates, LLC and ADS Alliance Data Systems, Inc., dated as of October 1, 2009.
10.2	Build-to-Suit Net Lease between Opus South Corporation and ADS Alliance Data Systems, Inc., dated January 29, 1998, as amended (incorporated by reference to Exhibit No. 10.10 to our Annual Report on Form 10-K, filed with the SEC on April 1, 2002, File No. 001-15749).
10.3	Fourth Amendment to Build-to-Suit Net Lease between Opus South Corporation and ADS Alliance Data Systems, Inc., dated September 3, 2004 (incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
10.4	Office Lease between Office City, Inc. and World Financial Network National Bank, dated December 24, 1986, and amended January 19, 1987, May 11, 1988, August 4, 1989 and August 18, 1999 (incorporated by reference to Exhibit No. 10.17 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623).

Exhibit No.	Description
10.5	Fifth Amendment to Office Lease between Office City, Inc. and World Financial Network National Bank, dated March 29, 2004 (incorporated by reference to Exhibit 10.6 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
10.6	Lease Agreement by and between Continental Acquisitions, Inc. and World Financial Network National Bank, dated July 2, 1990, and amended September 11, 1990, November 16, 1990 and February 18, 1991 (incorporated by reference to Exhibit No. 10.18 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623).
10.7	Fourth Amendment to Lease Agreement by and between Continental Acquisitions, Inc. and World Financial Network National Bank, dated June 1, 2000 (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 14, 2003, File No. 001-15749).
10.8	Fifth Amendment to Lease Agreement by and between Continental Acquisitions, Inc. and World Financial Network National Bank, dated June 30, 2001 (incorporated by reference to Exhibit No. 10.10 to our Annual Report on Form 10-K filed with the SEC on March 3, 2006, File No. 001-15749).
10.9	Sixth Amendment to Lease Agreement by and between Continental Acquisitions, Inc. and World Financial Network National Bank, dated January 27, 2006 (incorporated by reference to Exhibit 10.10 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
*10.10	Letter Agreement by and between Continental Realty, Ltd. and ADS Alliance Data Systems, Inc., dated as of October 29, 2009.
10.11	Lease Agreement by and between 601 Edgewater LLC and Epsilon Data Management, Inc., dated July 30, 2002 (incorporated by reference to Exhibit No. 10.17 to our Annual Report on Form 10-K filed with the SEC on March 4, 2005, File No. 001-15749).
10.12	First Amendment to Lease Agreement by and between 601 Edgewater LLC and Epsilon Data Management, Inc., dated August 29, 2007 (incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
10.13	Second Amendment to Lease Agreement by and between 601 Edgewater LLC and Epsilon Data Management, LLC, dated October 3, 2008 (incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K, filed with the SEC on March 2, 2009, File No. 001-15749).
*10.14	Third Amendment to Lease Agreement by and between 601 Edgewater LLC and Epsilon Data Management, LLC, dated November 10, 2009.
10.15	Lease Agreement by and between Sterling Direct, Inc. and Sterling Properties, L.L.C., dated September 22, 1997, as subsequently assigned (incorporated by reference to Exhibit No. 10.18 to our Annual Report on Form 10-K filed with the SEC on March 4, 2005, File No. 001-15749).
10.16	Lease Agreement by and between KDC-Regent I Investments, LP and Epsilon Data Management, Inc., dated May 31, 2005 (incorporated by reference to Exhibit No. 10.17 to our Annual Report on Form 10-K filed with the SEC on March 3, 2006, File No. 001-15749).
10.17	Second Amendment to Lease Agreement by and between KDC-Regent I Investments, LP and Epsilon Data Management, Inc., dated May 11, 2007 (incorporated by reference to Exhibit 10.17 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
10.18	Lease between 592423 Ontario Inc. and Loyalty Management Group Canada, Inc., dated November 14, 2005 (incorporated by reference to Exhibit No. 10.18 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).

Exhibit No.	Description
*10.19	Lease Amending Agreement by and between Dundeal Canada (GP) Inc. (as successor in interest to 592423 Ontario Inc.) and LoyaltyOne, Inc., dated as of May 21, 2009.
10.20	Lease Agreement by and between ADS Place Phase I, LLC and ADS Alliance Data Systems, Inc. dated August 25, 2006 (incorporated by reference to Exhibit No. 10.20 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).
*10.21	Third Lease Amendment by and between ADS Place Phase I, LLC and ADS Alliance Data Systems, Inc. dated as of November 1, 2007.
10.22	Agreement of Lease by and between 11 West 19th Associates LLC and Epsilon Data Management LLC, dated March 15, 2007 (incorporated by reference to Exhibit 10.20 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
10.23	Office Lease by and between Location3 Limited and 3407276 Canada, Inc., dated as of July 20, 1999 (incorporated by reference to Exhibit 10.21 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
10.24	Lease Agreement by and between DoubleClick Inc. and Epsilon Data Management LLC, dated as of February 1, 2007, as amended June 2007 (incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10-K, filed with the SEC on February 28, 2008, File No. 001-15749).
10.25	Second Amendment to Lease Agreement by and between Google Inc. (as successor-in-interest to Doubleclick Inc.) and Epsilon Data Management LLC, dated as of July 24, 2008 (incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K, filed with the SEC on March 2, 2009, File No. 001-15749).
*10.26	Lease of Space (Multi-Story Office) by and between 2650 Crescent LLC and Alliance Data FHC, Inc. (by assignment from DoubleClick Inc.), dated as of December 14, 2005, as amended.
10.27	Capital Assurance and Liquidity Maintenance Agreement, dated August 28, 2003, by and between Alliance Data Systems Corporation and World Financial Network National Bank (incorporated by reference to Exhibit No. 10.3 to our Registration Statement on Form S-3 filed with the SEC on October 15, 2003, File No. 333-109713).
10.28	Capital Assurance and Liquidity Maintenance Agreement, dated as of August 14, 2009, by and between World Financial Network National Bank and Alliance Data Systems Corporation (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K, filed with the SEC on September 17, 2009, File No. 001-15749).
10.29	Capital and Liquidity Support Agreement, dated as of August 14, 2009, by and among the Office of the Comptroller of the Currency, World Financial Network National Bank and Alliance Data Systems Corporation (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K, filed with the SEC on September 17, 2009, File No. 001-15749).
+10.30	Alliance Data Systems Corporation Amended and Restated Executive Deferred Compensation Plan effective January 1, 2008 (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 11, 2009, File No. 001-15749).
+10.31	Alliance Data Systems Corporation Executive Annual Incentive Plan (incorporated by reference to Exhibit B to our Definitive Proxy Statement filed with the SEC on April 29, 2005, File No. 001-15749).
+10.32	Alliance Data Systems Corporation 2007 Incentive Compensation Plan (incorporated by reference to Exhibit No. 10.26 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).
+10.33	Amended and Restated Alliance Data Systems Corporation and its Subsidiaries Stock Option and Restricted Stock Plan (incorporated by reference to Exhibit No. 10.34 to our Registration Statement on Form S-1 filed with the SEC on May 4, 2001, File No. 333-94623).

Exhibit No.	Description
+10.34	Form of Alliance Data Systems Corporation Incentive Stock Option Agreement under the Amended and Restated Alliance Data Systems Corporation and its Subsidiaries Stock Option and Restricted Stock Plan (incorporated by reference to Exhibit No. 10.35 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623).
+10.35	Form of Alliance Data Systems Corporation Non-Qualified Stock Option Agreement under the Amended and Restated Alliance Data Systems Corporation and its Subsidiaries Stock Option and Restricted Stock Plan (incorporated by reference to Exhibit No. 10.36 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623).
+10.36	Alliance Data Systems Corporation 2003 Long-Term Incentive Plan (incorporated by reference to Exhibit No. 4.6 to our Registration Statement on Form S-8 filed with the SEC on June 18, 2003, File No. 333-106246).
+10.37	Alliance Data Systems Corporation 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit A to our Definitive Proxy Statement filed with the SEC on April 29, 2005, File No. 001-15749).
+10.38	Amendment Number One to the Alliance Data Systems Corporation 2005 Long Term Incentive Plan, dated as of September 24, 2009 (incorporated by reference to Exhibit No. 10.8 to our Quarterly Report on Form 10-Q filed with the SEC on November 9, 2009, File No. 001-15749).
+10.39	Form of Nonqualified Stock Option Agreement for awards under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (incorporated by reference to Exhibit No. 10.4 to our Current Report on Form 8-K filed with the SEC on August 4, 2005, File No. 001-15749).
+10.40	Form of Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2007 grant) (incorporated by reference to Exhibit No. 10.99 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).
+10.41	Form of Agreement for 2007 Special Award under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (incorporated by reference to Exhibit No. 10.100 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).
+10.42	Form of Time-Based Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2008 grant) (incorporated by reference to Exhibit No. 99.1 to our Current Report on Form 8-K filed with the SEC on April 29, 2008, File No. 001-15749).
+10.43	Form of Performance-Based Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2008 grant) (incorporated by reference to Exhibit No. 99.2 to our Current Report on Form 8-K filed with the SEC on April 29, 2008, File No. 001-15749).
+*10.44	Amendment Number One to Performance-Based Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2008 grant), dated as of October 1, 2009.
+10.45	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2005 Long Term Incentive Plan (2009 grant) (incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on February 25, 2009, File No. 001-15749).
+10.46	Form of Canadian Nonqualified Stock Option Agreement for awards under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (incorporated by reference to Exhibit No. 10.101 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).

Exhibit No.	Description
+10.47	Form of Canadian Restricted Stock Award Agreement for awards under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (incorporated by reference to Exhibit No. 10.102 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).
+10.48	Form of Canadian Agreement for 2007 Special Award under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (incorporated by reference to Exhibit No. 10.104 to our Annual Report on Form 10-K filed with the SEC on February 26, 2007, File No. 001-15749).
+10.49	Form of Canadian Time-Based Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2008 grant) (incorporated by reference to Exhibit No. 99.3 to our Current Report on Form 8-K filed with the SEC on April 29, 2008, File No. 001-15749).
+10.50	Form of Canadian Performance-Based Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2008 grant) (incorporated by reference to Exhibit No. 99.4 to our Current Report on Form 8-K filed with the SEC on April 29, 2008, File No. 001-15749).
+*10.51	Amendment Number One to Canadian Performance-Based Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2008 grant), dated as of October 1, 2009.
+10.52	Form of Canadian Performance-Based Restricted Stock Unit Award Agreement under the 2005 Long Term Incentive Plan (2009 grant) (incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K filed with the SEC on February 25, 2009, File No. 001-15749).
+10.53	Time-Based Restricted Stock Unit Award Agreement under the 2005 Long Term Incentive Plan, dated as of March 27, 2009, by and between J. Michael Parks and Alliance Data Systems Corporation (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K, filed with the SEC on March 30, 2009, File No. 001-15749).
+10.54	Form of Non-Employee Director Nonqualified Stock Option Agreement (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on June 13, 2005, File No. 001-15749).
+10.55	Form of Non-Employee Director Share Award Letter (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on June 13, 2005, File No. 001-15749).
+10.56	Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Alliance Data Systems Corporation 2005 Long Term Incentive Plan (2008 grant) (incorporated by reference to Exhibit No. 10.10 to our Quarterly Report on Form 10-Q filed with the SEC on August 8, 2008, File No. 001-15749).
+10.57	Alliance Data Systems Corporation Non-Employee Director Deferred Compensation Plan (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on June 9, 2006, File No. 001-15749).
+10.58	Form of Alliance Data Systems Associate Confidentiality Agreement (incorporated by reference to Exhibit No. 10.24 to our Annual Report on Form 10-K filed with the SEC on March 12, 2003, File No. 001-15749).
+10.59	Form of Alliance Data Systems Corporation Indemnification Agreement for Officers and Directors (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on February 1, 2005, File No. 001-15749).
+*10.60	Amended and Restated Alliance Data Systems 401(k) and Retirement Savings Plan, effective January 1, 2008, as amended.

Exhibit No.	Description
+*10.61	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2005 Long Term Incentive Plan (2010 grant).
+*10.62	Form of Canadian Performance-Based Restricted Stock Unit Award Agreement under the 2005 Long Term Incentive Plan (2010 grant).
+10.63	Letter employment agreement with J. Michael Parks, dated February 19, 1997 (incorporated by reference to Exhibit 10.39 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623).
+10.64	Change in Control Agreement, dated as of September 25, 2003, by and between ADS Alliance Data Systems, Inc. and J. Michael Parks (incorporated by reference to Exhibit No. 10.2 to our Registration Statement on Form S-3 filed with the SEC on October 15, 2003, File No. 333-109713).
+10.65	Transition Agreement, dated as of March 27, 2009, by and between J. Michael Parks and ADS Alliance Data Systems, Inc. (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K, filed with the SEC on March 30, 2009, File No. 001-15749).
+10.66	Letter employment agreement with Ivan Szeftel, dated May 4, 1998 (incorporated by reference to Exhibit 10.40 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623).
+10.67	Form of Change in Control Agreement, dated as of September 25, 2003, by and between ADS Alliance Data Systems, Inc. and each of Edward J. Heffernan, Ivan M. Szeftel and Alan M. Utay (incorporated by reference to Exhibit No. 10.1 to our Registration Statement on Form S-3 filed with the SEC on October 15, 2003, File No. 333-109713).
+10.68	Separation Agreement and General Release of Claims, dated as of March 24, 2009, by and among John W. Scullion, LoyaltyOne, Inc. and Alliance Data Systems Corporation (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K, filed with the SEC on March 30, 2009, File No. 001-15749).
+10.69	Separation Agreement and General Release of Claims by and between Dwayne Tucker and ADS Alliance Data Systems, Inc. (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K, filed with the SEC on August 18, 2009, File No. 001-15749).
10.70	Amended and Restated License to Use the Air Miles Trade Marks in Canada, dated as of July 24, 1998, by and between Air Miles International Holdings N.V. and Loyalty Management Group Canada Inc. (incorporated by reference to Exhibit No. 10.43 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623) (assigned by Air Miles International Holdings N.V. to Air Miles International Trading B.V. by a novation agreement dated as of July 18, 2001).
10.71	Amended and Restated License to Use and Exploit the Air Miles Scheme in Canada, dated July 24, 1998, by and between Air Miles International Trading B.V. and Loyalty Management Group Canada Inc. (incorporated by reference to Exhibit No. 10.44 to our Registration Statement on Form S-1 filed with the SEC on January 13, 2000, File No. 333-94623).
10.72	Amended and Restated Participation Agreement, dated as of November 1, 2008, by and between LoyaltyOne, Inc. and Bank of Montreal (incorporated by reference to Exhibit 10.1 to our Current report on Form 8-K filed with the SEC on December 5, 2008, File No. 001-15749).
10.73	Second Amended and Restated Pooling and Servicing Agreement, dated as of January 17, 1996 as amended and restated as of September 17, 1999 and August 1, 2001, by and among WFN Credit Company, LLC, World Financial Network National Bank, and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.6 to the Registration Statement on Form S-3 of world financial network credit card master trust filed with the SEC on July 5, 2001, File No. 333-60418).

Exhibit No.	Description
10.74	Second Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of May 19, 2004, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.1 to the Current Report on Form 8-K filed by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on August 4, 2004, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.75	Third Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of March 30, 2005, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.1 to the Current Report on Form 8-K filed by World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on April 4, 2005, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.76	Fourth Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of June 13, 2007, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.1 to the Current Report on Form 8-K filed by WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust on June 15, 2007, File Nos. 333-60418 and 333-113669).
10.77	Fifth Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of October 26, 2007, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.1 to the Current Report on Form 8-K filed by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on October 31, 2007, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.78	Sixth Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of May 27, 2008, among World Financial Network National Bank, WFN Credit Company, LLC, and The Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit No. 4.1 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust on May 29, 2008, File Nos. 333-60418 and 333-113669).
10.79	Omnibus Amendment, dated as of March 31, 2003, among WFN Credit Company, LLC, World Financial Network Credit Card Master Trust, World Financial Network National Bank and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4 to the Current Report on Form 8-K filed by WFN Credit Company, LLC and World Financial Network Credit Card Master Trust on April 22, 2003, File Nos. 333-60418 and 333-60418-01).
10.80	Transfer and Servicing Agreement, dated as of August 1, 2001, between WFN Credit Company, LLC, World Financial Network National Bank, and World Financial Network Credit Card Master Note Trust (incorporated by reference to Exhibit No. 4.3 to the Registration Statement on Form S-3 of World Financial Network Credit Card Master Trust filed with the SEC on July 5, 2001, File No. 333-60418).
10.81	First Amendment to the Transfer and Servicing Agreement, dated as of November 7, 2002, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust (incorporated by reference to Exhibit No. 4.2 to the Current Report on Form 8-K filed by WFN Credit Company, LLC and World Financial Network Credit Card Master Trust on November 20, 2002, File Nos. 333-60418 and 333-60418-01).
10.82	Third Amendment to the Transfer and Servicing Agreement, dated as of May 19, 2004, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust (incorporated by reference to Exhibit No. 4.2 of the Current Report on Form 8-K filed by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on August 4, 2004, File Nos. 333-60418, 333-60418-01 and 333-113669).

Exhibit No.	Description
10.83	Fourth Amendment to the Transfer and Servicing Agreement, dated as of March 30, 2005, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust (incorporated by reference to Exhibit No. 4.2 to the Current Report on Form 8-K filed by World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on April 4, 2005, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.84	Fifth Amendment to the Transfer and Servicing Agreement, dated as of June 13, 2007, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust (incorporated by reference to Exhibit No. 4.2 to the Current Report on Form 8-K filed by WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust on June 15, 2007, File Nos. 333-60418 and 333-113669).
10.85	Sixth Amendment to the Transfer and Servicing Agreement, dated as of October 26, 2007, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust (incorporated by reference to Exhibit No. 4.2 to the Current Report on Form 8-K filed by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on October 31, 2007, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.86	Receivables Purchase Agreement, dated as of August 1, 2001, between World Financial Network National Bank and WFN Credit Company, LLC (incorporated by reference to Exhibit No. 4.8 to the Registration Statement on Form S-3 of World Financial Network Credit Card Master Trust filed with the SEC on July 5, 2001, File No. 333-60418).
10.87	Master Indenture, dated as of August 1, 2001, between World Financial Network Credit Card Master Note Trust and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.1 to the Registration Statement on Form S-3 filed with the SEC by WFN Credit Company, LLC and World Financial Network Credit Card Master Trust on July 5, 2001, File Nos. 333-60418 and 333-60418-01).
10.88	Supplemental Indenture No. 1, dated as of August 13, 2003, between World Financial Network Credit Card Master Note Trust and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.2 of the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC and World Financial Network Credit Card Master Trust on August 28, 2003, File Nos. 333-60418 and 333-60418-01).
10.89	Supplemental Indenture No. 2, dated as of June 13, 2007, between World Financial Network Credit Card Master Note Trust and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.3 to the Current Report on Form 8-K filed by WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust on June 15, 2007, File Nos. 333-60418 and 333-113669).
10.90	Supplemental Indenture No. 3, dated as of May 27, 2008, between World Financial Network Credit Card Master Note Trust and The Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit No. 4.2 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust on May 29, 2008, File Nos. 333-60418 and 333-113669).
10.91	Agreement of Resignation, Appointment and Acceptance, dated as of May 27, 2008, by and among World Financial Network National Bank, World Financial Network Credit Card Master Note Trust, BNY Midwest Trust Company, and The Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit No. 4.3 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust on May 29, 2008, File Nos. 333-60418 and 333-113669).

Exhibit No.	Description
10.92	Agreement of Resignation, Appointment and Acceptance, dated as of May 27, 2008, by and among WFN Credit Company, LLC, BNY Midwest Trust Company, and The Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit No. 4.4 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust on May 29, 2008, File Nos. 333-60418 and 333-113669).
10.93	Series 2004-C Indenture Supplement, dated as of September 22, 2004, between World Financial Network Credit Card Master Note Trust and BNY Midwest Trust Company (incorporated by reference to Exhibit No. 4.2 of the Current Report on Form 8-K filed by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on September 28, 2004, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.94	Series 2008-A Indenture Supplement, dated as of September 12, 2008 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on September 18, 2008, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.95	Series 2008-B Indenture Supplement, dated as of September 12, 2008 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by WFN Credit Company, LLC, World Financial Network Credit Card Master Trust and World Financial Network Credit Card Master Note Trust on September 18, 2008, File Nos. 333-60418, 333-60418-01 and 333-113669).
10.96	Series 2009-A Indenture Supplement, dated as of April 14, 2009 (incorporated by reference to Exhibit No. 4.1 to the Current Report on Form 8-K filed with the SEC by World Financial Network Credit Card Master Note Trust and WFN Credit Company, LLC on April 20, 2009, File Nos. 333-113669 and 333-60418).
10.97	Series 2009-B Indenture Supplement, dated as of August 13, 2009 (incorporated by reference to Exhibit No. 4.1 to the Current Report on Form 8-K filed with the SEC by World Financial Network Credit Card Master Note Trust and WFN Credit Company, LLC on August 17, 2009, File Nos. 333-113669 and 333-60418).
10.98	Series 2009-C Indenture Supplement, dated as of August 13, 2009 (incorporated by reference to Exhibit No. 4.2 to the Current Report on Form 8-K filed by World Financial Network Credit Card Master Note Trust and WFN Credit Company, LLC with the SEC on August 17, 2009, File Nos. 333-113669 and 333-60418).
10.99	Series 2009-D Indenture Supplement, dated as of August 13, 2009 (incorporated by reference to Exhibit No. 4.3 to the Current Report on Form 8-K filed by World Financial Network Credit Card Master Note Trust and WFN Credit Company, LLC with the SEC on August 17, 2009, File Nos. 333-113669 and 333-60418).
10.100	Third Amended and Restated Service Agreement, dated as of May 15, 2008, between World Financial Network National Bank and ADS Alliance Data Systems, Inc. (incorporated by reference to Exhibit No. 99.1 to the Current Report on Form 8-K filed by World Financial Network Credit Card Master Note Trust and WFN Credit Company, LLC with the SEC on August 17, 2009, File Nos. 333-113669 and 333-60418).
*10.101	Purchase and Sale Agreement, dated as of November 25, 1997, between Spirit of America National Bank and Charming Shoppes Receivables Corp.
*10.102	First Amendment to Purchase and Sale Agreement, dated as of July 22, 1999, between Spirit of America National Bank and Charming Shoppes Receivables Corp.

Exhibit No.	Description
*10.103	Second Amendment to Purchase and Sale Agreement, dated as of November 9, 2000, between Spirit of America National Bank and Charming Shoppes Receivables Corp.
*10.104	Third Amendment to Purchase and Sale Agreement, dated as of May 8, 2001, between Spirit of America National Bank and Charming Shoppes Receivables Corp.
*10.105	Consent to Purchase and Sale Agreement, dated as of October 17, 2007, between Spirit of America National Bank and Charming Shoppes Receivables Corp.
*10.106	Fourth Amendment to Purchase and Sale Agreement, dated as of October 30, 2009, among Spirit of America National Bank, Charming Shoppes Receivables Corp., World Financial Network National Bank and WFN Credit Company, LLC.
*10.107	Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997, among Charming Shoppes Receivables Corp., Spirit America, Inc., and First Union National Bank.
*10.108	First Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of July 22, 1999, among Charming Shoppes Receivables Corp., Spirit America, Inc. and First Union National Bank.
*10.109	Second Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of May 8, 2001, among Charming Shoppes Receivables Corp., Spirit America, Inc. and First Union National Bank.
*10.110	Fourth Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of August 5, 2004, among Charming Shoppes Receivables Corp., Spirit America, Inc. and Wachovia Bank, National Association.
*10.111	Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of March 18, 2005, among Charming Shoppes Receivables Corp., Spirit America, Inc. and Wachovia Bank, National Association.
*10.112	Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of October 17, 2007, among Charming Shoppes Receivables Corp., Spirit America, Inc. and U.S. Bank National Association.
*10.113	Sixth Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of October 30, 2009, among Spirit America, Inc., Charming Shoppes Receivables Corp., World Financial Network National Bank, WFN Credit Company, LLC and U.S. Bank National Association.
10.114	Receivables Purchase Agreement, dated as of September 28, 2001, between World Financial Network National Bank and WFN Credit Company, LLC (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2008, File No. 001-15749).
10.115	First Amendment to Receivables Purchase Agreement, dated as of June 24, 2008, between World Financial Network National Bank and WFN Credit Company, LLC.
10.116	World Financial Network Credit Card Master Trust III Amended and Restated Pooling and Servicing Agreement, dated as of September 28, 2001, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2008, File No. 001-15749).
10.117	First Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of April 7, 2004, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association (incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2008, File No. 001-15749).

Exhibit No.	Description
10.118	Second Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of March 23, 2005, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association (incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2008, File No. 001-15749).
10.119	Third Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of October 26, 2007, among WFN Credit Company, LLC, World Financial Network National Bank, and Union Bank of California, N.A. (successor to JPMorgan Chase Bank, N.A.) (incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2008, File No. 001-15749).
10.120	Receivables Purchase Agreement, dated as of September 29, 2008 between World Financial Capital Bank and World Financial Capital Credit Company, LLC (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2008, File No. 001-15749).
10.121	Transfer and Servicing Agreement, dated as of September 29, 2008, among World Financial Capital Credit Company, LLC, World Financial Capital Bank and World Financial Capital Master Note Trust (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q, filed with the SEC on November 7, 2008, File No. 001-15749).
*10.122	Series 2006-A Indenture Supplement, dated as of April 28, 2006, among World Financial Network Credit Card Master Note Trust, World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company.
*10.123	Series 2007-1 Indenture Supplement, dated as of October 17, 2007, among Charming Shoppes Receivables Corp., Spirit of America, Inc. and U.S. Bank National Association.
*10.124	Series 2009-VFC1 Indenture Supplement, dated as of March 31, 2009, among WFN Credit Company, LLC, World Financial Network National bank and Union Bank N.A.
*10.125	Series 2009-VFN Indenture Supplement, dated as of September 28, 2009, among World Financial Capital Master Note Trust, World Financial Capital Bank, World Financial Capital Credit Company, LLC and U. S. Bank National Association.
*10.126	Series 2009-VFN Indenture Supplement, dated as of September 29, 2009, among World Financial Network Credit Card Master Note Trust, WFN Credit Company, LLC and The Bank of New York Mellon Trust Company, N.A.
10.127	Note Purchase Agreement, dated as of May 1, 2006, by and among Alliance Data Systems Corporation and the Purchasers party thereto (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K, filed with the SEC on May 18, 2006, File No. 001-15749).
10.128	First Amendment to Note Purchase Agreement, dated as of October 22, 2007, by and among Alliance Data Systems Corporation and the Holders party thereto (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on October 23, 2007, File No. 001-15749).
10.129	Subsidiary Guaranty, dated as of May 1, 2006, by ADS Alliance Data Systems, Inc. in favor of the holders from time to time of the Notes (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K, filed with the SEC on May 18, 2006, File No. 001-15749).
10.130	Joinder to Subsidiary Guaranty, dated as of September 29, 2006, by each of Epsilon Marketing Services, LLC, Epsilon Data Marketing, LLC and Alliance Data Foreign Holdings, Inc. in favor of the holders from time to time of the Notes (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on October 2, 2006, File No. 001-15749).

Exhibit No.	Description
10.131	Joinder to Subsidiary Guaranty, dated as of May 30, 2008, by ADS Foreign Holdings, Inc. in favor of the holders from time to time of the Notes (incorporated by reference to Exhibit No. 10.3 to our Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2008, File No. 001-15749).
10.132	Credit Agreement, dated as of September 29, 2006, by and among Alliance Data Systems Corporation and certain subsidiaries parties thereto, as Guarantors, Bank of Montreal, as Administrative Agent, Co-Lead Arranger and Sole Book Runner, and various other agents and banks (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on October 2, 2006, File No. 001-15749).
10.133	First Amendment to Credit Agreement, dated as of March 30, 2007, by and among Alliance Data Systems Corporation and certain subsidiaries parties thereto as Guarantors, Bank of Montreal, as Administrative Agent and various other agents and banks (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on March 30, 2007, File No. 001-15749).
10.134	Second Amendment to Credit Agreement, dated as of June 16, 2008, by and among Alliance Data Systems Corporation and certain subsidiaries parties thereto as Guarantors, Bank of Montreal, as Administrative Agent and various other agents and banks (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on June 16, 2008, File No. 001-15749).
10.135	Guarantor Supplement, dated as of May 15, 2008, by ADS Foreign Holdings, Inc. in favor of Bank of Montreal, as Administrative Agent for the Banks party to the Credit Agreement dated as of September 29, 2006 among Alliance Data Systems Corporation, the Guarantors from time to time party thereto, the Banks from time to time party thereto, Bank of Montreal, as Letter of Credit Issuer, and Bank of Montreal, as Administrative Agent (incorporated by reference to Exhibit No. 10.4 to our Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2008, File No. 001-15749).
10.136	Term Loan Agreement, dated as of May 15, 2009, by and among Alliance Data Systems Corporation, as borrower, and certain subsidiaries parties thereto, as guarantors, Bank of Montreal, as Administrative Agent, Co-Lead Arranger and Book Runner, and various other agents and banks (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K, filed with the SEC on May 18, 2009, File No. 001-15749).
10.137	Purchase Agreement, dated as of July 23, 2008, by and among Alliance Data Systems Corporation and the Initial Purchasers party thereto (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on July 29, 2008, File No. 001-15749).
10.138	Indenture, dated as of July 29, 2008, by and among Alliance Data Systems Corporation and The Bank of New York Mellon Trust Company, National Association (incorporated by reference to Exhibit No. 4.1 to our Current Report on Form 8-K filed with the SEC on July 29, 2008, File No. 001-15749).
10.139	Form of 1.75% Convertible Senior Note due August 1, 2013 (included in Exhibit 10.110) (incorporated by reference to Exhibit No. 4.1 to our Current Report on Form 8-K filed with the SEC on July 29, 2008, File No. 001-15749).
10.140	Form of Hedge Confirmation dated July 23, 2008 between Alliance Data Systems Corporation and each of JPMorgan Chase Bank, National Association, London Branch (represented by J.P. Morgan Securities Inc., as its agent) and Bank of America, N.A. (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on July 29, 2008, File No. 001-15749).

Exhibit No.	Description
10.141	Form of Warrant Confirmation dated July 23, 2008 between Alliance Data Systems Corporation and each of JPMorgan Chase Bank, National Association, London Branch (represented by J.P. Morgan Securities Inc., as its agent) and Bank of America, N.A. (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on July 29, 2008, File No. 001-15749).
10.142	Form of Warrant Confirmation Amendment dated August 4, 2008 between Alliance Data Systems Corporation and each of JPMorgan Chase Bank, National Association, London Branch (represented by J.P. Morgan Securities Inc., as its agent) and Bank of America, N.A. (incorporated by reference to Exhibit No. 10.27 to our Quarterly Report on Form 10-Q filed with the SEC on August 8, 2008, File No. 001-15749).
10.143	Purchase Agreement, dated May 27, 2009, between Alliance Data Systems Corporation and the several Initial Purchasers party thereto (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K, filed with the SEC on June 2, 2009, File No. 001-15749).
10.144	Indenture, dated June 2, 2009, between Alliance Data Systems Corporation and The Bank of New York Mellon Trust Company, National Association, as Trustee (including the form of the Company's 4.75% Convertible Senior Note due May 15, 2014) (incorporated by reference to Exhibit No. 4.1 to our Current Report on Form 8-K, filed with the SEC on June 2, 2009, File No. 001-15749).
10.145	Form of Convertible Note Hedge confirmation, dated May 27, 2009, between Alliance Data Systems Corporation and each of J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association, Bank of America, N.A., and Barclays Capital Inc., as agent for Barclays Bank PLC (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K, filed with the SEC on June 2, 2009, File No. 001-15749).
10.146	Form of Warrant confirmation, dated May 27, 2009, between Alliance Data Systems Corporation and each of J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association, London Branch, Bank of America, N.A., and Barclays Capital Inc., as agent for Barclays Bank PLC (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K, filed with the SEC on June 2, 2009, File No. 001-15749).
10.147	Form of Forward Stock Purchase Transaction, dated May 27, 2009, between Alliance Data Systems Corporation and each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as agent for Merrill Lynch International, and Barclays Capital Inc., as agent for Barclays Bank PLC (incorporated by reference to Exhibit No. 10.4 to our Current Report on Form 8-K, filed with the SEC on June 2, 2009, File No. 001-15749).
10.148	Form of Additional Convertible Note Hedge confirmation, dated June 4, 2009, between Alliance Data Systems Corporation and each of J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association, London Branch, Bank of America, N.A., and Barclays Capital Inc., as agent for Barclays Bank PLC (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K, filed with the SEC on June 9, 2009, File No. 001-15749).
10.149	Form of Additional Warrant confirmation, dated June 4, 2009, between Alliance Data Systems Corporation and each of J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association, London Branch, Bank of America, N.A., and Barclays Capital Inc., as agent for Barclays Bank PLC (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K, filed with the SEC on June 9, 2009, File No. 001-15749).
*12.1	Statement re Computation of Ratios
*21	Subsidiaries of the Registrant

Exhibit No.	Description
*23.1	Consent of Deloitte & Touche LLP
*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

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ALLIANCE DATA SYSTEMS CORPORATION

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders of
Alliance Data Systems Corporation

We have audited the accompanying consolidated balance sheets of Alliance Data Systems Corporation and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Alliance Data Systems Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As of January 1, 2009, the Company retrospectively adjusted for the change in accounting related to its convertible debt instruments. As of January 1, 2008, the Company changed its method of accounting for certain fair value measurements. Additionally, as of January 1, 2007, the Company changed its method of accounting for uncertainty in income taxes.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Dallas, Texas
March 1, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders of
Alliance Data Systems Corporation

We have audited the internal control over financial reporting of Alliance Data Systems Corporation and subsidiaries (the "Company") as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment of the internal control over financial reporting for Charming Shoppes, which was acquired October 2009 and whose financial statements constitute 5% of total assets, 1% of total revenues, 3% of pre-tax income of the consolidated financial statement amounts as of and for the year ended December 31, 2009. Accordingly, our audit did not include the internal control over financial reporting for Charming Shoppes. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2009 of the Company and our report dated March 1, 2010 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph regarding the Company's change in accounting related to its convertible debt instruments in 2009, the Company's change in its method of accounting for certain fair value measurements in 2008 and the Company's change in its method of accounting for uncertainty in income taxes in 2007, on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Dallas, Texas
March 1, 2010

ALLIANCE DATA SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2009	2008	2007
	(In thousands, except per share amounts)		
Revenues			
Transaction	$ 375,398	$ 342,123	$ 350,008
Redemption	495,663	504,442	420,966
Securitization income and finance charges, net	502,389	580,057	654,660
Database marketing fees and direct marketing services	504,508	525,918	478,555
Other revenue	86,383	72,714	57,970
Total revenue	1,964,341	2,025,254	1,962,159
Operating expenses			
Cost of operations (exclusive of depreciation and amortization disclosed separately below)	1,354,138	1,341,958	1,304,631
General and administrative	99,823	82,804	80,898
Depreciation and other amortization	62,196	68,505	59,688
Amortization of purchased intangibles	63,090	67,291	67,323
Gain on acquisition of a business	(21,227)	—	—
Loss on the sale of assets	—	1,052	16,045
Merger (reimbursements) costs	(1,436)	3,053	12,349
Total operating expenses	1,556,584	1,564,663	1,540,934
Operating income	407,757	460,591	421,225
Interest expense, net	144,811	80,440	69,381
Income from continuing operations before income taxes	262,946	380,151	351,844
Provision for income taxes	86,227	147,599	137,403
Income from continuing operations	$ 176,719	$ 232,552	214,441
Loss from discontinued operations, net of taxes	(32,985)	(26,150)	(50,380)
Net income	$ 143,734	$ 206,402	$ 164,061
Basic income (loss) per share:			
Income from continuing operations	$ 3.17	$ 3.25	$ 2.74
Loss from discontinued operations	$ (0.59)	$ (0.37)	$ (0.65)
Net income per share	$ 2.58	$ 2.88	$ 2.09
Diluted income (loss) per share:			
Income from continuing operations	$ 3.06	$ 3.16	$ 2.65
Loss from discontinued operations	$ (0.57)	$ (0.36)	$ (0.62)
Net income per share	$ 2.49	$ 2.80	$ 2.03
Weighted average shares:			
Basic	55,765	71,502	78,403
Diluted	57,706	73,640	80,811

See accompanying notes to consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2009	December 31, 2008
	(In thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	$ 213,378	$ 156,911
Trade receivables, less allowance for doubtful accounts ($6,736 and $7,172 at December 31, 2009 and 2008, respectively)	225,212	218,170
Seller's interest and credit card receivables, less allowance for doubtful accounts ($54,884 and $38,124 at December 31, 2009 and 2008, respectively)	913,406	612,940
Deferred tax asset, net	197,455	201,895
Other current assets	201,427	142,612
Redemption settlement assets, restricted	574,004	531,594
Assets of discontinued operations	34,623	60,527
Total current assets	2,359,505	1,924,649
Property and equipment, net	165,012	168,208
Due from securitizations	992,523	701,347
Intangible assets, net	316,597	297,776
Goodwill	1,166,275	1,133,790
Other non-current assets	225,755	116,219
Total assets	$ 5,225,667	$ 4,341,989
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 103,891	$ 107,209
Accrued expenses	128,012	143,656
Certificates of deposit	772,500	433,900
Current debt	51,963	275,549
Other current liabilities	88,716	103,593
Deferred revenue	984,930	860,455
Liabilities of discontinued operations	—	24,990
Total current liabilities	2,130,012	1,949,352
Deferred revenue	161,216	135,179
Deferred tax liability, net	140,712	123,476
Certificates of deposit	692,500	255,000
Long-term and other debt	1,730,389	1,215,726
Other liabilities	98,062	115,958
Total liabilities	4,952,891	3,794,691
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Common stock, $0.01 par value; authorized, 200,000 shares; issued, 91,121 shares and 89,029 shares at December 31, 2009 and 2008, respectively	911	890
Additional paid-in capital	1,235,669	1,115,291
Treasury stock, at cost, 38,922 shares and 26,222 shares at December 31, 2009 and 2008, respectively)	(1,931,102)	(1,410,339)
Retained earnings	1,033,039	889,305
Accumulated other comprehensive loss	(65,741)	(47,849)
Total stockholders' equity	272,776	547,298
Total liabilities and stockholders' equity	$ 5,225,667	$ 4,341,989

See accompanying notes to consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
January 1, 2007	86,872	$ 869	$ 834,680	$ (300,950)	$ 527,686	$ 9,248	$ 1,071,533
Net income	—	—	—	—	164,061	—	164,061
Cumulative effect on retained earnings upon the adoption of ASC 740	—	—	—	—	(8,844)	—	(8,844)
Other comprehensive income, net of tax:							
Net unrealized gain on securities available-for-sale, net of tax of $3,358	—	—	—	—	—	846	846
Foreign currency translation adjustments	—	—	—	—	—	13,946	13,946
Other comprehensive income						14,792	
Share based compensation	—	—	46,513	—	—	—	46,513
Repurchases of common stock	—	—	—	(108,536)	—	—	(108,536)
Other common stock issued, including income tax benefits	914	9	17,438	—	—	—	17,447
December 31, 2007	87,786	$ 878	$ 898,631	$ (409,486)	$ 682,903	$ 24,040	$ 1,196,966
Net income	—	—	—	—	206,402	—	206,402
Effects of adoption of ASC 470-20	—	—	252,828	—	—	—	252,828
Other comprehensive loss, net of tax:							
Net unrealized loss on securities available-for-sale, net of tax of $20,750	—	—	—	—	—	(45,349)	(45,349)
Foreign currency translation adjustments	—	—	—	—	—	(26,540)	(26,540)
Other comprehensive loss						(71,889)	
Purchase of convertible note hedges	—	—	(201,814)	—	—	—	(201,814)
Tax expense on convertible note hedges	—	—	(18,030)	—	—	—	(18,030)
Issuance of warrants	—	—	94,185	—	—	—	94,185
Share based compensation	—	—	64,065	—	—	—	64,065
Repurchases of common stock	—	—	—	(1,000,853)	—	—	(1,000,853)
Other common stock issued, including income tax benefits	1,243	12	25,426	—	—	—	25,438
December 31, 2008	89,029	$ 890	$ 1,115,291	$(1,410,339)	$ 889,305	$ (47,849)	$ 547,298
Net income	—	—	—	—	143,734	—	143,734
Other comprehensive loss, net of tax:							
Net unrealized loss on securities available-for-sale, net of tax of $16,296	—	—	—	—	—	(23,912)	(23,912)
Foreign currency translation adjustments	—	—	—	—	—	6,020	6,020
Other comprehensive loss						(17,892)	
Purchase of convertible note hedges	—	—	(80,765)	—	—	—	(80,765)
Original issue discount of convertible notes	—	—	115,850	—	—	—	115,850
Tax expense on convertible note hedges	—	—	(12,312)	—	—	—	(12,312)
Issuance costs of convertible notes	—	—	(3,839)	—	—	—	(3,839)
Issuance of warrants	—	—	30,050	—	—	—	30,050
Share based compensation	—	—	53,702	—	—	—	53,702
Purchase of prepaid forward contracts	—	—	—	(74,872)	—	—	(74,872)
Repurchases of common stock	—	—	—	(445,891)	—	—	(445,891)
Other common stock issued, including income tax benefits	2,092	21	17,692	—	—	—	17,713
December 31, 2009	91,121	$ 911	$1,235,669	$(1,931,102)	$1,033,039	$ (65,741)	$ 272,776

See accompanying notes to consolidated financial statements.

ALLIANCE DATA SYSTEMS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 143,734	$ 206,402	$ 164,061
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	125,409	143,810	166,632
Deferred income taxes	17,475	21,104	(27,729)
Provision for doubtful accounts	97,658	47,269	42,145
Non-cash stock compensation	53,702	54,333	56,243
Fair value gain on interest-only strip	(5,340)	(31,065)	(39,958)
Amortization of discount on convertible senior notes	52,677	16,928	—
Impairment of long-lived assets	—	19,004	39,961
Gain on acquisition of business	(21,227)	—	—
Loss (gain) on sale of assets	19,913	(20,564)	16,045
Change in operating assets and liabilities, net of acquisitions:			
Change in trade accounts receivable	(2,162)	(17,014)	(24,042)
Change in merchant settlement activity	(18,907)	(176,197)	115,439
Change in other assets	(31,631)	(46,166)	(28,821)
Change in accounts payable and accrued expenses	(39,460)	(52,909)	66,646
Change in deferred revenue	(5,053)	376,273	49,886
Change in other liabilities	(19,405)	28,637	(9,566)
Data acquisition costs	(4,185)	(4,403)	(8,207)
Purchase of credit card receivables	(27,407)	(206,529)	(224,626)
Proceeds from sale of credit card receivable portfolios	53,240	102,986	218,846
Excess tax benefits from stock-based compensation	(9,040)	(2,269)	(8,163)
Other	(21,577)	(8,611)	6,729
Net cash provided by operating activities	358,414	451,019	571,521
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in redemption settlement assets	52,354	(317,591)	(9,477)
Payments for acquired businesses, net of cash acquired	(158,901)	(2,478)	(438,163)
Proceeds from the sale of assets	4,013	14,098	—
Proceeds from sale of credit card receivable portfolios to the securitization trusts	—	91,910	—
Investments in the stock of an investee	(5,347)	—	(8,000)
Change in due from securitizations	(203,686)	(319,614)	(11,115)
Net increase in seller's interest and credit card receivables	(429,540)	(61,339)	(117,691)
Capital expenditures	(52,970)	(49,556)	(116,652)
Proceeds from the sale of businesses	—	137,962	12,347
Change in restricted cash	(101,299)	—	—
Other	7,354	(5,910)	(6,057)
Net cash used in investing activities	(888,022)	(512,518)	(694,808)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under debt agreements	3,124,000	3,754,416	2,309,000
Proceeds from issuance of convertible senior notes	345,000	805,000	—
Repayment of borrowings	(3,094,939)	(3,799,786)	(2,113,000)
Certificates of deposit issuances	1,579,000	1,028,500	494,100
Repayments of certificates of deposit	(803,400)	(710,000)	(422,700)
Payment of capital lease obligations	(21,840)	(22,503)	(14,481)
Payment of deferred financing costs	(24,058)	(34,861)	—
Proceeds from sale leaseback transactions	—	34,221	25,949
Excess tax benefits from stock-based compensation	9,040	2,269	8,163
Proceeds from issuance of common stock	28,864	30,920	20,892
Proceeds from issuance of warrants	30,050	94,185	—
Payment for convertible note hedges	(80,765)	(201,814)	—
Purchase of prepaid forward contracts	(74,872)	—	—
Purchase of treasury shares	(445,891)	(1,000,853)	(108,536)
Other	—	—	(2,312)
Net cash provided by (used in) financing activities	570,189	(20,306)	197,075
Effect of exchange rate changes on cash and cash equivalents	15,886	(27,123)	11,976
Change in cash and cash equivalents	56,467	(108,928)	85,764
Cash and cash equivalents at beginning of year	156,911	265,839	180,075
Cash and cash equivalents at end of year*	$ 213,378	$ 156,911	$ 265,839
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 84,082	$ 68,795	$ 78,958
Income taxes paid, net of refunds	$ 73,579	$ 113,987	$ 107,516

* Included in cash and cash equivalents in 2009, 2008 and 2007 are amounts related to discontinued operations that are included in assets of discontinued operations

See accompanying notes to consolidated financial statements

ALLIANCE DATA SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of the Business—Alliance Data Systems Corporation ("ADSC" or, including its wholly-owned subsidiaries, the "Company") is a leading provider of data-driven and transaction-based marketing and customer loyalty solutions. The Company offers a comprehensive portfolio of integrated outsourced marketing solutions, including customer loyalty programs, database marketing services, marketing strategy consulting, analytics and creative services, permission-based email marketing and private label and co-brand retail credit card programs. The Company focuses on facilitating and managing interactions between its clients and their customers through a variety of consumer marketing channels, including in-store, on-line, catalog, mail and telephone. The Company captures and analyzes data created during each customer interaction, and leverages the insight derived from that data to enable clients to identify and acquire new customers, as well as to enhance customer loyalty.

The Company operates in the following reportable segments: Loyalty Services, Epsilon Marketing Services, Private Label Services and Private Label Credit. Loyalty Services includes the Company's Canadian AIR MILES® Reward Program. Epsilon Marketing Services provides integrated direct marketing solutions that combine database marketing technology and analytics with a broad range of direct marketing services, including email marketing campaigns. Private Label Services encompasses card processing, billing and payment processing and customer care and collections services for private label retailers. Private Label Credit provides private label retail credit card receivables financing; including securitization of the credit card receivables that it underwrites from its private label retail credit card programs.

In May 2008, the Company sold its merchant services business. In July 2008, the Company sold the majority of its utility services business. In February 2009, the Company sold the remainder of its utility services division. In November 2009, the Company terminated operations of its credit program for web and catalog retailer VENUE. All of these items are included in discontinued operations. For purposes of comparability, certain prior period amounts have been reclassified to conform to the current year presentation. In accordance with accounting principles generally accepted in the United States of America, all historical statements have been restated to conform to the discontinued operation presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of ADSC and its wholly-owned subsidiaries. All intercompany transactions have been eliminated.

Cash and Cash Equivalents—The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Seller's Interest and Credit Card Receivables— The Company sells a majority of the credit card receivables originated by World Financial Network National Bank ("WFNNB") to WFN Credit Company, LLC and WFN Funding Company II, LLC, which in turn sold them to World Financial Network Credit Card Master Trust, World Financial Network Credit Card Master Note Trust, World Financial Network Credit Card Master Note Trust II and World Financial Network Credit Card Master Trust III (collectively the "WFN Trusts") as part of a securitization program. In September 2008, the Company initiated a securitization program for the credit card receivables originated by World Financial Capital Bank ("WFCB"), selling them to World Financial Capital Credit Company, LLC which in turn sells them to World Financial Capital Credit Card Master Note Trust (the "WFC Trust").

Seller's interest and credit card receivables consist of credit card receivables held for investment, credit card receivables held for sale, if any, and seller's interest. All new originations of credit card receivables (except for

the amount of new receivables related to existing securitized portfolios transferred to the WFN Trusts or the WFC Trust during the term of a securitization) are deemed to be held for investment at origination because management has the intent and ability to hold them for the foreseeable future. Management makes judgments about the Company's ability to fund these credit card receivables through means other than securitization, such as certificates of deposit and other borrowings. In determining what constitutes the foreseeable future, management considers the short average life and homogenous nature of the Company's credit card receivables. In assessing whether these credit card receivables continue to be held for investment, management also considers capital levels and scheduled maturities of funding instruments used. Management believes that the assertion regarding its intent and ability to hold credit card receivables for the foreseeable future can be made with a high degree of certainty given the maturity distribution of the Company's certificates of deposit and other funding instruments, the historic ability to replace maturing certificates of deposits and other borrowings with new deposits or borrowings, and historic credit card payment activity. Due to the homogenous nature of credit card receivables, amounts are classified as held for investment on an individual client portfolio basis.

Credit card receivables held for sale are determined on an individual client portfolio basis. The Company carries these assets at the lower of aggregate cost or fair value.

Cash flows associated with credit card portfolios that are purchased with the intent to sell are included in cash flows from operating activities. Cash flows associated with credit card receivables originated for investment are classified as investing cash flows.

As part of its securitization agreements, the Company is required to retain an interest in the credit card receivables, which is referred to as seller's interest. Seller's interest is carried at an allocated carrying amount based on fair value. The Company determines the fair value of its seller's interest through discounted cash flow models. The estimated cash flows used include assumptions related to rates of payments and defaults, which reflect the Company's estimate of economic and other relevant conditions. The discount rate used is based on an interest rate curve that is observable in the market place plus an unobservable credit spread.

In its capacity as a servicer of the credit card receivables, the Company receives a servicing fee from the WFN Trusts and the WFC Trust. The Company believes that servicing fees received represent adequate compensation based on the amount currently demanded by the marketplace. Additionally, these fees are the same as would fairly compensate a substitute servicer should one be required and, thus, the Company records neither a servicing asset nor servicing liability.

Allowance for Doubtful Accounts—The Company specifically analyzes accounts receivable and historical bad debts, customer credit-worthiness, current economic trends, and changes in its customer payment terms and collection trends when evaluating the adequacy of its allowance for doubtful accounts. Any change in the assumptions used in analyzing a specific account receivable may result in an additional allowance for doubtful accounts being recognized in the period in which the change occurs.

Redemption Settlement Assets, Restricted—These securities relate to the redemption fund for the AIR MILES Reward Program and are subject to a security interest which is held in trust for the benefit of funding redemptions by collectors. These assets are restricted to funding rewards for the collectors by certain of the Company's sponsor contracts. In addition, during 2008, the Company acquired certain retained interests in the WFN Trusts. These securities are stated at fair value, with the unrealized gains and losses, net of tax, reported as a component of accumulated other comprehensive (loss) income. Debt securities that the Company does not have the positive intent and ability to hold to maturity are classified as securities available-for-sale.

Property and Equipment—Furniture, fixtures, computer equipment and software, and leasehold improvements are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization,

including capital leases, are computed on a straight-line basis, using estimated lives ranging from three to 15 years. Leasehold improvements are amortized over the remaining lives of the respective leases or the remaining useful lives of the improvements, whichever is shorter. Software development (costs to create new platforms for certain of the Company's information systems) and conversion costs (systems, programming and other related costs to allow conversion of new client accounts to the Company's processing systems) are capitalized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-40, "Intangibles – Goodwill and Other – Internal – Use Software," and are amortized on a straight-line basis over the length of the associated contract or benefit period, which generally ranges from three to five years. Long-lived assets are tested for impairment when events or conditions indicate that the carrying value of an asset may not be fully recoverable from future cash flows.

Due from securitizations—Due from securitizations includes spread deposits, interest-only strips, retained interest in securitization trusts and excess funding deposits. The Company uses a valuation model that calculates the present value of estimated future cash flows for each asset. The model incorporates the Company's own estimates of assumptions market participants use in determining fair value, including estimates of payment rates, defaults, net charge-offs, discount rates and contractual interest and fees. The interest-only strips, retained interest in securitization trusts and spread deposit accounts are recorded in due from securitizations at their estimated fair values. Changes in the fair value estimates of the interest-only strips and spread deposit accounts are recorded in securitization income and finance charges, net. The retained interest in securitization trusts are classified as available-for-sale, and changes in fair value are recorded through other comprehensive (loss) income.

Goodwill and Other Intangible Assets—Goodwill and indefinite lived intangible assets are not amortized, but are reviewed at least annually for impairment or more frequently if circumstances indicate that an impairment may have occurred, using the market comparable and discounted cash flow methods. Separable intangible assets that have finite useful lives are amortized over those useful lives.

The Company also defers costs related to the acquisition or licensing of data for the Company's proprietary databases which are used in providing data products and services to customers. These costs are amortized over the useful life of the data, which is from one to five years.

Revenue Recognition—The Company's policy follows the guidance from ASC 605, "Revenue Recognition," which provides guidance on the recognition, presentation, and disclosure of revenue in financial statements. The Company recognizes revenues when persuasive evidence of an arrangement exists, the services have been provided to the client, the sales price is fixed or determinable, and collectibility is reasonably assured.

Transaction—The Company earns transaction fees, which are principally based on the number of transactions processed or statements generated and are recognized as such services are performed. Included are reimbursements received for "out-of-pocket" expenses.

Database marketing fees and direct marketing services—For maintenance and service programs, revenue is recognized as services are provided. Revenue associated with a new database build is deferred until client acceptance. Upon acceptance, it is then recognized over the term of the related agreement as the services are provided. Revenues from the licensing of data are recognized upon delivery of the data to the customer in circumstances where no update or other obligations exist. Revenue from the licensing of data in which the Company is obligated to provide future updates is recognized on a straight-line basis over the license term.

AIR MILES Reward Program—The Company allocates the proceeds received from sponsors for the issuance of AIR MILES reward miles between the redemption element of the award ultimately provided to the

collector (the "Redemption element") and the service element (the "Service element"). The Service element consists of direct marketing and support services provided to sponsors.

The fair value of the Redemption element of the AIR MILES reward miles issued is determined based on separate pricing offered by the Company as well as other objective evidence. The revenue related to the Redemption element is deferred until the collector redeems the AIR MILES reward miles or over the estimated life of an AIR MILES reward mile in the case of AIR MILES reward miles that the Company estimates will go unused by the collector base ("breakage"). The Company currently estimates breakage to be 28% of AIR MILES reward miles issued. There have been no changes to management's estimate of the life of a mile in the periods presented. The estimated breakage changed from one-third to 28% effective June 1, 2008. See Note 10, "Deferred Revenue," for additional information.

The revenue related to the Service element of the AIR MILES reward miles is initially deferred and amortized over the period of time beginning with the issuance of the AIR MILES reward miles and ending upon their expected redemption (the estimated life of an AIR MILES reward mile, or 42 months). Revenue associated with the Service element is recorded as part of transaction revenue.

Securitization income—Securitization income represents gains and losses on securitization of credit card receivables and interest income on seller's interest. The Company recognized $4.2 million and $12.0 million in gains, related to the securitization of new credit card receivable portfolios accounted for as sales during 2009 and 2008, respectively. No amounts were recognized during 2007. The Company records gains or losses on the securitization of credit card receivables on the date of sale based on cash received, the estimated fair value of assets sold and retained, and liabilities incurred in the sale. The anticipated excess cash flow essentially represents an interest-only strip, consisting of the excess of finance charges and certain other fees over the sum of the return paid to certificate holders and credit losses over the estimated outstanding period of the receivables. The amount initially allocated to the interest-only strip at the date of a securitization reflects the allocated original basis of the relative fair values of those interests. The amount recorded for the interest-only strip is reduced for distributions on the interest-only strip, which the Company receives from the related trust, and is adjusted for fair value gains or losses on the interest-only strip, which are recorded through earnings and mark to market adjustments to the fair value of the interest-only strip, which are reflected in other comprehensive income. Because there is not a highly liquid market for these assets, management estimates the fair value of the interest-only strip are primarily based upon discount, payment and default rates, which is the method the Company assumes that another market participant would use to value the interest-only strip.

In recording and accounting for the interest-only strip, management makes assumptions about rates of payments and defaults, which reflect economic and other relevant conditions that affect fair value. Due to subsequent changes in economic and other relevant conditions, the actual rates of payments and defaults will generally differ from initial estimates, and these differences could sometimes be material. If actual payment and default rates are higher than previously assumed, the value of the interest-only strip could be other than temporarily impaired at which time the decline in the fair value would be recorded in earnings.

The Company recognizes the implicit forward contract to sell new receivables to the WFN Trusts and the WFC Trust during a revolving period at its fair value at the time of sale. The implicit forward contract is entered into at the market rate and thus, its initial measure is zero at inception. In addition, the Company does not mark the forward contract to fair value in accounting periods following the securitization as management has concluded that the fair value of the implicit forward contract in subsequent periods is not material.

Finance charges, net—Finance charges, net of credit losses, represents revenue earned on customer accounts serviced by the Company, and is recognized in the period in which it is earned.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Securitization sales—The Company's securitization of its credit card receivables involves the sale to a trust and is accomplished primarily through the public and private issuance of asset-backed securities by the qualified special purpose entities. The Company removes credit card receivables from its Consolidated Balance Sheets for those asset securitizations that qualify as sales in accordance with ASC 860, "Transfers and Servicing." The Company has determined that the WFN Trusts and the WFC Trust are qualifying special purpose entities as defined by ASC 860 and that all current securitizations qualify as sales.

Taxes assessed on revenue-producing transactions described above are presented on a net basis, and are excluded from revenues.

Earnings Per Share—Basic earnings per share is based only on the weighted average number of common shares outstanding, excluding any dilutive effects of options or other dilutive securities. Diluted earnings per share are based on the weighted average number of common and potentially dilutive common shares (dilutive stock options, unvested restricted stock and other dilutive securities outstanding during the year).

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

	Years Ended December 31,		
	2009	2008	2007
	(In thousands, except per share amounts)		
Numerator			
Income from continuing operations	$ 176,719	$ 232,552	$ 214,441
Loss from discontinued operations	(32,985)	(26,150)	(50,380)
Net income	$ 143,734	$ 206,402	$ 164,061
Denominator			
Weighted average shares, basic	55,765	71,502	78,403
Weighted average effect of dilutive securities:			
Shares from assumed conversion of convertible senior notes	612	—	—
Net effect of dilutive stock options and unvested restricted stock	1,329	2,138	2,408
Denominator for diluted calculation	57,706	73,640	80,811
Basic (per share):			
Income from continuing operations	$ 3.17	$ 3.25	$ 2.74
Loss from discontinued operations	$ (0.59)	$ (0.37)	$ (0.65)
Net income	$ 2.58	$ 2.88	$ 2.09
Diluted (per share):			
Income from continuing operations	$ 3.06	$ 3.16	$ 2.65
Loss from discontinued operations	$ (0.57)	$ (0.36)	$ (0.62)
Net income	$ 2.49	$ 2.80	$ 2.03

The Company calculates the effect of its convertible senior notes, consisting of $805.0 million aggregate principal amount of convertible senior notes due 2013 (the "Convertible Senior Notes due 2013") and $345.0 million aggregate principal amount of convertible senior notes due 2014 (the "Convertible Senior Notes due 2014"), 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 for cash. As a result, the Company uses the treasury stock method to calculate the dilutive effect of the convertible senior notes.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

At December 31, 2009 and 2008, the Company excluded 17.5 million warrants and 10.3 million warrants, respectively, from the calculation of earnings per share as the effect was anti-dilutive.

Currency Translation—The assets and liabilities of the Company's subsidiaries outside the U.S., primarily Canada, are translated into U.S. dollars at the rates of exchange in effect at the balance sheet dates. Income and expense items are translated at the average exchange rates prevailing during the period. Gains and losses resulting from currency transactions are recognized currently in income and those resulting from translation of financial statements are included in accumulated other comprehensive (loss) income. The Company recognized $(8.8) million, $9.8 million and $(2.3) million in foreign currency transaction gains (losses) during 2009, 2008 and 2007, respectively.

Leases—Rent expense on operating leases is recorded on a straight-line basis over the term of the lease agreement.

Advertising Costs—The Company participates in various advertising and marketing programs. The cost of advertising and marketing programs is expensed in the period incurred. The Company has recognized advertising expenses of $92.0 million, $95.4 million, and $82.6 million for the years ended 2009, 2008 and 2007, respectively. Additionally, $0.7 million, $0.4 million, and $0.9 million in advertising costs were incurred by the Company's program for web and catalog retailer VENUE, the merchant services and utility services businesses in 2009, 2008 and 2007, respectively. Those amounts have been included in loss from discontinued operations.

Stock Compensation Expense—The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation – Stock Compensation." Under the fair value recognition provisions, stock-based compensation expense is measured at the grant date based on the fair value of the award and is recognized ratably over the requisite service period.

Management Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards—In June 2009, the FASB issued guidance codified in ASC 860, "Transfers and Servicing," related to accounting for transfers of financial assets and ASC 810, "Consolidation," related to the consolidation of variable interest entities. ASC 860 removes the concept of a qualifying special purpose entity ("QSPE") and eliminates the consolidation exception currently available for QSPEs. It is effective for financial asset transfers on or after the beginning of the first annual reporting period beginning on or after November 15, 2009 and early adoption is prohibited. ASC 810 requires an initial evaluation as well as an ongoing assessment of the Company's involvement with the operations of the WFN Trusts and the WFC Trust and its rights or obligations to receive benefits or absorb losses of these securitization trusts that could be potentially significant in order to determine whether those entities will be required to be consolidated on the balance sheet of WFNNB, WFCB or their affiliates, including the Company.

The assessment of the WFN Trusts and the WFC Trust under ASC 860 and ASC 810 will result in the consolidation of the securitization trusts on the balance sheet of WFNNB, WFCB or their affiliates, including the

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Company, beginning January 1, 2010. Based on the carrying amounts of the trust assets and liabilities as prescribed by ASC 810, the Company expects to record a $3.4 billion increase in assets, including $0.5 billion to loan loss reserves, an increase in liabilities of $3.7 billion and a $0.4 billion decrease in stockholders' equity.

After adoption, the Company's results of operations will no longer reflect securitization income, but will instead report interest income, and certain other income associated with all securitized credit card receivables. Net-charge offs associated with credit card receivables will be reflected in the Company's cost of operations. Interest expense associated with debt issued from the trusts to third-party investors will be reported in interest expense. Additionally, after adoption, the Company will no longer record initial gains on new securitization activity since securitized credit card receivables will no longer receive sale accounting treatment. Further, the Company will not record any gains or losses on the revaluation of the interest-only strip receivable as that asset is not recognizable in a transaction accounted for as a secured borrowing. Because the Company's securitization transactions will be accounted for under the new accounting rules as secured borrowings rather than asset sales, the cash flows from these transactions will be presented as cash flows from financing activities rather than cash flows from operating or investing activities.

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 will be 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 will only impact disclosures and would not have a material impact on the Company's consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09, "Subsequent Events," to remove the requirement for an entity that files or furnished financial statements with the SEC to disclose a date through which subsequent events have been evaluated in both originally issued and restated financial statements. Restated financial statements include financial statements revised as a result of correction of an error or retrospective application of U.S. GAAP. The ASU removes potential conflicts with the SEC's literature. The Company adopted ASU 2010-09 in February 2010.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. BUSINESS ACQUISITIONS

2009 Acquisitions:

On October 30, 2009, the Company assumed the operations of the Charming Shoppes credit card program, including the service center operations associated with Charming Shoppes' branded card programs, portfolio and securitization master trust. The transaction consisted of purchasing existing accounts and the rights to new accounts along with certain other assets that are required to support the securitization program including retained certificates and interests, cash collateral accounts and an interest-only strip, totaling a combined $158.9 million. The Company obtained control of the assets and assumed the liabilities on October 30, 2009, the acquisition date. The results of operations for this acquisition have been included since the date of acquisition and are reflected in the Private Label Services and Private Label Credit segments.

The Company engaged a third party specialist to assist it in the measurement of the fair value of the assets acquired. The fair value of the assets acquired exceeded the cost of the acquisition. Consequently, the Company reassessed the recognition and measurement of the identifiable assets acquired and liabilities assumed and concluded that the valuation procedures and resulting measures were appropriate. The excess value of the net assets acquired over the purchase price has been recorded as a bargain purchase gain, which is included in gain on acquisition of a business in the Company's consolidated statements of income. The following table summarizes the fair values of the assets acquired and liabilities assumed in the Charming Shoppes' acquisition as of the date of purchase.

	As of October 30, 2009 (In thousands)
Current assets	$ 24,910
Property, plant and equipment	491
Due from securitization	108,554
Identifiable intangible assets	67,200
Total assets acquired	201,155
Current liabilities	8,500
Deferred tax liability	12,527
Total liabilities assumed	21,027
Net assets acquired	$ 180,128
Total consideration paid	158,901
Gain on business combination	$ 21,227

2007 Acquisitions:

On February 1, 2007, the Company completed the acquisition of Abacus, a division of DoubleClick Inc. Abacus is a leading provider of data, data management and analytical services for the retail and catalog industry, as well as other sectors. The Abacus acquisition complements, expands and strengthens the Company's core database marketing offerings and provides additional scale to its data services, strategic database services and analytics offerings.

The acquisition of Abacus included specified assets of DoubleClick's data division ("Purchased Assets") and all of the outstanding equity interests of four DoubleClick entities. The consideration consisted of

approximately $435.0 million plus other incremental costs as defined in the agreement for a total of approximately $439.3 million.

The results of operations for Abacus have been included since the date of acquisition and were reflected in the Epsilon Marketing Services segment. The goodwill resulting from the acquisition of the Purchased Assets was deductible for tax purposes.

The following table summarizes the fair values of the assets acquired and liabilities assumed in the Abacus acquisition as of the date of purchase.

	As of February 1, 2007 (In thousands)
Current assets	$ 22,863
Property, plant and equipment	13,844
Capitalized software	19,200
Identifiable intangible assets	169,760
Goodwill	222,935
Total assets acquired	448,602
Current liabilities	9,325
Total liabilities assumed	9,325
Net assets acquired	$ 439,277

The following unaudited pro forma results of operations of the Company are presented as if the Abacus acquisition was completed as of the beginning of the year ended December 31, 2007. The following unaudited pro forma financial information is not necessarily indicative of the actual results of operations that the Company would have experienced assuming the acquisition had been completed as of January 1, 2007.

	Year ended December 31, 2007 (In thousands)
Revenues	$ 1,970,807
Net income	167,354
Basic net income per share	2.07
Diluted net income per share	2.01

4. DISCONTINUED OPERATIONS AND OTHER DISPOSITIONS

In March 2008, the Company determined that its merchant and utility services businesses were not aligned with the Company's long-term strategy and committed to a plan of disposition and began exploring the potential sale of these businesses. The sales of these businesses were completed in February 2009. In November 2009, the Company terminated the operation of its credit program for web and catalog retailer VENUE. These have been reported as discontinued operations in this Annual Report on Form 10-K. The results of operations for all periods presented have been reclassified to reflect these businesses as discontinued operations.

Merchant Services

In May 2008, the Company entered into an agreement with Heartland Payment Systems, Inc. ("Heartland") to sell the merchant services business for approximately $77.5 million, of which $1.5 million was held in escrow.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The sale was completed on May 30, 2008, and the Company received net proceeds of approximately $90.3 million, which included approximately $14.3 million for the payment of net working capital. In connection with the sale, the Company recognized a pre-tax gain of approximately $29.0 million, which was included in loss from discontinued operations and reflected in the Corporate/Other segment. In connection with the sale, the Company entered into an interim transition services agreement with Heartland for a period of nine months to provide card processing and certain other services to Heartland's merchants, including receipt of funds from card associations and settlement through the Company's private label credit card banking subsidiary, WFNNB.

Utility Services

In July 2008, the Company entered into a definitive agreement with VTX Holdings Limited, and its subsidiaries Vertex U.S. Holdings II Inc. and Vertex Canada Holdings II Limited to sell the majority of the utility services business (excluding certain retained assets and liabilities). The sale was completed on July 25, 2008, and the Company received net proceeds of approximately $47.7 million. As a result of the sale, the Company recorded a pre-tax loss of approximately $20.7 million during 2008, which was included in loss from discontinued operations and is reflected in the Corporate/Other segment. Additionally, in March 2008, the Company recorded a $15.0 million impairment charge of goodwill based on the estimated enterprise value of the utility services business.

The Company retained a portion of the utility services business and recorded an impairment charge related to this group of assets of $4.0 million in June 2008. Prior to this, in the third quarter of 2007, the Company determined that certain long-lived assets, including internally developed software, certain customer relationship assets, and other assets, had been impaired. The Company recognized approximately $40.0 million as a non-cash asset write-down, with the impairment charge included in loss from discontinued operations.

The Company completed the sale of the remainder of its utilities services business in February 2009 and recorded a $19.9 million pre-tax loss for the year ended December 31, 2009.

In addition, the Company entered into transition services and co-location agreements to provide such former utility client with certain services or access to certain facilities for varying terms through the fourth quarter of 2010. Subsequently, the Company entered into agreements to outsource the majority of its corporate information technology services to Fujitsu America, Inc. commencing with the third quarter of 2009. Pursuant to those agreements, responsibility for these transition services and co-location agreements will be transferred to Fujitsu America, Inc.

VENUE

The Company recorded a $17.5 million after-tax loss in 2009 related to the termination of its program for web and catalog retailer VENUE, which is reflected in both the Private Label Services and Private Label Credit segments. This termination has been treated as a discontinued operation under ASC 205-20. VENUE offered high ticket luxury goods sold exclusively through the web and catalogs, with financing (provided by the Company starting in late 2008) that allowed for an interest-free period and installment payments thereafter. The Company believes that negative account selection combined with the recessionary environment were the primary causes of the venture's insolvency. VENUE was the Company's only client in this niche retail vertical, and the Company has no plans to participate in any future ventures in that segment.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Summarized Financial Information

The underlying assets and liabilities of the discontinued operations for the periods presented are as follows:

	December 31, 2009	December 31, 2008
	(In thousands)	
Assets:		
Trade receivables, net	$ —	$ 31,855
Seller's interest and credit card receivables, net	34,623	26,633
Other assets	—	1,356
Property and equipment, net	—	683
Assets of discontinued operations	$ 34,623	$ 60,527
Liabilities:		
Accounts payable	$ —	$ 1,160
Accrued expenses	—	18,738
Other current liabilities	—	3,048
Other liabilities	—	2,044
Liabilities of discontinued operations	$ —	$ 24,990

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

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
Revenue	$(10,212)	$173,754	$329,031
Loss before provision for income taxes	(52,131)	(40,152)	(77,092)
Benefit from income taxes	19,146	14,002	26,712
Loss from discontinued operations	$(32,985)	$ (26,150)	$ (50,380)

2007 Dispositions:

On November 7, 2007, the Company sold ADS MB Corporation, which operated its mail services business which was included in the Corporate / Other segment. The Company received total proceeds of $12.3 million and recognized a pre-tax loss of approximately $16.0 million. Because this operation was immaterial, it was not included in discontinued operations.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. 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:

	December 31, 2009				December 31, 2008			
		Unrealized				Unrealized		
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
	(In thousands)							
Cash and cash equivalents	$ 71,641	$ —	$ —	$ 71,641	$ 125,906	$ —	$ —	$ 125,906
Government bonds	41,026	1,205	—	42,231	40,246	511	—	40,757
Corporate bonds[1]	453,447	8,473	(1,788)	460,132	371,954	1,562	(8,585)	364,931
Total	$ 566,114	$ 9,678	$ (1,788)	$ 574,004	$ 538,106	$ 2,073	$ (8,585)	$ 531,594

(1) Included in corporate bonds in 2009 and 2008 is an investment in retained interests in the WFN Trusts with a fair value of $73.9 million and $28.6 million, respectively. After the adoption of ASC 860, “Transfers and Servicing,” these amounts will be eliminated with the consolidation of the WFN Trusts.

The following tables show the gross unrealized losses and fair value for those investments that were in an unrealized loss position as of December 31, 2009 and 2008, aggregated by investment category and the length of time that individual securities have been in a continuous loss position:

	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)					
Government bonds	$ —	$ —	$ —	$ —	$ —	$ —
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)

	December 31, 2008					
	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
Government bonds	$ —	$ —	$ —	$ —	$ —	$ —
Corporate bonds	176,845	(8,170)	26,704	(415)	203,549	(8,585)
Total	$ 176,845	$ (8,170)	$ 26,704	$ (415)	$ 203,549	$ (8,585)

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 December 31, 2009, 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 December 31, 2009 by contractual maturity are as follows:

	Amortized Cost	Estimated Fair Value
	(In thousands)	
Due in one year or less	$ 202,023	$ 203,451
Due after one year through five years	310,171	314,822
Due after five years through ten years	53,920	55,731
Due after ten years	—	—
Total	$ 566,114	$ 574,004

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2009	2008
	(In thousands)	
Software development and conversion costs	$ 128,305	$ 113,310
Computer equipment and purchased software	107,861	101,897
Furniture and fixtures	54,375	50,266
Leasehold improvements	65,118	57,248
Capital leases	67,336	79,913
Construction in progress	16,665	5,776
Total	439,660	408,410
Accumulated depreciation	(274,648)	(240,202)
Property and equipment, net	$ 165,012	$ 168,208

Depreciation expense totaled $41.9 million, $58.2 million, and $51.7 million for the years ended December 31, 2009, 2008 and 2007, respectively, and includes amortization of capital leases. Amortization associated with capitalized software development and conversion costs totaled $23.4 million, $14.5 million, and $13.9 million for the years ended December 31, 2009, 2008 and 2007, respectively.

7. SECURITIZATION OF CREDIT CARD RECEIVABLES

The Company regularly securitizes its credit card receivables to the WFN Trusts and the WFC Trust. During the initial phase of a securitization reinvestment period, the Company generally retains principal collections in exchange for the transfer of additional credit card receivables into the securitized pool of assets. During the amortization or accumulation period of a securitization, the investors' share of principal collections (in certain cases, up to a maximum specified amount each month) is either distributed to the investors or held in an account until it accumulates to the total amount due, at which time it is paid to the investors in a lump sum. The Company's outstanding securitizations are scheduled to begin their amortization or accumulation periods at various times between 2010 and 2013.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table shows the maturities of borrowing commitments as of December 31, 2009 for the WFN Trusts and the WFC Trust by year:

	2010	2011	2012	2013	2014 & Thereafter	Total
			(In millions)			
Public notes	$ 265.4	$ 1,158.9	$ 730.4	$ 899.7	$ —	$ 3,054.4
Private conduits[1]	2,549.6	—	—	—	—	2,549.6
Total	$ 2,815.0	$ 1,158.9	$ 730.4	$ 899.7	$ —	$ 5,604.0

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

In March 2009, the Company renewed its 2009-VFC1 conduit facility, increasing its capacity from $550.0 million to $666.7 million and extended the maturity of its 2008-VFN conduit facility, increasing its capacity from $600.0 million to $664.6 million. As part of these two transactions, the Company increased its retained interests in subordinated notes by $181.3 million.

In April 2009, World Financial Network Credit Card Master Note Trust issued $708.9 million of term asset-backed securities to investors, including those participating in the U.S. government's Term Asset-Backed Securities Loan Facility, or TALF, program. The offering consisted of $560.0 million of Class A Series 2009-A asset-backed notes that have a fixed interest rate of 4.6% per year, $26.6 million of Class M Series 2009-A asset-backed notes that have a fixed interest rate of 6.0% per year, $33.7 million of Class B Series 2009-A asset-backed notes that have a fixed interest rate of 7.5% per year and $88.6 million of Class C Series 2009-A asset-backed notes that have a fixed interest rate of 9.0% per year. These notes will mature in November 2011. As part of this transaction, the Company retained all of the $148.9 million of subordinated classes of notes. Proceeds of this issuance were used to retire the 2008-VFN conduit facility, including the retained subordinated notes held by the Company.

In August 2009, World Financial Network Credit Card Master Note Trust issued $949.3 million of term asset-backed securities to investors, including those participating in the U.S. government's TALF program. The offering consisted of $500.0 million of Series 2009-B asset-backed notes (the "Series B Notes"), $139.2 million of Series 2009-C asset-backed notes (the "Series C Notes"), and $310.1 million of Series 2009-D asset-backed notes (the "Series D Notes"). The Series B Notes will mature in July 2012 and are comprised of $395.0 million of Class A notes that have a fixed interest rate of 3.8% per year and $18.7 million of Class M, $23.8 million of Class B, and $62.5 million of Class C zero-coupon bonds which were retained by the Company. The Series C Notes will mature in July 2010 and are comprised of $110.0 million of Class A notes that have a fixed interest rate of 2.4% per year and $5.2 million of Class M, $6.6 million of Class B, and $17.4 million of Class C zero-coupon bonds which were retained by the Company. The Series D Notes will mature in July 2013 and are comprised of $245.0 million of Class A notes that have a fixed interest rate of 4.7% per year and $11.6 million of Class M, $14.7 million of Class B, and $38.8 million of Class C zero-coupon bonds which were retained by the Company.

In September 2009, the Company renewed World Financial Network Credit Card Master Note Trust's 2009-VFN conduit facility, increasing its capacity from $1.3 billion to $1.5 billion and extending its maturity to September 2010. As part of this transaction, the Company increased its retained interests in subordinated notes by $31.1 million, from $12.0 million to $43.1 million.

In September 2009, the Company renewed World Financial Capital Master Note Trust's 2009-VFN conduit facility, increasing its capacity from $167.1 million to $200.0 million and extending its maturity to

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

September 2010. As part of this transaction, the Company increased its retained interests in subordinated notes by $20.3 million, from $12.7 million to $33.0 million.

In October 2009, World Financial Network Credit Card Master Note Trust II issued a 2009-VFC conduit facility, with commitments totaling $227.3 million maturing October 2010. As part of this transaction, the Company's retained interests were $30.9 million.

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

In September 2008, World Financial Network Credit Card Master Note Trust issued $120.8 million of Class A Series 2008-B asset backed notes that have a fixed interest rate of 5.55% per year, $5.7 million of Class M Series 2008-B asset backed notes that have a fixed interest rate of 7.80% per year, $7.3 million of Class B Series 2008-B asset backed notes that have a fixed rate of 10.00% per year and $19.1 million of Class C Series 2008-B asset backed notes that have a fixed interest rate of 10.50% per year. These notes matured in December 2009.

Retained Interests in Securitized Assets and Fair Value Measurement

The Company retains an interest in its securitization programs through seller's interest, retained interest in securitization trust, and interest-only strips. Seller's interest and credit card receivables, less allowance for doubtful accounts consists of:

	December 31,	
	2009	2008
	(In thousands)	
Seller's interest	$297,108	$182,428
Credit card receivables	646,355	444,838
Other receivables	24,827	23,798
Allowance	(54,884)	(38,124)
	$913,406	$612,940

The following table summarizes the carrying values of the Company's subordinated retained interest reported in due from securitizations:

	December 31,	
	2009	2008
	(In thousands)	
Spread deposits	$ 206,678	$ 175,384
Interest-only strips	207,417	169,241
Retained interest in securitization trust	568,153	259,612
Excess funding deposits	10,275	97,110
	$ 992,523	$ 701,347

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company is required to maintain minimum interests ranging from 4% to 10% of the securitized credit card receivables. This requirement is met through seller's interest and is supplemented through the excess funding deposits. Excess funding deposits represent cash amounts deposited with the trustee of the securitizations. Residual interest in securitization represents a subordinated interest in the cash flows of the WFN Trusts and the WFC Trust.

Seller's interest is recorded at the allocated carrying amount based on relative fair value. Changes in the fair values of the Company's seller's interest are recorded through securitization income and finance charges, net, in the consolidated statements of income. The spread deposits and interest-only strips are recorded at their fair value. Fair value is determined by computing the present value of the estimated cash flows, using the dates that such cash flows are expected to be released to the Company, at a discount rate considered to be commensurate with the risks associated with the cash flows. The amounts and timing of the cash flows are estimated after considering various economic factors including payment rates, delinquency, default and loss assumptions. Interest-only strips, seller's interest and other interests retained are periodically evaluated for impairment based on the fair value of those assets.

The fair values of interest-only strips and other interests retained, including retained interest in securitization trust, are based on a review of actual cash flows and on other factors affecting the amounts and timing of the cash flows from each of the underlying credit card receivable pools. Based on this analysis, assumptions are validated or revised as deemed necessary, the amounts and the timing of anticipated cash flows are estimated, and fair values are determined. The Company has one collateral type, credit card receivables, which are comprised of both private label and co-brand retail credit card receivables.

Retained interest in securitization trust, included in due from securitizations, represents the Company's investment in subordinated notes sold by the WFN Trusts and the WFC Trust. These investments are classified as available-for-sale, and changes in fair value are recorded through other comprehensive (loss) income. The Company has not realized any gains or losses associated with the retained interests held.

As of December 31, 2009, the Company had a cost basis in its retained interest of $662.9 million with an unrealized loss of $95.6 million, all of which has been unrealized for less than twelve months. As of December 31, 2008, the Company had a cost basis in its retained interest of $308.7 million with an unrealized loss of $49.8 million, all of which had been unrealized for less than twelve months.

As of December 31, 2009, the Company does not consider the investments to be other-than-temporarily impaired. Upon adoption of ASC 860, "Transfers and Servicing," these retained interests will be eliminated with the consolidation of the WFN Trusts and the WFC Trust.

At December 31, 2009, key economic assumptions and the sensitivity of the current fair value of residual cash flows to an immediate 10% and 20% adverse change in the assumptions are as follows:

	Assumptions	Impact on Fair Value of 10% Change (In thousands)	Impact on Fair Value of 20% Change
Fair value of interest-only strips	$207,417	—	—
Weighted average life	8.13 – 12 months	$ (16,246)	$ (31,549)
Discount rate	14.6% – 18.0%	(921)	(1,826)
Expected yield, net of dilution	23.7% – 40.4%	(50,775)	(100,534)
Base rate[1]	0.2% – 1.4%	(123)	(410)
Net charge-off rate	8.6% – 10.8%	(16,537)	(33,002)

(1) Base rate assumptions do not factor any changes in spreads with respect to future refinancings.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

At December 31, 2009, key economic assumptions and the sensitivity of the current fair value of the Company's seller's interest and retained interest of the subordinated notes to an immediate 10% and 20% adverse change in the assumptions are as follows:

	Assumptions	Impact on Fair Value of 10% Change	Impact on Fair Value of 20% Change
		(In thousands)	
Fair value of seller's interest	$297,108	—	—
Weighted average life	10.5 – 11.5 months	$ (1,423)	$ (2,850)
Discount rate	2.0%	(624)	(1,247)
Expected yield, net of dilution	25.4% – 26.0%	(3,388)	(6,777)
Net charge-off rate	8.6% – 11.4%	(1,137)	(2,274)
Fair value of subordinated notes—retained[(1)]	$640,233	—	—
Discount rate	5.3% – 35.1%	(9,811)	(19,402)

(1) Includes those investments held by Loyalty Services and included in redemption settlement assets. See Note 5, "Redemption Settlement Assets."

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in an assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption; in practice, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

Spread deposits, carried at estimated fair value, represent deposits that are held by a trustee or agent and are used to absorb shortfalls in the available net cash flows related to securitized credit card receivables if those available net cash flows are insufficient to satisfy certain obligations of the WFN Trusts and the WFC Trust. The fair value of spread deposits is based on the weighted average life of the underlying securities and the discount rate. The discount rate is based on a risk adjusted market rate. The amount required to be deposited is approximately 4.8% of the investor's interest in the WFN Trusts and the WFC Trust. Spread deposits are generally released proportionately as investors are repaid, although some spread deposits are released only when investors have been paid in full. None of these spread deposits were required to be used to cover losses on securitized credit card receivables in the three-year period ended December 31, 2009.

Portfolio Acquisitions

In October 2009, WFNNB, one of the Company's wholly-owned subsidiaries, acquired the existing private label credit card portfolio of Big M, Inc. and entered into a multi-year agreement to provide private label credit card services. The total purchase price was approximately $27.4 million. These assets are included in seller's interest and credit card receivables in the consolidated balance sheets.

In December 2008, WFCB, one of the Company's wholly-owned subsidiaries, acquired the existing private label credit card portfolio of HSN and entered into a multi-year agreement to provide both private label and co-brand credit card services. The total purchase price was approximately $141.7 million. These assets are included in seller's interest and credit card receivables in the consolidated balance sheets.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Portfolio Sales to the Securitization Trusts

In June 2009, the Company sold two portfolios of credit card receivables, which were acquired in 2008, to the securitization trusts. The Company sold a net principal balance of $60.5 million at par, retaining $7.3 million in a spread deposit account, which is included in due from securitizations in the consolidated balance sheets. The gain on the sale was approximately $4.2 million, which is included in securitization income and finance charges, net in the consolidated statements of income. The net proceeds from the sale of $53.2 million are included in net cash provided by operating activities in the consolidated statements of cash flows.

In June 2008, the Company sold a portfolio of credit card receivables which were held for investment to the securitization trusts. The Company sold a net principal balance of $100.7 million, retaining $8.8 million in a spread deposit account, which is included in due from securitizations in the consolidated balance sheets. The gain on sale was approximately $5.0 million which is included in securitization income and finance charges, net in the consolidated statements of income. The net proceeds of $91.9 million from the sale are included in net cash used in investing activities in the consolidated statements of cash flows.

In September 2008, the Company sold a portfolio of credit card receivables to the securitization trusts. The Company sold a net principal balance of $130.4 million, retaining $14.0 million in a cash collateral account along with an interest in Class C bonds of $13.4 million, both of which are included in due from securitizations in the consolidated balance sheets. The gain on sale was approximately $7.0 million, which is included in securitization income and finance charges, net in the consolidated statements of income. The proceeds of $103.0 million from the sale are included in net cash provided by operating activities in the consolidated statements of cash flows.

Other Disclosures

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

	Years Ended December 31,		
	2009	2008	2007
		(In millions)	
Proceeds from collections reinvested in previous credit card securitizations	$ 4,748.1	$ 6,619.7	$ 7,070.3
Proceeds from new securitizations	2,844.4	955.4	600.0
Proceeds from collections in revolving period transfers	6,290.6	6,211.1	6,552.4
Purchases of previously transferred financial assets	—	—	218.8
Servicing fees received	72.4	67.6	68.5
Cash flows received on the interest that continue to be held by the transferor			
Cash flows received on interest-only strip	418.7	485.1	516.0
Cash flows received on subordinated notes retained	29.4	9.4	3.7
Cash flows received on seller’s interest	60.0	29.2	29.3

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

	December 31, 2009	December 31, 2008
	(In millions)	
Total credit card receivables managed	$ 5,347.3	$ 4,502.2
Less credit card receivables securitized	4,700.9	4,057.4
Credit card receivables	$ 646.4	$ 444.8
Principal amount of managed credit card receivables 90 days or more past due	$ 161.6	$ 127.1

	Years Ended December 31, 2009	2008	2007
		(In thousands)	
Net managed charge-offs	$ 404,382	$ 286,987	$ 227,393

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

	December 31, 2009	December 31, 2008
	(In millions)	
Total credit card receivables securitized	$ 4,700.9	$ 4,057.4
Principal amount of securitized credit card receivables 90 days or more past due	$ 148.2	$ 111.7

	Years Ended December 31, 2009	2008	2007
		(In thousands)	
Net securitized charge-offs	$ 367,723	$ 243,852	$ 197,404

The practice of re-aging an account may affect credit card loan delinquencies and charge-offs. A re-age is intended to assist delinquent card members who have experienced financial difficulties but who demonstrate both an ability and willingness to repay the amounts due. Accounts meeting specific defined criteria are re-aged when the cardholder makes one or more consecutive payments aggregating a certain pre-defined amount of their account balance. With re-aging, the outstanding balance of a delinquent account is returned to a current status. For the twelve months ended December 31, 2009, 2008 and 2007, the Company's re-aged accounts represented 1.8%, 1.9%, and 0.8%, respectively, of total credit card receivables for each period and thus do not have a significant impact on the Company's delinquencies or net charge-offs. The Company's re-aging practices comply with regulatory guidelines.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

Intangible assets consist of the following:

	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	

	December 31, 2008			
	Gross Assets	Accumulated Amortization	Net	Amortization Life and Method
		(In thousands)		
Finite Lived Assets				
Customer contracts and lists	$186,428	$ (96,435)	$ 89,993	5-10 years—straight line
Premium on purchased credit card portfolios	84,344	(35,925)	48,419	3-10 years—straight line, accelerated
Collector database	57,528	(47,096)	10,432	30 years—15% declining balance
Customer databases	160,103	(41,194)	118,909	4-10 years—straight line
Noncompete agreements	2,425	(1,554)	871	3-5 years—straight line
Favorable lease	1,000	(886)	114	4 years—straight line
Tradenames	11,542	(2,361)	9,181	4 -10 years—straight line
Purchased data lists	12,994	(5,487)	7,507	1-5 years— straight line, accelerated
	$516,364	$ (230,938)	$285,426	
Indefinite Lived Assets				
Tradenames	12,350	—	12,350	Indefinite life
Total intangible assets	$528,714	$ (230,938)	$297,776	

In the 2009 acquisition of the Charming Shoppes' portfolio, the Company acquired $67.2 million of intangible assets. The assets included in premium on purchased credit card portfolios are comprised of a marketing relationship of $48.0 million and a customer relationship of $19.2 million, which are being amortized over a weighted average life of 10 years and 5.1 years, respectively.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Amortization expense related to the intangible assets was approximately $60.1 million, $63.1 million, and $61.5 million for the years ended December 31, 2009, 2008 and 2007, respectively.

The estimated amortization expense related to intangible assets for the next five years is as follows:

	For Years Ending December 31, (In thousands)
2010	$ 67,138
2011	54,928
2012	49,037
2013	43,046
2014	35,856
2015 & thereafter	54,242

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2009 and 2008, respectively, are as follows:

	Loyalty Services	Epsilon Marketing Services	Private Label Services	Private Label Credit	Corporate/ Other	Total
			(In thousands)			
December 31, 2007	$248,996	$675,045	$ 261,732	$ —	$ —	$1,185,773
Goodwill acquired during year	1,091	—	—	—	—	1,091
Effects of foreign currency translation	(46,198)	(7,756)	—	—	—	(53,954)
Other, primarily final purchase price adjustments	618	262	—	—	—	880
December 31, 2008	204,507	667,551	261,732	—	—	1,133,790
Effects of foreign currency translation	30,233	2,379	—	—	—	32,612
Other, primarily final purchase price adjustments	(127)	—	—	—	—	(127)
December 31, 2009	$234,613	$669,930	$ 261,732	$ —	$ —	$1,166,275

The Company completed annual impairment tests for goodwill on July 31, 2009, 2008 and 2007 and determined at each date that no impairment exists. No further testing of goodwill impairments will be performed until July 31, 2010, unless circumstances exist that indicate that an impairment may have occurred.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

9. ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31,	
	2009	2008
	(In thousands)	
Accrued payroll and benefits	$ 66,501	$ 81,126
Accrued taxes	2,656	6,741
Accrued other liabilities	58,855	55,789
Accrued expenses	$ 128,012	$ 143,656

10. 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. 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.* For this component, which consists of marketing and administrative services provided to sponsors, revenue is recognized 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.

In May 2008, the Loyalty Services segment secured a comprehensive long-term renewal and expansion agreement with Bank of Montreal (“BMO”), as a sponsor in its AIR MILES Reward Program, pursuant to which BMO transferred to the Company the responsibility of reserving for costs associated with the redemption of AIR MILES reward miles issued by BMO as a sponsor. Under the terms of the agreement, BMO paid the Company approximately $369.9 million for the assumption of that liability, all of which was placed in the Company’s redemption settlement asset account to be utilized to cover the cost of redemptions of outstanding AIR MILES reward miles issued by BMO under the previous arrangement. Historically, due to the nature of their contractual arrangement, miles issued by BMO have been excluded from the Company’s estimate of breakage as BMO had the responsibility of redemption, and therefore, no breakage estimate was required and prior to the second quarter 2008, the redemption liability was not included in the table below.

However, changing the nature of the agreement required the Company to include these miles in its analysis, which impacted the redemption rate and the Company’s estimate of breakage. After evaluating the impact of this transaction, the Company changed its estimate of breakage from one-third to 28%. The change in estimate had no impact on the total redemption liability, but reduced the amount of deferred breakage within the redemption

liability that is expected to be recognized over the expected life of the mile. The change in estimate did not have a material impact to the Company's consolidated financial statements for the year ended December 31, 2008.

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

	Deferred Revenue		
	Service	Redemption	Total
	(In thousands)		
December 31, 2007	$ 272,317	$ 556,031	$ 828,348
Cash proceeds	175,963	369,871	545,834
Cash proceeds from the assumption of the BMO liability	—	369,858	369,858
Revenue recognized	(139,744)	(404,132)	(543,876)
Other	—	(1,399)	(1,399)
Effects of foreign currency translation	(57,364)	(145,767)	(203,131)
December 31, 2008	251,172	744,462	995,634
Cash proceeds	159,181	452,837	612,018
Revenue recognized	(144,518)	(468,682)	(613,200)
Other	—	(3,889)	(3,889)
Effects of foreign currency translation	40,501	115,082	155,583
December 31, 2009	$ 306,336	$ 839,810	$1,146,146
Amounts recognized in the consolidated balance sheets:			
Current liabilities	$ 145,120	$ 839,810	$ 984,930
Non-current liabilities	$ 161,216	$ —	$ 161,216

11. DEBT

Debt consists of the following:

	December 31,	
	2009	2008
	(In thousands)	
Certificates of deposit	$ 1,465,000	$ 688,900
Credit facility	487,000	365,000
Senior notes	250,000	500,000
Term loan	161,000	—
Convertible senior notes due 2013	612,058	569,100
Convertible senior notes due 2014	238,869	—
Capital lease obligations and other debt	33,425	57,175
	3,247,352	2,180,175
Less: current portion	(824,463)	(709,449)
Long-term portion	$ 2,422,889	$ 1,470,726

Certificates of Deposit

Terms of the certificates of deposit range from one month to five years with annual interest rates ranging from 0.2% to 5.3% at December 31, 2009 and 2.8% to 5.7% at December 31, 2008. Interest is paid monthly and at maturity.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Credit Facility

The Company is party to a credit agreement, among it, ADS Alliance Data Systems, Inc., ADS Foreign Holdings, Inc., Alliance Data Foreign Holdings, Inc., Epsilon Marketing Services, LLC and Epsilon Data Management LLC, as guarantors, Bank of Montreal, as administrative agent and letter of credit issuer, and various other agents and banks, dated September 29, 2006, as amended (the "Credit Facility"). The Credit Facility provides for a $750.0 million revolving line of credit with a U.S. $50.0 million sublimit for Canadian dollar borrowings and a $50.0 million sublimit for swing line loans.

The Credit Facility is unsecured. On March 30, 2007, the Company amended the Credit Facility to extend the lending commitments that were scheduled to terminate on September 29, 2011 to March 30, 2012. In addition, the March 2007 amendment adjusted the senior leverage ratio applicable to the various levels set forth in the Credit Facility and the margin applicable to Eurodollar loans to those reflected below. On June 16, 2008, the Company further amended the Credit Facility to modify certain defined terms and negative covenants regarding the Company's ability, and in certain instances, its subsidiaries' ability, to create liens, repurchase stock and make investments. The June 2008 amendment also replaced the financial covenant establishing a maximum ratio of total capitalization with a financial covenant establishing a maximum ratio of total leverage, with each such term defined in the Credit Facility.

Advances under the Credit Facility are in the form of either base rate loans or Eurodollar loans and may be denominated in U.S. dollars or Canadian dollars. The interest rate for base rate loans denominated in U.S. dollars fluctuates and is equal to the higher of (1) the Bank of Montreal's prime rate and (2) the Federal funds rate plus 0.5%, in either case with no additional margin. The interest rate for base rate loans denominated in Canadian dollars fluctuates and is equal to the higher of (1) the Bank of Montreal's prime rate for Canadian dollar loans and (2) the CDOR rate plus 1%, in either case with no additional margin. The interest rate for Eurodollar loans denominated in U.S. or Canadian dollars fluctuates based on the rate at which deposits of U.S. dollars or Canadian dollars, respectively, 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. Among other fees, the Company pays a facility fee of 0.1% to 0.2% per annum (due quarterly) on the aggregate commitments under the Credit Facility, whether used or unused, based upon the Company's senior leverage ratio as defined in the Credit Facility. The Company will also pay fees with respect to any letters of credit issued under the Credit Facility.

The Credit Facility includes usual and customary negative covenants for credit agreements of this type, including, but not limited to, restrictions on the Company's ability, and in certain instances, its subsidiaries' ability, to consolidate or merge; substantially change the nature of its business; sell, transfer or dispose of assets; create or incur indebtedness; create liens; pay dividends; and make investments. The negative covenants are subject to certain exceptions, as specified in the Credit Facility. The Credit Facility also requires the Company to satisfy certain financial covenants, including maximum ratios of total leverage and senior leverage as determined in accordance with the Credit Facility and a minimum ratio of consolidated operating EBITDA to consolidated interest expense as determined in accordance with the Credit Facility.

The Credit Facility also includes customary events of default, including, among other things, payment default, covenant default, breach of representation or warranty, bankruptcy, cross-default, material ERISA events, a change of control of the Company, material money judgments and failure to maintain subsidiary guarantees.

At December 31, 2009, borrowings under the Credit Facility were $487.0 million with a weighted average interest rate of 1.1%. Total availability under the credit facility at December 31, 2009 was approximately $263.0 million. As of December 31, 2009, the Company was in compliance with its financial covenants under the Credit Facility.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Senior Notes

On May 16, 2006, the Company entered into a senior note purchase agreement and issued and sold $250.0 million aggregate principal amount of 6.00% Series A Notes due May 16, 2009 and $250.0 million aggregate principal amount of 6.14% Series B Notes due May 16, 2011 (the "Senior Notes"). The Senior Notes accrue interest on the unpaid balance thereof at the rate of 6.00% and 6.14% per annum, respectively, from May 16, 2006, payable semiannually, on May 16 and November 16 in each year, commencing with November 16, 2006, until the principal has become due and payable. The note purchase agreement includes usual and customary negative covenants and events of default for transactions of this type. The Senior Notes are unsecured. The payment obligations under the Senior Notes are guaranteed by certain of the Company's existing and future subsidiaries, originally ADS Alliance Data Systems, Inc. Due to their status as guarantors under the Credit Facility and pursuant to a Joinder to Subsidiary Guaranty dated as of September 29, 2006, three additional subsidiaries of the Company became guarantors of the Senior Notes, including Alliance Data Foreign Holdings, Inc., Epsilon Marketing Services, LLC and Epsilon Data Management, LLC. Pursuant to a Joinder to Subsidiary Guaranty dated as of May 30, 2008, ADS Foreign Holdings, Inc. also became a guarantor of the Series A and Series B Notes.

The Company repaid the $250.0 million aggregate principal amount of 6.00% Series A Notes at its scheduled maturity of May 16, 2009. As of December 31, 2009, the Company was in compliance with its financial covenants.

Term Loan

On May 15, 2009, the Company, as borrower, and ADS Alliance Data Systems, Inc., ADS Foreign Holdings, Inc., Alliance Data Foreign Holdings, Inc., Epsilon Marketing Services, LLC and Epsilon Data Management, LLC, as guarantors, entered into a term loan agreement with Bank of Montreal, as administrative agent, and various other agents and banks (the "Term Loan"). The proceeds were used, together with other funds, to repay the Company's $250.0 million aggregate principal amount of 6.00% Series A Notes due May 16, 2009.

Amounts borrowed under the Term Loan are scheduled to mature on March 30, 2012, with principal payments of 5.0% of the aggregate principal amount of the loans outstanding to be made on the last day of each fiscal quarter commencing on June 30, 2010. The Term Loan is unsecured.

Advances under 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 (1) Bank of Montreal's prime rate; (2) the Federal funds rate plus 0.5%; and (3) the LIBOR Quoted Rate as defined in the Term Loan 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. The interest rate for 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 upon the Company's senior leverage ratio as defined in the Term Loan.

The Term Loan contains usual and customary negative covenants for transactions of this type, including, but not limited to, restrictions on the Company's ability, and in certain instances, its subsidiaries' ability, to consolidate or merge; substantially change the nature of its business; sell, transfer or dispose of assets; create or incur indebtedness; create liens; pay dividends; and make investments. The negative covenants are subject to certain exceptions, as specified in the Term Loan. The Term Loan also requires the Company to satisfy certain financial covenants, including maximum ratios of total leverage and senior leverage as determined in accordance with the Term Loan and a minimum ratio of consolidated operating EBITDA to consolidated interest expense as determined in accordance with the Term Loan.

At December 31, 2009, borrowings under the Term Loan were $161.0 million with a weighted-average interest rate of 3.2%. As of December 31, 2009, the Company was in compliance with its covenants.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Convertible Senior Notes

Due 2014

In the second quarter of 2009, the Company issued $345.0 million aggregate principal amount of Convertible Senior Notes due 2014, which included an over-allotment of $45.0 million. Holders of the Convertible Senior Notes due 2014 have the right to require the Company to repurchase for cash all or some of their Convertible Senior Notes due 2014 upon the occurrence of certain fundamental changes.

The Convertible Senior Notes due 2014 are governed by an indenture dated June 2, 2009 between the Company and the Bank of New York Mellon Trust Company, National Association, as trustee. Pursuant to the indenture, the Convertible Senior Notes due 2014 are general unsecured senior obligations of the Company, pay interest semi-annually in arrears at a rate of 4.75% per annum on May 15 and November 15 of each year beginning November 15, 2009, will be convertible during certain periods and under certain circumstances and, subject to earlier repurchase by the Company or conversion, will mature on May 15, 2014. The Company may not redeem the Convertible Senior Notes due 2014 prior to their maturity date.

Holders may convert their Convertible Senior Notes due 2014 at their option at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date of the Convertible Senior Notes due 2014, in equal multiples of $1,000 principal amounts, under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) after the fiscal quarter ending December 31, 2009, if the last reported sale price of the Company’s common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of $47.57 of the Convertible Senior Notes due 2014 on the last day of such preceding fiscal quarter;
- during the five business-day period after any five consecutive trading-day period, or the measurement period, in which the trading price per $1,000 principal amount of the Convertible Senior Notes due 2014 for each day of that measurement period was less than 98% of the product of the last reported sales price of the Company’s common stock and the conversion rate of the Convertible Senior Notes due 2014 on each such day; or
- upon the occurrence of certain specified corporate transactions.

In addition, holders may convert their Convertible Senior Notes due 2014 at their option at any time beginning on January 13, 2014 and ending on the close of business on the second scheduled trading day immediately preceding the maturity date, without regard to the foregoing circumstances.

The Convertible Senior Notes due 2014 have an initial conversion rate of 21.0235 shares of common stock per $1,000 principal amount, which is equal to an initial conversion price of approximately $47.57 per share. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company’s common stock or a combination thereof at the Company’s election. It is the Company’s current intention and policy to settle the principal amount (or the amount of the Company’s conversion obligation, if less) of the Convertible Senior Notes due 2014 in cash upon conversion.

Concurrently with the pricing of the Convertible Senior Notes due 2014 and the exercise of the over-allotment option, the Company entered into convertible note hedge transactions with respect to its common stock with the following affiliates of three of the initial purchasers: J.P. Morgan Securities Inc., as agent to JPMorgan Chase Bank, National Association, London Branch; Bank of America, N.A.; and Barclays Capital Inc., as agent for Barclays Bank PLC (together, the “2014 Hedge Counterparties”), which cover, subject to customary anti-

dilution adjustments, approximately 7.3 million shares of the Company's common stock at an initial strike price equal to the initial conversion price of the Convertible Senior Notes due 2014 (the "2014 Convertible Note Hedges").

Separately but also concurrently with the pricing of the Convertible Senior Notes due 2014 and the exercise of the over-allotment option, the Company entered into warrant transactions whereby it sold to the 2014 Hedge Counterparties warrants to acquire, subject to customary anti-dilution adjustments, up to approximately 7.3 million shares of its common stock at an initial strike price of approximately $70.54 (the "2014 Convertible Note Warrants"). The 2014 Convertible Note Warrants will be exercisable and will expire in 79 equal tranches of 45,331 warrants and an 80th tranche of 45,405 warrants for one of the 2014 Hedge Counterparties and will be exercisable and will expire in 79 equal tranches of 22,665 warrants and an 80th tranche of either 22,741 or 22,743 warrants with respect to the remaining two 2014 Hedge Counterparties, beginning on August 13, 2014 and continuing on each business day through December 4, 2014 as to each of the 2014 Hedge Counterparties.

The cost of the 2014 Convertible Note Hedges, reduced by the proceeds to the Company from the sale of the 2014 Convertible Note Warrants, was approximately $50.7 million. The Company accounted for the 2014 Convertible Note Hedges and 2014 Convertible Note Warrants as equity instruments in accordance with the guidance in ASC 815-40 "Derivatives and Hedging—Contracts in Entity's Own Equity." Accordingly, the cost of the 2014 Convertible Note Hedges and the proceeds from the sale of the 2014 Convertible Note Warrants are included in additional paid-in capital in the consolidated balance sheets at December 31, 2009.

Concurrently with the pricing of the Convertible Senior Notes due 2014, the Company entered into prepaid forward transactions (the "Prepaid Forwards") with Merrill Lynch, Pierce, Fenner & Smith Incorporated, as agent for Merrill Lynch International, and Barclays Capital Inc., as agent for Barclays Bank PLC (collectively, the "Forward Counterparties"). Under the Prepaid Forwards, the Company purchased 1,857,400 shares of its common stock for approximately $74.9 million with proceeds from the offering. The shares are to be delivered over a settlement period in 2014. Each of the Prepaid Forwards is subject to early settlement, in whole or in part, at any time prior to the final settlement date at the option of the applicable Forward Counterparty, as well as early settlement or settlement with alternative consideration in the event of certain corporate transactions. In the event the Company pays any cash dividends on its common stock, the Forward Counterparties will pay an equivalent amount to the Company. The shares under the Prepaid Forwards were accounted for as a repurchase of common stock and a reduction of stockholders' equity.

Due 2013

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

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

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Holders may convert their Convertible Senior Notes due 2013 at their option at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date of the Convertible Senior Notes due 2013, in equal multiples of $1,000 principal amounts, under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) after the fiscal quarter ending December 31, 2008, if the last reported sale price of the Company's common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of $78.50 of the Convertible Senior Notes due 2013 on the last day of such preceding fiscal quarter;
- during the five business-day period after any five consecutive trading-day period, or the measurement period, in which the trading price per $1,000 principal amount of the Convertible Senior Notes due 2013 for each day of that measurement period was less than 98% of the product of the last reported sales price of the Company's common stock and the conversion rate of the Convertible Senior Notes due 2013 on each such day; or
- upon the occurrence of certain specified corporate transactions.

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

Upon conversion, holders of the Convertible Senior Notes due 2013 will receive, at the election of the Company, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, based on the applicable conversion rate at such time. It is the Company's current intention and policy to settle the principal amount (or the amount of the Company's conversion obligation, if less) of the Convertible Senior Notes due 2013 in cash upon conversion. The Convertible Senior Notes due 2013 have an initial conversion rate of 12.7392 shares of common stock per $1,000 principal amount of the Convertible Senior Notes due 2013 (which is equal to an initial conversion price of approximately $78.50 per share), representing an initial conversion premium of approximately 22.5% above the closing price of $64.08 per share of the Company's common stock on July 23, 2008.

Concurrently with the pricing of the Convertible Senior Notes due 2013, on July 23, 2008, the Company entered into convertible note hedge transactions with respect to its common stock (the "2013 Convertible Note Hedges") with J.P. Morgan Securities Inc., as agent to JPMorgan Chase Bank, National Association, London Branch, and Bank of America, N.A., affiliates of two of the initial purchasers (together, the "2013 Hedge Counterparties"). The 2013 Convertible Note Hedges cover, subject to customary anti-dilution adjustments, approximately 8.9 million shares of the Company's common stock at an initial strike price equal to the initial conversion price of the Convertible Senior Notes due 2013. Following the exercise of the over-allotment option in full on August 4, 2008, the 2013 Convertible Note Hedges cover approximately 1.3 million additional shares of the Company's common stock, subject to customary anti-dilution adjustments.

Separately but also concurrently with the pricing of the Convertible Senior Notes due 2013, on July 23, 2008, the Company entered into warrant transactions whereby it sold to the 2013 Hedge Counterparties warrants to acquire, subject to customary anti-dilution adjustments, up to approximately 8.9 million shares of its common stock at an initial strike price of approximately $112.14 (the "2013 Convertible Note Warrants"). Following the exercise of the Convertible Senior Notes due 2013 over-allotment option in full on August 4, 2008, the 2013 Convertible Note Warrants were amended to permit the 2013 Hedge Counterparties to acquire, subject to customary anti-dilution adjustments, up to approximately 1.3 million additional shares of the Company's common stock. The amended 2013 Convertible Note Warrants will be exercisable and will expire in 79 equal

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

tranches of 64,094 warrants and an 80th tranche of 64,102 warrants with respect to each of the 2013 Hedge Counterparties beginning on October 30, 2013 and continuing on each business day through February 25, 2014.

The cost of the 2013 Convertible Note Hedges, reduced by the proceeds to the Company from the sale of the 2013 Convertible Note Warrants, was approximately $93.6 million. The 2013 Convertible Note Hedges and 2013 Convertible Note Warrants are generally expected to offset the potential dilution of the Company's common stock upon conversion of the Convertible Senior Notes due 2013 to the extent that the Company's common stock price does not exceed $112.41 at the time of the exercise of the 2013 Convertible Note Warrants. The cost of the additional 2013 Convertible Note Hedges, reduced by the proceeds to the Company from the sale of the additional 2013 Convertible Note Warrants, related to the exercise of the over-allotment on August 4, 2008, was $14.0 million. The Company accounted for the 2013 Convertible Note Hedges and 2013 Convertible Note Warrants in accordance with the guidance in ASC 815-40 "Derivatives and Hedging—Contracts in Entity's Own Equity." The 2013 Convertible Note Hedges and 2013 Convertible Note Warrants meet the requirements under ASC 815-40 to be accounted for as equity instruments. Accordingly, the cost of the 2013 Convertible Note Hedges and the proceeds from the sale of the 2013 Convertible Note Warrants are included in additional paid-in capital in the consolidated balance sheets at December 31, 2009.

The table below summarizes the carrying value of the components of the Convertible Senior Notes due 2013 and the Convertible Senior Notes due 2014:

	December 31,	
	2009	2008
	(In thousands)	
Carrying amount of equity component	$ 368,678	$ 252,828
Principal amount of liability component	$1,150,000	$ 805,000
Unamortized discount	(299,073)	(235,900)
Net carrying value of liability component	$ 850,927	$ 569,100
If-converted value of common stock	$1,130,852	$ 477,168

The discount on the liability component will be amortized as interest expense over the remaining life of the Convertible Senior Notes due 2013 and the Convertible Senior Notes due 2014 which is a weighted-average period of 3.8 years.

Interest expense on the Convertible Senior Notes due 2013 and the Convertible Senior Notes due 2014 recognized in the Company's consolidated statements of income for the years ended December 31, 2009, 2008 and 2007 is as follows:

	Years Ended December 31,		
	2009	2008	2007
	(In thousands)		
Interest expense calculated on contractual interest rate	$23,556	$ 5,948	$—
Amortization of discount on liability component	52,677	16,928	—
Total interest expense on convertible senior notes	$76,233	$22,876	$—
Effective interest rate	11.0%	9.7%	— %

Other—The Company has other minor borrowings, primarily capital leases, with varying interest rates.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Maturities—Debt at December 31, 2009 matures as follows (in thousands):

2010	$ 824,463
2011	642,077
2012	776,372
2013[1]	856,213
2014[2]	447,300
Thereafter	—
Total maturities	3,546,425
Unamortized discount on convertible senior notes	(299,073)
	$3,247,352

(1) Includes $805.0 million representing the aggregate principal amount of the Convertible Senior Notes due 2013.

(2) Includes $345.0 million representing the aggregate principal amount of the Convertible Senior Notes due 2014.

12. INCOME TAXES

The Company files a consolidated federal income tax return.

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
Components of income from continuing operations before income taxes:			
Domestic	$127,939	$235,019	$258,268
Foreign	135,007	145,132	93,576
Total	$262,946	$380,151	$351,844
Components of income tax expense are as follows:			
Current			
Federal	$ 4,645	$ 27,409	$ 92,110
State	3,586	10,167	9,443
Foreign	60,521	88,939	62,718
Total current	68,752	126,515	164,271
Deferred			
Federal	653	48,157	(22,626)
State	4,889	1,352	5,181
Foreign	11,933	(28,425)	(9,423)
Total deferred	17,475	21,084	(26,868)
Total provision for income taxes	$ 86,227	$147,599	$137,403

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A reconciliation of recorded federal provision for income taxes to the expected amount computed by applying the federal statutory rate of 35% for all periods to income from continuing operations before income taxes is as follows:

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
Expected expense at statutory rate	$92,031	$133,053	$123,145
Increase (decrease) in income taxes resulting from:			
State income taxes, net of federal benefit	5,280	10,277	8,295
Foreign earnings at other than United States rates	(3,137)	(2,697)	405
Non-deductible expenses	4,625	4,705	5,112
State law changes, net of federal expense	228	(2,790)	1,169
Canadian tax rate reductions	14,159	2,727	10,712
Tax credits	(8,333)	(791)	(14,680)
Non-taxable gain on business acquisition	(7,429)	—	—
Reduction of prior year tax positions	(6,550)	—	—
Lapse of statute of limitations	(4,891)	—	—
Other	244	3,115	3,245
Total	$86,227	$147,599	$137,403

Deferred tax assets and liabilities consist of the following:

	December 31,	
	2009	2008
	(In thousands)	
Deferred tax assets		
Deferred revenue	$ 143,232	$135,276
Allowance for doubtful accounts	31,348	15,499
Net operating loss carryforwards and other carryforwards	195,273	104,376
Depreciation	8,053	15,428
Stock-based compensation and other employee benefits	17,216	27,795
Fair value adjustments	31,895	21,822
Accrued expenses and other	25,188	28,911
Total deferred tax assets	452,205	349,107
Valuation allowance	(116,132)	(70,222)
Deferred tax assets, net of valuation allowance	336,073	278,885
Deferred tax liabilities		
Deferred income	$ 90,963	$ 48,492
Convertible note hedges	25,498	16,737
Servicing rights	72,513	63,762
Intangible assets	90,356	70,861
Total deferred tax liabilities	279,330	199,852
Net deferred tax asset	$ 56,743	$ 79,033
Amounts recognized in the consolidated balance sheets:		
Current assets	$ 197,455	$201,895
Non-current liabilities	$ 140,712	$123,476
Discontinued operations net deferred tax asset (included in assets of discontinued operations)	$ —	$ 614

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

At December 31, 2009, the Company has approximately $61.3 million of U.S. federal net operating loss carryovers ("NOLs"), approximately $32.5 million of capital losses, and approximately $129.3 million of tax credits ("credits"), which expire at various times through the year 2024. Included in the $129.3 million of credits are foreign tax credits resulting from distributions of foreign affiliates. Pursuant to Section 382 of the Internal Revenue Code, the Company's utilization of such NOLs and approximately $1.5 million of tax credits are subject to an annual limitation. The Company believes it is more likely than not that a portion of the federal NOLs and credits will expire before being utilized. Therefore, in accordance with ASC 740-10, "Income Taxes—Overall—Initial Measurement," the Company has established a valuation allowance on the portion of NOLs and credits that the Company expects to expire prior to utilization. The Company also believes it is more likely than not that the capital losses and a portion of the credits not subject to Section 382 limitations will expire before being utilized. Therefore, the Company has established a valuation allowance against the total amount of the capital losses and against the portion of the credits that are expected to expire prior to utilization.

At December 31, 2009, the Company has state income tax NOLs of approximately $421.7 million, state capital losses of approximately $32.5 million, and state credits of approximately $6.7 million available to offset future state taxable income. The state NOLs, capital losses and credits will expire at various times through the year 2029. The Company believes it is more likely than not that the capital losses and a portion of the state NOLs and credits will expire before being utilized. Therefore, in accordance with ASC 740-10, the Company has established a valuation allowance against the total amount of capital losses and against the portion of NOLs and credits that the Company expects to expire prior to utilization.

As of December 31, 2009, the Company's valuation allowance has increased, which is primarily attributable to the recording of additional foreign tax credits and carryforwards, a portion of which the Company believes it is more likely than not will expire prior to utilization.

During 2009, the Company remitted its previously unremitted earnings.

The income tax expense does not reflect the tax effect of certain items recorded directly to additional paid-in capital. The net tax impact resulting from the exercise of employee stock options and other employee stock programs that was recorded in additional paid-in capital were approximately $1.9 million, $(2.3) million and $(8.2) million for the years 2009, 2008 and 2007, respectively. The Company also recorded tax impacts of approximately $12.3 million and $18.0 million in additional paid-in capital for the years 2009 and 2008, respectively, to establish deferred tax liabilities associated with the Convertible Note Hedges.

The Canadian government has enacted laws that reduce the corporate income tax rates for years beginning in 2008. The first of these laws was enacted in June 2006 and another was enacted in December 2007. As a result of these rate reductions, the Company was required to book additional expense to reduce the net deferred tax asset in Canada related to the future lower income tax rates. The Company recorded $6.8 million, $2.7 million and $10.7 million of income tax expense for the years 2009, 2008 and 2007, respectively, related to these rate reductions. In December 2009, the Ontario government enacted a law to reduce the corporate income tax rates for years beginning in 2010. As a result of this rate reduction, the Company was required to book additional expense of $7.4 million in 2009 to reduce the net deferred tax asset in Ontario related to future lower income tax rates.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance at December 31, 2007	$ 62,834
Increases related to prior years' tax positions	5,281
Decreases related to prior years' tax positions	(3,377)
Increases related to current year tax positions	3,632
Settlements during the period	(1,273)
Lapses of applicable statute of limitations	(767)
Balance at December 31, 2008	$ 66,330
Increases related to prior years' tax positions	9,527
Decreases related to prior years' tax positions	(16,190)
Increases related to current year tax positions	5,250
Settlements during the period	(2,560)
Lapses of applicable statute of limitations	(11,210)
Balance at December 31, 2009	$ 51,147

Included in the balance at December 31, 2009 are tax positions reclassified from deferred tax liabilities. Deductibility is highly certain for these tax positions but there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company has potential cumulative interest and penalties with respect to unrecognized tax benefits of approximately $14.2 million at December 31, 2009. For the year ended December 31, 2009, the Company released approximately $8.5 million in potential interest and penalties with respect to unrecognized tax benefits.

If recognized at some point in the future, the unrecognized tax benefits would favorably impact the effective tax rate by approximately $31.2 million. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits over the next twelve months.

The Company files income tax returns in the United States Federal jurisdiction and in many state and foreign jurisdictions. With few exceptions, the tax returns filed by the Company are no longer subject to United States Federal or state and local income tax examinations for years before 2006 and are no longer subject to foreign income tax examinations by tax authorities for years before 2005.

13. STOCKHOLDERS' EQUITY

On July 17, 2008, the Company's Board of Directors authorized a new stock repurchase program to acquire up to $1.3 billion of its outstanding common stock through December 31, 2009, subject to any restrictions pursuant to the terms of the Company's credit agreements or otherwise. Of the $1.3 billion stock repurchase program, $275.1 million remained unused on December 31, 2009. 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, from February 5, 2010 through December 31, 2010, subject to any restrictions pursuant to the terms of the Company's credit agreement or otherwise.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

For the year ended December 31, 2009, the Company acquired a total of 12,699,988 shares of its common stock for approximately $520.8 million, which includes 1,857,400 shares purchased under prepaid forward contracts for approximately $74.9 million, which shares are to be delivered over a settlement period in 2014. For the years ended December 31, 2008 and 2007, the Company acquired a total of 17,198,408 and 1,805,800 shares, respectively, of its common stock for approximately $1,000.9 million and $108.5 million, respectively.

14. STOCK COMPENSATION PLANS

The Company has adopted equity compensation plans to advance the interests of the Company by rewarding certain employees for their contributions to the financial success of the Company and thereby motivating them to continue to make such contributions in the future.

On April 4, 2003, the Company's Board of Directors adopted the 2003 long-term incentive plan and the stockholders approved it at the Company's 2003 annual meeting of stockholders on June 10, 2003. This plan reserves 6,000,000 shares of common stock for grants of incentive stock options, nonqualified stock options, restricted stock awards and performance shares to officers, employees, non-employee directors and consultants performing services for the Company or its affiliates. This plan expired on April 4, 2008 and no further awards will be issued from this plan.

On March 31, 2005, the Company's Board of Directors adopted the 2005 long-term incentive plan. On June 7, 2005, at the annual meeting of stockholders, the stockholders approved and adopted the Company's 2005 long-term incentive plan, effective July 1, 2005. This plan reserves 4,750,000 shares of common stock for grants of incentive stock options, nonqualified stock options, restricted stock awards, restricted stock units and performance shares to 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.

Terms of all awards under the 2005 long-term incentive plan are determined by the Board of Directors or the compensation committee of the Board of Directors or its designee at the time of award.

Under the fair value recognition provisions, stock-based compensation expense is measured at the grant date based on the fair value of the award and is recognized ratably over the requisite service period.

Total stock-based compensation expense recognized in the Company's consolidated statements of income for the years ended December 31, 2009, 2008 and 2007, is as follows:

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
Cost of operations	$ 29,256	$ 29,843	$ 27,593
General and administrative	24,356	18,891	20,718
Total	$ 53,612	$ 48,734	$ 48,311

Stock-based compensation expense for the Company's merchant services and utility services businesses and web and catalog retailer VENUE was approximately $0.1 million, $5.6 million, and $7.9 million for the years ended December 31, 2009, 2008, and 2007, respectively. These amounts have been included in the loss from discontinued operations.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As the amount of stock-based compensation expense recognized is based on awards ultimately expected to vest, the amount recognized in the Company's results of operations has been reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on the Company's historical experience. As of December 31, 2009, there was approximately $58.5 million of unrecognized expense, adjusted for estimated forfeitures, related to non-vested, stock-based equity awards granted to employees, which is expected to be recognized over a weighted average period of approximately 1.5 years.

Restricted Stock Awards

During 2009, the Company awarded both service-based and performance-based restricted stock units. Fair value of the restricted stock units is estimated on the date of grant. In accordance with ASC 718, the Company recognizes the estimated stock-based compensation expense, net of estimated forfeitures, over the applicable service period.

Service-based restricted stock unit awards typically vest ratably over a three year period. Performance-based restricted stock unit awards typically vest if specified performance measures tied to the Company's financial performance are met and then ratably over a three year period.

	Performance-Based	Service-Based	Total
Balance at December 31, 2006	219,455	889,954	1,109,409
Shares granted(1)	350,809	422,980	773,789
Shares vested(1)	(318,864)	(311,033)	(629,897)
Shares cancelled	(22,824)	(129,343)	(152,167)
Balance at December 31, 2007	228,576	872,558	1,101,134
Shares granted	1,791,742	1,481,266	3,273,008
Shares vested	(187,106)	(421,733)	(608,839)
Shares cancelled	(16,022)	(195,391)	(211,413)
Balance at December 31, 2008	1,817,190	1,736,700	3,553,890
Shares granted	725,519	162,248	887,767
Shares vested	(580,850)	(684,492)	(1,265,342)
Shares cancelled	(235,102)	(75,445)	(310,547)
Balance at December 31, 2009	1,726,757	1,139,011	2,865,768
Outstanding and Expected to Vest			1,703,543

(1) Includes 86,314 performance-based restricted stock units awarded in 2006, for which the performance criteria was met and vested in 2007.

The weighted average grant-date fair value per share was $31.20 for restricted stock unit awards granted for the year ended December 31, 2009. The weighted-average remaining contractual life for unvested restricted stock units was 1.6 years at December 31, 2009. The number of restricted stock awards outstanding and expected to vest is impacted by the Company's forfeiture rate assumption of 8%.

On April 23, 2008, the Company's Board of Directors approved the cancellation of awards of 67,290 service-based restricted stock units previously granted to certain executive management on December 21, 2007. These awards were replaced with an award granted on April 23, 2008. The total compensation cost reflects the

portion of the grant-date fair value of the original award for which the requisite service period was rendered at the date of cancellation plus the incremental cost resulting from the cancellation and replacement.

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 January 2009 having a weighted-average grant date fair value of $56.43 per share, are no longer probable to vest. The Company did not recognized stock-based compensation expense related to those awards no longer probable to vest.

Stock Options

Stock option awards are granted with an exercise price equal to the market price of the Company's stock on the date of grant. Options typically vest ratably over three years and expire ten years after the date of grant. The fair value of each option award is estimated on the date of grant using a binomial lattice model.

No stock option awards were granted during the years ended December 31, 2009 and 2008. During the year ended December 31, 2007, 433,178 stock option awards were granted. The following table indicates the assumptions used in estimating fair value for the year ended December 31, 2007.

	2007
Expected dividend yield	$—
Risk-free interest rate	4.51%-4.99%
Expected life of options (years)	6.8
Assumed volatility	31.8%-35.7%
Weighted average fair value	$26.15

The following table summarizes stock option activity under the Company's equity compensation plans:

	Outstanding		Exercisable	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
	(In thousands, except per share amounts)			
Balance at December 31, 2006	4,872	$ 30.98	2,697	$ 23.80
Granted	433	63.33		
Exercised	(618)	29.94		
Forfeited	(81)	40.92		
Balance at December 31, 2007	4,606	$ 33.98	3,327	$ 28.19
Granted	—	—		
Exercised	(833)	60.13		
Forfeited	(159)	52.75		
Balance at December 31, 2008	3,614	$ 32.90	3,245	$ 30.39
Granted	—	—		
Exercised	(1,070)	57.85		
Forfeited	(63)	50.89		
Balance at December 31, 2009	2,481	$ 36.05	2,380	$ 34.90
Vested and Expected to Vest	2,474	$ 35.98		

Based on the market value on their respective exercise dates, the total intrinsic value of stock options exercised was approximately $35.7 million, $20.8 million and $22.6 million for the years ended December 31,

2009, 2008 and 2007, respectively. The Company received cash proceeds of approximately $26.3 million from stock options exercised during the year ended December 31, 2009.

The aggregate intrinsic value of stock options outstanding as of December 31, 2009 was approximately $70.8 million. The aggregate intrinsic value of stock options exercisable as of December 31, 2009 was approximately $70.7 million and the weighted average remaining contractual life was approximately 4.4 years. The aggregate intrinsic value of stock options vested and expected to vest was approximately $70.8 million as of December 31, 2009 and the weighted average remaining contractual life was approximately 4.5 years. The number of stock options vested and expected to vest is impacted by the Company's forfeiture rate assumption of 8%.

15. EMPLOYEE BENEFIT PLANS

On June 7, 2005, at the annual meeting of stockholders, the stockholders approved and adopted the Amended and Restated Employee Stock Purchase Plan (the "ESPP"), effective on July 1, 2005. No employee may purchase more than $25,000 in stock under the ESPP in any calendar year, and no employee may purchase stock under the ESPP if such purchase would cause the employee to own more than 5% of the voting power or value of the Company's common stock. The ESPP provides for three month offering periods, commencing on the first trading day of each calendar quarter and ending on the last trading day of each calendar quarter. The purchase price of the common stock upon exercise shall be 85% of the fair market value of shares on the applicable purchase date as determined by averaging the high and low trading prices of the last trading day of each quarter. An employee may elect to pay the purchase price of such common stock through payroll deductions. The maximum number of shares reserved for issuance under the ESPP is 1,500,000 shares, subject to adjustment as provided in the ESPP. Employees are required to hold any stock purchased through the ESPP for 180 days prior to any sale or withdrawal of shares.

During the year ended December 31, 2009, the Company issued 70,410 shares of common stock under the ESPP at a weighted-average issue price of $40.47. Since its adoption, 795,755 shares of common stock have been issued under the ESPP.

At the June 7, 2005 annual meeting of stockholders, the Company's stockholders approved the Executive Annual Incentive Plan. Under the plan, the Company may grant to each eligible employee, including executive officers and other key employees, incentive awards to receive cash upon the achievement of pre-established performance goals. No participant may be granted performance awards in excess of $5.0 million in any calendar year. No further performance awards may be made after the Company's 2010 annual meeting of stockholders unless Section 4 and the definition of "Performance Goal" under the plan are submitted to, and approved by, the Company's stockholders at such meeting.

The Company maintains a 401(k) retirement savings plan, which covers all eligible U.S. employees. Participants can, in accordance with Internal Revenue Service ("IRS") guidelines, set aside both pre-and post-tax savings in this account. In addition to an employee's savings, the Company contributes to plan participants' accounts. The Alliance Data Systems 401(k) and Retirement Savings Plan was amended and restated effective January 1, 2008 to better benefit the majority of Company employees. The plan is an IRS-approved safe harbor plan design that eliminates the need for most discrimination testing.

Eligible employees can participate in the plan immediately upon joining the Company and after six months of employment begin receiving Company matching contributions. Seasonal and "on-call" employees must complete a year of eligibility service before they may participate in the plan. On the first three percent of savings, the Company matches dollar-for-dollar. An additional fifty cents for each dollar an employee contributes is

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

matched for savings of more than three percent and up to five percent of pay. All Company matching contributions are immediately vested. In addition to the Company match, the Company annually may make an additional contribution based on the profitability of the Company. This contribution, subject to Board of Directors approval, is based on a percentage of pay and is subject to a separate three-year vesting schedule. All Company contributions vest immediately if the participating employee attains age 65, becomes disabled, dies or if the plan terminates. The participants in the plan can direct their contributions and the Company's matching contribution to numerous investment options, including the Company's common stock. Contributions for the years ended December 31, 2009, 2008 and 2007 were $12.4 million, $15.7 million, and $18.1 million, respectively.

The Company also provides a Deferred Profit Sharing Plan for its Canadian employees after one year of service. Company contributions range from one to five percent of earnings, based on years of service.

The Company also maintains an Executive Deferred Compensation Plan. The Executive Deferred Compensation Plan provides an opportunity for a defined group of management and highly compensated employees to defer on a pre-tax basis a portion of their regular compensation and bonuses payable for services rendered and to receive certain employer contributions.

16. COMPREHENSIVE INCOME

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

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
Net income	$143,734	$206,402	$164,061
Unrealized (loss) gain on securities available-for-sale	(23,912)	(45,349)	846
Reclassification adjustment for the foreign currency translation gain realized upon the sale of the utility services business	—	(7,535)	—
Foreign currency translation adjustments[1]	6,020	(19,005)	13,946
Total comprehensive income, net of tax	$125,842	$134,513	$178,853

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

The components of accumulated other comprehensive income are as follows:

	Years Ended December 31,	
	2009	2008
	(In thousands)	
Unrealized loss on securities available-for-sale	$ (63,024)	$ (39,112)
Unrealized foreign currency loss	(2,717)	(8,737)
Total accumulated other comprehensive loss	$ (65,741)	$ (47,849)

17. COMMITMENTS AND CONTINGENCIES

AIR MILES Reward Program

The Company has entered into contractual arrangements with certain AIR MILES Reward Program sponsors that result in fees being billed to those sponsors upon the redemption of AIR MILES reward miles

issued by those sponsors. The Company has obtained letters of credit and other assurances from those sponsors for the Company's benefit that expire at various dates. These letters of credit totaled $154.2 million at December 31, 2009, which exceeds the amount of the Company's estimate of its obligation to provide travel and other rewards upon the redemption of the AIR MILES reward miles issued by those sponsors.

The Company currently has an obligation to provide AIR MILES Reward Program collectors with travel and other rewards upon the redemption of AIR MILES reward miles. The Company believes that the redemption settlements assets, including the letters of credit and other assurances mentioned above, are sufficient to meet that obligation.

The Company has entered into certain long-term arrangements to purchase tickets from airlines and other suppliers in connection with redemptions under the AIR MILES Reward Program. These long-term arrangements allow the Company to make purchases at set prices.

Leases

The Company leases certain office facilities and equipment under noncancellable operating leases and is generally responsible for property taxes and insurance related to such facilities. Lease expense was $53.5 million, $54.4 million, and $51.0 million for the years ended December 31, 2009, 2008 and 2007, respectively.

For the year ended December 31, 2008, the Company entered into certain sale-leaseback transactions that resulted in proceeds of approximately $34.2 million and a deferred gain of $13.1 million. The leases have been reflected as capital lease obligations and the gain is being amortized over the expected lease term in proportion to the leased assets. The Company did not enter into any sale-leaseback transactions for the year ended December 31, 2009.

Future annual minimum rental payments required under noncancellable operating and capital leases, some of which contain renewal options, as of December 31, 2009, are:

Year	Operating Leases	Capital Leases
	(In thousands)	
2010	$ 48,530	$23,065
2011	41,018	3,925
2012	34,975	22
2013	28,160	13
2014	25,722	—
Thereafter	94,901	—
Total	$273,306	27,025
Less amount representing interest		(1,318)
Total present value of minimum lease payments		$25,707

Regulatory Matters

WFNNB is subject to various regulatory capital requirements administered by the Office of the Comptroller of the Currency. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, WFNNB must meet specific capital guidelines that involve quantitative measures of its assets,

liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Before WFNNB can pay dividends to ADSC, it must obtain prior regulatory approval if all dividends declared in any calendar year would exceed its net profits for that year plus its retained net profits for the preceding two calendar years, less any transfers to surplus. In addition, WFNNB may only pay dividends to the extent that retained net profits, including the portion transferred to surplus, exceed bad debts. Moreover, to pay any dividend, WFNNB must maintain adequate capital above regulatory guidelines. Further, if a regulatory authority believes that WFNNB is engaged in or is about to engage in an unsafe or unsound banking practice, which, depending on its financial condition, could include the payment of dividends, the authority may require, after notice and hearing, that WFNNB cease and desist from the unsafe practice.

Quantitative measures established by regulation to ensure capital adequacy require WFNNB to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined) and of Tier 1 capital to average assets (as defined) (“total capital ratio”, “Tier 1 capital ratio” and “leverage ratio”, respectively). Under the regulations, a “well capitalized” institution must have a Tier 1 capital ratio of at least 6%, a total capital ratio of at least 10% and a leverage ratio of at least 5% and not be subject to a capital directive order. An “adequately capitalized” institution must have a Tier 1 capital ratio of at least 4%, a total capital ratio of at least 8% and a leverage ratio of at least 4%, but 3% is allowed in some cases. Under these guidelines, WFNNB is considered well capitalized. As of December 31, 2009, WFNNB’s Tier 1 capital ratio was 15.2%, total capital ratio was 16.1% and leverage ratio was 32.3% and WFNNB was not subject to a capital directive order.

The Company’s industrial bank, WFCB, is authorized to do business by the State of Utah and the Federal Deposit Insurance Corporation. WFCB is subject to capital ratios and paid-in capital minimums and must maintain adequate allowances for loan losses. While the consequence of losing the WFCB authority to do business would be significant, the Company believes that the risk of such loss is minimal as a result of the precautions it has taken and the management team it has in place.

As part of an acquisition in 2003 by WFNNB, which required approval by the OCC, the OCC required WFNNB to enter into an operating agreement with the OCC and a capital adequacy and liquidity maintenance agreement with the Company. The operating agreement requires WFNNB to continue to operate in a manner consistent with its current practices, regulatory guidelines and applicable law, including those related to affiliate transactions, maintenance of capital and corporate governance. This operating agreement has not required any changes in WFNNB’s operations. The capital adequacy and liquidity maintenance agreement memorializes the Company’s current obligations to WFNNB.

If either of the Company’s depository institution subsidiaries, WFNNB or WFCB, failed to meet the criteria for the exemption from the definition of “bank” in the Bank Holding Company Act under which it operates, and if the Company did not divest such depository institution upon such an occurrence, the Company would become subject to regulation under the Bank Holding Company Act. This would require the Company to cease certain activities that are not permissible for companies that are subject to regulation under the Bank Holding Company Act.

Cardholders

The Company’s Private Label Credit segment is active in originating private label and co-branded credit cards in the United States. The Company reviews each potential customer’s credit application and evaluates the applicant’s financial history and ability and perceived willingness to repay. Credit card loans are made primarily

on an unsecured basis. Cardholders reside throughout the United States and are not significantly concentrated in any one area.

Holders of credit cards issued by the Company have available lines of credit, which vary by cardholders that can be used for purchases of merchandise offered for sale by clients of the Company. These lines of credit represent elements of risk in excess of the amount recognized in the financial statements. The lines of credit are subject to change or cancellation by the Company. As of December 31, 2009, the Company had approximately 26.6 million cardholders, having unused lines of credit averaging $1,088 per account.

Legal Proceedings

From time to time the Company is involved in various claims and lawsuits arising in the ordinary course of business that it believes will not have a material adverse affect on its business or financial condition, including claims and lawsuits alleging breaches of the Company's contractual obligations.

18. FINANCIAL INSTRUMENTS

In accordance with FASB 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 were as follows:

	December 31,			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Financial assets				
Cash and cash equivalents	$ 213,378	$ 213,378	$ 156,911	$ 156,911
Trade receivables, net	225,212	225,212	218,170	218,170
Seller's interest and credit card receivables, net	913,406	913,406	612,940	612,940
Redemption settlement assets, restricted	574,004	574,004	531,594	531,594
Due from securitizations	992,523	992,523	701,347	701,347
Financial liabilities				
Accounts payable	103,891	103,891	107,209	107,209
Debt	3,247,352	3,408,039	2,180,175	2,206,587

The following methods 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.

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Seller's interest and credit card receivables, net—The carrying amount of credit card receivables approximates fair value due to the short maturity, and the average interest rates approximate current market origination rates. Seller's interest is carried at an allocated carrying amount based on their fair value. The Company determines the fair value of its seller's interest through discounted cash flow models. The estimated cash flows used include assumptions related to rates of payments and defaults, which reflect economic and other relevant conditions. The discount rate used is based on an interest rate curve that is observable in the market place plus an unobservable credit spread.

Redemption settlement assets—Fair values for securities are based on quoted market prices and a valuation model that calculates the present value of estimated future cash flows for each asset.

Due from securitizations—The spread deposits, retained interests and interest-only strips 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. The Company uses a valuation model that calculates the present value of estimated future cash flows for each asset. The model incorporates the Company's own estimates of assumptions market participants use in determining fair value, including estimates of payment rates, defaults, net charge-offs, discount rates and contractual interest and fees.

Debt—The fair value was estimated based on the current rates available to the Company for debt with similar remaining maturities. A binomial lattice model was used to determine the fair value of the Convertible Senior Notes.

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 CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables provide the assets carried at fair value measured on a recurring basis as of December 31, 2009 and 2008:

	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[3]	297,108	—	—	297,108
Due from securitizations	992,523	—	10,275	982,248
Total assets measured at fair value	$ 1,897,058	$ 420,644	$ 123,192	$ 1,353,222

	Balance at December 31, 2008	Fair Value Measurements at December 31, 2008 Using		
		Level 1	Level 2	Level 3
		(In thousands)		
Government bonds[1]	$ 40,312	$ 22,938	$ 17,374	$ —
Corporate bonds[1]	360,065	298,757	32,683	28,625
Other available-for-sale securities[2]	9,423	9,423	—	—
Seller's interest[3]	182,428	—	—	182,428
Due from securitizations	701,347	—	97,110	604,237
Total assets measured at fair value	$ 1,293,575	$ 331,118	$ 147,167	$ 815,290

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

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

(3) Amounts are included in seller's interest and credit card receivables, net in the consolidated balance sheets.

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 December 31, 2009 and 2008:

	Corporate-Bonds	Seller's Interest	Due from Securitizations
		(In thousands)	
January 1, 2009	$ 28,625	$182,428	$ 604,237
Total (losses) gains (realized or unrealized)			
Included in earnings	—	16,912	6,395
Included in other comprehensive income	232	—	(34,758)
Purchases, issuances, and settlements	45,009	97,768	406,374
Transfers in or out of Level 3	—	—	—
December 31, 2009	$ 73,866	$297,108	$ 982,248
Gains for the period included in earnings attributable to the change in unrealized gains or losses related to assets still held at December 31, 2009	$ —	$ 16,912	$ 6,395

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Corporate-Bonds	Seller's Interest	Due from Securitizations
		(In thousands)	
January 1, 2008	$ —	$ —	$ 280,359
Total (losses) gains (realized or unrealized)			
Included in earnings	—	675	19,059
Included in other comprehensive income	(6,760)	—	(51,540)
Purchases, issuances, and settlements	—	9,598	48,496
Transfers in or out of Level 3	35,385	172,155	307,863
December 31, 2008	$ 28,625	$182,428	$ 604,237
Gains for the period included in earnings attributable to the change in unrealized gains or losses related to assets still held at December 31, 2008	$ —	$ 675	$ 19,059

Gains included in earnings for seller's interest and due from securitizations are included in securitization income and finance charges, net.

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 year ended December 31, 2009, the Company had no impairments related to these assets.

19. PARENT-ONLY FINANCIAL STATEMENTS

ADSC provides guarantees under the credit facilities on behalf of certain of its subsidiaries. Additionally, certain of the Company's subsidiaries may be restricted in distributing cash or other assets to ADSC, which could be utilized to service its indebtedness. The stand alone parent-only financial statements are presented below.

Balance Sheets

	December 31,	
	2009	2008
	(In thousands)	
Assets:		
Cash and cash equivalents	$ 375	$ 140
Investment in subsidiaries	1,099,599	1,140,097
Intercompany receivables	1,299,037	1,259,710
Other assets	50,938	48,120
Total assets	$ 2,449,949	$ 2,448,067
Liabilities:		
Current debt	$ 24,150	$ 250,000
Long-term debt	1,724,777	1,284,100
Other liabilities	428,246	366,669
Total liabilities	2,177,173	1,900,769
Stockholders' equity	272,776	547,298
Total liabilities and stockholders' equity	$ 2,449,949	$ 2,448,067

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Statements of Income

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
Interest from loans to subsidiaries	$ 15,428	$ 24,314	$ 35,048
Dividends from subsidiaries	1,101,641	350,800	202,250
Total revenue	1,117,069	375,114	237,298
Loss on sale of long-lived assets	—	1,052	16,045
Interest expense, net	120,363	76,454	64,289
Other expenses, net	194	199	(289)
Total expenses	120,557	77,705	80,045
Income before income taxes and equity in undistributed net loss of subsidiaries	996,512	297,409	157,253
Benefit for income taxes	(34,366)	(10,278)	(19,645)
Income before equity in undistributed net income of subsidiaries	1,030,878	307,687	176,898
Equity in undistributed net loss of subsidiaries	(887,144)	(101,285)	(12,837)
Net income	$ 143,734	$ 206,402	$ 164,061

Statements of Cash Flows

	Years Ended December 31,		
	2009	2008	2007
		(In thousands)	
Net cash (used in) provided by operating activities	$ (830,310)	$ (229,084)	$ 108,270
Investing activities:			
Proceeds from the sale of businesses	—	137,962	12,347
Payments for acquired businesses, net of cash acquired	—	(2,314)	(438,163)
Net cash (used in) provided by investing activities	—	135,648	(425,816)
Financing activities:			
Borrowings under debt agreements	3,369,000	4,646,000	2,309,000
Repayment of borrowings	(3,091,000)	(3,797,000)	(2,113,000)
Excess tax benefits from stock-based compensation	9,040	2,269	8,163
Payment of deferred financing costs	(15,522)	(31,105)	—
Other	—	—	(1,069)
Purchase of treasury shares	(445,891)	(1,000,853)	(108,536)
Proceeds from issuance of common stock	28,864	30,920	20,892
Proceeds from issuance of convertible note warrants	30,050	94,185	—
Payment for convertible note hedges	(80,765)	(201,814)	—
Purchase of prepaid forward contracts	(74,872)	—	—
Dividends received	1,101,641	350,800	202,250
Net cash provided by financing activities	830,545	93,402	317,700
Increase (decrease) in cash and cash equivalents	235	(34)	154
Cash and cash equivalents at beginning of year	140	174	20
Cash and cash equivalents at end of year	$ 375	$ 140	$ 174

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

20. SEGMENT INFORMATION

Operating segments are defined by ASC 280, "Segment Reporting," as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision making group is comprised of the President and Chief Executive Officer and the Chief Financial Officer. The operating segments are reviewed separately because each operating segment represents a strategic business unit that generally offers different products and serves different markets.

The Company operates in four reportable segments: Loyalty Services, Epsilon Marketing Services, Private Label Services, and Private Label Credit.

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

In addition, 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. As discussed in Note 4, "Discontinued Operations and Other Dispositions," the Company's merchant services and utility services business units and a terminated operation have been classified as discontinued operations.

The Private Label Services segment performs card processing and servicing activities for cardholder accounts generated by the Private Label Credit segment. For this, the Private Label Services segment receives a fee equal to its direct costs before corporate overhead plus a margin. The margin is based on estimated current market rates for similar services. This fee represents an operating cost to the Private Label Credit segment and corresponding revenue for the Private Label Services segment. Inter-segment sales are eliminated upon consolidation. Revenues earned by the Private Label Services segment from servicing the Private Label Credit segment, and consequently paid by the Private Label Credit segment to the Private Label Services segment, are set forth under "Eliminations" in the tables below.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The accounting policies of the operating segments are generally the same as those described in the summary of significant accounting policies.

Year Ended December 31, 2009	Loyalty Services	Epsilon Marketing Services	Private Label Services	Private Label Credit	Corporate/ Other	Eliminations	Total
				(In thousands)			
Revenues	$ 715,091	$ 514,272	$ 396,665	$ 693,187	$ 28,644	$ (383,518)	$ 1,964,341
Adjusted EBITDA[1]	200,724	128,253	120,821	194,403	(54,124)	—	590,077
Depreciation and amortization	21,772	69,941	9,800	15,356	8,417	—	125,286
Stock compensation expense	12,227	8,815	6,585	1,614	24,371	—	53,612
Merger and other costs[2]	—	—	—	—	3,422	—	3,422
Operating income (loss)	166,725	49,497	104,436	177,433	(90,334)	—	407,757
Interest expense, net	—	—	—	—	144,811	—	144,811
Income (loss) from continuing operations before income taxes	166,725	49,497	104,436	177,433	(235,145)	—	262,946
Capital expenditures	23,165	14,277	11,523	2,221	1,784	—	52,970

Year Ended December 31, 2008	Loyalty Services	Epsilon Marketing Services	Private Label Services	Private Label Credit	Corporate/ Other	Eliminations	Total
				(In thousands)			
Revenues	$ 755,546	$ 490,998	$ 382,647	$ 750,355	$ 17,337	$ (371,629)	$ 2,025,254
Adjusted EBITDA[1]	204,895	126,558	116,010	254,173	(46,407)	—	655,229
Depreciation and amortization	29,796	75,481	8,832	11,486	10,201	—	135,796
Stock compensation expense	12,611	8,853	6,591	1,788	18,891	—	48,734
Merger and other costs[2]	—	2,633	1,435	—	4,988	—	9,056
Loss on sale of assets	—	—	—	—	1,052	—	1,052
Operating income (loss)	162,488	39,591	99,152	240,899	(81,539)	—	460,591
Interest expense, net	—	—	—	—	80,440	—	80,440
Income (loss) from continuing operations before income taxes	162,488	39,591	99,152	240,899	(161,979)	—	380,151
Capital expenditures	15,621	12,971	9,496	4,217	3,238	—	45,543

Year Ended December 31, 2007	Loyalty Services	Epsilon Marketing Services	Private Label Services	Private Label Credit	Corporate/ Other	Eliminations	Total
				(In thousands)			
Revenues	$ 628,792	$ 458,610	$ 370,832	$ 827,952	$ 33,360	$ (357,387)	$ 1,962,159
Adjusted EBITDA[1]	132,136	118,219	99,084	350,079	(67,333)	—	632,185
Depreciation and amortization	24,601	71,901	8,429	11,231	10,849	—	127,011
Stock compensation expense	7,353	11,380	5,613	774	23,191	—	48,311
Merger and other costs[2]	—	—	—	—	19,593	—	19,593
Loss on sale of assets	—	—	—	—	16,045	—	16,045
Operating income (loss)	100,184	34,935	85,042	338,075	(137,011)	—	421,225
Interest expense, net	—	—	—	—	69,381	—	69,381
Income (loss) from continuing operations before income taxes	100,184	34,935	85,042	338,075	(206,392)	—	351,844
Capital expenditures	35,281	30,555	15,598	2,789	6,857	—	91,080

(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 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. Other costs represent compensation charges related to the severance of certain employees and other non-routine costs associated with the disposition of certain businesses.

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Information concerning principal geographic areas is as follows:

	United States	Canada	Other	Total
	(In thousands)			
Revenues				
Year Ended December 31, 2009	$ 1,179,583	$ 761,578	$ 23,180	$ 1,964,341
Year Ended December 31, 2008	$ 1,222,565	$ 770,270	$ 32,419	$ 2,025,254
Year Ended December 31, 2007	$ 1,285,123	$ 646,078	$ 30,958	$ 1,962,159
Long-lived assets				
December 31, 2009	$ 2,490,688	$ 316,660	$ 58,814	$ 2,866,162
December 31, 2008	$ 1,992,675	$ 378,035	$ 46,630	$ 2,417,340

As of December 31, 2009, revenues from BMO represented approximately 16.7% of revenue and are included in the Loyalty Services segment.

21. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Unaudited quarterly results of operations for the years ended December 31, 2009 and 2008 are presented below.

	Quarter Ended[1]			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
	(In thousands, except per share amounts)			
Revenues	$479,451	$457,539	$ 481,431	$ 545,920
Operating expenses	377,831	376,960	387,885	413,908
Operating income	101,620	80,579	93,546	132,012
Interest expense, net	31,287	34,107	38,563	40,854
Income from continuing operations before income taxes	70,333	46,472	54,983	91,158
Provision for income taxes	27,284	18,085	9,666	31,192
Income from continuing operations	43,049	28,387	45,317	59,966
Income (loss) from discontinued operations	(15,194)	1,049	479	(19,319)
Net income	$ 27,855	$ 29,436	$ 45,796	$ 40,647
Income from continuing operations per share—basic	$ 0.70	$ 0.50	$ 0.86	$ 1.15
Income from continuing operations per share—diluted	$ 0.70	$ 0.49	$ 0.82	$ 1.07
Net income per share—basic	$ 0.46	$ 0.52	$ 0.87	$ 0.78
Net income per share—diluted	$ 0.45	$ 0.51	$ 0.83	$ 0.72

ALLIANCE DATA SYSTEMS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Quarter Ended[1]			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
	(In thousands, except per share amounts)			
Revenues	$499,250	$507,210	$ 511,149	$ 507,645
Operating expenses	380,687	393,033	391,351	399,592
Operating income	118,563	114,177	119,798	108,053
Interest expense, net	17,103	13,942	23,316	26,079
Income from continuing operations before income taxes	101,460	100,235	96,482	81,974
Provision for income taxes	38,758	38,289	37,552	33,000
Income from continuing operations	62,702	61,946	58,930	48,974
Income (loss) from discontinued operations	(13,383)	(14,977)	5,900	(3,690)
Net income	$ 49,319	$ 46,969	$ 64,830	$ 45,284
Income from continuing operations per share—basic	$ 0.80	$ 0.81	$ 0.87	$ 0.77
Income from continuing operations per share—diluted	$ 0.78	$ 0.79	$ 0.85	$ 0.75
Net income per share—basic	$ 0.63	$ 0.61	$ 0.96	$ 0.71
Net income per share—diluted	$ 0.61	$ 0.60	$ 0.93	$ 0.69

(1) The quarterly results for 2009 and 2008 have been restated to reflect the termination of the credit program for web and catalog retailer VENUE in November 2009.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Alliance Data Systems Corporation has duly caused this annual report on Form 10-K 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: March 1, 2010

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of Alliance Data Systems Corporation and in the capacities and on the dates indicated.

Name	Title	Date
/S/ EDWARD J. HEFFERNAN **Edward J. Heffernan**	President and Chief Executive Officer	March 1, 2010
/S/ CHARLES L. HORN **Charles L. Horn**	Executive Vice President and Chief Financial Officer	March 1, 2010
/S/ LAURA SANTILLAN **Laura Santillan**	Senior Vice President and Chief Accounting Officer	March 1, 2010
/S/ BRUCE K. ANDERSON **Bruce K. Anderson**	Director	March 1, 2010
/S/ ROGER H. BALLOU **Roger H. Ballou**	Director	March 1, 2010
/S/ LAWRENCE M. BENVENISTE, PH.D. **Lawrence M. Benveniste, Ph.D.**	Director	March 1, 2010
/S/ D. KEITH COBB **D. Keith Cobb**	Director	March 1, 2010
/S/ E. LINN DRAPER, JR., PH.D. **E. Linn Draper, Jr., Ph.D.**	Director	March 1, 2010
/S/ KENNETH R. JENSEN **Kenneth R. Jensen**	Director	March 1, 2010
/S/ ROBERT A. MINICUCCI **Robert A. Minicucci**	Chairman of the Board, Director	March 1, 2010
/S/ J. MICHAEL PARKS **J. Michael Parks**	Director	March 1, 2010

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SCHEDULE II
ALLIANCE DATA SYSTEMS CORPORATION
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Write-Offs Net of Recoveries	Balance at End of Period
			(In thousands)		
Allowance for Doubtful Accounts—Trade receivables:					
Year Ended December 31, 2009	$ 7,172	$ 2,727	$ (262)	$ (2,901)	$ 6,736
Year Ended December 31, 2008	$ 6,319	$ 5,982	$ (594)	$ (4,535)	$ 7,172
Year Ended December 31, 2007	$ 2,215	$ 4,851	$ (63)	$ (684)	$ 6,319
Allowance for Doubtful Accounts—Seller's interest and credit card receivables:					
Year Ended December 31, 2009	$ 38,124	$ 52,259	$ 2,502	$ (38,001)	$ 54,884
Year Ended December 31, 2008	$ 38,726	$ 36,192	$ 17,216	$ (54,010)	$ 38,124
Year Ended December 31, 2007	$ 45,919	$ 35,812	$ (1,798)	$ (41,207)	$ 38,726

Exhibit 10.1

OFFICE LEASE

LANDLORD:

NODENBLE ASSOCIATES, LLC,
a Delaware limited liability company

TENANT:

ADS ALLIANCE DATA SYSTEMS, INC.,
a Delaware corporation

Regarding the Premises Located at:

One Legacy Circle
7500 Dallas Parkway
Plano, TX 75024

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OFFICE LEASE

THIS OFFICE LEASE is dated effective and for identification purposes as of October 1, 2009 ("**Lease**"), and is made by and between **NODENBLE ASSOCIATES, LLC**, a Delaware limited liability company ("**Landlord**"), and **ADS ALLIANCE DATA SYSTEMS, INC., a Delaware corporation** ("**Tenant**").

IT IS AGREED AS FOLLOWS:

1. BASIC LEASE TERMS.

1.1 Landlord's Address for Notice:	NODENBLE Associates, LLC c/o CB Richard Ellis, Inc. 5741 Legacy Drive, Suite 205 Plano, TX 75024 Attn: Property Manager of One Legacy Circle
With copy to:	Principal Real Estate Investors 801 Grand Avenue, Dept H-137 Des Moines, IA 50392-1370 Attn: Central CRE - Equities Team
Rent Payment Address:	Nodenble Associates, LLC CWL001 PO Box 82552 Goleta, CA 93118-2552
Tenant's Address for Notice after Commencement Date:	ADS Alliance Data Systems, Inc. 7500 Dallas Parkway, Suite 800 Plano, TX 75024 Attention: James E. Pierce
With copy to:	ADS Alliance Data Systems, Inc. 7500 Dallas Parkway, Suite 800 Plano, TX 75024 Attn: General Counsel
Tenant's Address for Notice prior to Commencement Date:	ADS Alliance Data Systems, Inc. 17655 Waterview Parkway Dallas, TX 75252 Attn: James E. Pierce
With copy to:	ADS Alliance Data Systems, Inc. 17655 Waterview Parkway Dallas, TX 75252 Attn: General Counsel

1.2 Guarantor: None.

1.3 Premises: Suites 600, 700 and 800 of the Building as shown on the floor plans attached hereto as **Exhibit A**, containing approximately 84,262 rentable square feet of space (of which 27,937 rentable square feet is located on the 6th floor, 27,925 is located on the 7th floor and 28,400 is located on the 8th floor), which is the final agreement of the parties and is not subject to change. Landlord represents that it instructed its architect to measure the Building and Premises in accordance with American National Standard Method of Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-1996, published by the Building Owners and Managers Association International (1996 BOMA Standards).

1.4 Building: That certain building located at 7500 Dallas Parkway, Plano, Texas 75024, and commonly referred to as One Legacy Circle. The Building contains approximately 214,110 rentable square feet of space, which is the final agreement of the parties and not subject to change. The term "**Property**" shall mean the land described in the **Exhibit A-1** attached hereto and all improvements, including the Building, located thereon.

1.5 Lease Term: One hundred thirty-two (132) *full* calendar months and any partial month.

1.6 Commencement Date: The earlier of (i) June 30, 2010, or (ii) as to each floor, the date on which Tenant commences operating business from any portion of the floor. Tenant shall not be deemed to be operating business from a floor if Tenant is merely installing furniture, fixtures or equipment or otherwise preparing for occupancy. If the Commencement Date is deemed to be June 30, 2010, and Tenant has not commenced operating business from the Premises, then Base Rent shall be waived for such day and the rental abatement period (set forth in Section 1.8 below) shall be deemed to commence until July 1, 2010.

1.7 Expiration Date: The last day of the one hundred thirty second (132nd) full calendar month following the last applicable Commencement Date.

1.8 Base Rent:

Months	Annual Base Rent/RSF	Monthly Installment
01 – 12	$	$ *
13 – 24**	$	$
25 – 36	$	$
37 – 48	$	$
49 – 60	$	$
61 – 72	$	$
73 – 84	$	$
85 – 96	$	$
97 – 108	$	$
109 – 120	$	$
121 – Expiration Date	$	$

* Tenant is entitled to receive ( ) months of rental abatement per floor. Accordingly, in the event that the Commencement Date for any floor is other than the first day of a calendar month, the first and last calendar months shall be prorated and the partial month shall be added to the month immediately following the applicable abatement period. Such abatement shall apply solely to payment of the monthly installments of Base Rent and Operating Expenses (including, without limitation, Taxes, Insurance and Common Area Charges), but shall not be applicable to any electricity consumed by Tenant (which must still be paid by Tenant during the abatement and partial abatement periods) or any other charges, expenses or costs payable by Tenant under this Lease. Landlord and Tenant agree that the abatement of rental and other payments contained in this Section is conditional and is made by Landlord in reliance upon Tenant's faithful and continued performance of the terms, conditions and covenants of this Lease and the payment of all monies due Landlord hereunder. In the event that Tenant is evicted due to a default beyond any applicable notice and cure period, then the unamortized portion (with amortization on a straight-line basis over the entire initial term of this Lease) of all conditionally abated rental (to the extent not specifically included in any award of future rental) shall become fully liquidated and immediately due and payable (without limitation and in addition to any and all other rights and remedies available to Landlord provided herein or at law and in equity).

** Such rental rate shall be in effect until the 24th full calendar month following the last applicable Commencement Date.

1.9 Tenant's Proportionate Share: A fraction, the numerator of which is the number of rentable square feet within the Premises and the denominator of which is the number of rentable square feet in the Building.

1.10 Base Year: CAM Base Year: Calendar year 2010. The CAM Base Year shall not be applicable to electrical costs for the Premises, for which there shall be a full pass-through without reduction as more fully set forth in Section 4(F) below.

Tax Base Year: Calendar year 2010. The Tax Base Year shall be based on a fully assessed Building. For the purposes of determining Margin Tax applicable to the Tax Base Year, Base Rent shall be deemed to be $ per rentable square foot of space within the Premises.

1.11 Restoration Deposit: and No/100ths Dollars ($) payable ninety (90) days prior to the Expiration Date (as may be extended due to any extension of the Term).

1.12 Allowance: and No/100 Dollars ($) (i.e., $ per rentable square foot of space in the Premises), as more fully set forth in the Work Letter, attached hereto as **Exhibit C**. Additionally, provided that (i) Tenant is not then in default beyond any applicable notice and cure period, (ii) is then occupying and doing business from at least one (1) floor of the Premises, (iii) the Tenant Improvements (as defined in Section 3 of the Work Letter) have been substantially completed, and (iv) has completed, executed and delivered to Landlord a Confirmation of Lease Terms, the form of which is attached hereto as **Exhibit D**, then Landlord will pay to Tenant within thirty (30) days the balance of the commissions due and payable to Tenant's Broker applicable to this Lease.

1.13 Brokers: Landlord's Broker: CB Richard Ellis, Inc.
Tenant's Broker: Cushman & Wakefield of Texas, Inc.

1.14 Parking Spaces: Tenant and its Permitted Transferees (as defined below) and its and their respective officers, employees, agents, servants, customers, licensees, contractors, and invitees (collectively, "**Tenant Parties**") shall have the non-exclusive right to use 3.5 of the parking spaces in the Parking Garage (as defined below) for each full 1,000 rentable square feet of space within the Premises for the initial Term of the Lease (collectively, the "**Parking Spaces**"), subject to (1) such Rules and Regulations (as defined herein) as Landlord may promulgate from time to time and (2) rights of ingress and egress of other tenants and their employees, agents and invitees. Forty-five (45) of the Parking Spaces shall be reserved spaces (the "**Reserved Parking Spaces**") in the parking garage located at the Property (the "**Parking Garage**"), and the location of each of the Reserved Parking Spaces is identified on the **Exhibit G** attached hereto, which location shall not change without the consent of both parties.

1.15 Parking Rent: Tenant shall not be obligated to pay any rental fees with respect to the Parking Spaces during the initial term of this Lease.

1.17 Permitted Uses: General office uses in keeping with the first class nature of the Building, as well as a fitness center for the use by the parties identified in Section 2(C) below. Any fitness center shall be located on the 7th floor of the Building.

1.18 Amount Due on Execution:	Base Rent	$
	Electrical (Estimate Only):	$
	Total:	$

2. DEMISE; USE; AND RENT.

(A) "As Is". Landlord does hereby lease to Tenant and Tenant hereby accepts the Premises on the terms set forth herein. TENANT ACKNOWLEDGES THAT IT HAS INSPECTED AND ACCEPTS THE PREMISES IN ITS "AS-IS, WHERE IS" CONDITION. However, Landlord shall make all improvements required under this Lease or the attached Work Letter, as applicable.

(B) Delivery. Landlord shall, on the first business day after Landlord's execution and delivery of this Lease to Tenant, deliver possession of all of the Premises, free of any tenancies or other rights of third parties. Landlord has previously completed the initial work described on the **Exhibit K** attached hereto (the "**Initial Shell Space Work**"). The initial Shell Space Work was complete in compliance with all Laws (as defined below) applicable thereto including, without limitation, all Disability Laws (as defined in Section 4(A)(2) below).

(C) Permitted Use. Tenant covenants that the Premises will be used only for the Permitted Use together with the incidental activities of Tenant, its affiliated companies or other subsidiary companies, or any Permitted Transferee, and for no other use or purpose without Landlord's prior written consent thereto. Tenant further covenants that the Premises will not be used or occupied for any unlawful purposes. Tenant further acknowledges that it has received no written or oral inducements from Landlord or any of Landlord's representatives concerning this Lease (other than as specifically set forth herein) or that Tenant will be granted any exclusive rights other than those expressly provided to Tenant pursuant to this Lease. Any use (other than the Permitted Use) that causes a material increase in the cost of insurance carried by Landlord in connection with the Building shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing or anything else to the contrary contained in this Lease, (i) in no event shall Landlord have the right to restrict and/or prevent the use of equipment or other personal property within the Premises as long as the same does not exceed the load bearing capacity of the floor of the Premises on which it is located and, if applicable, the integration of the same with Building systems is done in accordance with the provisions of this Lease applicable thereto, and (ii) Landlord acknowledges that the Permitted Use includes the use of a portion of the Premises for fitness center use for the Tenant Parties only complimentary to general office use ("**Fitness Center Use**"), that such use will result in activities taking place that do not ordinarily take place in a commercial office building, and, as a result thereof, Landlord shall have no right to restrict such activities as long as they do not create noise or vibration detectable outside of the Premises which reasonably interferes in a materially adverse manner the use of space in the Building other than the Premises for general office use. Tenant may not sell memberships for the Fitness Center Use. Tenant shall be solely responsible at its sole cost and expense for cleaning and maintaining the fitness center. Former employees, members of the immediate family of any employees of the Tenant Parties who are at least 16 years old may use the Fitness Center, and such use will constitute "Fitness Center Use". Persons the age of 18 and younger may use the fitness center only if accompanied by an employee of a Tenant Party. Persons not then employed by a Tenant Party may use the fitness center outside of Normal Building Hours only if accompanied by an employee of a Tenant Party (and Landlord may require other reasonable security measures in the event that Landlord informs Tenant of any legitimate security concerns). Fitness center hours must be limited to Monday through Friday 6:00 a.m. through 10:00 p.m. and Saturdays, Sundays and Holidays 8:00 a.m. through 6:00 p.m. Tenant shall use its best efforts to ensure that patrons of the fitness center do not wear workout/exercise attire in the Common Areas of the Building during Normal Building Hours (professional business attire is required in the Common Areas Monday thought Friday (excluding Holidays) between the hours of 8:30 a.m. and 6:00 p.m.).

(D) Base Rent. Subject to Sections 1.9 and 1.18 above, monthly installments of Base Rent and other amounts due hereunder (collectively, "**Rent**") are due on the first day of each month following the Commencement Date in advance without demand and without deduction, abatement, or setoff during the Lease Term except as otherwise provided to the contrary in this Lease. Rent payable during the term of this Lease which is for a period of less than an entire month shall be adjusted on a pro-rata basis. Rent shall be payable in lawful money of the United States to Landlord at the address stated herein or to such other persons or at such other places as Landlord may designate in writing.

(E) Common Areas. Notwithstanding anything to the contrary contained in this Lease, the Tenant Parties shall have the non-exclusive right to use the Common Areas (as defined below) for their intended purposes, in common with others, subject to the terms of this Lease and such rules and regulations therefor that Landlord may reasonably and non-discriminatorily promulgate from time to time and provide in writing to Tenant. The term "**Common Areas**" shall mean those areas located within the Building or otherwise at the Property designated by Landlord, from time to time, for the common use or benefit of tenants generally and/or the public, and will in any event include, for the purposes of this Lease, the Parking Garage and all other parking areas associated with the Building.

3. RESTORATION DEPOSIT. Tenant shall deposit the Restoration Deposit with Landlord at least ninety (90) days prior to the Expiration Date (subject to extension by the exercise of any right to extend the term of this Lease) as security for Tenant 's obligations to surrender the Premises in the time and manner required under this Lease. If Tenant fails to comply with the surrender

provisions hereunder, Landlord may use, apply or retain all or any portion of said deposit for the payment of any actual costs or other charges to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Lessor may suffer thereby. Landlord shall not be required to keep said deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder to be performed as of the date of the expiration or any early termination of this Lease, said deposit, or so much thereof as has not theretofore been applied by Landlord shall be returned, without payment of interest or other increment for its use to Tenant (or at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder), within forty-five (45) days after such expiration or earlier termination date, and after Tenant has vacated the Premises. No trust relationship is created herein between Landlord and Tenant with respect to said Restoration Deposit. Tenant hereby agrees not to look to any mortgagee as mortgagee, mortgagee-in-possession or successor in title to the Premises for accountability for any Restoration Deposit required by Landlord hereunder, unless said sums have actually been received by said mortgagee as security for Tenant's performance of this Lease. Landlord may deliver the funds deposited hereunder by Tenant to the purchaser of Landlord's interest in the Premises, in the event that such interest is sold, and thereupon Landlord shall be discharged from any further liability with respect to said Restoration Deposit as long as such purchaser has assumed all of the obligations of the Landlord under this Lease from and after the effective date of such sale. The Restoration Deposit is not liquidated damages and does not limit the liability of Tenant hereunder.

4. OPERATING EXPENSES.

(A) The term "**Operating Expenses**" means all costs incurred by Landlord in connection with managing, securing, insuring, repairing, replacing, operating and providing utilities to the Property and the Common Areas (including, without limitation, landscaped areas, parking areas, hallways, lobbies, and common restrooms). Operating Expenses include, without limitation, the costs associated with items (1) through (3) below to the extent not excluded from the definition of this term in Section 4(A)(4) below.

(1) Services. Provided that this Lease or Tenant's right to possession of the Premises have not been terminated, Landlord shall furnish the following services (collectively, the "**Landlord Services**") to or for the benefit of the Premises at all times during the term of this Lease: (i) potable water (heated and cold) provided for general use of tenants of the Building or to points of supply in the Premises installed by Landlord (for example, 6th, 7th and 8th floor restrooms) or by Tenant in accordance with this Lease, and sewer service (including, without limitation, sanitary wastewater disposal) to the points of connection provided for the general use of all other tenants in the Building as well as points of connection installed by Landlord; (ii) heat, air conditioning and ventilation service ("**HVAC Service**") in season to provide a temperature reasonably required for the use and occupancy of the Premises for the Permitted Use and as typically provided to occupants of Comparable Properties (as defined in Section 4(A)(2) below), during Normal Building Hours (as defined below), and in any event sufficient to comply with all Laws applicable to air quality within commercial office buildings; (iii) janitorial services (including trash removal) consistent with Comparable Properties and substantially in accordance with **Exhibit I**, attached hereto, on Business Days other than Holidays for Building-standard installations (Landlord reserves the right to bill Tenant separately for the actual cost for extra janitorial service reasonably required for non-standard installations Landlord reasonably incurs in connection therewith) and such window washing as may from time to time in Landlord's judgment be reasonably required and in any event not less often than generally provided by owners of Comparable Properties; (iv) elevators for ingress and egress to the floors on which the Premises are located, in common with other tenants, provided that Landlord may reasonably limit the number of elevators to be in operation at times other than during Normal Building Hours and on Holidays; (v) replacement of Building-standard light bulbs and fluorescent tubes (but not incandescent light bulbs, nonstandard fixtures, or other lamps of Tenant); (vi) Building system capacity for electrical current for Premises that does not require more than the Landlord-Supplied Electrical Power (as defined below); (vii) security services substantially consistent with the security services offered by the owners of Comparable Properties, on a basis of not less than six (6) days and forty-eight (48) hours per week; (viii) security escort service at times when security personnel are available and upon reasonable advance notice for persons working at the Premises; (ix) during Normal Building Hours and such other hours as Landlord may elect, maintain and keep lighted the lobby of the Building and all common stairs, entries and restrooms in the Building; (ix) keep lighted all parking areas within the Common Areas during Normal Building Hours and at such other times and in the manner and to the extent deemed by Landlord to be in keeping with the standards of other Comparable Properties; (x) maintenance, repairs and replacements contemplated by Section 4(A)(2) below; (xi) such life safety services as may be required by applicable Laws or as Landlord may otherwise elect; (x) a canopy/covered walkway from the Building's entrance to the Parking Garage (the "**Walkway Canopy**") to be initially

constructed prior to the Commencement Date at no cost to Tenant; and (xi) HVAC Service during hours other than Normal Building Hours subject to Tenant's payment of the charge for such service as provided below. Landlord agrees to provide to Tenant Building system capacity for electrical power for 1.5 watts per square foot of rentable area of the Premises for Tenant's lighting (high voltage power) and 4.0 watts per square foot of rentable area of the Premises for convenience power (low voltage power) transformed and provided in the panel (collectively, the "**Landlord-Supplied Electrical Power**"). Except as otherwise provided to the contrary in this Lease, failure by Landlord to any extent to make available, or any slowdown, stoppage or interruption of these services shall not render Landlord liable in any respect for damage to either person, property or business, nor be construed an eviction of Tenant or work an abatement or offset of Rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. Should any equipment or machinery furnished by Landlord breakdown or for any cause cease to function properly, Landlord shall use reasonable diligence to repair same promptly, but Tenant shall have no claim for abatement of Rent (except as otherwise provided to the contrary in this Lease) or damages on account of any interruption in service occasioned thereby or resulting therefrom. In the event Tenant requests and Landlord provides any services that are not Building standard (or such services are standard only during Normal Building Hours and Tenant desires the same outside of Normal Building Hours; "Normal Building Hours" means 7:00 a.m. to 6:00 p.m. Monday through Friday and 8:00 a.m. to 1:00 p.m. Saturday, specifically excluding Sundays and Holidays), then Landlord shall have the right to bill Tenant and Tenant agrees to pay for such additional services. The charge for after-hours HVAC is currently $50.00 per hour per floor and $25 per hour for each half floor (either north or south half), but may be increased in direct proportion to increases in the kilowatt hour charge to the Building from the applicable utility provider. The term "**Holidays**" means New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving, the day after Thanksgiving Day, and Christmas. Tenant will not install or operate in the Premises any electrically operated equipment or machinery that exceeds Landlord-Supplied Electrical Power without first obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. Landlord may condition such consent upon the payment by Tenant of additional rent in compensation for the cost of any additional wiring or apparatus that will be necessary due to the operation of such equipment or machinery, but in no event will Landlord condition such consent to any payment by Tenant of additional rent in compensation for any excess consumption of electricity or other utilities if Tenant pays such utility charges directly to the applicable provider. Tenant shall not install any equipment of any type or nature that will or may necessitate any changes, replacements or additions to, or in the use of, the Building Systems serving the Premises or the Building, without first obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein other than the Premises to such a degree as to reasonably interfere in a materially adverse manner with the use of space in the Building other than the Premises for general office use shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to prevent such interference. Provided that Tenant is given not less than five (5) business days' advance notice thereof, Landlord may during non-Normal Building Hours shut down the Building's electrical system from time-to-time for scheduled testing and maintenance of the electrical switchgear and distribution system in a manner so as to minimize any interference with the conduct of Tenant's business in the Premises.

If Landlord fails to provide any essential Building services specifically required to be provided by Landlord under this Lease, and such interruption of service renders the Premises or any material portion of the Premises untenantable for a period of five (5) consecutive business days following Landlord's receipt of written notice from Tenant of such interruption of service, or for fifteen (15) days in any twelve (12) month period of time, the Rent shall abate in proportion to the area of the Premises that is rendered untenantable, retroactive to the date such interruption began or on the sixteenth (16th) day of such interruption, as applicable. No such abatement shall be provided if such interruption of service is caused by Tenant, its agents, employees, contractors, subtenants, invitees or assignees, except to the extent Landlord actually receives insurance proceeds applicable to the same. The Premises shall be considered untenantable if Tenant cannot use the Premises or portion thereof affected in the conduct of its normal business operations at the Premises as a result of said interruption of service to the Premises. The abatement herein provided shall be Tenant's sole and exclusive remedy for interruption of service except as otherwise provided to the contrary in this Lease (for example, self-help remedies provided to Tenant below). Landlord agrees to use its reasonable efforts to restore such services as soon as possible. Tenant agrees to cooperate at no cost to Tenant with Landlord in remedying any such interruption of Landlord-provided services to the extent such cooperation is reasonably necessary in connection therewith. If Landlord fails to provide HVAC, electric, water, elevator, or

sewer service to the Premises for one hundred eighty (180) days, then Tenant may thereafter terminate this Lease upon ten (10) business days' prior written notice to Landlord (unless such services are restored prior to the expiration of said period). The terms and conditions of this paragraph shall not apply to situations contemplated under provisions of the Lease pertaining to condemnation, eminent domain, damage or destruction elsewhere described in this Lease.

Subject to the provisions contained herein relating to force majeure, condemnation, and casualty, and provided further that no Event of Default has occurred and is then continuing, Tenant shall have the following self help rights to perform Landlord's duties under this Lease:

(i) Emergency. If there is an emergency that threatens person or property and requires immediate intervention to prevent potential loss, damage and/or injury, then Tenant may only take such measures as are reasonably necessary to prevent such potential loss, damage and/or injury. Tenant shall use commercially reasonable efforts to inform Landlord of such emergency as soon as possible. If so directed by Landlord during the emergency situation, Tenant shall cease its self help activities, provided that Landlord contemporaneously with such cessation commences curative action to prevent further loss, damage and/or injury.

(ii) Non-Emergency.

(x) Premises. In the event that Landlord fails to make any repairs to the Building or its systems which directly affect the use of the Premises, or supply any services to Premises, Tenant shall have the right to provide written notice thereof to Landlord, which notice shall, if possible, specify with reasonable detail the failure and required action. Landlord shall cure such default within ten (10) business days after receipt of such notice (provided that if such failure cannot be cured within ten (10) business days, then such longer period as may reasonably be required provided that Landlord begins curative action within such 10-business day time period and thereafter diligently prosecutes such curative action to completion). In the event that Landlord fails to satisfy the applicable obligation(s) or provide the applicable service in the specified time period, then Tenant shall provide a second written notice to Landlord, which notice shall describe the work or service that Tenant intends to undertake and the estimated cost of such work or service, to the extent practical. In the event that Landlord fails to satisfy the applicable obligation(s) or provide the applicable service within five (5) business days following receipt of the second notice, Tenant may proceed to make the repairs or service that Landlord failed to make. Notwithstanding the foregoing, Tenant shall not make any such repairs or service in the event that (a) prior to any such repairs or service Landlord gives to Tenant written notice of the legitimate business reasons (other than lack of funds) as to why Landlord is not willing to make such repairs or service in the time requested by Tenant, and (b) not making such repairs or service will in no manner impair Tenant's use of, and/or access to, the Premises. By way of example and not by limitation, it may be more effective for Landlord to make certain non-emergency repairs during warmer months of the year.

(y) Common Areas. In the event that Landlord fails to make any repairs to the Common Areas or supply any services to Common Areas, Tenant shall have the right to provide written notice thereof to Landlord, which notice shall, if possible, specify with reasonable detail the failure and required action. Landlord shall cure such default within ten (10) business days after receipt of such notice (provided that if such failure cannot be cured within ten (10) business days, then such longer period as may reasonably be required provided that Landlord begins curative action within such 10-business day time period and thereafter diligently prosecutes such curative action to completion). In the event that Landlord fails to satisfy the applicable obligation(s) or provide the applicable service in the specified time period, then Tenant shall provide a second written notice to Landlord, which notice shall describe the work or service that Tenant desires to undertake and the estimated cost of such work or service, to the extent practical. In such notice, Tenant may offer to pay the cost thereof (subject to reimbursement as set forth below). In the event that Landlord fails to satisfy the applicable obligation(s) or provide the applicable service within five (5) business days following receipt of the second notice, or Landlord accepts Tenant's offer to pay the cost of the repairs and does not thereafter perform the applicable work within a reasonable period of time, then Tenant may thereafter either sue Landlord in a court of law or submit the matter to binding arbitration with the office of the American Arbitration Association that is closest to the Premises, and such arbiter shall be entitled to determine whether Landlord is obligated to make the applicable repairs or provide the applicable services. If Tenant is the prevailing party and Landlord either fails to reimburse Tenant the previously paid amounts within ten (10) business days or if Landlord fails to commence and thereafter diligently prosecute to completion the

applicable repairs or services, as applicable, Tenant may take such curative action on behalf of Landlord. Notwithstanding the foregoing, Tenant shall not make any such repairs or service in the event that (a) prior to any such repairs or service Landlord gives to Tenant written notice of the legitimate business reasons (other than lack of funds) as to why Landlord is not willing to make such repairs or service in the time requested by Tenant, and (b) not making such repairs or service will in no manner impair Tenant's use of, and/or access to, the Premises. By way of example and not by limitation, it may be more effective for Landlord to make certain non-emergency repairs during warmer months of the year.

(iii) Standard. All repairs by Tenant shall be made in a good and workmanlike manner, and otherwise in accordance with the applicable terms and conditions of this Lease (except for provisions requiring Landlord's consent).

(iv) Reimbursement. Landlord shall reimburse to Tenant the reasonable cost of such activities or measures taken by Tenant as contemplated by subsections 4(A)(1)(i) and 4(A)(1)(ii) above within thirty (30) days following the date of Landlord's receipt of evidence reasonably satisfactory of the actual amount of the same. If Landlord fails to pay to Tenant when due all or any portion of any amount payable by Landlord to Tenant pursuant to the express provisions of this Lease or any amendment thereto, and such failure continues for more than five (5) business days after Landlord's receipt of written notice thereof, Tenant shall have the right, provided that Tenant is not then in default under this Lease beyond any applicable notice and cure period, to offset the unpaid amount due and payable to Tenant against each of the next accruing installments of Rent payable by Tenant pursuant to this Lease until such time as the unpaid amount has been fully repaid.

(v) Default Interest. For any amounts owed by Landlord to Tenant pursuant to this Lease that are more than thirty (30) days overdue, Tenant may recover interest thereon at the Prime Rate (as defined in Section 19(G) below) plus six percent (6%) from the date each such amount was due until the date paid by Landlord.

(2) Common Areas. Landlord shall be responsible for providing and/or maintaining in good condition and repair, in a manner consistent with similar class "A" office buildings within a five (5) mile radius of the Building ("**Comparable Properties**"), the following: (a) trash removal; (b) landscaping; (c) all labor costs and supply costs involved in the operation of the Property; (d) all Common Areas; and (e) the repair, maintenance and replacement of the Building and other improvements at the Property as follows: (i) the roof; (ii) all structural interior and exterior components of the Building and improvements except those modifications installed by Tenant; (iii) parking lot/garage, (iv) sidewalks, alleys and any and all access drives, including the removal of snow and ice therefrom; (v) HVAC Service equipment, lines and fixtures except for any supplementary air conditioning systems installed by or at the request of Tenant; (vi) plumbing equipment, lines and fixtures, including, but not limited to fire sprinkler and fire control systems, except for any of these items of Tenant's personal property including, without limitation, dishwashers and refrigerators; (vii) electrical equipment, lines and fixtures, except for Tenant's personal property including, without limitation, back-up generators and computer infrastructures; (viii) all ingress egress doors to the Building; (ix) exterior plate glass; (x) all utility lines and services, except to the extent installed or modified by or at the direction of Tenant; (xi) elevator equipment, lines and fixtures; (xii) the existing fiber optic loop system including, without limitation, the concrete duct bank and all conduits located therein; (xiii) the fountain located outside of the Building (which fountain is owned and maintained by the Karahan Corporation, a portion of the cost of the maintenance of which is allocated to the Building and included in Operating Expenses), and (xiv) the Walkway Canopy. Included in the definition of Operating Expenses shall be (1) all costs relating to the maintenance of the fountain to the extent not specifically excluded from the definition of such term in Section 4(A)(4) below, and (2) all dues paid to associations of which the Building is a part. Landlord will be responsible for causing the Common Areas to comply at all times in all material respects with the provisions of (A) Tex. Rev. Civ. Stat. Ann. art. 9102, as amended, (B) the Americans With Disabilities Act of 1990, 42 U.S.C. §§12101-12213, as amended, and (C) any other similar public accommodation Laws (collectively, "**Disability Laws**"), the cost of which is subject to inclusion as an Operation Expenses to the extent not specifically excluded from the definition of such term in Section 4(A)(4) below. Landlord will also be responsible for causing the Building and the operations therein (other than the Premises) to comply with all applicable health, safety, security and environmental Laws throughout the term of this Lease, the cost of which is subject to inclusion as an Operation Expenses to the extent not specifically excluded from the definition of such term in Section 4(A)(4) below.

(3) Insurance. Landlord shall keep in force during the term of this Lease insurance in such other amounts and coverages as Landlord or its lenders and/or beneficiaries deem appropriate and commercially reasonable. Without limitation to the generality of the foregoing, Landlord shall keep in full force and effect insurance in at least the following minimum types and levels:

(i) Fire, extended coverage and vandalism and malicious mischief insurance insuring the Building for the full replacement cost thereof with commercially reasonable deductibles;

(ii) A commercially reasonable policy of Commercial General Liability insurance with limits substantially consistent with similar Class A office buildings in the applicable submarket; and

(iii) Such other insurance as Landlord deems necessary in its sole and absolute discretion.

All insurance policies shall be issued in the names of Landlord and Landlord's lender, and any other party reasonably designated by Landlord as an additional insured, as their interests appear. The insurance policies shall provide that any proceeds shall be made payable to Landlord, or to the holders of mortgages or deeds of trust encumbering Landlord's interest in the Premises or Property, or to any other party reasonably designated by Landlord as an additional insured, as their interests shall appear. All insurance premiums for Landlord's insurance shall be included in Operating Expenses.

(4) Exclusions from Operating Expenses. The following items will be excluded from any payment of Operating Expenses:

(a) costs of repairs, replacements or other work occasioned by casualties, or by the exercise by governmental authorities of the right of eminent domain;

(b) advertising and promotional expenses, leasing commissions, attorney's fees, costs, disbursements and other expenses incurred by Landlord or its agents in connection with the solicitation of, advertising for, negotiating with or entering into leases or other prospective tenancy arrangements for space in the Building (including, without limitation, lease assumptions or payments made to satisfy lease obligations), or in connection with negotiations or disputes with and/or enforcement of agreements with such prospective tenants, tenants or other occupants of the Building, marketing or leasing consultants, property management, purchasers (or prospective purchasers), ground lessors (or prospective ground lessors), mortgagees (or prospective mortgagees) of the Building including leasing commissions and fees of attorneys or of marketing or leasing consultants or brokers;

(c) tenant allowances, tenant concessions, work letters, and other costs or expenses (including permit, license and inspection fees) incurred in completing, fixturing, furnishing, renovating or otherwise improving, decorating or redecorating space for tenants or other occupants of the Building, or vacant, leaseable space in the Building, including space planning/interior design fees for same;

(d) payments of principal, finance charges or interest on debt or amortization on any mortgage, deed of trust or other debt, or rental payments (or increases in same) under any ground or underlying lease or leases;

(e) services, items and benefits for which any other tenant or occupant of the Building is obligated specifically to reimburse Landlord or any other tenant or occupant of the Building pays third persons;

(f) costs or expenses (including fines, penalties and legal fees) incurred due to the violation by Landlord, its employees, agents and/or contractors, any tenant or other occupant of the Building, of any terms and conditions of this Lease or of the leases of other tenants in the Building, and/or of any applicable laws, rules, regulations and codes of any federal, state, county, municipal or other governmental authority having jurisdiction over the Building that would not have been incurred but for such violation by Landlord, its employees, agents and/or contractors, tenants or other occupants of the Building, it being intended that each party shall be responsible for the costs resulting from its own violation of such leases and laws, rules, regulations and codes as same shall pertain to the Building;

(g) penalties for late payment, including, without limitation, penalties for late payment of taxes, equipment leases, and other amounts owing by Landlord (as long as Tenant pays amounts owing to Landlord hereunder on a timely basis);

(h) costs for which Landlord is compensated through or reimbursed by insurance or other means of recovery including, without limitation, reimbursements made by Tenant or other occupants of the Building (payment by Tenant of Tenant's Expense Payment and similar payments by other Building tenants pursuant to their leases are not reimbursements);

(i) contributions to charitable organizations;

(j) the costs of any initial "tap fees" or one time lump sum sewer or water connection fees for the Building;

(k) costs or fees relating to the defense of Landlord's title to or interest in the Building and/or the Land, or any part thereof, or any costs or expenses associated with any sale or finance transaction;

(l) reserves;

(m) any expense to comply with Laws for which compliance was required as of the date of this Lease;

(n) wages, benefits and other compensation for anyone above general manager level (and wages, benefits and other compensation of persons who are not fully devoted to the Building shall be equitably prorated based on percentage of time devoted to the Building as compared to other buildings);

(o) depreciation on the Building and related improvements;

(p) costs for any materials, work or services/facilities that aren't generally available to all office tenants and other office occupants of the Building or for the general benefit of the Building;

(q) management fees to the extent materially in excess of the management fees generally charged by owners of Comparable Properties;

(r) costs of capital improvements (as opposed to items properly considered a repair or replacement items although they may be considered capital items for accounting purposes), except to the extent the same are either reasonably expected to reduce the normal operating costs (including, without limitation, utility costs) of the Building, or for the purpose of complying with any law, rule or order (or amendment thereto) not in effect as of the date of this Lease. All capital costs that are allowable as Operating Expenses shall be amortized using a commercially reasonable interest rate over the time period reasonably estimated by Landlord to be the item's useful life or to the extent of operating cost savings reasonably determined by Landlord to have occurred;

(s) costs and expenses incurred (whenever incurred) to remove (or to remediate damage to the extent therefrom) any Hazardous Substances (as defined in Section 8 below) that are in, on, under, about or affect the Property on or before the date of this Lease (regardless of when discovered) or have been released by Landlord or Landlord's managing agent;

(t) all costs of repair or replacement of any item covered by a warranty;

(u) payments in respect to overhead or profit to subsidiaries or other affiliates of Landlord, for management or other services in or to the Building, or for supplies or other materials to the extent that the costs of such services, supplies, or materials materially exceeds fair market costs;

(v) acquisition costs for sculptures, paintings or other works of art (not including seasonal decorations and customary flower arrangements);

(w) costs for repairs needed due to any defect in the original design or construction of the Building and any other improvements located at the Property;

(x) costs to obtain electricity at the Property (as more fully set forth in Section 4(F) below);

(y) any bad debt loss or rent loss;

(z) any expenses which under generally accepted accounting principles and sound management practices consistently applied would not be considered a normal maintenance or operating expense;

(aa) costs incurred in connection with the replacement of the roof, structural interior and exterior components of the Building, or the HVAC System;

(bb) Taxes or exclusions from Taxes specified in Section 5(B) below; or

(cc) Replacements of the foundation, structural elements or the roof.

(B) Payment. After the CAM Base Year, Tenant shall pay Tenant's Proportionate Share of all Operating Expenses in excess of the Operating Expenses for the CAM Base Year, each grossed up in accordance with Section 4(C) below and subject to Section 4(E) below ("**Tenant's Expense Payment**"), payable in advance in monthly installments as reasonably estimated by Landlord from time-to-time and provided in writing to Tenant. Within sixty (60) days after the first day of each calendar year, Landlord shall furnish to Tenant an estimate of the amount of Tenant's Expense Payment for the ensuing calendar year. Landlord will furnish a statement of the actual cost with respect to the reimbursable Operating Expenses and Taxes ("**Final Statement**") no later than one hundred twenty (120) days following the calendar year-end including the year following the year in which this Lease terminates. Each Final Statement must show at a minimum the following: (a) the actual amount of Taxes and Operating Expenses for such calendar year, with a listing of amounts for major categories of Operating Expenses, and (b) the amount of payments of estimated Tenant's Expense Payment and Tenant's Tax Payment made by Tenant during such calendar year. In the event that Landlord is, for any reason, unable to furnish the accounting for the prior year within the time specified above, the Landlord will furnish such accounting as soon thereafter as practicable with the same force and effect as the statement would have had if delivered within the time specified above; provided, however, if Landlord fails to deliver a Final Statement within three hundred sixty-five (365) days following the close of a calendar year, Tenant shall have the right to give Landlord notice thereof and if Landlord fails to deliver the required Final Statement within thirty (30) days after Landlord's receipt of such notice, Landlord shall be deemed to have waived its right to collect any underpayment of Tenant's Expense Payment and/or Tenant's Tax Payment by Tenant for such calendar year. Tenant will pay any deficiency to Landlord as shown by such statement within thirty (30) days after receipt of statement. If the total amount paid by Tenant during any calendar year exceeds the actual amount of its share of the reimbursable Operating Expenses and/or Taxes due for such calendar year, the excess will be refunded by Landlord within thirty (30) days of the date of the Final Statement. The rights and obligations of the parties hereto will survive the expiration or any earlier termination of this Lease other than a termination after the occurrence and during the continuance of an Event of Default.

(C) Gross Up. With respect to any calendar year or partial calendar year during the term of this Lease in which the Building is not fully occupied, including the CAM Base Year, the amount of Operating Expenses for such calendar year shall, for the purposes hereof, be the amount, determined in accordance with sound accounting and management practices, which would have been incurred had the Building been ninety-five percent (95%) occupied. With respect to the Tax Base Year, the amount of Taxes for such calendar year shall, for the purposes hereof, be the amount, determined in accordance with sound accounting and management practices, which would have been incurred had the Building been eighty-two and one-half percent (82.5%) occupied during the entire Tax Base Year.

(D) Review of Books and Records. Tenant shall have the right to conduct a Tenant's Review, as hereinafter defined, at Tenant's sole cost and expense (including, without limitation, photocopy and delivery charges) except as otherwise provided to the contrary below, upon thirty (30) days' prior written notice to Landlord. Except as otherwise provided below to the contrary, "**Tenant's Review**" shall mean a review of Landlord's books and records (a) relating to (and only relating to) Operating Expenses and Taxes for the most recently completed calendar year (as reflected on Landlord's Final Statement), and (b) as necessary to determine the actual amount of Tenant's Electrical Payment due pursuant to Section 4(F) below for such calendar year, by Tenant's employees or a Certified Public Accountant ("CPA") selected by Tenant. Tenant must elect to perform a Tenant's Review by written notice of such election received by Landlord within two hundred ten (210) days following Tenant's receipt of Landlord's Final Statement for the most recently completed calendar year. In the event that Tenant (i) fails to make such election in the required time and manner required, and such failure continues for more than ten (10) business days after Tenant's receipt of written notice thereof, or (ii) fails to complete a Tenant's Review within ninety (90) days after electing to do so and such failure was not caused, in whole or in part, by Landlord or its employees or agents, then Landlord's calculation of Operating Expenses and Taxes shall be final and binding on Tenant. Tenant hereby acknowledges and agrees that even if it has elected to conduct a Tenant's Review, Tenant shall nonetheless pay all payments of estimated Tenant's Expense Payment to Landlord, subject to readjustment. Tenant further acknowledges that Landlord's books and records relating to the Building may not be copied in any manner, are confidential, and may only be reviewed at a location reasonably designated by Landlord; but Landlord will make such records available within the metropolitan area in which the Premises is located. Tenant shall provide to Landlord a copy of Tenant's Review as soon as reasonably possible after the date of such the completion of such review. If Tenant's Review reflects a reimbursement owing to Tenant by Landlord, and if Landlord disagrees with Tenant's Review, then Tenant and Landlord shall jointly appoint an auditor to conduct a review ("Independent Review"), which Independent Review shall be deemed binding and conclusive on both Landlord and Tenant. If the parties cannot agree on a person to perform the Independent Review, then either party may submit the matter to binding arbitration at the office of the American Arbitration Association that is closest to the Building. If the Independent Review results in a reimbursement owing to Tenant equal to five percent (5%) or more of the amounts reflected in the Final Statement, the costs of all reviews shall be paid by Landlord, but otherwise Tenant shall pay the costs of Tenant's Review and the Independent Review. Under no circumstances shall Tenant conduct a review of Landlord's books and records whereby the auditor operates on a contingency fee or similar payment arrangement. Any such reviewer must sign a commercially reasonable non-disclosure, non-solicitation, and confidentiality agreement. The terms and conditions of this paragraph shall survive expiration or sooner termination of the Lease, except in the event of a termination due to a default beyond any applicable notice and cure period n eviction.

(E) Cap on Controllable Expenses. For the purpose of determining Tenant's Expense Payment, "controllable" Operating Expenses shall not increase by more than five percent (5.00%) per year on a cumulative basis (for example, if controllable Operating Expenses are $3.00 / rsf in year one, then they shall not exceed $3.15 in year two, $3.30 in year three, $3.45 in year four and so on), but in no event more than fifteen percent (15%) over the previous year. It is understood and agreed that controllable Operating Expenses shall not include snow and ice removal (to the extent such costs are due to the number of times snow and ice needs to be removed and not to the extent based on increases in wages), utility expenses, taxes, management fees that are based on a percentage of revenue or expenses (to the extent such percent is not increased), insurance premiums, and costs incurred to comply with any governmental requirements not in effect as of the date of this Lease.

(F) Electrical. Tenant acknowledges and agrees that the cost of electricity used within the Premises is not subject to the CAM Base Year. Additionally, Landlord may require that any specialty areas that require electrical current that is in excess of that required for normal offices uses, such as server rooms and supplemental HVAC, be submetered or separately metered and Tenant shall pay all costs of such submetering and electricity (and the rentable square footage of such separately metered areas shall be deducted from the rentable area of the Premises for the purpose of determining Tenant's Proportionate Share of electrical charges).

Tenant shall pay Tenant's Proportionate Share of the cost of electricity consumed at the Property; provided, however Tenant's Proportionate Share shall be based on a fraction, the numerator of which is the number of rentable square feet in the Premises (less the number of rentable square feet within the Premises that is separately metered) and the denominator of which is the average number of rentable square feet of space in the Building (less the number of rentable square feet within the Premises that is separately metered), prorated for any partial year ("Tenant's Electrical Payment"), payable in advance in monthly installments as reasonably estimated by Landlord from time-to-time and provided in writing to Tenant. Within sixty (60) days after the first day of each calendar year, Landlord shall furnish to Tenant an estimate of the amount of Tenant's Electrical Payment for the ensuing calendar year. Landlord will furnish a statement of the actual cost with respect to the reimbursable electrical charges no later than sixty (60) days following the calendar year-end including the year following the year in which this Lease terminates, along with copies of all statements from the utility providers. In the event that Landlord is, for any reason, unable to furnish the accounting for the prior year within the time specified above, the Landlord will furnish such accounting as soon thereafter as practicable with the same force and effect as the statement would have had if delivered within the time specified above; provided, however, if Landlord fails to deliver the required statement within three hundred sixty-five (365) days following the close of a calendar year, Tenant shall have the right to give Landlord notice thereof and if Landlord fails to deliver the required statement and documentation within thirty (30) days after Landlord's receipt of such notice, Landlord shall be deemed to have waived its right to collect any underpayment of Tenant's Electrical Payment for such calendar year. Tenant will pay any deficiency to Landlord as shown by such statement within thirty (30) days after receipt of statement. If the total amount paid by Tenant during any calendar year exceeds the actual amount of its share of the reimbursable electrical charges due for such calendar year, the excess will be refunded by Landlord within thirty (30) days of the date of the required statement and backup documentation. The rights and obligations of the parties hereto will survive the expiration or any earlier termination of this Lease other than a termination after the occurrence and during the continuance of an Event of Default.

5. TAXES.

(A) Tenant's Personal Property Taxes. Tenant shall be liable for all taxes levied against personal property and trade fixtures placed by Tenant in the Premises. If any such taxes are levied against Landlord or Landlord's property and if Landlord elects to pay the same or if the assessed value of Landlord's property is increased by inclusion of personal and trade fixtures placed by Tenant in the Premises and Landlord elects to pay the taxes based on such increases, Tenant shall pay to Landlord upon demand that part of such taxes for which Tenant is primarily liable hereunder.

(B) Tenant's Proportionate Share of Taxes. The term "**Taxes**" will mean all taxes, assessments and governmental charges of any kind and nature whatsoever (including charges relating to easements or public right-of-ways) levied or assessed against the Property, any other charges, taxes and/or impositions now in existence or hereafter imposed by any governmental authority based upon the privilege of renting the Premises or upon the amount of rent collected therefor and any tax, fee, levy, assessment or charge which is imposed as the result of a transfer, either partial or total, of Landlord's interest in the Premises or which is added to a tax or charge herein before included within the definition of real property tax by reason of such transfer. After the Tax Base Year, Tenant shall pay Tenant's Proportionate Share of all Taxes in excess of Taxes for the Tax Base Year, each grossed up in accordance with Section 4(C) above ("**Tenant's Tax Payment**"). Notwithstanding the foregoing, the term "Taxes" (1) will include all reasonable costs and fees incurred in connection with seeking reductions in or refunds for Taxes, including, without limitation, any costs incurred by Landlord to challenge the tax valuation of the Property, provided that Landlord seeks a reduction in, or a refund for, Taxes for the Tax Base Year, and (2) shall not include (i) any excess profits taxes, margin taxes (other than the Margin Tax as this term is defined below), franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, federal and state taxes on income, and other taxes to the extent applicable to Landlord's general or net income or Landlord's capitalization or net worth; (ii) any estate inheritance taxes; (iii) any transfer taxes; (iv) interest on Taxes or penalties resulting from Landlord's failure to timely pay any Taxes; or (v) Taxes which Landlord obtains reimbursement from other sources (payments by Tenant pursuant to this subsection and payments by tenants under similar provisions of such tenants' leases are not reimbursement). Notwithstanding the foregoing, the term "Taxes" will include any taxes imposed under Chapter 171 of the Texas Tax Code, as the same may be amended or modified from time to time, and together with any binding rules or regulations promulgated from time to time by the Comptroller of the State of Texas or other governmental body in connection with Chapter 171 of the Texas Tax Code, which is commonly referred to as the margin tax ("**Margin Tax**"); however, any Tenant shall not be liable for any increases to the rate of the Margin Tax as of the date of this Lease except to the extent if such rate increase corresponds with a reduction in the Taxes.

During each month of the term of this Lease after the Tax Base Year, Tenant shall make a monthly escrow deposit with Landlord equal to 1/12 of Tenant's Tax Payment as estimated in good faith by Landlord to be due and payable for that particular calendar year ("**Tax Escrow Payment**"). Tenant authorizes Landlord to use the funds deposited with Landlord under this Section to pay the Taxes. Each Tax Escrow Payment shall be due and payable at the same time and in the same manner as the time and manner of the payment of Base Rent as provided herein. The initial monthly Tax Escrow Payment shall be based upon Tenant's proportionate share of the estimated Taxes for the calendar year following the Tax Base Year, and the monthly Tax Escrow Payment is subject to increase or decrease as determined by Landlord to reflect an accurate escrow of Tenant's estimated proportionate share of the Taxes in excess of Taxes for the Tax Base Year. The Tax Escrow Payment account of Tenant shall be reconciled annually in connection with Landlord's delivery of the applicable Final Statement. If the Tenant's total Tax Escrow Payments are less than the actual amount of Tenant's Tax Payment due hereunder, Tenant shall pay to Landlord the difference within thirty (30) days after Tenant's receipt of the applicable Final Statement; if the total Tax Escrow Payments of Tenant are more than the actual amount of Tenant's Tax Payment due hereunder, Landlord shall reimburse such excess to Tenant within thirty (30) days following Landlord's delivery of the applicable Final Statement. Notwithstanding anything herein to the contrary, Landlord's estimate of the Tax Escrow Payment each year shall be based upon commercially reasonable standards. The rights and obligations of the parties hereto will survive the expiration or any earlier termination of this Lease other than a termination after the occurrence and during the continuance of an Event of Default.

(C) Contest of Taxes. Tenant agrees that, as between Tenant and Landlord, Landlord has the sole and absolute right to contest taxes levied against the Premises and the Building (other than taxes levied directly against Tenant's personal property within, or sales made from, the Premises). Therefore, Tenant, to the fullest extent permitted by law, irrevocably waives any and all rights that Tenant may have to receive from Landlord a copy of notices received by Landlord regarding the appraisal or reappraisal, for tax purposes, of all or any portion of the Premises or the Building (including, without limitation, any rights set forth in §41.413 of the Texas Property Tax Code, as such may be amended from time to time). Additionally, Tenant, to the fullest extent permitted by law, hereby irrevocably assigns to Landlord any and all rights of Tenant to protest or appeal any governmental appraisal or reappraisal of the value of all or any portion of the Premises or the Building (including, without limitation, any rights set forth in §41.413 and §42.015 of the Texas Property Tax Code, as such may be amended from time to time). Tenant agrees without reservation that it will not protest or appeal any such appraisal or reappraisal before a governmental taxing authority without the express written authorization of Landlord.

6. COMPLIANCE. Except to the extent that Landlord is required to satisfy its delivery of possession obligations under this Lease, Tenant, at Tenant's sole expense, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county, and municipal authorities now in force or which may hereafter be in force, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alteration of the Premises. Notwithstanding anything to the contrary contained herein, Tenant will keep, maintain and preserve the Premises in good condition, except for normal wear and tear, damage by fire or other catastrophic event and repairs or services required to be completed or provided by Landlord hereunder. The above repairs, replacements, and/or services must be performed in accordance with Section 14 below. Should Tenant fail to perform all interior repairs and replacements to Tenant's Premises and such failure constitutes an Event of Default, such repairs may be performed by the Landlord and charged to Tenant at Tenant's sole cost and expense. Tenant will comply with all ordinances of the City of Plano, rules and regulations of the Board of Health and the laws of the State of Texas, and any laws, rules or regulations of any governmental authority required of either the Landlord or Tenant applicable to the repair, maintenance and replacement in the Premises. Tenant agrees to comply with all rules and regulations promulgated by Landlord from time to time of which Tenant has prior written notice and which are enforced uniformly with respect to all tenants in the Building ("**Rules and Regulations**"). Current Rules and Regulations are as set forth on **Exhibit B**. In the event of any inconsistency between the terms of this Lease and the Rules and Regulations, the terms of this Lease shall govern. Tenant shall also comply with all easements, covenants and restrictions now or hereafter affecting the property on which the Building is located provided that Tenant has been provided with a copy of the same. Additionally, Tenant acknowledges that Landlord may enter into reciprocal easement agreements, operating agreements or additional covenants with adjacent property owners, utility providers, governmental entities, and other third parties, and, if reasonably necessary, Tenant hereby agrees to cooperate at no material cost to Tenant with Landlord's endeavors in entering into any such easements, agreements or covenants, and shall abide by such easements, agreements and covenants provided that Tenant has been provided with a copy thereof.

7. PARKING. Tenant and all other Tenant Parties shall have the non-exclusive right to use the Parking Spaces (and the exclusive right to use the Reserved Parking Spaces), subject to (1) such reasonable Rules and Regulations (as defined herein) as Landlord may promulgate from time to time and applicable laws, as well as (2) the rights of ingress and egress of other tenants, property management and their employees, agents and invitees, and to the extent applicable. Notwithstanding the foregoing, Landlord will utilize commercially reasonable efforts to cause the Reserved Parking Spaces to be utilized only by Tenant Parties, and will cooperate with Tenant's efforts with regard to the same. Landlord may grant or deny access rights to tenants and occupants of the Building, including Tenant Parties, if such parties do not comply with applicable Rules and Regulations. Tenant shall only permit parking by its employees, agents or invitees of appropriate vehicles in appropriate designated parking areas. Except as otherwise provided above, Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties. Each user will have the right to park in any available non-reserved parking space (or, as applicable, the Reserved Parking Space) in accordance with the Rules and Regulations. Notwithstanding anything herein to the contrary, Landlord and the operator hereby reserve the right from time to time to designate any portion of the parking facilities to be used exclusively by visitors to the Building, other persons, entities, or tenants, provided that the foregoing (i) does not affect the location of the Reserved Parking Spaces, and (ii) in no manner otherwise materially impairs the parking rights originally provided to Tenant Parties pursuant to this Lease. Tenant agrees that it and its employees shall observe the safety precautions in the use of parking facilities and shall at all times abide by all reasonable Rules and Regulations promulgated by the operator and Landlord governing their use. In the event that the operator and/or Landlord require that an identification or parking sticker must be displayed at all times in all cars parked in the parking facilities, any car not displaying such a sticker may be towed away at the car owner's expense. To the extent necessary to gain access to, or otherwise utilize, the Parking Spaces, Landlord shall provide to Tenant (or, as elected in writing by Tenant, other Tenant Parties), at no cost to Tenant or any other Tenant Parties, all necessary parking permits and/or access cards; provided, however, Tenant shall pay the replacement fee charged from time to time by Landlord for the loss of any parking card or parking sticker issued by Landlord.

There are currently thirty (30) visitor parking spaces located on the West side of the Building and seven (7) visitor parking spaces located on the South side of the Building. Landlord agrees that during the Term of this Lease (as may be extended), Landlord will continue to have a minimum of thirty (30) total visitor parking spaces on the South and West sides of the Building (accordingly, Landlord may convert seven (7) of the current spaces to non-visitor parking).

8. HAZARDOUS SUBSTANCE. The term "**Hazardous Substances**", as used in this lease shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the use and/or the removal of which is required or the use of which is restricted, prohibited or penalized by any "**Environmental Law**", which term shall mean any federal, state or local law, ordinance or other statute of a governmental or quasi governmental authority relating to pollution or protection of the environment. Tenant hereby agrees that (A) no activity will be conducted on the Premises by Tenant or any of its employees, contractors, agents or invitees that will produce any Hazardous Substance, except for such activities that are part of the ordinary course of Tenant's business activities or that are part of Tenant's rights or obligations under this Lease, including, but not limited to construction activities (the "**Permitted Activities**") provided the Permitted Activities are conducted in accordance with all Environmental Laws and have been approved in advance in writing by Landlord; Tenant shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (B) the Premises will not be used in any manner for the storage of any Hazardous Substances except for the temporary storage of such materials that are used in the ordinary course of Tenant's business, that are used as normal office and cleaning supplies, or that are used as normal construction, renovation, or repair supplies (the "**Permitted Materials**") provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws and approved in advance in writing by Landlord; Tenant shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (C) no portion of the Premises will be used as a landfill or a dump; (D) Tenant will not install any underground tanks of any type; (E) Tenant will not cause any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; (F) Tenant will not cause any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials described above, and if so brought thereon by Tenant or any of its employees, contractors, agents or invitees, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. Landlord or Landlord's representative shall have the right but not the obligation to enter the Premises at reasonable times, upon reasonable

notice to Tenant and accompanied by Tenant or its agent, for the purpose of inspecting the storage, use and disposal of Permitted Materials to ensure compliance with all Environmental Laws. Should it be determined, in Landlord's reasonable opinion, that the Permitted Materials are being improperly stored, used, or disposed of, then Tenant shall immediately take such corrective action as reasonably requested by Landlord. Should Tenant fail to commence such corrective action within 24 hours, Landlord shall have the right to perform such work and Tenant shall promptly reimburse Landlord for any and all costs associated with such work. If at any time during or after the Lease Term, the Premises are found to be so contaminated or subject to such conditions and any such contamination or conditions were caused by Tenant or any of its employees, contractors, agents or invitees, Tenant, if Tenant shall has a right to possess the Premises, shall diligently institute proper and thorough cleanup procedures at Tenant's sole cost, and TENANT AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS LANDLORD, ITS LENDERS, ANY MANAGING AGENTS AND LEASING AGENTS OF THE PREMISES, AND THEIR RESPECTIVE AGENTS, PARTNERS, OFFICERS, DIRECTORS AND EMPLOYEES, FROM ALL CLAIMS, DEMANDS, ACTIONS, LIABILITIES, COSTS, EXPENSES, DAMAGES AND OBLIGATIONS OF ANY NATURE ARISING FROM OR AS A RESULT OF ANY SUCH CONTAMINATION OR HAZARDOUS MATERIALS CAUSED BY TENANT OR ANY OF ITS EMPLOYEES, CONTRACTORS, AGENTS OR INVITEES. THE FOREGOING INDEMNIFICATIONS SHALL SURVIVE THE EXPIRATION OR SOONER TERMINATION OF THIS LEASE.

During the Lease Term, Tenant shall promptly provide Landlord with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders or decrees, claims, complaints, investigations, judgments, letters, notice of environmental liens, and other communications, written or oral, actual or threatened, from the United States Environmental Protection Agency, Occupational Safety and Health Administration, the Texas Commission on Environmental Quality or other federal, state or local agency or authority, or any other entity or individual, concerning (i) any Hazardous Substance and the Premises; (ii) the imposition of any lien on the Premises; or (iii) any alleged violation of or responsibility under any Environmental Law.

9. INSURANCE.

(A) INSURANCE BY TENANT. Tenant shall, during the Lease Term, procure and keep in force the following insurance:

(1) Tenant's Liability Insurance. Tenant shall procure and maintain at its own cost an occurrence form commercial general liability policy with such limits as may be reasonably requested by Landlord from time to time (which as of the date hereof shall be not less than $1,000,000 under a combined single limit of coverage, $2,000,000 aggregate and $5,000,000 umbrella insuring Landlord, Landlord's Related Parties (as defined in Section 10(A) below) and Tenant from claims, demands or actions for injury to or death of any person or persons and for damage to property made by, or on behalf of, any person or persons, firm or corporation, arising from, related to or connected with the Premises. The insurance shall name Landlord and Landlord's management agent (and, if requested by Landlord or any mortgagee, include any mortgagee) and their respective agents and employees as additional insureds. Such liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto.

(2) Tenant's Property Insurance. Personal property insuring all equipment, trade fixtures, inventory, fixtures, and personal property located on or in the Premises for perils covered by the causes of loss - special form (all risk) and in addition, coverage for flood, wind, earthquake, terrorism and boiler and machinery (if applicable). Such insurance shall be written on a replacement cost basis in an amount equal to one hundred percent (100%) of the full replacement value of the aggregate of the foregoing.

(3) Workers' Compensation/Employers Liability Insurance. Tenant shall carry policies of Workers' Compensation insurance and Employers' Liability insurance that satisfy all legal requirements of the State in which the Premises is located, but in no event have limits of less than $500,000.

(4) Increase in Coverage. Landlord may, by notice to Tenant, require an increase in coverage if, in the reasonable opinion of Landlord, the insurance specified in this Article is no longer considered adequate to maintain a commercially reasonable level of insurance protection. Additionally, following the initial five (5) years of the term of this Lease, Landlord may require that Tenant carry other forms of insurance; provided that the same are commercially reasonable and in keeping with the insurance requirements of owners of Comparable Properties.

(5) General Requirements. All insurance policies shall be in forms reasonably satisfactory to Landlord. The policies required to be maintained by Tenant shall be with companies rated not less than (i) A-VIII in the most current issue of A.M. Best's Insurance Ratings Guide, (ii) "A " as set forth in the most current issue of Standard & Poor Insurance Solvency Review, or (iii) that which is otherwise reasonably acceptable to Landlord. Insurers shall be licensed to do business in the state in which the Premises are located and domiciled in the USA. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this Lease. Certificates of insurance shall be delivered to Landlord prior to the Commencement Date and annually thereafter prior to the policy expiration date. Tenant shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises and to Landlord as required by this Lease.

(6) Cancellation or Modification. Insurance policies shall provide at least thirty (30) days' prior written notice of cancellation (unless such cancellation is due to non-payment of premiums, in which event ten (10) days' prior written notice shall be required) or material modification. If Tenant receives notice of cancellation or material modification, Tenant shall notify the Landlord and Landlord's Management Agent in writing within five (5) business days of receiving such notice.

(7) Miscellaneous. If Tenant fails to maintain and secure the insurance coverage required under this Article, and such failure continues for more than ten (10) business days after Tenant's receipt of written notice thereof, then Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to procure and maintain such insurance, the cost of which shall be due and payable to Landlord by Tenant within ten (10) business days after written demand. Tenant shall not conduct or permit to be conducted by its employees, agents, guests or invitees any activity (excluding, however, activities related to Fitness Center Use), or place any equipment in or about the Premises or the Building (excluding, however, equipment utilized in connection with Fitness Center Use) that will in any way increase the cost of fire insurance or other insurance on the Building. If any increase in the cost of fire insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau, if any, to be due to any activity or equipment of Tenant in or about the Premises or the Building (excluding, however, any of the foregoing related to Fitness Center Use), such statement shall be conclusive evidence that the increase in such cost is due to such activity or equipment and, as a result thereof, Tenant shall be liable for the amount of such increase. Tenant shall reimburse Landlord for the amount of the increased cost to insure the Building (excluding, however, any such increased cost attributable to Fitness Center Use) within ten (10) business days of Tenant's receipt of evidence reasonably satisfactory to Tenant of such amount, and any such sum shall be considered additional Rent payable hereunder. Tenant, at its sole expense, shall comply with any and all requirements of any insurance organization or company necessary for the maintenance of reasonable fire and public liability insurance covering the Premises and the Building. Landlord currently does not require that Tenant carry business interruption insurance; however, Landlord recommends that Tenant carry a commercially reasonable policy of business interruption insurance.

(B) WAIVER OF SUBROGATION. Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss of, or damage to, either parties' property, to the extent that such loss or damage is insured by an insurance policy (or in the event either party elects to self insure any property coverage required) required to be in effect at the time of such loss or damage. Each party shall cause all property insurance policies obtained and maintained by such party to be endorsed to provide that its insurer waives its rights of subrogation against the other party and with a clause which provides substantially as follows: "This insurance shall not be invalidated should the insured waive in writing, prior to a loss, any or all right of recovery against any party for loss occurring to the property described herein." The provisions of this clause shall not apply in those instances in which waiver of subrogation would cause either party's insurance coverage to be voided or otherwise made uncollectible. The foregoing waivers shall be effective whether or not the parties maintain the required insurance, and such release and waiver by Landlord will include Tenant and any other Tenant Parties, and such release and waiver by Tenant will include Landlord and any Related Parties of Landlord.

10. INDEMNIFICATION.

(A) Release. Except to the extent (1) caused by the negligence or willful misconduct of Landlord or any other Related Parties, or due to a default under this Lease beyond any applicable notice and cure period by Landlord, or (2) waived by Landlord in Section 9(B) above, Tenant hereby releases Landlord, its beneficiaries, mortgagees, stockholders, agents (including, without limitation, management agents), partners, officers, servants and employees, and their respective agents, partners, officers, servants and employees ("**Related Parties**"), from and waives all claims for damages to person or property sustained by Tenant or by any occupant of the Premises or the Building, or by any other person, resulting directly or indirectly from fire or other casualty, any existing or future condition, defect, matter or thing in the Premises, the Building (including the associated common areas), or from any equipment or appurtenance therein, or from any accident in or about the Building (including the associated common areas), or from any act of neglect of any third party tenant or occupant of the Building or of any other third party.

(B) Tenant's Indemnification. Except to the extent (1) caused by the negligence or willful misconduct of Landlord or any other Related Parties, or due to a default under this Lease beyond any applicable notice and cure period by Landlord, or (2) waived by Landlord in Section 9(C) above, Tenant agrees to hold harmless and indemnify Landlord and Landlord's Related Parties from and against claims and liabilities, including reasonable attorneys' fees, (i) for injuries to all persons and damage to or theft or misappropriation or loss of property occurring in the Premises (including, without limitation, injuries sustained within the fitness center within the Premises) arising from Tenant's occupancy of the Premises or the conduct of its business, or from any activity, work, or thing done, permitted or suffered by Tenant, its employees, agents, guests or invitees in the Premises, (ii) the negligence of Tenant or its agents, employees or contractors, or (iii) from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease beyond the expiration of applicable notice or cure periods.

(C) Tenant's Fault. Subject to the provisions set forth in Section 9(C) above, if any damage to the Building or any equipment or appurtenance therein belonging to Landlord, results from any negligent act of Tenant, its agents or employees. Tenant shall be liable therefor and Landlord may, at Landlord's option repair such damage, and Tenant shall, within ten (10) days of demand by Landlord, reimburse Landlord the total cost of such repairs and damages to the Building. If Tenant occupies space in which there is exterior or interior glass, then Tenant shall be responsible for the damage, breakage or repair of such glass, except to the extent such loss or damage is recoverable under Landlord's insurance.

(D) Landlord's Indemnification. Subject to the provisions set forth in Section 9(C) above, releases by Tenant, and limitations on Landlord's liability, and to the extent not due to the negligence or willful misconduct of Tenant or its agents, employees or contractors, Landlord agrees to indemnify, defend and hold Tenant and its employees, agents and contractors harmless from and against all liabilities, losses, demands, actions, expenses or claims, including attorneys' fees and court costs for injury to or death of any person or for damage to any property to the extent such are determined to be caused by (i) the negligence or willful misconduct of Landlord, its agents, employees, or contractors in or about the Premises or Building, or (ii) the breach by Landlord of this Lease beyond any applicable notice and cure period.

(E) Limitation on Landlord's Liability. Tenant agrees that in the event Tenant shall have any claim against Landlord or Landlord's Related Parties under this Lease arising out of the subject matter of this Lease, Tenant's sole recourse shall be against Landlord's interest in the Property (including, without limitation, rental income, condemnation awards, insurance proceeds and sale proceeds), for the satisfaction of any claim, judgment or decree requiring the payment of money by Landlord or Landlord's Related Parties as a result of a breach hereof or otherwise in connection with this Lease, and no other property or assets of Landlord, Landlord's Related Parties or their successors or assigns, shall be subject to the levy, execution or other enforcement procedure for the satisfaction of any such claim, judgment, injunction or decree. Under no circumstance shall Landlord or any of its Related Parties be liable for consequential, special, punitive, exemplary or any similar type of damages, and Tenant hereby waives the same.

11. DAMAGE OR CASUALTY.

(A) Minor Insured Damage. In the event the Premises or the Property, or any portion thereof, is damaged or destroyed by fire or any other catastrophic event (each a "**Casualty**"), then Landlord shall rebuild, repair and restore the damaged portion thereof, provided that Landlord shall be entitled to terminate this Lease by written notice to Tenant within sixty (60) days after the date of the Casualty if any one of the following applies: (i) such rebuilding, restoration and repair cannot reasonably be completed within two hundred seventy (270) days after the work commences in the reasonable opinion of an unaffiliated qualified architect or engineer appointed by Landlord ("**Landlord's Qualified Party**") and Landlord terminates the leases of all similarly affected tenants at the Property at such time, (ii) the damage or destruction has occurred within twelve (12) months before the expiration of the then in effect term of this Lease and Tenant does not elect to exercise any then applicable renewal option within thirty (30) days after Tenant's receipt of Landlord's termination notice, or (iii) such rebuilding, restoration, or repair is not then permitted, under applicable governmental laws, rules and regulations, to be done in such a manner as to return the damaged portion thereof to substantially its condition immediately prior to the damage or destruction, including, without limitation, substantially the same net rentable floor area, and Landlord terminates the leases of all similarly affected tenants at the Property at such time. Notwithstanding the foregoing, Landlord shall have no obligation to repair any damage to, or to replace any of, Tenant's personal property, furnishings, trade fixtures, equipment or other such property or effects of Tenant. If Landlord does not timely deliver such termination notice to Tenant, Landlord shall not thereafter be entitled to terminate this Lease pursuant to this Section 11(A). If neither party to this Lease exercises an available termination right (excluding such right in Section 11(E) below) following a Casualty, Landlord shall, within a reasonable amount of time after such Casualty, begin to restore the damage to the Property and the Premises and shall proceed with reasonable diligence thereafter to restore the Property and the Premises to substantially the same condition as they existed immediately before such Casualty.

(B) Major or Uninsured Damage. In the event the Premises or the Property, or any portion thereof, is damaged or destroyed by any Casualty, then, provided such damage was not intentionally caused by Tenant, Tenant may terminate this Lease if (i) the required repair or restoration cannot be completed within two hundred seventy (270) days after the date of the occurrence of the applicable Casualty, (ii) the Premises shall remain untenantable for more than thirty (30) days and the anticipated completion date of the applicable restoration will occur during the last twelve (12) months of the then in effect term of this Lease, or (iii) such rebuilding, restoration, or repair is not then permitted, under applicable governmental laws, rules and regulations, to be done in such a manner as to return the damaged portion thereof to substantially its condition immediately prior to the damage or destruction. If Tenant has the right to terminate this Lease in accordance with the above provisions, Tenant may so elect by written notice to Landlord which must be given within thirty (30) days after the date Landlord delivers the applicable Damage Notice (as defined in Section 11(F) below) to Tenant together with the required evidence of insurance and statement regarding availability of insurance proceeds. If Landlord fails to deliver the Damage Notice in the time and manner set forth above, and such failure thereafter continues for ten (10) business days after Landlord's receipt of a written notice thereof (such subsequent notice shall note on the first page thereof, in bold and capitalized letters, that the failure of Landlord to provide the Damage Notice will constitute a deemed notice that the required restoration will take in excess of two hundred seventy (270) days from the date of casualty to complete), Tenant may exercise any of its rights that Tenant would have if Landlord had delivered a Damage Notice that provided that the restoration process would take in excess of two hundred seventy (270) days from the date of casualty to complete. Upon Landlord's receipt of valid termination notice from Tenant under this paragraph, the termination shall be effective as of the date the destruction occurred and Tenant shall have a reasonable period thereafter to move out of the Premises.

(C) Abatement of Rent. There shall be an abatement of rent by reason of damage to or destruction of the Premises or the Property, or any portion thereof, to the extent that the floor area of the Premises cannot be reasonably used by Tenant for conduct of its business (including, without limitation, the inability of Tenant to access the Premises due to the applicable damage, and regardless of whether the Premises has been damaged as a result of the applicable Casualty), in which event Rent shall abate proportionately, as appropriate, commencing on the date that the damage to or destruction of the Premises or Property has occurred, and ending on the date all the Premises can once again be reasonably used by Tenant for the conduct of its business.

(D) Termination. Tenant's right to terminate this Lease in the event of any damage or destruction to the Premises or Building, is governed by the terms of this Section 11 and therefore Tenant hereby expressly waives the provisions of any and all laws, whether now or hereafter in force, and whether created by ordinance, statute, judicial decision, administrative rules or regulations, or otherwise, that would cause this Lease to be terminated, or give Tenant a right to terminate this Lease, upon any damage to or destruction of the Premises or Building that occurs.

(E) Effect of Delayed Restoration. If Landlord estimated the time to complete all restoration work needed as a result of a Casualty at two hundred seventy (270) days or less, and following two hundred seventy (270) days' from the date of Casualty all such restoration work has not been completed, then Tenant may thereafter terminate this Lease upon thirty (30) days' prior written notice to Landlord (and such termination shall be effective unless Landlord completes all such restoration work within said thirty (30) day period). If Landlord estimated the time to complete all restoration work needed as a result of a Casualty at more than two hundred seventy (270) days (but neither party elected to terminate this Lease), and all such restoration work has not be completed within thirty (30) days following the estimated completion date (subject to extension for force majeure and delays caused by Tenant but excluding, however, delays caused by any contractor(s) of Landlord and/or subcontractor(s) of such contractors), then Tenant may thereafter terminate this Lease upon thirty (30) days' prior written notice to Landlord (and such termination shall be effective unless Landlord completes all such restoration work within said thirty (30) day period).

(F) Repair Estimate. If the Premises, the Building or other portions of the Property are damaged by a Casualty, Landlord shall, within sixty (60) days after such Casualty, deliver to Tenant the good faith estimate (the "**Damage Notice**") by Landlord's Qualified Party of the time needed to repair the damage caused by such Casualty.

12. EMINENT DOMAIN. In the event that the whole or a substantial part of the Premises shall be condemned or taken in any manner for any public or quasi-public use (or sold under threat of such taking), and as a result thereof, the remainder of the Premises cannot be used for the same purpose as prior to such taking, this Lease shall terminate as of the date possession is taken. If less than a substantial part of the Premises shall be so condemned or taken (or sold under threat thereof) and after such taking the Premises can be used for the same purposes as prior thereto, this Lease shall cease only as to the part so taken as of the date possession shall be taken by such authority, and Tenant shall pay full Rent up to that date (with appropriate refund by Landlord of such Rent attributable to the part so taken as may have been paid in advance for any period subsequent to the date possession is taken) and thereafter Rent shall be equitably adjusted to reflect the reduction in the Premises by reason of such taking, Landlord shall, at its expense, make all necessary repairs or alterations to the Building so as to constitute the remaining Premises a complete architectural unit. Landlord shall be entitled to receive the entire award, including the damages for the property taken and damages to the remainder, with respect to any condemnation proceedings affecting the Building; however, Tenant may separately pursue a claim (to the extent it will not reduce Landlord's award) against the condemnor for the value of property Tenant is entitled pursuant to this Lease to remove upon lease termination, moving costs, loss of business, and any other claims it may have. Notwithstanding anything herein to the contrary, if 25% or more of the Premises or 50% or more of the Building or the Common Areas is taken, then Tenant shall have the right to terminate this Lease upon thirty (30) days written notice to Landlord.

13. ASSIGNMENT AND SUBLETTING.

(A) LANDLORD'S CONSENT. Tenant shall not sell, assign, encumber, mortgage or transfer this Lease or any interest therein, sublet or permit the occupancy or use by others of the Premises or any part thereof, or allow any transfer hereof of any lien upon Tenant's interest by operation of law or otherwise (collectively, a "**Transfer**") without the prior written consent of Landlord (except for Permitted Transfers, as more fully set forth below), which consent shall not be unreasonably withheld, conditioned or delayed, and denial of such consent may be based upon any such reasonable factors including, without limitation, the following:

(i) In the commercially reasonable judgment of Landlord, the subtenant or assignee (A) is of a character or engaged in a business or proposes to use the Premises in a manner which is not in keeping with the standards of Landlord for the Building as reflected by the tenants then leasing space in the Building, or (B) has a reputation or credit standing less favorable than all tenants then leasing space in the Building;

(ii) Tenant is in default under this Lease beyond any applicable notice or cure period;

(iii) The proposed subtenant or assignee is a person or entity with whom Landlord is then negotiating to lease competing space in the Building on terms substantially comparable (other than rent) to those set forth in the applicable Transfer notice;

(iv) The occupancy of the Premises by the proposed subtenant would cause Landlord's insurance to be cancelled or materially increased;

(v) The use is not a use generally in keeping with the uses allowed at Comparable Properties; or

(vi) The use is consulate, onsite healthcare or medical care provider, call center, collection agency, or high employee density use (in excess of 1 person per 200 rentable square feet of space), all of which are prohibited uses hereunder unless Landlord has permitted other space in the Building to be used for any such uses, in which case such uses will not be prohibited by this Lease and will not constitute a reasonable basis for Landlord refusing to give its consent to a proposed Transfer.

Any Transfer which is not in compliance with the provisions of this Article shall, at the option of Landlord, be void and of no force or effect.

Notwithstanding any provision of this Lease to the contrary, provided that Tenant remains liable on this Lease (provided; however, with respect to any Transfer to an entity contemplated by subpart (iv) below, the parties acknowledge that Tenant may cease to exist following the applicable Transfer), provides Landlord with prior written notice and name of the applicable transferee and a copy of the applicable assignment or sublease agreement, and Tenant is not then in default beyond any applicable notice and cure period, then the following Transfers will not require Landlord's prior written consent (each transaction a "**Permitted Transfer**" and each entity a "**Permitted Transferee**"):

(i) a Transfer to any entity which is controlled by Tenant;

(ii) a Transfer to any entity which controls Tenant ("**Parent**");

(iii) a Transfer to any entity which is controlled by Tenant's Parent;

(iv) a Transfer to any entity into or with which Tenant is merged, converted or consolidated, or any entity that acquires all or substantially all of the ownership interest or assets of Tenant, provided that such transferee or surviving entity has a tangible net worth and credit rating which is at least equal to Tenant's tangible net worth and credit rating as of the day prior to the applicable acquisition or merger, conversion or consolidation transaction (and Tenant supplies written evidence reasonably satisfactory to Landlord of such tangible net worth and credit rating);

(v) a transfer of Tenant's shares over a nationally recognized stock exchange; or

(vi) a reconstitution, reorganization or conversion to a different entity involving Tenant.

(B) NOTICE TO LANDLORD. In connection with a Transfer requiring Landlord's prior written consent thereto, Tenant shall provide written notice of the proposed assignee, sublettee or transferee, as applicable, which notice shall provide Landlord with (i) the name and address of the proposed subtenant, assignee, pledgee, mortgagee or transferee, (ii) a general description of such person or entity's business, (iii) a reasonably current financial statement for such person or entity only if the prospective transferee is to be assigned Tenant's rights under this Lease or Tenant has requested in writing that Landlord agree to provide the prospective subtenant of Tenant with non-disturbance rights, (iv) a true and complete copy of the proposed sublease, assignment, pledge, mortgage or other conveyance, and (v) such other information as Landlord may reasonably require to the extent available to Tenant and requested in writing within ten (10) business days after Tenant first advises Landlord of the proposed Transfer transaction. Notwithstanding anything to the contrary contained in this Lease, the creditworthiness of a proposed sublease will only be relevant if the sublease

is for all or substantially of the Premises for the remainder of the term of the Lease. If Landlord fails to respond to any written request by Tenant for Landlord's consent to any Transfer within ten (10) business days after Landlord's receipt of such written request and the information and documentation identified above, and such failure thereafter continues for five (5) business days after Landlord's receipt of written notice thereof (such subsequent notice shall note on the first page thereof, in bold and capitalized letters, that the failure of Landlord to provide written notice to Tenant of Landlord's decision to give or withhold its consent to the proposed Transfer will constitute a deemed written consent by Landlord to the proposed Transfer), Landlord will be deemed to have consented in writing to the applicable proposed Transfer and to have approved all documents utilized by Tenant to evidence the same. The deemed consent by Landlord to any Transfer shall not constitute a waiver of the necessity for such consent to any subsequent Transfer which requires Landlord's prior written consent thereto.

(C) LANDLORD'S RIGHT OF RECAPTURE. This Subsection (C) shall not apply to Permitted Transfers. Tenant shall, by written notice in the form specified in the following sentence, advise Landlord of Tenant's intent on a stated date to assign the entire lease or sublet the entire Premises for all or substantially all of the then in effect term of this Lease, and, in such event, Landlord shall have the right, to be exercised by giving written notice to Tenant within ten (10) business days after receipt of Tenant's notice, to recapture the space described in Tenant's notice and such recapture notice shall, if given, cancel and terminate this Lease as of the date stated in Tenant's notice. If Landlord shall elect to give the aforesaid recapture notice with respect thereto, then the Term shall expire and end on the date stated in Tenant's notice as fully and completely as if that date had been herein definitely fixed for the expiration of the Term.

(D) EXCESS RENT. This Subsection (D) shall not apply to Permitted Transfers. If Tenant shall sublet Premises or any part thereof or assign any interest in this Lease at a rental rate (or additional consideration) in excess of the Rent then payable (on a per square foot basis) by Tenant to Landlord hereunder, fifty percent (50%) of the excess rent (or additional consideration) shall be and become the property of, and shall be paid to, Landlord as it is received by Tenant only after Tenant has been fully reimbursed for all brokerage (excluding commissions paid to brokers who are Tenant's affiliates), legal and other expenses, including advertising, remodeling, alterations and concession costs incurred in connection with such assignment or sublease (Landlord shall have no interest in or to excess rentals or consideration before such receipt and reimbursement). If Tenant shall sublet the Premises or any part thereof, Tenant shall be responsible for all actions and neglect of the subtenant and its officers, partners, employees, agents, guests and invitees as if such subtenant and such persons were employees of Tenant. Nothing in this Section shall be construed to relieve Tenant from the obligation to obtain Landlord's prior written consent to any proposed sublease.

(E) NO WAIVER. The consent or deemed consent by Landlord to any Transfer shall not be construed as a waiver or release of Tenant from liability for the performance of all covenants and obligations to be performed by Tenant under this Lease, and Tenant shall remain liable therefor, nor shall the collection or acceptance of Rent from any assignee, subtenant or occupant constitute a waiver or release of Tenant from any of its obligations or liabilities under this Lease. Any consent or deemed consent given pursuant to this Article shall not be construed as relieving Tenant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment or subletting. Notwithstanding the foregoing, Tenant shall be released from all liability accruing after the effective date of any assignment of this Lease in its entirety to an entity that has a rating of AA- or better by S&P or a rating of Aa3 by Moody's.

(F) DOCUMENT REVIEW. This Subsection (F) shall not apply to Permitted Transfers. Tenant shall have no obligation to pay to Landlord a transfer request fee or any other type of fee in connection with a request for Landlord's approval of an assignment, subletting or transfer required above, or to reimburse Landlord for expenses incurred by it in connection therewith; provided, however, if Landlord consents to a proposed Transfer, Tenant shall reimburse Landlord for not more than $5,000.00 of the actual costs and expenses (including, without limitation, attorneys' fees) incurred by Landlord in connection with the request by Tenant for Landlord's consent to the applicable Transfer. All documents utilized by Tenant to evidence any subletting or assignment for which Landlord's consent is required, shall be subject to prior approval or deemed approval by Landlord or its attorney, which approval will not be unreasonably withheld or delayed and must be given or withheld at the same time as Landlord gives or withholds its consent to the applicable proposed subletting or assignment transaction.

(G) LANDLORD'S ASSIGNMENT. Landlord may transfer and assign, in whole or in part, its rights and obligations in the Building or Premises that are the subject to this Lease, in which case Landlord shall have no further liability hereunder provided that the applicable transferee or assignee assumes all of the obligations of the landlord under this Lease from and after the effective date of the applicable transfer or assignment.

14. ALTERATION BY TENANT.

(A) Tenant shall not, without Landlord's prior written consent, which shall not be unreasonable withheld, conditioned or delayed, permit any alteration, improvement, addition or installation in or to the Premises (collectively, "**Alterations**"). Under no circumstances may Tenant make any alterations to the structural elements of the Building, the roof, the life/safety systems, the HVAC system (except for changes solely within the Premises), the security system for which Landlord is responsible, or which have a material adverse affect on any other Building systems, without first obtaining Landlord's prior written consent thereto, the giving or withholding of such consent not to be unreasonable delayed but to be given or withheld in the sole discretion of Landlord reasonably exercised; provided, however, Landlord hereby consents in advance to one or more of the following potential Alterations provided that the exact specifications and manner in which they are performed is approved in advance by Landlord (which approval will not be unreasonably withheld, conditioned or delayed): facilities for computers; separate, self-contained air conditioning systems (including roof top equipment for the same); break room (no cooking is allowed) and coffee bars; and exercise/health facility (including showers and/or steam rooms) on the 7th floor of the Building, all of which must be removed by Tenant and the affected areas restored to good condition upon the expiration or sooner termination of this Lease unless otherwise excused in writing by Landlord. Notwithstanding the foregoing, written consent of Landlord shall not be required and Tenant may make alterations to the interior of the Premises that comply with the following requirements: (i) they are non-structural in nature (except that installation or removal of demising walls and interior offices shall be permitted); (ii) they do not adversely affect the roof or any area outside of the Premises; (iii) they do not materially affect the electrical, plumbing, HVAC or mechanical systems in the Building or servicing the Premises, or the sprinkler or other life safety system; (iv) they cost less than $100,000.00 (adjusted in 2011 by the percentage increase in the Consumer Price Index) for each such alteration project in the aggregate; (v) Landlord receives prior written notice; (vi) Tenant is not then in default under this Lease beyond any applicable notice or cure period, and (vii) and finishes are at or above Building standard as described in Exhibit L attached hereto. If Landlord does not consent or affirmatively withhold its consent to any proposed Alterations, or the plans and/or specifications with respect thereto or contractor(s) or subcontractors for major trades performing the same, in writing within fifteen (15) days after Landlord's receipt of a written request therefor together with, as applicable, plans and specifications related thereto and/or an identification of contractor(s) and (if applicable) subcontractors for major trades performing the same, and thereafter such failure continues for and additional period of five (5) business days after Landlord's receipt of written notice thereof (such written request and such subsequent notice shall each note on the first page thereof, in bold and capitalized letters, that the failure of Landlord to provide written notice to Tenant of Landlord's decision to give or withhold its consent to the proposed Alterations will constitute a deemed written consent by Landlord to the proposed Alterations and the plans and specifications, if any, with respect thereto and contractor(s) and (if applicable) subcontractors for major trades performing the same), such Alterations, and the plans and specifications, if any, with respect thereto and the contractor(s) and (if applicable) subcontractors for major trades performing the same, shall be deemed to have been consented to in writing by Landlord. All work performed by or at the request of Tenant must be performed by a general contractor and subcontractors for the major trades (electrical, plumbing, HVAC, roof, and risers) approved in writing by Landlord (which approval will not be unreasonably withheld or delayed) and meet Landlord's and Landlord's insurance carriers' reasonable specifications and requirements provided to Tenant prior to the commencement of such work and that are applicable thereto. Promptly after the completion of the alterations or improvements, Tenant, at its expense, shall deliver to Landlord an accurate as-built drawing on CADD computer disc (to the extent such drawings were produced), as well as a hard copy, showing such alterations or improvements in the Premises. Landlord's approval or deemed approval of any plans, specifications or work drawings shall create no responsibility or liability on the part of the Landlord for their completeness, design sufficiency or compliance with any laws, rules and regulations of governmental agencies or authorities.

(B) All work herein permitted that is approved by Landlord shall be done and completed by Tenant in a good and workmanlike manner and in compliance with all applicable requirements of law and of governmental rules and regulations, as well as Building rules and regulations applicable to all construction work performed at the Property, and otherwise in such manner as to cause a minimum of interference with other construction in progress and with the transaction of business in the Building. TENANT

AGREES TO INDEMNIFY THE LANDLORD AGAINST ALL MECHANICS' OR OTHER LIENS ARISING OUT OF ANY OF SUCH WORK, AND ALSO AGAINST ANY AND ALL CLAIMS FOR DAMAGES OR INJURY WHICH MAY OCCUR DURING THE COURSE OF ANY SUCH WORK. The Landlord agrees to join with Tenant in applying for all permits necessary to be secured from governmental authorities and to promptly execute such consents as such authorities may require in connection with any of the foregoing work.

(C) Neither Tenant nor anyone claiming by, through, or under this Lease shall have the right to file or place any mechanics lien or other lien of any kind or character whatsoever upon the Premises or upon the Building or improvement thereon, or upon the leasehold interest of Tenant therein, and notice is hereby given that no contractor, subcontractor, or anyone else who may furnish any material, service or labor for any building, improvements, alteration repairs or any part thereof, shall at any time be or become entitled to any lien thereon, and for the further security of the Landlord, Tenant covenants and agrees to give actual notice thereof in advance, to any and all contractors and subcontractors who may furnish or agree to furnish any such material, service or labor.

Tenant shall pay to Landlord a construction management fee equal to Landlord's actual cost associated with such improvements, not to exceed three percent (3%) of hard costs of such improvements. Notwithstanding the foregoing, Landlord shall not be entitled to any construction management fee for (i) paint, (ii) carpet, or (iii) construction projects costing less than $10,000 in the aggregate. Landlord shall not charge any additional fees, other than the foregoing construction management fee, for the supervision or management of any work performed by Tenant.

15. [Intentionally Omitted].

16. MORTGAGEE PROVISIONS, ESTOPPEL AND SUBORDINATION.

(A) Subordination. Tenant shall, upon the written request of Landlord, agree to the subordination of this Lease and the lien hereof to the lien of any present or future mortgage upon the Premises irrespective of the time of execution or the time of recording of any such mortgage as long as such subordination is evidenced by an SNDA (as defined below). To provide for a subordination of this Lease to a Mortgage, Tenant must receive from the holder of any such Mortgage a written agreement (an "**SNDA**") to the effect that (i) in the event of a foreclosure or other action taken under the Mortgage by the holder thereof, this Lease and the rights of Tenant hereunder shall not be disturbed but shall continue in full force and effect so long as no Event of Default is then continuing; and (ii) such holder will agree that in the event it or any successor assign shall be in possession of the Premises, that so long as Tenant shall observe and perform all of the obligations of Tenant to be performed pursuant to this Lease, such holder will perform all obligations of Landlord required to be performed under this Lease. The word "Mortgage" as used herein includes mortgages, deeds of trust and any sale leaseback transactions, or other similar instruments, and modifications, extensions, renewals, and replacements thereof, and any and all advances thereunder. Tenant acknowledges that Bank of America, N.A., a national banking association (the "**Existing Lender**"), has been identified by Landlord the current lender with respect to the Building and Tenant shall execute, upon such lender's request, a Subordination and Non-Disturbance Agreement in the form attached hereto as **Exhibit E** (the "**Initial SNDA**"). Landlord shall endeavor to supply the fully executed Initial SNDA to Tenant within ten (10) business days following the date of the full execution of this Lease. It is understood and agreed that the delivery of the Initial SNDA pursuant to this Section constitutes a material consideration to Tenant in entering into this Lease. Consequently, if Landlord fails for any reason whatsoever to obtain and deliver to Tenant the Initial SNDA signed by Landlord and the Existing Lender within thirty (30) days after the Lease Delivery Date (as defined below), Tenant shall have the right, as its sole remedy, at law or in equity, in its sole discretion by written notice to Landlord to terminate this Lease at any time prior to Tenant's receipt of at least two (2) fully-executed originals of the Initial SNDA. The term "**Lease Delivery Date**" will mean the date of Landlord's receipt of (i) at least four (4) original counterparts of this Lease each executed by Tenant, and (ii) at least six (6) original counterparts of the Initial SNDA (as defined in Section 16(A) below) each executed and acknowledged by Tenant.

(B) Estoppel. Tenant agrees that at any time within ten (10) business days following written notice from Landlord, it will execute, acknowledge and deliver to Landlord or any proposed mortgagee or purchaser a statement in writing certifying whether this Lease is in full force and effect and, if it is in full force and effect, what modifications have been made to this Lease as of the date of Tenant's statement and whether or not Tenant has any actual knowledge as of the date of Tenant's statement of any defaults or

offsets that exist with respect to this Lease and, if Tenant has actual knowledge of the same, what they are claimed to be, and setting forth dates to which Rent or other charges have been paid in advance, if any. In the event that Tenant fails to execute, acknowledge, and deliver to Landlord a statement as above, and if such failure continues for more than five (5) business days after a second notice from Landlord to Tenant, such failure shall constitute an Event of Default until such time as Tenant delivers a statement required by this subsection. The initial form of estoppel certificate is attached hereto as **Exhibit F**; provided, however, that this form of estoppel certificate is subject to such changes thereto as are necessary to make the statement being made therein factually correct.

(C) Notice. Tenant agrees to give any holder of any first mortgage or first trust deed in the nature of a mortgage (both hereinafter referred to as a "**First Mortgage**") against the Premises, or any interest therein, by registered or certified mail, a copy of any notice or claim of default served upon Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing (by way of service on Tenant of a copy of an assignment of Landlord's interest in leases, or otherwise) of the address of such First Mortgage holder.

(D) Quiet Enjoyment. Landlord covenants that it has good and sufficient right to enter into this Lease and that they alone have full right to lease the Premises for the Lease Term aforesaid. Landlord further covenants that upon performing the terms and obligations of Tenant under this Lease, Tenant will have quiet enjoyment throughout the Lease Term and any renewal or extension thereof, subject, however, to all provisions of this Lease and all laws, liens, encumbrances and restrictive covenants to which the land is subject. With respect to any future first lien mortgages, deeds of trust, or other liens entered into by Landlord any mortgagee and/or beneficiary of any deed of trust or lien (Landlord's mortgagee), Landlord shall use commercially reasonable efforts to secure a subordination, non-disturbance and attornment agreement from Landlord's mortgagee, in the mortgagee's standard form, for the benefit of Tenant that will be executed and delivered by Landlord's mortgagee to Tenant.

17. EXPIRATION OF LEASE AND SURRENDER OF POSSESSION.

(A) Holding Over. Tenant will, at the termination of this Lease by lapse of time or otherwise, yield up immediate possession to Landlord. If Tenant retains possession of the Premises or any part thereof after such termination, then Landlord may, at its option, serve written notice upon Tenant that such holding over constitutes any one of (i) creation of a month-to-month tenancy, upon the terms and conditions set forth in this Lease, or (ii) creation of a tenancy at sufferance (with the right to lock-out Tenant pursuant to Section 19(C) below), in any case upon the terms and conditions set forth in this Lease; provided, however, that the monthly Base Rent (or daily Base Rent under (ii)) shall, in addition to all other sums which are to be paid by Tenant hereunder, whether or not as additional Rent, be equal to one hundred twenty-five percent (125%) of the Base Rent being paid monthly to Landlord under this Lease immediately prior to such termination (prorated in the case of (ii) on the basis of a 365-day year for each day Tenant remains in possession); provided, however, if such holding over continues for more than ninety (90) days, the percentage above will increase to one hundred fifty percent (150%). If no such notice is served, then a tenancy at sufferance shall be deemed to be created at the Rent in the preceding sentence. Tenant shall also pay to Landlord all damages sustained by Landlord resulting from retention of possession by Tenant, including the loss of any proposed subsequent tenant for any portion of the Premises; provided, however, in no event shall Tenant be liable for any special or consequential damages as a result of any holding over by Tenant unless and until such holding over has continued for more than thirty (30) days after Tenant has received written notice that Landlord has (1) located a party interested in leasing at least all or any portion of the Premises, and (2) begun discussions regarding the terms on which such party would lease at least all or any portion of the Premises. The provisions of this paragraph shall not constitute a waiver by Landlord of any right of re-entry as herein set forth; nor shall receipt of any Rent or any other act in apparent affirmance of the tenancy operate as a waiver of the right to terminate this Lease for a breach of any of the terms, covenants, or obligations herein on Tenant's part to be performed.

(B) Removal and Restoration. Tenant shall remove such equipment, furnishings and machinery installed by it at Tenant's cost, as well as all improvements (other than the Tenant Improvements) for which Landlord requires (which requirement shall be made at the time that Landlord approves the plans for the applicable improvement(s)) removal at the time of its consent thereto. If no consent of Landlord was required, then Landlord may (i) require removal prior to the expiration or sooner termination of this Lease if the improvement would materially increase Landlord's costs of demolition or is not Building standard as described in Exhibit L, attached hereto, or (ii) require restoration of the affected area to the condition that existed upon completion of the initial improvements.

However, prior to constructing any such improvement, Tenant may request in writing a determination of whether such improvement will be required to be removed or affected area restored upon the expiration or sooner termination of this Lease, and Landlord will inform Tenant within five (5) business days following receipt of such request from Tenant as to whether removal is required. If Landlord fails to respond to any such request within said five (5) business day period and such failure thereafter continues for three (3) business days after Landlord's receipt of a second written notice thereof (such subsequent notice shall note on the first page thereof, in bold and capitalized letters, that the failure of Landlord to provide written notice to Tenant of whether removal or restoration would be required will constitute a deemed written decision by Landlord that removal and restoration to the particular item is not required. All initial Tenant improvements to the Premises shall remain and be surrendered with the Premises unless Tenant elects to remove, and removes, any such improvements from the Premises no later than the date of the expiration or any earlier termination of this Lease. Tenant shall repair any damage to the Premises caused by the installation or removal of Tenant's trade fixtures, furnishings and equipment. Without limitation to the generality of the foregoing, at all times during the term of this Lease, Tenant shall ensure that all wiring and cabling that it installs within the Premises or Building complies with all applicable provisions of local fire and safety codes, as well as with applicable provisions of the National Electric Code. Further, upon the expiration or sooner termination of the Lease Term, Tenant shall remove all low voltage (i.e., telephone and data) cabling (but not electrical wiring) installed by or at the request of Tenant within the Premises and the Building (including the plenums, risers and rooftop) placed there by or at the direction of Tenant to the extent required by any laws, including, without limitation, local fire safety regulations or the National Electric Code. Without limitation to the remedies available to Landlord in the event that Tenant fails to comply with the terms and conditions of this subsection, Landlord may remove and dispose of such wiring and cabling and Tenant shall pay to Landlord the reasonable cost necessary for the removal and disposal of any such wires and cabling.

(C) Surrender. Subject to Section 17(B) above, upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to Landlord in good condition, ordinary wear and tear, damage by fire or other catastrophic event, and repairs which are the responsibility of Landlord excepted. Any items of personal property left in the Premises following the expiration or sooner termination of this Lease, if such failure continues uncured for more than ten (10) days after written notice thereof from Landlord to Tenant, may, at Landlord's option, become the sole and exclusive property of Landlord and this Lease shall act as a bill of sale therefor, and Landlord may sell or discard such property. Landlord shall not have to take any special precautions or measures with regards to any property left within the Premises and Landlord shall not be deemed a bailee thereof. Without limitation to the generality of the foregoing, Landlord may discard computers, records, files, and data without regards to protecting the confidentiality of any information contained therein.

18. DEFAULT. The occurrence of one or more of the following events shall constitute a material default and breach of this Lease by Tenant (each an "**Event of Default**"):

(A) Failure by Tenant to make payment of any Rent herein agreed to be paid or any other payment required to be made by Tenant hereunder, as and when due, and such a failure shall continue for a period of five (5) business days after delivery to Tenant of a written notice of default;

(B) The making by Tenant or Guarantor of any assignment or arrangement for the benefit of creditors;

(C) The filing by Tenant or Guarantor of a petition in bankruptcy or for any other relief under the Federal Bankruptcy Law or any other applicable statute;

(D) The levying of an attachment, execution of other judicial seizure upon Tenant's property in or interest under this Lease, which is not satisfied or released or the enforcement thereof stayed or superseded by an appropriate proceeding within ninety (90) days thereafter;

(E) The filing of an involuntary petition in bankruptcy or for reorganization or arrangement under the Federal Bankruptcy Law against Tenant or Guarantor and such involuntary petition is not withdrawn, dismissed, stayed or discharged within ninety (90) days from the filing thereof;

(F) The appointment of a Receiver or Trustee to take possession of the property of Tenant or of Tenant's business or assets and the order or decree appointing such Receiver or Trustee shall have remained in force undischarged or unstayed for ninety (90) days after the entry of such order or decree;

(G) The failure by Tenant to perform or observe any other term, covenant, agreement or condition to be performed or kept by Tenant under the terms, conditions, or provisions of this Lease, and such a failure shall continue uncorrected for ten (10) business days after written notice thereof has been given by Landlord to Tenant (provided, however, Tenant may have such longer period to cure any non-monetary default provided that Tenant commences such cure within such 10-business day time period and thereafter diligently prosecutes said cure to completion).

19. REMEDIES. During the existence of any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by Law, take any of the following actions:

(A) Terminate the Lease. Terminate this Lease by giving Tenant written notice thereof, in which event, Tenant shall pay to Landlord the sum of (1) all Rent accrued hereunder through the date of termination, (2) all other amounts due under this Lease, and (3) an amount equal to (i) the total Rent that Tenant would have been required to pay for the remainder of the then in effect term of this Lease discounted to present value at a per annum rate equal to the "Prime Rate" as published on the date this Lease is terminated by The Wall Street Journal, Southwest Edition, in its listing of "Money Rates", minus (ii) the then present fair rental value of the Premises for such period, similarly discounted, taking into to consideration marketing time, improvement time, whether Landlord has alternative space available in the Building (Landlord not being obligated to lease the Premises before leasing other available space), and other relevant factors. Tenant shall have the burden of proof with respect to the fair rental value of the Premises for such time period.

(B) Terminate Tenant's Right of Possession. Terminate Tenant's right to possess the Premises without terminating this Lease by giving written notice thereof to Tenant, in which event Tenant shall pay to Landlord (1) all Rent and other amounts accrued hereunder to the date of termination of possession, (2) all other amounts due from time to time under this Lease, and (3) all Rent and other sums required hereunder to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period. Landlord shall use commercially reasonable efforts to relet the Premises and use commercially reasonable efforts to mitigate its damages (although Landlord does not warrant that such reletting or mitigation efforts will succeed). Landlord shall not be obligated to relet the Premises before leasing other portions of the Building, and Tenant's obligations hereunder shall not be diminished because of Landlord's failure to relet the Premises or to collect Rent due for a reletting. Tenant shall not be entitled to the excess of any consideration obtained by reletting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the unexpired Term; rather, Landlord may, from time to time, bring action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Actions to collect amounts due by Tenant to Landlord under this subsection may be brought from time to time on one or more occasions, without the necessity of Landlord waiting until the Expiration Date of this Lease. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to exclude or dispossess Tenant of the Premises shall be deemed to be taken under this subsection. If Landlord elects to proceed under this Section (B), it may at any time elect to terminate this Lease under (A) above. No re entry by Landlord or any action brought by Landlord to remove Tenant from the Premises shall operate to terminate this Lease unless Landlord shall have given written notice of termination to Tenant, in which event Tenant's liability shall be as above provided.

(C) Lock Out. In the event of a monetary default beyond any applicable notice and cure period, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide notice or a new key or right of access to Tenant. This Lease supersedes Section 93.002 of the Texas Property Code to the extent of any conflict.

(D) Landlord's Other Rights and Remedies. Tenant shall pay to Landlord all costs incurred by Landlord (including court costs and attorneys' fees and expenses) in (1) obtaining possession of the Premises, (2) removing and storing Tenant's or any other occupant's property, (3) repairing, restoring, altering, remodeling, or otherwise putting the Premises into condition required by this Lease, (4) reletting all or any part of the Premises (including brokerage commissions (prorated based on the time between the

commencement of the new lease and the Expiration Date of this Lease), and other costs incidental to such reletting, but not the cost of new improvements for the new tenant), (5) performing Tenant's obligations which Tenant failed to perform, and (6) enforcing, or advising Landlord of, its rights, remedies, and recourses. Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default unless the amount of such Rent is equal to all past due amounts then owed by Tenant to Landlord, in which case the applicable monetary Event of Default will be conclusively deemed cured by Tenant. Landlord's receipt of Rent with knowledge of any default by Tenant hereunder shall not be a waiver of such default, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless set forth in writing and signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms contained herein shall waive Landlord's rights regarding any future violation of such term or violation of any other term. If Landlord repossesses the Premises pursuant to the authority herein granted, then Landlord shall have the right, after five (5) business days written notice to Tenant, to (i) remove and store, at Tenant's expense, or (ii) sell at auction (following written notice and a thirty (30) day cure period) all of the furniture, trade fixtures, equipment and other personal property in the Premises, including that which is owned by or leased to Tenant at all times before any foreclosure thereon or repossession thereof by any lessor thereof or third party having a lien thereon, except for Tenant's working files. Landlord may relinquish possession of all or any portion of such furniture, trade fixtures, equipment and other property to any person (a "**Claimant**") who presents to Landlord a copy of any instrument represented by Claimant to have been executed by Tenant (or any predecessor of Tenant) granting Claimant the right under various circumstances to take possession of such furniture, trade fixtures, equipment or other property, without the necessity on the part of Landlord to inquire into the authenticity or legality of the instrument. Landlord may, at its option and without prejudice to or waiver of any rights it may have, (a) escort Tenant to the Premises to retrieve any personal belongings of Tenant and/or its employees not covered by the Landlord's statutory lien or the security interest or (b) obtain a list from Tenant of the personal property of Tenant and/or its employees, and make such property available to Tenant and/or Tenant's employees; however, Tenant first shall pay in cash all costs and estimated expenses to be incurred in connection with the removal of such property and making it available. No right or remedy granted to Landlord herein is intended to be exclusive of any other right or remedy, and each and every right and remedy herein provided shall be cumulative and in addition to any other right or remedy hereunder or now or hereafter existing in law or equity or by statute. All rights may be exercised at any time, in any order, or Landlord may forebear upon any right, without any waiver by Landlord. In the event of termination of this Lease, Tenant waives any and all rights to redeem the Premises either given by any statute now in effect or hereafter enacted.

(E) Landlord's Recapture Right. Landlord shall have the option (without limiting Landlord's other rights under this Lease) of terminating this Lease upon written notice to the Tenant. If Landlord terminates this Lease as to all or any portion of the Premises, then this Lease shall cease for such portion of the Premises and Tenant shall pay to Landlord all Rent accrued through the cancellation date relating to the portion of the Premises covered by the Landlord's termination. Thereafter, Landlord's termination will be without liability to Tenant.

(F) Late Fee. If any Rent or other payment required of Tenant under this Lease is not paid when due, Landlord may charge Tenant, and Tenant shall pay upon demand a fee equal to five percent of the delinquent payment to reimburse Landlord for its cost and inconvenience incurred as a consequence of Tenant's delinquency; provided, however, Tenant shall be entitled to written notice and a five (5) business day cure period on two (2) occasions during any twelve (12) month period before the late fee is assessed. All such fees shall be additional Rent.

(G) Interest. Tenant shall pay interest on all amounts that are more than thirty (30) days over due at the compounded annual "Prime Rate" as reported in the Wall Street Journal (or any successor periodical) at the time of the default plus six percent (6%) retroactive to the due date and continuing until paid in full.

(H) No Waiver. Receipt by Landlord of Rent or other payments from Tenant shall not be deemed to operate as a waiver of any rights of the Landlord to enforce payment of any Rent, additional Rent, or other payments previously due or which may thereafter become due, or of any rights of the Landlord to terminate this Lease or to exercise any remedy or right which otherwise might be available to the Landlord, the right of Landlord to declare a forfeiture for each and every breach of this Lease is a continuing one for the life of this Lease.

20. MISCELLANEOUS.

(A) Not Void. If any term or provision of this Lease is declared invalid or unenforceable, the remainder of this Lease shall not be affected by such determination and shall continue to be valid and enforceable.

(B) Entire Agreement. This Lease contains the entire agreement between the parties hereto and may only be amended in writing.

(C) Authority. The parties warrant to each other that this Lease is being executed with full authority of Tenant or Landlord, as applicable, and that the officers whose signatures appear hereon are duly authorized and empowered to make and execute this Lease in the name of the entity that is Tenant or Landlord, as applicable, by appropriate and legal resolution of its owners and/or governing officers, as applicable.

(D) Notices. All notices required under this Lease shall be in writing and shall be deemed to be properly served when posted by certified United States mail, postage prepaid, return receipt requested, or nationally recognized overnight courier, to the party to whom directed at the address set forth in Section 1 above or at such other address as may be from time to time designated in writing by the party changing such address.

(E) Rent. Unless the context clearly denotes the contrary, the word “Rent” or “Rental” as used in this Lease not only includes cash Rental, but also all other payments and obligations to pay assumed by Tenant, whether such obligations to pay run to the Landlord or to other parties.

(F) NO JURY TRIAL. IT IS MUTUALLY AGREED BY AND BETWEEN LANDLORD AND TENANT THAT THE RESPECTIVE PARTIES HERETO SHALL, AND THEY HEREBY DO, WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT’S USE OF OR OCCUPANCY OF THE PREMISES OR ANY CLAIM OF INJURY OR DAMAGE AND ANY EMERGENCY STATUTORY OR ANY OTHER STATUTORY REMEDY. IF LANDLORD COMMENCES ANY SUMMARY PROCEEDING FOR NONPAYMENT OF RENT, TENANT WILL NOT INTERPOSE ANY COUNTERCLAIM OF WHATEVER NATURE OR DESCRIPTION IN ANY SUCH PROCEEDING.

(G) ASHRAE. Landlord shall use commercially reasonable efforts to operate and maintain the heating, cooling and ventilation (“**HVAC**”) system for the Premises in a manner sufficient to maintain an indoor air quality substantially in accordance with the limits required by the American Society of Heating, Air Conditioning and Refrigeration Engineers (ASHRAE) standard 62-1999. Tenant shall notify Landlord promptly upon Tenant first having knowledge of any of the following conditions at, in, on or within the Premises: standing water, water leaks, water stains, humidity, mold growth, or any unusual odors (including, but not limited, musty, moldy or mildewy odors).

(H) Confidential. Tenant agrees that the terms of this Lease will be kept confidential and shall not, without Landlord’s prior written consent, be disclosed by Tenant or by its agents, representatives and employees, except (i) to those third party professionals who have a legitimate need to know and who are informed by Tenant of the confidential nature of this Lease, (ii) as required by applicable law or process of law, or (iii) as otherwise permitted below in this subsection. Without limitation to the generality of the foregoing, but except as otherwise permitted by the immediately following sentence, under no circumstances shall Tenant divulge any of the business terms contained herein (including, without limitation, rental rates, allowances, operating expenses, options, abated rent or other concessions) to any other tenant or occupant of the Building. Notwithstanding the foregoing, (y) Tenant may disclose the terms of this Lease to prospective sublessees or assignees and to brokers, representatives and/or agents of such parties, and (z) Tenant may disclose the terms of this Lease as follows: (1) to the extent disclosure of some or all of such terms, conditions or provisions may be required by court order; (2) in connection with any sale of Tenant’s business or any merger and/or consolidation transaction involving Tenant; (3) in connection with any financing transaction involving Tenant; and (4) in connection with the interpretation and/or enforcement of Tenant’s rights hereunder. Notwithstanding the foregoing, Tenant may issue one or more press releases announcing the closing of the transaction contemplated by this Lease provided that such releases do not identify any of the financial terms set forth in this Lease other than the initial Lease Term, Tenant’s renewal option rights, and the anticipated timing of Tenant’s occupancy of the Premises.

(I) OFAC Compliance. Tenant represents and warrants that, to the best of its knowledge, Tenant and all persons and entities having an ownership interest in Tenant, as well as all guarantors of all or any portion of this Lease: (i) are not, and shall not become, a person or entity with whom Lender is restricted from doing business with under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action; (ii) are not knowingly engaged in, and shall not engage in, any dealings or transaction or be otherwise associated with such persons or entities described in (i) above; and (iii) are not, and shall not become, a person or entity whose activities are regulated by the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder.

(J) Wi-Fi. Tenant shall have the right to install a Wireless Fidelity Network ("**Wi-Fi Network**") within the Premises for the use of Tenant. Notwithstanding anything to the contrary contained herein, Tenant shall, at its sole cost and expense upon termination of this Lease, remove the Wi-Fi Network from the Premises and restore any affected portion of the Premises to substantially the condition as existed prior to installation of such Wi-Fi Network. Tenant agrees that Tenant's communications equipment associated with the Wi-Fi Network that will not cause commercially unreasonable radio frequency, electromagnetic, or other interference to any other party, or occupants of the Building or any other party. Should any interference occur, Tenant shall take all necessary steps as soon as commercially practicable and no later than ten (10) business days following such occurrence to correct such interference. If such interference continues after such 10-business day period, Tenant shall immediately cease operating Tenant's communications equipment until such interference is corrected or remedied to Landlord's reasonable satisfaction. Tenant acknowledges that Landlord has granted and/or may grant leases, licenses and/or other rights to other tenants and occupants of the Building and to telecommunication service providers. Tenant hereby indemnifies, hold harmless, and defends Landlord (except for matters directly resulting from Landlord's gross negligence or willful misconduct) against all claims, losses or liabilities arising as a result of Tenant's use and/or construction of any Wi-Fi Network.

(K) Successors, Assigns and Liability. The terms, covenants, conditions and agreements herein contained and as the same may from time to time hereafter be supplemented, modified or amended, shall apply to, bind, and inure to the benefit of the parties hereto and their legal representatives, successors and assigns, respectively. In the event either party now or hereafter shall consist of more than one person, firm or corporation, then and in such event all such person, firms and/or corporations shall be jointly and severally liable as parties hereunder.

(L) Exculpatory Provisions. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Landlord while in form purporting to be the representations, warranties, covenants, undertakings and agreements of Landlord are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by Landlord or for the purpose or with the intention of binding Landlord personally, but are made and intended for the purpose only of subjecting Landlord's interest in the Premises to the terms of this Lease and for no other purpose whatsoever, and in case of default hereunder by Landlord, Tenant shall look solely to Landlord's interest in the Property (including, without limitation, rental income, condemnation awards, insurance proceeds and sale proceeds); and that Landlord shall not have any personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained, all such personal liability, if any, being expressly waived and released by Tenant and by all persons claiming by, through or under Tenant.

(M) Laws that Govern. Landlord and Tenant agree that the term and conditions of this Lease shall be governed by the Laws of the State of Texas. Venue is proper in the jurisdiction in which the Building is located, and the parties hereby submit themselves to the jurisdiction of the courts located therein.

(N) Financial Statements. Within ten (10) business days after Landlord's request for the following together with a statement by Landlord that such request is being made in connection with (i) a contemplated financing or sale of the Property, (ii) a subordination of any rights of Landlord to the rights of Tenant's lender, (iii) an Event of Default, or (iv) other legitimate business purpose (including, without limitation, obtaining an appraisal of the value of the Property), and, as applicable, written evidence that Landlord is actively pursuing such contemplated financing, sale or subordination transaction (such as, by way of example but without limitation, a signed agreement with a broker retained by Landlord to pursue such financing or sale transaction, a sales package prepared in respect of the Property, a loan application, or a letter of intent), Tenant shall deliver to Landlord a Financial Statement (as defined below). TENANT SHALL NOT BE REQUIRED TO REPORT THE FINANCIAL INFORMATION OF TENANT SO LONG AS (1) TENANT IS REQUIRED TO REPORT SUCH FINANCIAL INFORMATION TO THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND THE SAME ARE AVAILABLE TO THE PUBLIC, OR (2) FINANCIAL INFORMATION FOR TENANT IS READILY ASCERTAINABLE IN A PUBLIC FILING BY TENANT OR ANY AFFILIATE OF TENANT OR IS OTHERWISE AVAILABLE TO THE GENERAL PUBLIC. As used in this Section, the term "**Financial Statement**" will mean a reasonably current financial statement with respect to Tenant prepared in accordance with generally accepted accounting principles. If Landlord is relying on subpart (iv) above to request the delivery of a Financial Statement, Landlord will not make another request for the same during the twelve (12)-month time period following such request unless the basis for any such earlier request is any of subparts (i), (ii) or (iii).

(O) Access to Premises. Subject to the provisions of this subsection, (i) Landlord and its authorized agents shall have free access to the Premises at any and all reasonable times for customary services (such as regular janitorial services and other services that Landlord is required to perform on a regular basis pursuant to this Lease), and (ii) Landlord and its authorized agents shall have the right, upon not less than one (1) business days' advance written notice to Tenant, to enter the Premises during Normal Building Hours (1) to perform non-customary services (such as non-emergency repairs), (2) to inspect the same, and (3) for the purposes pertaining to the rights of the Landlord under this Lease. Landlord and its authorized agents shall use commercially reasonable efforts to minimize any interference with operation of Tenant's business from the Premises during any such entry, and any entry to the Premises permitted by this subsection shall be subject to such security procedures (including, without limitation, identification, sign-in, confidentiality, and escorting) as Tenant may reasonably require, provided, however, if a representative of Tenant is not present to permit an entry to the Premises permitted by this subsection, Landlord and its authorized agents may nevertheless enter the Premises pursuant to this subsection. During the last nine (9) months of the term of this Lease (as may have been extended) Landlord may show the Premises to prospective lessees during Normal Building Hours, upon at least one (1) business day's advance written notice to Tenant and accompanied by Tenant or its agent. Notwithstanding the foregoing, Landlord shall have no right to enter into any secure areas of the Premises unless accompanied by an agent or employee designated by Tenant (whom Tenant agrees to make available). landlord shall require that cleaning and security contracts include a requirement that the contractors obtain background investigations on all personnel prior to such persons' accessing any portion of the Premises.

(P) Real Estate Brokers. Landlord and Tenant represent that they have directly dealt with and only with brokers identified in Article 1 (whose commission shall be paid by Landlord pursuant to a separate agreement with each such broker), in connection with this Lease and EACH AGREES TO INDEMNIFY AND HOLD THE OTHER HARMLESS FROM ALL DAMAGES, LIABILITY, AND EXPENSE (INCLUDING REASONABLE ATTORNEY'S FEES) ARISING FROM ANY CLAIMS OR DEMANDS OF ANY OTHER BROKER OR BROKERS OR FINDERS CLAIMING BY OR THROUGH THE INDEMNIFYING PARTY FOR ANY COMMISSION ALLEGED TO BE DUE SUCH BROKER OR BROKERS OR FINDERS IN CONNECTION WITH THIS LEASE.

(Q) Force Majeure. Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant, the party taking the action shall not be liable or responsible for, and therefore shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, terrorist activities, acts of war, governmental actions or inactions or laws, regulations, or restrictions, or any other causes of any kind whatsoever which are beyond the control of such acting party, and which in any of such events, can not be overcome by the commercially reasonable efforts of the acting party ("**Force Majeure**"); provided, however, in no event shall Force Majeure apply to the financial obligations of either Landlord or Tenant under this Lease, including, without limitation, Tenant's obligation to promptly pay Base Rent, Additional Rent, reimbursements or any other amount payable to Landlord as well as Tenant's obligation to maintain insurance hereunder.

(R) WAIVER OF RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES – CONSUMER PROTECTION ACT. TENANT WAIVES ITS RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES – CONSUMER PROTECTION ACT, SECTION 17.41, ET. SEQ., BUSINESS CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS, AFTER CONSULTATION WITH AN ATTORNEY OF TENANT'S OWN SELECTION, TENANT VOLUNTARILY CONSENTS TO THIS WAIVER.

(S) Energy and Environmental Initiatives. Tenant shall reasonably cooperate with Landlord at no cost to Tenant (other than as may be allowable as an inclusion as an Operating Expense) in any programs in which Landlord may elect to participate relating to the Building's (i) energy efficiency, management, and conservation; (ii) water conservation and management; (iii) environmental standards and efficiency; (iv) recycling and reduction programs; and/or (v) safety, which participation may include, without limitation, the Leadership in Energy and Environmental Design (LEED) program and related Green Building Rating System promoted by the U.S. Green Building Council. All carbon tax credits and similar credits, offsets and deductions are the sole and exclusive property of Landlord.

(T) Reserved Rights. Landlord hereby reserves the right and at all times shall have the right to repair, change, redecorate, alter, improve, modify, renovate, enclose or make additions to any part of the Building, Building's structure, Common Areas or the land on which the Building is located, to enclose and/or change the arrangement and/or location of driveways or parking areas or landscaping or other Common Areas; and to construct new improvements on adjacent parcels of land, all, Tenant agrees, without having committed an actual or constructive eviction of Tenant or breach of the implied warranty of suitability and without an abatement of Rent (the "**Reserved Right**"). When exercising the Reserved Right, Landlord will use reasonable efforts not to substantially interfere with Tenant's use and occupancy of the Premises, and in no event will the exercise of a Reserved Right (i) cause a loss of access to the Premises, (ii) materially impair the rights of Tenant expressly provided in this Lease and/or materially diminish amenities then available to Tenant at the Property, or (iii) create a condition which is inconsistent with the first-class nature of the Property. Landlord may enter into any reciprocal access agreements, easements, or other agreements affecting the real property on which the Building is located.

(U) Exhibits. The terms and provisions of the Exhibits, Riders and Addendum (if any) attached to this Lease are hereby incorporated herein by this reference and hereby made a part hereof for all purposes. References to "the Lease" or "this Lease" shall include references to the foregoing terms and provisions.

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[SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties may have executed this Lease in counterpart copies, each of which shall be deemed originals. Landlord and Tenant have executed this Lease the date and year noted above.

LANDLORD:

NODENBLE ASSOCIATES, LLC,
a Delaware limited liability company

By: TCDFW Investment and Development, Inc.,
a Delaware corporation,
Its sole managing member

By: /s/ Mark C. Allyn
Name: Mark C. Allyn
Title: Executive Vice President

TENANT:

ADS ALLIANCE DATA SYSTEMS, INC.,
a Delaware corporation

By: /s/ Michael D. Kubic
Name: Michael D. Kubic
Title: Senior Vice President, Corporate Controller
and Chief Accounting Officer

RIDER TO LEASE

ADDITIONAL PROVISIONS

1. This Rider Controls. The provisions set forth in this Rider control to the extent they conflict with any provision or provisions set forth in the body of this Lease.

2. Termination Option. Landlord hereby grants to Tenant an option ("**Termination Option**") to terminate this Lease on the last day of the one hundred eighth (108th) full calendar month following the Commencement Date ("**Termination Effective Date**") subject to the following provisions.

(a) Termination Notice. The Termination Option shall be exercisable by Tenant by written notice ("**Termination Notice**") to Landlord of Tenant's election to exercise the Termination Option, such notice to be received by Landlord at least nine (9) months prior to the Termination Effective Date. If Tenant fails to deliver to Landlord the Termination Notice on or before said date, the Termination Option shall lapse and Tenant shall have no further right to terminate this Lease pursuant to this Section 2. Effective on the date the Termination Notice is received by Landlord, all options granted pursuant to Section 3 (captioned Extension Options) and Section 4 (captioned Right of Refusal) below shall be deemed waived and of no further force or effect.

(b) Termination Fee. In consideration of Landlord's agreement to allow the termination of this Lease, Tenant shall pay to Landlord the sum of (i) Dollars ($), plus (ii) the unamortized portion of all Expenses (as defined below) (with interest accruing on such Expenses at the rate of nine percent (9%) per year and amortized on a straight-line basis with a 120 month term) (subject to increase in accordance with Section 4(c)(viii) below, the "**Termination Fee**"). Such Termination Fee shall be paid by Tenant to Landlord within sixty (60) days prior to the Termination Effective Date (provided, however, the portion of the Termination attributable to Expenses shall in no event be due less than thirty (30) days following Landlord's delivery to Tenant of a written notice thereof, as set forth below). "**Expenses**" shall mean the sum of (1) legal fees incurred by Landlord for outside counsel's preparation of this Lease, (2) commissions actually paid to the Brokers, and (3) the Allowance actually provided to Tenant. Landlord shall, within ten (10) business days after its receipt of a written request therefor (Tenant agrees not to make such a request until a reasonable period of time has elapsed after the later of [y] the Commencement Date, or [z] the date on which the entire amount of the Allowance has been disbursed or effectively disbursed to or for the benefit of Tenant), deliver to Tenant a reasonably detailed written itemization of the Expenses together with evidence of the payment by Landlord of the same, and Tenant shall be entitled to rely on such itemization for the purposes of making the Termination Fee payment pursuant to this subsection. The Termination Fee shall not be deemed to be a penalty. If the Termination Fee is not timely paid by Tenant to Landlord, the Termination Option shall lapse and Tenant shall have no right to terminate this Lease as provided herein.

(c) Survival of Obligations. In the event Tenant has satisfied the provisions of Subsection (a) and (b) above, then, as of the Termination Effective Date, all obligations of the parties shall cease and terminate in the same manner as upon expiration of the Lease Term; provided, however, that (i) Tenant shall remain liable hereunder for all obligations and liabilities which accrue under the Lease through the Termination Effective Date, including, without limitation, Tenant's obligation to pay Rent due and payable prior to such date, and (ii) the rights and obligations of Landlord and Tenant pursuant to Sections 4(B), 4(D) and 5(B) of the Lease shall not cease or terminate but instead survive the termination of the Lease in accordance with the Termination Option. Any such amounts not due and payable prior to the Termination Effective Date, but which relate to the period prior to the Termination Effective Date, shall be paid by Tenant to Landlord, or by Landlord to Tenant, as applicable, within ten (10) days of the applicable party's receipt of an invoice therefor from the other party.

(d) No Default. Tenant may exercise the Termination Option only if Tenant is not in default under any term or condition of this Lease beyond any applicable notice and cure period as of the date of the Termination Notice.

(e) Staggered Commencement Dates. If the Commencement Date is more than one date due to Tenant commencing business operations on floors of the Premises at different times during the Lease Term, the Commencement Date for the last floor on which Tenant begins business operations will be the date used to establish the Termination Effective Date.

3. <u>Extension Options</u>. Provided no Event of Default then exists, Tenant shall have the right and option to extend this Lease for two (2) consecutive periods of five (5) years each (each a "**Renewal Term**") under the same terms and conditions as stated in this Lease (each an "**Extension Option**") by delivering written notice of the exercise thereof to Landlord between fifteen (15) months and nine (9) months before the expiration of the then current term of this Lease. Promptly after the Market Rental Rate (as defined below) has been established, Landlord and Tenant shall execute an amendment to this Lease extending the term of this Lease on the same terms provided in this Lease, except as follows: (a) The Base Rent payable for each month during each such Renewal Term shall be determined utilizing the Market Rental Rate; (b) Tenant shall have no further renewal options unless expressly provided for pursuant to this Section 3 or granted by Landlord in writing; (c) Landlord shall lease to Tenant the Premises in its then-current condition, and Landlord shall only provide to Tenant any allowances (e.g., moving allowance, construction allowance, and the like) or other tenant inducements that are generally available to tenants renewing leases of space comparable to this Lease (the amount of the Market Rental Rate shall reflect the provision of any such market allowances or other tenant inducements) unless Tenant elects in its renewal notice to lease the Premises for the applicable Renewal Term without the benefit of any such market allowances and/or inducements (in which case the Market Rental Rate shall reflect the same); and (d) the Cam Base Year and Tax Base Year shall each be modified to become the first calendar year of the applicable Renewal Term and rental obligations relative to Operating Expenses and Taxes shall be adjusted accordingly. The term "**Market Rental Rate**" will mean the arms-length fair market annual rental rate per rentable square foot that Landlord and owners of Comparable Properties (as defined in Section 4(A)(2) above) are, on or about the date on which the Market Rental Rate is being determined, charging for space comparable to the Premises. The determination of Market Rental Rate shall take into account any material economic differences between the terms of this Lease and any comparison lease, such as rent abatements, construction costs and other concessions and the manner, if any, in which the landlord under any such lease is reimbursed for operating expenses, taxes and electrical expenses. The determination of Market Rental Rate shall also take into consideration (1) any reasonably anticipated changes in the Market Rental Rate from the time such rate is being determined and the time such rate will become effective under this Lease, (2) the location, quality and age of the building, (3) floor level on which space is located, (4) any rental abatement, lease takeovers and/or assumptions, moving expenses and other concessions, (5) the term of the lease or renewal thereof, (6) the extent of the services to be provided, (7) the distinction between a "gross" and a "net" lease, (8) the base year or estimated basic cost per square foot for escalation purposes (including operating costs, insurance and ad valorem taxes), (9) the time the particular rental rate under consideration became or is to become effective, and (10) any other relevant term or condition. Landlord shall provide Tenant with Landlord's good faith determination of the Market Rental Rate for the applicable Renewal Term not later than thirty (30) days after Tenant exercises the **a**pplicable Extension Option. Tenant shall elect, within thirty (30) days thereafter, in a writing delivered to Landlord to either (i) accept Landlord's determination of such Market Rental Rate (in which case the Lease shall be deemed renewed for the applicable Renewal Term at such rate), or (ii) reject the same in which case the Market Rental Rate for the applicable Renewal Term will be determined in accordance with the process identified below in this Section 3. Failure by Tenant to provide such election within such 30-day time period shall constitute Tenant's election under clause (ii) of the preceding sentence. The option herein granted shall be deemed to be personal to Tenant, and if Tenant subleases the entire Premises or otherwise assigns or transfers any interest thereof to another party such option shall lapse, unless such assignment, sublease or transfer was (x) a Permitted Transfer, or (y) at the time of Tenant's exercise of an Extension Option the total aggregate amount of space subleased (or transferred) is less than half of the entire area of the Premises.

If Tenant rejects or is deemed to have rejected Landlord's determination of the Market Rental Rate for the applicable Renewal Term, then Landlord and Tenant shall meet in an effort to negotiate, in good faith, the Market Rental Rate applicable to the Premises. If Landlord and Tenant have not agreed upon the Market Rental Rate applicable to the Premises within five (5) days, then Landlord and Tenant shall attempt to agree, in good faith, upon a single broker not later than fifteen (15) business days thereafter who shall determine the Market Rental Rate for the Premises. If Landlord and Tenant are unable to agree upon a single broker within such time period, then Landlord and Tenant shall each appoint one broker not later than twenty (20) business days thereafter. Not later than ten (10) business days after the appointment of the second broker, the two appointed brokers shall appoint a third broker. If either Landlord or Tenant fails to appoint a broker within the prescribed time period, the single broker appointed shall determine the Market Rental Rate. If both parties fail to appoint brokers within the prescribed time periods, then the first broker thereafter selected by a

party shall determine the Market Rental Rate. If a single broker is chosen, then such broker shall determine the Market Rental Rate applicable to the Premises. Otherwise, the Market Rental Rate shall be the arithmetic average of two (2) of the three (3) determinations which are the closest in amount, and the third determination shall be disregarded. Landlord and Tenant shall instruct the brokers to complete their determination of the Market Rental Rate not later than fifteen (15) business days after the appointment of the final broker. Each party shall bear the costs of its own broker, and the parties shall share equally the cost of the single or third broker if applicable. Each broker shall have at least ten (10) years' experience in the leasing of Comparable Properties and shall be a licensed real estate broker.

4. Right of Refusal (Evergreen).

(a) Grant of Right of Refusal. Subject to the provisions as hereinafter set forth, Landlord hereby grants to Tenant a right of refusal ("**Right of Refusal**") to lease from Landlord all or any portion of the fifth floor of the Building ("**Refusal Space**").

(b) ROFR Terms; Exercise Notice. During the initial Term, if Landlord and a third party have agreed upon terms that Landlord desires to accept ("**ROFR Terms**") to lease the Refusal Space or a portion thereof, Landlord shall first give to Tenant notice that Landlord has negotiated such terms with a third party and describing the terms and conditions of such ROFR Terms ("**ROFR Terms Notice**"). Tenant may exercise the Right of Refusal by giving Landlord written notice ("**Exercise Notice**") within ten (10) business days after the date of the ROFR Terms Notice of Tenant's desire to lease that portion of the Refusal Space set forth in the ROFR Terms. Hereinafter the term "Refusal Space" shall be and shall mean the Refusal Space or portion thereof set forth in the ROFR Terms Notice. If less than fifteen (15) months remain on the initial Term of the Lease as of the date that will be the commencement of the lease of the Refusal Space, then Tenant must also exercise the Extension Option set forth in Section 3 above.

(c) Expansion Amendment. After receipt of the Exercise Notice, Landlord and Tenant shall enter into an amendment of the Lease "Expansion Amendment" acceptable to Landlord and Tenant. Such Expansion Amendment shall provide that from and after the applicable date on which the Refusal Space is leased by Tenant ("Expansion Commencement Date"), the Lease shall be deemed modified as follows.

(i) Base Rent for the Refusal Space shall be as set forth in the ROFR Terms;

(ii) Tenant's Share applicable to the Refusal Space shall be a fraction, the numerator of which shall be the number of rentable square feet in the Refusal Space and the denominator of which shall be the number of rentable square feet in the Building (as both shall be reasonably determined by Landlord);

(iii) The Base Year applicable to the Refusal Space shall be as set forth in the ROFR Terms;

(iv) Tenant shall accept the Refusal Space in the time, condition and manner described in the ROFR Terms;

(v) Tenant's lease of the Refusal Space shall be for the term set forth in the ROFR Terms;

(vi) Other applicable terms and conditions of the ROFR Terms shall modify the Lease;

(vi) For all purposes under the Lease, other than for the applicable calculations set forth above, the term "Premises" shall be deemed to include the Refusal Space; and

(viii) The Termination Fee shall be increased by an amount equal to (x) three (3) months of gross rental applicable to the Refusal Space as of the Termination Effective Date multiplied by a fraction, the numerator of which is the number of months between the commencement of the lease of the Refusal Space and the Termination Effective Date and the denominator of which is the number of months in the initial term of the Refusal Space, plus (y) the unamortized portion (on a straight line basis) of all Expenses (with interest accruing on such Expenses at the rate of nine percent (9%) per year) applicable to the Refusal Space.

(d) Failure to Exercise. If Tenant does not exercise its Right of Refusal in the time and manner set forth herein, Landlord may elect to lease the Refusal Space to the third party with whom it negotiated it ROFR Terms.

(e) No Default. Tenant may exercise the Right of Refusal, and an exercise thereof shall only be effective, provided that Tenant is not in default of any term or condition of this Lease beyond any applicable notice or cure period as of the date of either the ROFR Terms Notice or the Exercise Notice.

(f) Not Transferable. Tenant acknowledges and agrees that the Right of Refusal shall be deemed personal to Tenant and if Tenant subleases, assigns or otherwise transfers any interests hereunder to any person or entity prior to the exercise of the Right of Refusal, other than pursuant to a Permitted Transfer, as of the time of the Exercise Notice, the Right of Refusal shall lapse and be forever waived, unless such assignment, sublease or transfer was (x) a Permitted Transfer, or (y) at the time of the Exercise Notice the total aggregate amount of space subleased (or transferred) is equal to one full floor or less.

5. Signage.

(a) Monument. Tenant shall be allowed the most prominent placement on the monument signage currently available on the monument sign, which shall list a maximum of four (4) tenants of the Building.

(b) Crown. So long as Tenant Leases two (2) full floors of space and occupies at least one (1) full floor of space within the Building (or so long as Tenant leases and occupies more space than any other tenant in the Building), then Landlord shall permit Tenant to install signage on the north and south facades of the "crown" of the Building, and Landlord shall not grant any future signage rights on the crown of the Building and Landlord shall not permit any such signage (to the extent that Landlord may withhold such permission).

(c) General. All costs associated with the fabrication, installation, maintenance, removal and replacement of Tenant's signage referenced in this Section shall be the sole responsibility of Tenant, and may be paid from the Allowance. Tenant shall maintain such signage in good condition and repair. Tenant shall remove such signage and repair any damage caused thereby, at its sole cost and expense, upon the expiration or sooner termination of the Lease. The sign as well as its color, content, size, location and other specifications of any such signage shall be in accordance with the terms and conditions of the Lease, and shall be subject to Landlord's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed, as well as the approval of the City of Plano, the Legacy Design Review Board, and Shops at Legacy (North), L.P. to the extent any of the foregoing are required by applicable Laws. If Landlord fails to approve or reasonably disapprove of Tenant's signage within ten (10) business days following receipt of plans and specifications therefor, and such failure thereafter continues for five (5) business days after Landlord's receipt of a second written notice thereof (such subsequent notice shall note on the first page thereof, in bold and capitalized letters, that the failure of Landlord to provide written notice to Tenant of Landlord's decision to give or withhold its consent to the proposed signage plans and specification will constitute a deemed written consent by Landlord to the proposed signage plans and specifications), Landlord will be deemed to have consented in writing to the applicable proposed signage plans and specifications. Further, Tenant shall ensure that all signage complies with any and all applicable local zoning codes and building regulations.

(d) Building Standard Identification. All Building standard identification signage for Tenant will be provided by Landlord at no cost to Tenant.

(e) Future Tenants' Signage. Following the date of this Lease, Landlord will only grant rights for other tenants to place one (1) additional sign on the "eyebrow" (between the 1st and 2nd floors) of the Building (which signage is limited to the following types of tenants: banks, financial services companies, title companies, and travel agencies), and one (1) addition sign on the exterior of the parking garage (which signage is limited to tenants in the Building or other buildings in the Legacy complex that are banks or financial services companies). No future signage rights will be granted on the exterior of the Building between the 2nd and 8th floors, and Landlord shall not permit any such signage (to the extent that Landlord may withhold such permission).

6. Satellite Dish. Tenant may, at its sole cost and expense but without the payment of any fee or other charge to Landlord, install and operate (for Tenant's or its Permitted Transferees' use and not for use by other parties or "for profit" services provided for the benefit of third parties) during the term of this Lease, a small (not to exceed eighteen (18) inches in diameter) satellite dish (hereinafter the "**Satellite Dish**") on the existing satellite rack on the roof of the Building (hereinafter the "**Installation Area**"). The installation of such Satellite Dish shall be subject to the following:

(a) Tenant shall not install the Satellite Dish until it receives prior written approval from Landlord with respect to such installation, which approval shall not be unreasonably withheld, conditioned or delayed. Prior to commencing installation, Tenant shall provide Landlord with (1) detailed plans and specifications for the installation of the Satellite Dish, and (2) copies of all required permits, licenses and authorizations, which Tenant will obtain at its own expense and which Tenant will maintain at all times during the operation of the Satellite Dish. The installation of the Satellite Dish will include the connection of the same via cabling to the Premises with no fee or other charge payable by Tenant. No installation will be permitted if Tenant has not provided Landlord with a certificate of insurance evidencing that Tenant has obtained and is maintaining the liability insurance Tenant is obligated by this Lease to obtain and maintain during the Lease Term.

(b) Tenant shall repair in a good and workmanlike manner any damage to the roof of the Building caused by the installation of the Satellite Dish. Tenant will cause the maintenance of the Satellite Dish on the roof or the operation thereof to not cause interference with any telecommunications, mechanical or other systems either located at or servicing the Building (whether belonging to or utilized by Landlord or any other tenant or occupant of the Building) or located at or servicing any building, premises or location in the vicinity of the Building limited however to that permissible under applicable F.C.C. regulations to the extent that such regulations apply. Tenant will cause the installation, existence, maintenance and operation of the Satellite Dish to comply with all applicable laws, ordinances, rules, orders, regulations, etc. of any Federal, State, county and municipal authorities having jurisdiction thereover.

(c) The contractors performing the installation of the Satellite Dish and/or performing any work on or to the roof or risers of the Building shall be approved by Landlord prior to the commencement of any work, such approval to not be unreasonably withheld, conditioned or delayed.

(d) Tenant covenants and agrees that the installation, operation and removal of the Satellite Dish will be at its sole risk. Tenant agrees to indemnify and defend Landlord against all claims, actions, damages, liabilities and expenses including reasonable attorney's fees and disbursements in connection with the loss of life, personal injury, damage to property or business or any other loss or injury or as a result of any litigation arising out of the installation, operation or removal of the Satellite Dish other than any removal by or on behalf of Landlord.

(e) Landlord, at its sole option, may require Tenant, at any time prior to the Expiration Date, to terminate the operation of the Satellite Dish if it is causing physical damage to the structural exterior of the Building, interfering with any other service provided to other tenants in the Building, interfering with any other tenant's business, in excess of that permissible under F.C.C. regulations to the extent that such regulations apply and such regulations shall not require such tenants or those providing such services to correct such interference. Notwithstanding the foregoing, if Tenant can correct the damage or disturbance caused by the Satellite Dish to Landlord's reasonable satisfaction, Tenant may restore its operation. If the Satellite Dish is not corrected and restored to operation within thirty (30) days, Landlord, at its sole option, may require that Tenant remove the Satellite Dish at its own expense.

(f) At the expiration or sooner termination of this Lease, or upon termination of the operation of the Satellite Dish, or revocation of any license issued, Tenant shall remove the Satellite Dish (and all associated wiring and other appurtenances) from the Building and repair and damage caused thereby, at Tenant's sole cost and expense. Tenant shall leave the Installation Area in the condition existing on the date of installation, reasonable wear and tear and damage due to fire or other catastrophic event excepted. If Tenant does not remove the Satellite Dish when so required, and such failure continues for more than ten (10) business days after delivery to Tenant of written notice thereof, Tenant hereby authorizes Landlord to remove and dispose of the Satellite Dish and to charge Tenant for all reasonable costs and expenses incurred.

7. Fiber Optic. Landlord shall permit Tenant and its Permitted Transferees to use during the term of this Lease, at no charge to any such parties, on a non-exclusive basis certain non-leasable space within the Building (for example, conduit, chase or riser space) designated by Landlord as for the general use of tenants as may be reasonably necessary to connect/integrate voice/data cabling and/or wiring between (i) the floors of the Premises, (ii) such floors and the roof of the Building, and (iii) such floors and the Generator and, in this regard, Tenant and its Permitted Transferees' shall have the sole use of two (2) [one (1) to the North and one (1) to the South] of the four inch conduits comprising the Building's fiber optic loop system.

8. Generator.

(a) Subject to the terms and conditions hereinafter set forth, Tenant shall have the right to install and maintain, at Tenant's option, a portable or a permanent diesel powered electric generator and related equipment (the "**Generator**") on the land outside of the Building at a location identified on **Exhibit F** attached hereto. The pad site specifications and Generator specifications are attached hereto as **Exhibit F**. Tenant may use the existing conduits for the Generator. Landlord shall construct the Generator pad and tilt panel screening ("**Landlord's Generator Improvements**") at its sole cost and expense within a reasonable amount of time after Landlord's execution and delivery of this Lease.

(b) Tenant shall submit to Landlord for approval plans for the Generator (including connections and related equipment) which plans shall specify noise levels. Landlord shall not unreasonably withhold or delay its approval for said plans.

(c) Tenant shall comply with all ordinances, codes and regulations regarding the Generator (including the storage and handling of diesel fuel or other petroleum products) and shall obtain all permits therefor. Prior to commencing installation, Tenant shall provide Landlord with copies of all required governmental and quasi-governmental permits, licenses and authorizations which Tenant will obtain at its own expense and which Tenant will maintain at all time during the operation of the Generator. Landlord may withhold approval if the installation or operation of the Generator may damage the structural integrity of the Building, interfere with any Building systems, or violate any applicable laws. No installation of the Generator will be permitted if Tenant has not provided Landlord with a certificate of insurance evidencing that Tenant has obtained and is maintaining the liability insurance Tenant is obligated by this Lease to obtain and maintain during the Lease Term.

(d) All cost of installation, operation, maintenance and removal of the Generator (excluding, however, Landlord's Generator Improvements) shall be the obligation of Tenant, including the cost of repair for damage to any portion of the land or Building caused by such installation, operation, maintenance or removal. Tenant shall repair in a good and workmanlike manner any damage to the Property caused by the installation of the Generator. Tenant shall cause the operation and maintenance of the Generator to not cause interference with any mechanical or other systems either located at or servicing the Building. Tenant will cause the installation, existence, maintenance and operation of the Generator to comply with all applicable laws, ordinances, rules, orders, regulations, etc. of any Federal, State, county and municipal authorities having jurisdiction thereover. The provisions of this Lease applicable to the construction/installation of improvements within the Premises will also be applicable to the installation of the Generator. The contractors performing the installation of the Generator and/or performing any work on the Property related thereto shall be approved by Landlord prior to the commencement of any work, which approval shall not be unreasonably withheld or delayed.

(e) Upon the expiration or any earlier termination of this Lease or in the event Tenant desires to remove the Generator, Tenant shall promptly remove the Generator and repair the portion of the land or Building which was altered or damaged, if any, in connection with the installation, operation, maintenance or removal of the Generator (excluding, however, Landlord's Generator Improvements) and otherwise leave the area in which the Generator was installed in the condition existing on the date of installation, reasonable wear and tear and damage due to fire or other catastrophic event excepted. If Tenant does not remove the Generator in the time and manner required, Tenant, after prior written notice to Tenant to remove said Generator and Tenant's failure to do so within fifteen days of the date of Tenant's receipt of such notice, hereby authorizes Landlord to take all reasonable measures to fulfill Tenant's obligations hereunder and to charge Tenant for all costs and expenses incurred.

(f) Tenant shall indemnify and hold Landlord harmless from any and all damages, injury, loss, liability, costs or claims (including, without limitation, court costs and reasonable attorneys' fees) directly or indirectly resulting from the installation, operation, maintenance or removal of the Generator other than any removal by or on behalf of Landlord and excluding, in any event, Landlord's Generator Improvements.

9. Elevators. Landlord shall ensure that a minimum of one (1) elevator will automatically return to the eighth floor and come to "rest/sleep" there during Normal Building Hours.

10. Security and Painting the Stairwell. Landlord shall expand the Building security system to include the interconnecting fire stairwell, subject to Tenant's reimbursement of reasonable costs associated therewith. Tenant may, at its sole cost and expense, paint the stairwell, subject to the terms and conditions of the Lease applicable thereto, compliance with local codes applicable thereto, and Landlord's reasonable prior written approval of the color.

11. Supplemental HVAC. Tenant shall have the right to (A) install and maintain during the term of the Lease, at no charge to Tenant, up to two (2) HVAC units to provide service to the Premises, and (B) perform such work as is necessary to connect and/or integrate the foregoing to or with the Premises and/or equipment located therein. Such supplemental HVAC units must fit into an area on the roof not to exceed 24 feet by 6 feet, the exact location of which is shown on **Exhibit J** attached hereto and incorporated herein. Tenant shall screen such units at its sole cost and expense, to the extent that either (i) such screening is required by local code or by any applicable owners association, or (ii) if all other HVAC is screened. The exact specifications of the HVAC equipment and screening is subject to Landlord's prior written approval, which approval will not be unreasonably withheld, conditioned or delayed. If applicable, Landlord will approve the nature and location of Tenant's initial equipment as provided in the plans and specifications for the Tenant Improvements; provided, however, that if Landlord disapproves the proposed location of Tenant's initial equipment, Landlord shall designate another roof location. Tenant's rooftop equipment shall remain the exclusive property of Tenant, and Tenant (y) shall have the right to remove Tenant's rooftop equipment at any time during the term of this Lease, and (z) must repair any damage caused by the installation, use or removal of such items. Other than roof penetrations in accordance with design criteria applicable thereto, no roof penetration shall be made in connection with such installation without the prior written consent of Landlord, and Landlord shall have the right to require that any penetrations approved by Landlord shall be made by or coordinated with Landlord's roofing contractor so as to not void any roofing warranty. Tenant shall operate Tenant's rooftop equipment in a manner so as to not unreasonably interfere with usage of similar equipment by other tenants or occupants of the Building and to otherwise comply with all Laws applicable thereto. The provisions of this Lease applicable to the construction/installation of improvements within the Premises will also be applicable to the construction/installation of equipment on the roof of the Building. Any such HVAC unit shall be subject to approval of the City of Plano, the Legacy Design Review Board, and Shops at Legacy (North), L.P. to the extent any of the foregoing are required by applicable Laws. Upon the expiration or sooner termination of this Lease, Tenant shall remove all screening, equipment, cabling, and connections (but not ductwork) and return all affected areas to their original condition, ordinary wear and tear and damage due to Casualty excepted, unless removal is excused in writing by Landlord.

12. Miscellaneous.

(a) Tenant has the right to maintain within the Premises one or more vending or dispensing machines as well as refrigerators, microwave ovens, dishwashers, and other cooking or cleaning appliances to be utilized by Tenant or any other Tenant Party only in connection with the use of the Premises permitted by this Lease. Tenant shall also have the right to change any locks to doors of the Premises or install additional locks on such doors provided that Landlord at all times during the term of the Lease has been provided with means of access to the Premises from the exterior thereof (whether by key, security card or other means).

(b) Tenant shall have the right, at its sole expense, to install and maintain, within the Premises and at the entrances to the Premises for purposes of limiting or providing access to the Premises, an electronic card key access system, cipher locks, proximity card readers, palm readers, retinal scanner security devices, video cameras and/or such other security devices as may be approved

by Landlord in writing, which approval will not be unreasonably withheld, conditioned or delayed. The foregoing may, if feasible, be integrated with Landlord's access control system, if any, presently in place at the Building, and the foregoing shall be and remain the property of Tenant notwithstanding anything to the contrary contained in this Lease. Landlord agrees to provide to Tenant, within a reasonable amount of time after Landlord's receipt of a written request therefor, such information gathered by Landlord's controlled access system, if any, as Tenant may reasonably request. Notwithstanding the foregoing or anything else to the contrary contained in this Lease, Tenant shall have the right to surrender possession of any of Tenant's security system/devices with respect to the Premises and/or Building to Landlord at the time of the expiration or any earlier termination of this Lease, in which case the same shall in no event be deemed to have been abandoned by Tenant and Tenant's failure to remove the same from the Premises and/or Building at such time shall not constitute a default by Tenant under this Lease, but such security system/devices shall in such case become the property of Landlord.

(c) Landlord waives, disclaims, relinquishes and releases all prejudgment statutory, constitutional and/or contractual liens and any other interests or rights granted to Landlord by or under present or future Laws with respect to this Lease and any property of Tenant or any Permitted Transferees located at the Premises. Landlord agrees, within ten (10) days after written request from Tenant, to execute an instrument in form reasonably satisfactory to Landlord in favor of any lender, lessor, vendor or supplier of Tenant, confirming Landlord's waiver and relinquishment of Landlord's rights with respect to property owned by Tenant and located at the Property (collectively, "**Tenant's Personalty**"). Such instrument shall also permit such lender, lessor, vendor or supplier to remove Tenant's Personalty after the expiration or any earlier termination of this Lease or any termination of Tenant's right to possession of the Premises provided such party repairs any damage resulting from such entry and/or removal, and shall further require that such lender, lessor, vendor or supplier remove Tenant's Personalty after such party's receipt of written notice from Landlord of the expiration or any earlier termination of this Lease or any termination of Tenant's right to possession of the Premises, failing which, Landlord shall be permitted, at Landlord's option, to remove Tenant's Personalty and store same for the account of Tenant. If such lender, lessor, vendor or supplier fails to remove Tenant's Personalty within thirty (30) days after receipt of such written notice from Landlord, Tenant's Personalty shall be deemed abandoned, all security interests or liens of such vendor, lender, supplier or other claimant shall be waived or relinquished without requirement of any further act or notice and Landlord may, at Tenant's expense, remove same and store or dispose of such property for Tenant's account.

(d) Notwithstanding anything to the contrary contained in this Lease, (1) Tenant shall in no event be liable for consequential, special, punitive or exemplary damages (except as otherwise provided to the contrary in Section 17(A) of this Lease) or loss of business or profits and Landlord hereby waives any and all claims for such damages, and (2) in no event will any indemnification obligations of Tenant created by this Lease cover any Claims to the extent (1) caused by the negligence or willful misconduct of Landlord or any other Related Parties, or due to a default under this Lease beyond any applicable notice and cure period by Landlord, or (2) waived by Landlord in Section 9(B) of this Lease.

(e) Landlord represents and warrants that, as of the date of this Lease, (i) Landlord is the sole owner of the Property and the Property is not subject to any liens securing indebtedness payable by Landlord other than those held by Bank of America, N.A., (ii) the Premises is not presently leased to another party and no party or parties has/have any rights to lease all or any portion of the Premises, whether pursuant to an expansion option, right of first offer, right of first refusal, or otherwise, (iii) Landlord has no current actual knowledge, nor has Landlord received written notice from any governmental authority since Landlord acquired the Property, of any existing or threatened material violation of any Laws applicable to the ownership, operation, use, maintenance or condition of the Building or any part thereof, (iv) to Landlord's current actual knowledge, there are no leases, covenants, conditions, restrictions, easements, or zoning or other laws applicable to the Premises in effect as of the date of this Lease that prohibit or would prevent the use of the Premises for the Permitted Use, and (v) Landlord has no current actual knowledge of any defects existing with respect to the Premises and/or existing leasehold improvements located therein as of the date of this Lease (including, without limitation, all Building systems exclusively servicing the same).

(f) Except following the occurrence of a catastrophic event affecting the Premises or any termination of Tenant's right to possess the Premises, and subject to the terms and provisions of this Lease applicable thereto, Tenant shall have access to the Premises 24-hours per day, seven (7) days per week (such access to include, without limitation, access to the internal stairwell(s) of the Building to move, as applicable, from one floor of the Premises to another and to evacuate the Premises). Tenant shall also have reasonable access to portions of the Property other than the Premises (for example, the roof of the Building) as is needed in order to satisfy obligations of Tenant under this Lease, subject to reasonable rules and regulations). References to "Tenant" in the preceding two (2) sentences will include Tenant Parties.

Exhibit 10.10

October 29, 2009

Mr. Robert Box, COO
ADS Alliance Data Systems, Inc.
220 W. Schrock Road
Westerville, OH 43081

RE: 220 W. Schrock Rd., Westerville, OH Lease Renewal

Dear Mr. Box:

I am writing to confirm our agreement on the principal terms of a renewal of the above referenced lease. Specifically, the lease would continue under its current terms, except that:

(i) The expiration date would be extended to May 31, 2014;

(ii) Alliance Data would have an option to extend the lease from June 1, 2014 to May 31, 2019, at a Fixed Minimum Rent of $10.14/s.f.;

(iii) Continental/Landlord would provide a Tenant Improvement Allowance of $200,000 for the renovation of restrooms described in plans provided by Alliance Data. Terms for distribution of these funds shall be further described in the lease amendment. Work would be controlled and performed by alliance Data per the plans it recently submitted to Continental/Landlord. Alliance Data would be responsible for all permits and fees associated with improvements; and

In addition, Continental/Landlord would use its best efforts to persuade the City of Westerville to extend the incentives dated July 2006. However, items (i) through (iii) are not contingent on the success of those efforts.

If you have any questions, please feel free to call me at (614) 883-1066. On behalf of Continental and the Landlord we look forward to continuing our relationship with Alliance Data. Thank you for your time and consideration. If this is acceptable, please acknowledge below and we will draft a lease amendment immediately for your review.

This non binding offer is open for acceptance until Friday, November 13, 2009. Neither Landlord or Tenant will be bound to any terms and conditions until lease amendment is executed and delivered by the parties herein.

Sincerely,

CONTINENTAL REALTY, LTD.

/s/ Thomas J. Sugar

Approved by ADS Alliance Data Systems, Inc.

/s/ Robert Box - COO

Exhibit 10.14

EDGEWATER OFFICE PARK
WAKEFIELD, MASSACHUSETTS

THIRD AMENDMENT TO LEASE
Epsilon Data Management, LLC

Third Amendment to Lease ("Third Amendment") dated as of November 10, 2009 between 601 Edgewater LLC, a Delaware limited liability company ("Landlord"), and Epsilon Data Management, LLC, a Delaware limited liability company ("Tenant").

Background

Reference is made to a lease dated July 30, 2002, and amended on August 29, 2007 and October 3, 2008 (the "Lease") between Landlord and Tenant for certain premises containing 113,433 square feet of Rentable Floor Area (the "Original Premises") in the building known as 601 Edgewater Drive, Wakefield, MA (the "Building"). Capitalized terms used and not otherwise defined in this Third Amendment shall have the meanings ascribed to them in the Lease.

Landlord and Tenant desire to enter into this Third Amendment to add certain expansion space to the Original Premises on the terms more particularly set forth in this Third Amendment.

Agreement

FOR VALUE RECEIVED, Landlord and Tenant agree as follows:

I. Expansion.

(a) Phase I Expansion. Effective as of the First Expansion Commencement Date (defined below), subject to the terms and provisions of this Third Amendment, Landlord hereby agrees to lease to Tenant and Tenant hereby agrees to lease from Landlord 5,482 square feet of Rentable Floor Area (the "First Additional Premises") as shown on the floor plan attached hereto as Exhibit A-1 and 3,142 square feet of Rentable Floor Area (the "Second Additional Premises") as shown on the floor plan attached hereto as Exhibit A-2 Tenant's lease of the First Additional Premises and the Second Additional Premises shall be on all of the same terms and conditions as the Original Premises, except as otherwise specified herein. Effective as of the First Expansion Commencement Date, the First Additional Premises shall be made a part of the Premises under the Lease. Effective as of the Second Expansion Commencement Date, the Second Additional Premises shall be made a part of the Premises. As set forth in Section 1 (e) below, Landlord shall endeavor to deliver both the First Additional Premises and the Second Additional Premises to Tenant on July 1, 2010 (the "Estimated First Expansion Commencement Date") free of all tenants and occupants (including their personal property and trade fixtures), in broom clean condition, good working order and compliance in all material respects with applicable laws, codes, ordinances, rules and regulations. The First Expansion Commencement Date shall be the earlier of (i) the date Tenant enters into possession of all or any portion of the First Additional Premises for the conduct of its business or (ii) the date which is the later of (x) the Estimated First Expansion Commencement Date or (y) the date which is three (3) months after the First Additional Premises are delivered to Tenant for Tenant's Expansion Construction under Exhibit B. The Second Expansion Commencement Date shall be the earlier of (i) the date Tenant enters into possession of all or any portion of the Second Additional Premises for the conduct of its business or (ii) the date which is the later of (x) the Estimated First Expansion Commencement Date or (y) the date which is three (3) months after the Second Additional Premises are delivered to Tenant for Tenant's Expansion Construction under Exhibit B.

(b) Phase II Expansion, Effective as of the Third Expansion Commencement Date (defined below), subject to the terms and provisions of this Third Amendment, Landlord hereby agrees to lease to Tenant and Tenant hereby agrees to lease from Landlord 5,553 square feet of Rentable Floor Area (the "Third Additional Premises") as shown on the floor plan attached hereto as Exhibit A-3. Tenant's lease of the Third Additional Premises shall be on all of the same terms and conditions as the Original Premises, except as otherwise specified herein. Effective as of the Third Expansion Commencement Date, the Third Additional Premises shall be made a part of the Premises under the Lease. As set forth in Section 1(e) below, Landlord shall endeavor to deliver the Third Additional Premises to Tenant on February 1, 2011 (the "Estimated Third Expansion Commencement Date") free of all tenants and occupants (including their personal property and trade fixtures), in broom clean condition, good working order and compliance in all material respects with applicable laws, codes, ordinances, rules and regulations. The Third Expansion Commencement Date shall be the earlier of (i) the date Tenant enters into possession of all or any portion of the Third Additional Premises for the conduct of its business or (ii) the date which is the later of (x) the Estimated Third Expansion Commencement Date or (y) the date which is three (3) months after the Third Additional Premises are delivered to Tenant for Tenant's Expansion Construction under Exhibit B.

(c) Phase III Expansion. Effective as of the Fourth Expansion Commencement Date (defined below), subject to the terms and provisions of this Third Amendment, Landlord hereby agrees to lease to Tenant and Tenant hereby agrees to lease from Landlord 7,908 square feet of Rentable Floor Area (the "Fourth Additional Premises" and collectively with the First Additional Premises, the Second Additional Premises, and the Third Additional Premises the "Additional Premises") as shown on the floor plan attached hereto as Exhibit A-4. Tenant's lease of the Fourth Additional Premises shall be on all of the same terms and conditions as the Original Premises, except as otherwise specified herein. Effective as of the Fourth Expansion Commencement Date, the Fourth Additional Premises shall be made a part of the Premises under the Lease. As set forth in Section 1(e) below, Landlord shall endeavor to deliver the Fourth Additional Premises to Tenant on October 1,2011 (the "Estimated Fourth Expansion Commencement Date" and collectively with the Estimated First Expansion Commencement Date, the Estimated Second Expansion Commencement Date, and the Estimated Third Expansion Commencement Date, the "Estimated Commencement Dates") free of all tenants and occupants (including their personal property and trade fixtures), in broom clean condition, good working order and compliance in all material respects with applicable laws, codes, ordinances, rules and regulations. The Fourth Expansion Commencement Date shall be the earlier of (i) the date Tenant enters into possession of all or any portion of the Fourth Additional Premises for the conduct of its business or (ii) the date which is the later of (x) the Estimated Fourth Expansion Commencement Date or (y) the date which is three (3) months after the Fourth Additional Premises are delivered to Tenant for Tenant's Expansion Construction under Exhibit B.

(d) Tenant acknowledges that Tenant will not be able to lease Additional Premises from which existing tenants do not vacate. Landlord shall deliver written notice to Tenant on or before the date which is four (4) months prior to each applicable Estimated Commencement Date if Landlord does not reasonably expect that an existing tenant will vacate the applicable Additional Premises and Tenant shall have the right, by written notice given to Landlord on or before such Estimated Commencement Date and subject to the provisions of this paragraph, to terminate this Third Amendment with respect to the applicable Additional Premises effective as of the date which is thirty (30) days after Tenant delivers such notice to Landlord, unless prior to Tenant's termination notice Landlord delivers a notice stating that Landlord expects to deliver such Additional Premises by the applicable Estimated Commencement Date pursuant to the terms and provisions of this Third Amendment. Neither Tenant nor Landlord shall have any further obligations with respect to such Additional Premises except as specifically set forth in this Third Amendment.

(e) Delivery of Additional Premises. Subject to delay caused by Force Majeure or caused by action or inaction of Tenant, Landlord shall endeavor, in good faith, to have each Additional Premises ready for delivery to Tenant on the respective Estimated Commencement Dates. Landlord's failure to have any Additional Premises ready for delivery to Tenant on the respective Estimated Commencement Dates, for any reason, shall not give rise to any liability of Landlord hereunder, shall not constitute a Landlord's default, shall not affect the validity of this Third Amendment or the Lease, and shall have no effect on the beginning or end of the Term as otherwise determined hereunder or on Tenant's obligations associated therewith.

(f) Annual Fixed Rent for the Additional Premises. Commencing on each Expansion Rent Commencement Date (as defined below) and continuing through the Term Expiration Date, Tenant shall pay Annual Fixed Rent for the Additional Premises in the amount per rentable square foot set forth in Section 4 below beginning with the base rental rate then in effect at the time of the applicable Expansion Rent Commencement Date and otherwise on the same terms and conditions as the Original Premises.

(g) Additional Rent. Commencing on the first anniversary of the First Expansion Commencement Date and continuing through the Term Expiration Date, payments of Additional Rent for the Additional Premises for Landlord's Operating Expenses and Taxes shall be determined and paid at the times and in the manner set forth in Sections 2.5 and 2.6 of the Lease (using the new figures for Base Operating Expenses and Base Taxes provided under this Third Amendment). Tenant shall have no obligation to pay Additional Rent for Landlord's Operating Expenses and Taxes allocable to the Additional Premises for the period prior to the first anniversary of the First Expansion Commencement Date. From and after the First Expansion Commencement Date, however, Tenant shall pay for all electricity consumed in the Additional Premises as set forth in Section 2.7 of the Lease and any other additional charges incurred under the Lease for the Additional Premises other than Additional Rent for Landlord's Operating Expenses and Taxes.

On or before December 1 of each calendar year during the Term, Landlord shall provide Tenant with a good faith estimate of Landlord's Operating Expenses and Taxes for the following calendar year. Landlord may from time to time revise such estimate based on available information relating to Landlord's Operating Expenses and Taxes or otherwise affecting the calculation under Section 2.6 of the Lease.

Section 2.6.3 of the Lease is hereby amended by deleting the last three (3) sentences thereof in their entirety. In consideration of the foregoing, Landlord shall provide Tenant with a credit against Annual Fixed Rent under the Lease in the amount of $87,559.84.

(h) As-Is. The Additional Premises are being leased in their "as-is" condition without representation or warranty by Landlord, and Landlord shall not be required to perform any work in connection with Tenant's occupancy of the Additional Premises during the Term.

2. Tenant Improvement Allowance and Space Allowance. Landlord shall reimburse Tenant for actual third-party costs incurred by Tenant to make improvements to each of the Additional Premises, including the cost of any furniture, cabling, fixtures or equipment purchased in connection with making such improvements, in amounts equaling the Tenant Improvement Allowance applicable to such Additional Premises leased and improved by Tenant (the "Tenant Improvement Allowance"), such reimbursement to be paid in accordance with Exhibit B attached hereto. The Tenant Improvement Allowance with respect to each Additional Premises shall be determined by multiplying $30.00 per square feet of Rentable Floor Area in the applicable Additional Premises times a fraction (i) the numerator of which is the number of months from and after the applicable Rent Commencement Date (as defined below) through the Term Expiration Date and (ii) the denominator of which is 122 months. Attached hereto as Schedule 1 are estimates of the Tenant Improvement Allowance for each Additional Premises. In addition, Landlord shall reimburse Tenant for actual third-party costs of Tenant's Architect (as defined in Exhibit B attached hereto) incurred by Tenant for Tenant's space planning for the Additional Premises in an amount equaling $2,208.50 (the "Space Planning Allowance").

3. Base Building Allowance. Landlord shall reimburse Tenant for actual third-party costs incurred by Tenant to make improvements to the Building (the "Base Building Work") in amounts equaling the Base Building Allowance applicable to such Additional Premises leased by Tenant (the "Base Building Allowance"), such reimbursement to be paid in accordance with Exhibit B attached hereto. The Base Building Allowance with respect to each Additional Premises shall be determined by multiplying $2.00 per square feet of Rentable Floor Area in the applicable Additional Premises times a fraction (i) the numerator of which is the number of months from and after the applicable Rent Commencement Date (as defined below) through the Term Expiration Date and (ii) the denominator of which is 122 months. Attached hereto as Schedule 1 are estimates of the Base Building Allowance for each Additional Premises. The Base Building work is in the nature of Landlord's capital and depreciable improvements to the Building and shall be performed in accordance with Exhibit B attached hereto. Tenant acknowledges and agrees that (a) Landlord may be performing other work on the Building during the Term of the Lease, and Tenant shall use reasonable efforts to cooperate with Landlord with respect to such work including, without limitation, providing Landlord with reasonable access to the Premises, if necessary, during performance of such other work, and (b) the Base Building Work is being performed for Landlord's purposes only and all Base Building Work shall be the property of Landlord and shall be retained by Landlord at the expiration or earlier termination of the Term.

4. Annual Fixed Rent. Commencing on First Expansion Rent Commencement Date (as defined below), Annual Fixed Rent shall be due and payable in equal monthly installments as provided in Section 2.5 of the Lease as follows:

Time Period	Rent Per Rentable Square Foot	Annual Fixed Rent
Expansion Years 1 -3	$ 23.00	The number of square feet of Rentable Floor Area of Additional Premises then being leased by Tenant multiplied by $23.00
Expansion Years 4-7	$ 25.00	The number of square feet of Rentable Floor Area of Additional Premises then being leased by Tenant multiplied by $25.00
Expansion Year 8-Term Expiration Date	$ 27.00	The number of square feet of Rentable Floor Area of Additional Premises then being leased by Tenant multiplied by $27.00

Notwithstanding the foregoing, Tenant shall have no obligation to pay Annual Fixed Rent (i) with respect to the Second Additional Premises until the Second Expansion Rent Commencement Date (as defined below) or (ii) with respect to the Third Additional Premises until the Third Expansion Rent Commencement Date (as defined below) or (iii) with respect to the Fourth Additional Premises until the Fourth Expansion Rent Commencement Date (as defined below. As used herein, the "First Expansion Rent Commencement Date" shall mean the date which is four (4) months after the First Expansion Commencement Date, the "Second Expansion Rent Commencement Date" shall mean the date which is four (4) months after the Second Expansion Commencement Date, the "Third Expansion Rent Commencement Date" shall mean the date which is four (4) months after the Third Expansion Commencement Date, and the "Fourth Expansion Rent Commencement Date" shall mean the date which is four (4) months after the Fourth Expansion Commencement Date. Each "Expansion Year" shall consist of twelve (12) calendar months beginning with the First Expansion Rent Commencement Date, except that if the First Expansion Rent Commencement Date is not the first day of a calendar month, then Expansion Year 1 shall include the partial month at the beginning of such year in addition to the following twelve (12) calendar months, and the Annual Fixed Rent for Expansion Year 1 shall be proportionately increased.

5. Base Operating Expenses and Taxes. Commencing as of the First Expansion Commencement Date, (i) the Base Operating Expenses Per Square Foot of Rentable Floor Area figure with respect to the First Additional Premises, the Second Additional Premises, and the Third Additional Premises shall be equal to actual Operating Expenses for calendar year 2011, adjusted to 100% occupancy, (ii) the Base Operating Expenses Per Square Foot of Rentable Floor Area figure with respect to the Third Additional Premises shall be equal to actual Operating Expenses for calendar year 2012, adjusted to 100% occupancy, (iii) the Base Taxes Per Square Foot of Rentable Floor Area figure with respect to the First Additional Premises and the Second Additional Premises shall be equal to actual Taxes for fiscal year 2011, adjusted to 95% occupancy, and (iv) the Base Taxes Per Square Foot of Rentable Floor Area figure with respect to the Third Additional Premises shall be equal to actual Taxes for fiscal year 2012, adjusted to 95% occupancy.

6. Parking. Landlord shall provide Tenant four (4) parking spaces per 1,000 rentable square feet of Additional Premises leased by Tenant in the Automobile Parking Area during the term of the Lease on the same terms and conditions for parking spaces set forth in Section 11.1 of the Lease. Notwithstanding the foregoing, two (2) of the aforementioned parking spaces per 1,000 rentable square feet of the Additional Premises shall be reserved spaces.

7. Brokerage. Each party represents and warrants that it has had no dealings with any broker or agent in connection with this Third Amendment, except FHO Partners, LLC and Wyman Street Advisors. Each such party covenants to defend (by counsel of the other party's choice), pay, hold harmless and indemnify such other party from and against any and all costs, expense or liability for any compensation, commissions, and charges claimed by any broker or agent, with respect to this Third Amendment or the negotiation thereof arising from a breach of the foregoing warranty. Landlord shall pay all commissions due to FHO Partners, LLC and Wyman Street Advisors in connection with this Third Amendment.

8. Ratification. Except as set forth herein, the terms of the Lease are hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as a sealed Massachusetts instrument as of the date first written above.

LANDLORD:

601 EDGEWATER LLC

By: /s/ Donald G. Oldmixon
Name: Donald G. Oldmixon
Title: Manager

TENANT:

EPSILON DATA MANAGEMENT, LLC

By: /s/ Paul Dundon
Name: Paul Dundon
Title: CFO

Exhibit 10.19

16th Floor Expansion

LEASE AMENDING AGREEMENT

THIS AGREEMENT made as of the 21st day of May, 2009,

BETWEEN:

DUNDEAL CANADA (GP) INC.

(hereinafter called ***"Landlord")***

-and-

LOYALTYONE, INC.

(hereinafter called ***"Tenant")***

WHEREAS:

A. By a lease dated November 14, 2005 (the *"Lease")* originally between 592423 Ontario Inc., as landlord, and Loyalty Management Group Canada Inc., as tenant, said landlord leased to said tenant for a term of 10 years and 14 days (the *"Term")* commencing September 17, 2007 and expiring September 30, 2017, certain premises (as more particularly described in the Lease) comprising a Rentable Area of 176,566 square feet (the ***"Original Portion")***, consisting of all of the 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, and 11th floors of the building (the ***"Building")*** municipally known as 438 University Avenue, Toronto, Ontario;

B. The Landlord is the successor in interest to 592423 Ontario Inc.;

C. Effective July 9, 2008, Loyalty Management Group Canada Inc. changed its name to LoyaltyOne, Inc.;

D. Effective January 1, 2009, LoyaltyOne, Inc. amalgamated with Green Rewards Inc. and continued under the name LoyaltyOne, Inc.;

E. The parties have agreed to expand the Premises as of August 1, 2009 (the ***"Expansion Date")*** by an additional Rentable Area of approximately Six Thousand Four Hundred and Forty Eight (6,448) square feet (the ***"Expansion Portion")*** located on the 16th floor of the Building and shown on Schedule A attached hereto, and to amend certain other provisions of the Lease;

NOW THEREFORE this agreement witnesses that in consideration of the covenants and agreements herein contained (the receipt and sufficiency whereof is hereby acknowledged) the parties hereto covenant and agree with each other as follows:

1. **Interpretation:** The recitals are true in fact and in substance. Except as otherwise expressly provided in this Agreement the terms used herein shall have the meanings attributed to them in the Lease. Terms defined herein, including in the recitals, will be incorporated by reference into the Lease unless there is something in the subject matter or context inconsistent therewith.

2. **Premises:** The parties hereto agree that:

(a) for the period from the commencement of the Term through to the day prior to the Expansion Date, the Premises shall be the Original Portion consisting of a certified Rentable Area of 176,566 square feet; and

(b) for the period from the Expansion Date throughout the remainder of the Term, as same may be renewed or extended, the Premises shall be the aggregate of the Original Portion and the Expansion Portion, consisting of a Rentable Area of approximately 183,014 square feet.

3. **Rentable Area:** The Rentable Area of the Expansion Portion shall be re-measured by the Landlord's consultant on or before the Expansion Date in accordance with in accordance with the method of floor measurement described in Schedule A to the Lease at the Landlord's expense. The Landlord shall provide the Tenant with a certificate disclosing the Rentable Area, as so certified and the Basic Rent and the Additional Rent, to the extent applicable, will be adjusted in accordance with the certified area as of the Expansion Date.

4. **Use:** Tenant shall use the Expansion Portion only as permitted in Section 7.1 of the Lease.

5. **Basic Rent:** Annual Basic Rent in respect of the Expansion Portion of the Premises shall be:

Period	Annual Rate (per sq, ft. of Rentable Area)	Annual Amount (plus applicable Taxes)	Monthly Amount (plus applicable taxes)
August 1, 2009 to May 31, 2012	$ 18.00	$ 116,064.00	$ 9,672.00
August 1, 2012 to July 31, 2015	$ 20.00	$ 128,960.00	$ 10,746.67
August 1, 2015 to September 30, 2017	$ 22.00	$ 141,856.00	$ 11,821.33

6. **Additional Rent:** Tenant shall pay all Additional Rent attributable to the Expansion Portion of the Premises calculated in accordance with terms and conditions provided for in the Lease.

7. **Rent Free Period:** Provided Tenant is not then in default of the Lease as amended hereby, beyond any permitted curative period, Tenant shall not be liable to pay Basic Rent or Additional Rent in respect of only the Expansion Portion during the following periods (the ***"Rent Free Periods")***, being the:

   (a) period commencing on and including the Expansion Date and expiring on and including December 31, 2009, and

   (b) 31st, 32nd and 33 rd months of the Term, being the months of February, March and April in 2012.

   Tenant shall be liable for the Landlord's costs of providing janitorial services to, and Utilities used or consumed in, the Expansion Portion during the Rent Free Periods as calculated in accordance with the Lease, This rent free provision shall not apply to any extension or renewal of the Lease.

8. **Condition of Premises:** Tenant accepts the Expansion Portion in an "as-is" condition and acknowledges and agrees that there shall be no rent concessions, no Landlord's work required, no fixturing period and no tenant allowance or any other amount payable by Landlord to Tenant except to the extent specifically provided for in this Agreement.

9. **Landlord's Work:** Provided this Agreement has been fully executed and Tenant is not in default under the Lease as amended hereby, beyond any permitted curative period, Landlord shall carry out, at its sole cost, the following work in the Expansion Portion (the ***"Landlord's Work"***), subject to force majeure and delays caused by Tenant:

   (a) Removal and disposal of all furniture, equipment, and non-load bearing partitioning;

   (b) Remove and dispose of any and all existing floor coverings and repair any damaged floor surface, to provide a smooth, level concrete floor in a state ready to receive Tenant's floor coverings;

   (c) Remove and dispose of all plumbing supply and drains;

   (d) Remove and dispose of any non-standard ceiling treatments, including all non-Building standard fluorescent lights. Replace, or repair to new or like new quality, any damaged suspended T-Bar ceiling systems;

   (e) Remove and dispose of all acoustical tiles;

   (f) Remove all data and electrical wiring, which do not support/serve Building standard lights;

   (g) Demise the Expansion Portion. All demising surfaces and columns to be drywall, taped, sanded and primed in a condition ready for the application of Tenant's wall finishes and trim;

(h) Provide Building standard fluorescent lighting fixtures to provide no less than 500-lux of light at desk height for an open plan layout;

(i) Remove and replace any damaged or inoperable suspended fluorescent light fixtures/including any damaged, or inoperable ballasts, or fluorescent light bulbs;

(j) Replace any damaged, stained, or discoloured light lenses with the same style and technical specifications;

(k) Ensure all life and safety systems are in good working order. Any additions to or modifications to the sprinkler system necessitated by Tenant's layout shall be at Tenant's expense;

(l) Ensure all heating ventilation, and air-conditioning (HVAC) systems are in good working order, as provided for and in accordance with the specifications outlined in the Lease. Expansion Portion shall have VAV control devices at a ratio of 1 unit for every 900 rentable sq. ft. per floor on the interior and every 300 rentable sq. ft. on the perimeter and one for every corner (15' x l5');

(m) Repair or replace any damaged or inoperable perimeter convector units. Landlord to clean all perimeter convector units, at the appropriate time during Tenant's Work;

(n) Prior to turnover to Tenant, Landlord to clean all surfaces of dust and debris; and

(o) Landlord to remove all doors accessing the Expansion Portion but shall retain said doors for Tenant's possible future use.

It is understood and agreed that Landlord shall complete all Landlord's Work outlined herein in a good and workman like manner, and shall comply with all municipal and provincial by-laws having jurisdiction over the provision of such work in the Expansion Portion.

Tenant acknowledges that Landlord may carry out Landlord's Work during the Expansion Fixturing Period and agrees not to disrupt or interfere with Landlord's Work.

Landlord shall be responsible for the cost and installation of the Landlord's Work on or before June 1, 2009. Landlord shall use its best efforts to complete its Landlord's Work prior to June 1, 2009, subject to unavoidable delay, as outlined in Article 13 of the Lease. In the event of any delay which is not the result of unavoidable delay, then for each day that substantial completion of the Landlord's Work is delayed, the date for commencement of the Tenant's obligation to pay Basic Rent and Additional Rent in respect of the Expansion Premises shall be delayed by one day.

10. **Tenant's Work:** Tenant shall be responsible for the installation of all its internal partitions, fixtures, electrical wiring, telecommunication cabling and plumbing costs, together with the cost of any modifications to the ceiling, light or heating ventilation and air-conditioning systems in the Expansion Portion, as required by Tenant's occupancy, excluding any Landlord's Work provided for herein (the ***"Tenant's Work"***). Tenant shall complete the Tenant's Work to the Expansion Portion, at its sole cost and in strict accordance with the Lease and the Building Standards and including the provisions of Schedule "H" (Tenant Leasehold Improvement Manual), and with plans to be approved by Landlord before any work is started. Landlord shall bear the cost of all plan reviews and approvals of Tenant's leasehold improvements to the Expansion Portion, and Tenant shall not be responsible for any charges for electrical use or other security, management, supervision or hoisting charges or other special costs, during the completion of Landlord's Work or Tenant's Work.

11. **Early Occupancy:** During the period (the ***"Expansion Fixturing Period"***) commencing on the date of full execution and delivery of this Agreement and expiring on the day prior to the substantial completion of Landlord's Work, the Tenant may enter the Expansion Portion, on a non-exclusive basis, for the sole purpose of carrying out Tenant's Work, to the extent same may be reasonably co-ordinated with and not interfere with or delay the Landlord's Work, at Tenant's sole risk and expense. During the Expansion Fixturing Period, the Tenant, its servants, agents, employees, contractors, sub-contractors, officers and directors shall be bound by all of the terms and conditions of the Lease with respect to the Expansion Portion, including without limiting the generality of the foregoing the insurance and indemnification provisions. Provided that both Landlord's Work and Tenant's Work has been completed and if Landlord permits Tenant to take possession of the Expansion Portion during the Expansion Fixturing Period for purposes of conducting Tenant's business operations, the Tenant shall not be obligated to pay Basic Rent or Additional Rent to the Landlord with respect to the Expansion Portion (for greater clarification, all Rent relating to the Original Portion shall continue to be payable during such period).

12. **Leasehold Improvement Allowance:** The parties hereto agree that:

(a) Providing the conditions for advance set out in Section 12 (c) or (d) below, as applicable, are satisfied, Landlord shall pay to Tenant a leasehold improvement allowance of Twenty-Five Dollars ($25.00) per square foot multiplied by the Rentable Area of the Expansion Portion of the Premises, together with GST thereon, **(**the ***"Leasehold Improvement Allowance")***, Tenant may use the Leasehold Improvement Allowance to pay the cost of Tenant's Work and for furnishing and fitting the Expansion Portion for its use and operation;

(b) Notwithstanding the provisions of the foregoing, Landlord shall, on no more than two (2) occasions, allow Tenant to draw portions of the Leasehold Improvement Allowance, which shall be payable within five (5) business days following the date of the Tenant's written request for such draw, subject to construction lien holdback.

(c) Payment of each progress draw shall be subject to the following:

(i) Tenant is not then in default of the Lease as amended hereby, beyond any permitted curative period;

(ii) delivery by Tenant of invoices for costs incurred to the date of such advance;

(iii) Tenant satisfying Landlord that the value of the construction materials and labour is commensurate with the amounts invoiced;

(iv) all necessary permits and approvals for Tenant's Work have been obtained;

(v) statement of Tenant's contractor certifying that the level of work has been completed in respect to the current progress draw for the same has been delivered to Landlord; and

(vi) a written draw request has been submitted from Tenant to Landlord, including therewith Tenant's valid GST registration number.

(d) The final advance of the Leasehold Improvement Allowance for the Expansion Portion of the Premises shall be payable upon the following conditions:

(i) satisfaction of the conditions set out in Section 12 (c) above;

(ii) the delivery to Landlord of proof of payment of worker's compensation assessment for all Tenant's contractors and subcontractors;

(iii) the completion of Tenant's leasehold improvements and trade fixtures; and

(iv) the delivery to Landlord of a statutory declaration stating that there are no construction liens registered or outstanding affecting the Expansion Portion in respect to Tenant's leasehold improvements, or trade fixtures, and that all accounts for work, services or materials have been paid in full with respect to Tenant's leasehold improvements and trade fixtures.

(e) If Landlord fails to pay any installment(s) of the Leasehold Improvement Allowance to Tenant when otherwise due to Tenant, then Tenant may set-off any such unpaid installments) together with interest thereon at a rate of six (6%) per annum from the Basic Rent and Additional Rent next coming due in respect of the Expansion Portion of the Premises until set-off in full;

(f) Landlord shall be entitled to withhold a portion of the amount to be advanced by it in order to comply with the provisions of the Ontario Construction Lien Act or similar legislation or any worker's compensation or occupational health and safety legislation and shall advance such withheld portion to Tenant when evidence of payment and compliance are presented to Landlord or at the expiration of the lien period so long as it has received no notice of a claim for lien. If notice of a claim for lien has been received by Landlord referable to Tenant's Work prior to payment of the amounts to be paid to Tenant, Landlord shall be entitled to withhold payment until such claim for lien has been completely vacated; and

(g) If at any time during the Term any event of default under Section 15.1(d) of the Lease shall have occurred, the unamortized balance of the Leasehold Improvement Allowance (calculated on a straight line basis to zero over the Term) shall become immediately due and payable as a debt due to Landlord on the day immediately preceding the occurrence of the event of default and such amount shall be collectible in the same manner as rent due under the Lease.

13. **Right to Terminate:** Provided that Tenant is not in default of the Lease as amended hereby, beyond any permitted curative period, and gives written notice to Landlord on or before July 31, 2011 (the ***"Termination Notice")***, Tenant may surrender the Expansion Portion, such surrender to be effective on January 31,2012 (the ***"Termination Date"***). If the Tenant gives the Termination Notice, then the following shall apply:

    (a) Tenant shall pay Landlord concurrently with the Termination Notice an amount equal to the aggregate of: (i) Twenty-Five dollars ($25.00) per square foot multiplied by the Rentable Area of the Expansion Portion of the Premises together with applicable GST, plus (ii) the cost of all real estate commissions paid by the Landlord in connection with leasing of the Expansion Portion to the Tenant (collectively, the ***"Termination Fee"***);

    (b) Tenant shall deliver up vacant possession of the Expansion Portion in accordance with the Lease and shall remove the Tenant's moveable trade fixtures, furniture and equipment and shall make good any damage caused by such removal as provided in the Lease, including, without limitation, sections 3,5 and 16.30, and leave the Expansion Portion in a clean-broom swept condition, all in accordance with the Lease, without payment or compensation of any kind from Landlord. Tenant's obligation to observe and perform this covenant shall survive the Termination Date;

    (c) Tenant shall be responsible for the payment of all Basic Rent and Additional Rent with respect to the Expansion Portion to and including the Termination Date including, without limitation, the Termination Fee and all Basic Rent and Additional Rent with respect to the Expansion Portion in respect of any period prior to the Termination Date which are subsequently billed or adjusted after the Termination Date; and

    (d) neither party shall have any further liability or obligation to the other after the Termination Date in respect to the Expansion Portion except for Tenant's obligation to pay the Termination Fee and Tenant's obligations under subparagraph (c) immediately above, and except for any default under the Lease by Tenant occurring on or before the Termination Date.

    Tenant's right to terminate as set out herein shall not apply to any renewal of the Lease, or extension of the Term,

14. **Waiver of Tenant's Right of First Refusal:** Tenant hereby waives, postpones and suspends its right of first refusal contained in Section 16.25 of the Lease with respect to the 15th floor of the Building, all of which is currently leased to Smart & Biggar Management Limited (***"S&B"***) under a lease dated December 18th, 1996 (the ***"S&B Lease")***. Tenant's waiver, postponement and suspension of its right of first refusal to lease the 15th floor of the Building shall expire on the expiration or earlier termination of the S&B Lease.

15. **Notice:** The Lease is amended such that the addresses for notice of each of the Landlord and Tenant are deleted and replaced with the following:

Landlord	c/o Dundee Realty Management Corp. State Street Financial Centre 30 Adelaide Street East, Suite 1600 Toronto, Ontario M5C 3H1 Attention: President
Tenant	**LoyaltyOne, Inc.** 438 University Avenue, Suite 600 Toronto, Ontario M5G 2L1 Attention: Senior Vice President, Legal Services and Secretary

16. **Ratification of Lease:** Except as herein provided, the terms and conditions of the Lease shall continue in full force and effect and the Lease as amended herein is hereby ratified and affirmed by each of Landlord and Tenant and shall be binding upon the parties hereto and their respective successors and permitted assigns.

17. **General:** Time, in all respects, shall remain of the essence. The section headings in this Agreement have been inserted for convenience of reference only and shall not be referred to in the interpretation of this Agreement nor the Lease. This Agreement shall be interpreted according to and governed by the laws having application in the Province of Ontario.

IN WITNESS WHEREOF the parties hereto have executed this indenture by their authorized officers in that behalf, as of the date first above written.

LANDLORD:

DUNDEAL CANADA (GP) INC.

Per: /s/ Michael Knowlton

Name: Michael Knowlton
Title: President and Chief Operating Officer

Per: _____
Name:

Title:
I/We have authority to bind the Corporation

TENANT:

LOYALTYONE, INC.

Per: /s/ Bryan A. Pearson
Name: Bryan A. Pearson
Title: President and CEO

Per: /s/ Michael L. Kline
Name: Michael L. Kline
Title: Senior Vice President, Legal Services

I/We have authority to bind the Corporation

Exhibit 10.21

THIRD LEASE AMENDMENT

THIS THIRD LEASE AMENDMENT (the "Amendment") is executed this 1st day of November, 2007, by and between ADS PLACE PHASE I, LLC, a Delaware limited liability company ("Landlord"), and ADS ALLIANCE DATA SYSTEMS, INC., a Delaware corporation ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a certain lease dated August 25, 2006, as amended by the First Amendment dated February 2, 2007, and further amended by the Second Amendment dated November 1, 2007 (collectively, the "Lease"), whereby Tenant leases from Landlord certain premises consisting of approximately 199,112 rentable square feet of space (the "Leased Premises") located in an office building at Easton, Franklin County, Columbus, Ohio; and

WHEREAS, Landlord and Tenant desire to amend the Lease, including but not limited to changes to the definition of Tenant Improvements set forth in Section 2.02, confirmation of the actual Rentable Square Feet, and changes to the definition of Minimum Annual Rent, Monthly Rental Installments, Tl Allowance and Moving Allowance as more particularly described below.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants herein contained and each act performed hereunder by the parties' Landlord and Tenant hereby enter into this Amendment

1. Incorporation of Recitals. The above recitals arc hereby incorporated into this Amendment as if fully set forth herein.

2. Amendment of Section 2,02. Substantial Completion. Landlord and Tenant hereby amend the definition of Tenant Improvements, and accordingly, the definition of Substantial Completion, to remove from such definition all of the following items set forth on Exhibit A attached hereto ("Post Substantial Completion Items"), Landlord and Tenant agree that Landlord will complete the Post Substantial Completion Items within thirty (30) days after the later of: (i) Tenant's installation of all of the furniture, fixtures and equipment items set forth on Exhibits attached hereto ("FFE"), and (ii) notice to Landlord from Tenant that the FFB has been fully installed.

3. Amendment of Section 1.01B. Rentable Square Feet and Rentable Area. Landlord and Tenant confirm that the actual Rentable Area of the Leased Premises is 199,112.

4. Amendment of Section 1.01 C. Minimum Annual Rent. The Minimum Annual Rent schedule set forth In Section 1.01 C of the Lease is deleted and the following shall be inserted in lieu thereof:

Month 1	*$0,00
Months 2 - 61	**$2,329,610.40 per year
Months 62 - 121	**$2,528,722.40 per year

5. Amendment of Section 1.01 D. Monthly Rental Installments. The Monthly Rental Installments schedule set forth in Section 1.01 D of the Lease is deleted and the following shall be inserted in lieu thereof:

Month 1	*$0.00
Months 2 - 61	**$194,134.20 per month
Months 62 - 121	**$210,726.87 per month

* During such time period, Tenant shall not be responsible for paying to Minimum Annual Rent for the Leased Premises.

** These amounts have been adjusted based on the actual Rentable Square Feet of the Leased Premises.

6. Amendment to the Definition of TI Allowance in Section 2.02(h). The TI Allowance in the amount of Seven Million Four Hundred Forty-Three Thousand Six Hundred Two and 96/100 Dollars ($7,443,602.96) set forth in Section 2.02(h) of the Lease is hereby deleted, and the following inserted in lieu thereof: Seven Million Four Hundred Sixty-Two Thousand Seven Hundred Seventeen and 76/100 Dollars ($7,462,717.76).

7. Amendment to the Definition of Moving Allowance in Section 2.02ffl. The Moving Allowance in the amount of Three Hundred Ninety-Seven Thousand Two Hundred Four and 00/100 Dollars ($397,204.00) set forth in Section 2.02(h) of the Lease is hereby deleted, and the following inserted in lieu thereof: Three Hundred Ninety-Eight Thousand Two Hundred Twenty-Four and 00/100 Dollars ($398,224.00).

8. Representations and Warranties. Tenant represents and warrants to Landlord that (i) Tenant is duly organized, validly existing and in good standing in accordance with the Saws of the state under which it is organized; (ii) all action necessary to authorize the execution of this Amendment has been taken by Tenant; and (iii) the individual executing and delivering this Amendment on behalf of Tenant has been authorized to do so, and such execution and delivery shall bind Tenant, Tenant, at Landlord's request, shall provide Landlord with evidence of such authority.

9. Amendment to Section 12.01 of the-Lease, References in Section 12,01 of the Lease to a sale (and words of similar import) of the Building and Land shall also include an underlying lease of the Laud and Building (and thus references in such Section 12.01 to a transferee of the Land and Building shall also include the lessee under such an underlying lease). Accordingly, upon the consummation of an underlying lease of die Land and Building, the lessee under such underlying Lease shall become the "Landlord" under the Lease (provided that such lessee assumes all the obligations of the Landlord under the Lease arising from and after such consummation), and upon request Tenant shall attorn to such underlying lessee."

10. Broker. Tenant represents and warrants that no real estate broke)' or brokers were involved in the negotiation and execution of this Amendment. Tenant shall indemnify Landlord and hold it harmless from any and all liability for the breach of any such representation and warranty on its part and shall pay any compensation to any other broker or person who may be deemed or held to be entitled thereto.

11. Examination of Amendment. Submission of this Instrument for examination or signature to Tenant does not constitute a reservation or option, and it is not effective until execution by and delivery to Landlord and Tenant.

12. Definitions. Except as otherwise provided herein, the capitalized terms used in this Amendment shall have the definitions set forth in the Lease,

13. Incorporation. This Amendment shall be incorporated into and made a part of the Lease, and all provisions of the Lease not expressly modified or amended hereby shall remain in full force and effect.

[SIGNATURES CONTAINED ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties .have caused this Amendment to be executed on the day and yew first written above,

LANDLORD;

ADS PLACE PHASE I, LLC,
a Delaware limited liability company

By: Duke Construction Limited Partnership,
an Indiana limited partnership, its manager

By: Duke Business Centers Corporation,
An Indiana corporation, its general partner

By: /s/ James T. Clark
James T. Clark
Senior Vice President
Columbus Operations

STATE OF OHIO

COUNTY OF FRANKLIN

Before me, a Notary Public in and for said County and State, personally appeared James T. Clark, by me known to be the Senior Vice President, Columbus Operations, of Duke Business Centers Corporation, an Indiana corporation, the general partner of Duke Construction Limited Partnership, the manager of ADS Place Phase I, LLC, a Delaware limited liability company, who acknowledged the execution of the foregoing “Third Lease Amendment” on behalf of said company.

WITNESS my hand and Notarial Seal 1st day of November, 2007

Notary Public /s/ Melissa A. Barton

My Commission Expires:

09/27/2012

My County of Residence:

Union

TENANT:

ADS ALLIANCE DATA SYSTEMS, INC,
a Delaware corporation

By: /s/ Daniel T. Groomes
Printed: Daniel T. Groomes
Title: Senior Vice President

STATE OF OHIO

COUNTY OF FRANKLIN

Before me, a Notary Public in and for said County and State, personally appeared Daniel T. Groomes, by me known to be the Senior Vice President, of ADS Alliance Data Systems, Inc., a Delaware corporation, who acknowledged the execution of the foregoing “Third Lease Amendment” on behalf of said corporation.

Witness my hand and Notarial Seal this 1st day of November, 2007.

Notary Public: Nancy C. Wiseman

Signature: /s/ Nancy C. Wiseman

My Commission Expires: 6/28/2009
My county of Residence: Franklin

CONSENT OF GUARANTOR

The undersigned Guarantor to the Lease hereby consents to the foregoing Third Lease Amendment and reaffirms that the Unconditional Guaranty of Lease dated January 29,2007 remains in full force and effect.

"Guarantor"

ADS ALLIANCE DATA SYSTEMS CORPORATION,
a Delaware corporation

By: /s/ Michael D. Kubic
Printed: Michael D. Kubic
Senior Vice President

STATE OF TEXAS

COUNTY OF COLLIN

Before me, a Notary Public in and for said County and State, personally appeared Michael D. Kubic, by me known to be the Senior Vice President, of ADS Alliance Data Systems Corporation, a Delaware corporation, who acknowledged the execution of the foregoing "Consent of Guarantor" on behalf of said corporation.

Witness my hand and Notarial Seal this 1st day of November, 2007.

Notary Public: Dolores Navarette-Telford

Signature: /s/ Dolores Navarette-Telford

My Commission Expires: 2/22/2011
My county of Residence: Collin

LEASE OF SPACE
(Multi-Story Office)

This Lease is made this 14th day of December 2005, between 2650 CRESCENT LLC, a Colorado limited liability company ("Landlord"), and DOUBLECLICK INC., a Delaware corporation ("Tenant").

I. GENERAL.

1.1 Consideration. Landlord enters into this Lease in consideration of the payment by Tenant of the rents herein reserved and the keeping, observance and performance by Tenant of the covenants and agreements of Tenant herein contained.

1.2 Exhibits and Addenda to Lease. The Summary of Basic Lease Terms ("Summary"), Attachments, Exhibits and Addenda listed below shall be attached to this Lease and be deemed incorporated in this Lease by this reference. In the event of any inconsistency between such Summary, Attachments, Exhibits and Addenda and the terms and provisions of this Lease, the terms and provisions of the Summary, Attachments, Exhibits and Addenda shall control. The Summary, Attachments, Exhibits and Addenda to this Lease are:

Summary of Basic Lease Terms
Exhibit A – Legal Descriptions of Land and Project
Exhibit B – Location of Demised Premises Within Building
Exhibit C – Rules & Regulations
Exhibit D – Signage Specifications
Exhibit E – Option Agreement
Exhibit F – Option Space
Exhibit G – Skyway Plan
Addendum to Lease of Space
Work Letter

II. DEFINITIONS; DEMISE OF PREMISES.

2.1 Demise. Subject to the provisions, covenants and agreements herein contained, Landlord hereby leases and demises to Tenant, and Tenant hereby leases from Landlord, the Demised Premises as hereinafter defined, for the Lease Term as hereinafter defined, subject to existing covenants, conditions, restrictions, easements and encumbrances affecting the same.

2.2 Demised Premises. The "Demised Premises" shall mean the space to be occupied by Tenant as depicted in Exhibit B attached hereto and cross-hatched thereon. The depiction of the Demised Premises on Exhibit B contains approximately the number of square feet of gross floor area ("Floor Area") set forth in the Summary, which depiction is herein referred to as the "Space Plan". The Demised Premises are within the Building which is located on the Land as the terms Building and Land are hereinafter defined.

2.3 Area and Address. The Demised Premises contains approximately the Floor Area set forth in the Summary. The address of the Demised Premises is the address set forth in the Summary. Landlord shall take such actions as are necessary to change the address of the Demised Premises to 2550 Crescent Drive promptly following execution of this Lease.

2.4 Land. "Land" shall mean the parcel of real property more particularly described as the Land in Exhibit A attached hereto.

2.5 Building. "Building" shall mean the building containing the Demised Premises which is constructed on the Land and contains approximately the Floor Area set forth on the Summary.

2.6 Improvements. "Improvements" shall mean the Building, the Parking Area as hereinafter defined, and all other fixtures and improvements owned by Landlord on the Land, including landscaping thereon.

2.7 Project. "Project" shall mean the buildings commonly known as 2650 Crescent Drive and 251 Exempla Circle, Lafayette, Colorado, and all other improvements constructed or hereafter constructed on the Land described as the Project on Exhibit A attached hereto.

2.8 Property. "Property" shall mean the Land, the Building and the Improvements and any fixtures and personal property used in operation and maintenance of the Land, Building and Improvements other than fixtures and personal property of Tenant and other users of space in the Building.

2.9 Common Facilities. "Common Facilities" shall mean all of the Property except the Demised Premises. Common Facilities shall also include the Parking Area and any walks, driveways, and other exterior areas designated by Landlord from time as Common Facilities for common use of Tenant and other users of space in the Building or the Project. If Landlord so elects, the Common Facilities shall also include any portions of the Common Facilities of the Project designated by Landlord from time to time.

2.10 Parking Area. "Parking Area" shall mean that portion of the Common Facilities which is or is to be paved and otherwise improved for the parking of motor vehicles, as designated by Landlord from time to time.

2.11 Use of Common Facilities and Parking Area. Tenant is hereby granted the non-exclusive right and license to use, in common with others entitled to such use, the Common Facilities, as it from time to time exists, subject to the rights of Landlord reserved herein. Tenant shall not interfere, at any time, with the rights of Landlord and others entitled to use any part of the Common Facilities, and shall not store, either permanently or temporarily, any materials, supplies or equipment in or on the Common Facilities. Landlord shall have the right, at any time, to change, reduce or otherwise alter the Common Facilities, in its sole and subjective discretion and without compensation to Tenant; provided, however, such change (a) shall not designate any portion of the Building as part of the Common Facilities, (b) does not reduce the number of Tenant's parking spaces provided in the Summary and (c) permits reasonable access to loading areas and to the Demised Premises, subject to the provisions of Section 2.12. Landlord may use any of the Common Facilities, including one or more street entrances to the Project, as are necessary in Landlord's judgment, for the purpose of completing or making repairs or alterations in any portion of the Project. Landlord will not construct additional buildings or increase the size of any building on the Land without Tenant's written approval. Landlord shall have no right to use the roof, the demising floors, walls and ceilings, the exterior walls of the Building, or any telecommunications and utilities chases, ducts or other passageways located within the Demised Premises, the Building or the Project (the "Reserved Area"), except that Landlord reserves the right to use the Reserved Area for satellite dishes, antennas and other uses that do not interfere with Tenant's use of the Demised Premises or its rights to install and use the Satellite Antenna. The installation of any telecommunications or utilities wires, cables or other equipment or facilities in the Reserved Area by Tenant or any other service provider of Tenant shall be subject to the prior written approval of Landlord, which shall not be unreasonably withheld or delayed, and if Landlord does not respond to such request within five (5) business days, such consent shall be deemed given. If Landlord determines that Tenant's use of the Reserved Area shall require additional improvements or other costs to Landlord, Landlord shall be entitled to charge such costs to Tenant as a condition precedent to its consent.

2.12 Covenant of Quiet Enjoyment. Landlord covenants and agrees that, provided a Default by Tenant is not continuing, Tenant shall have quiet enjoyment and possession of the Demised Premises and such enjoyment and possession shall not be disturbed or interfered with by Landlord. Landlord represents and warrants to Tenant that Landlord is the owner of the Property, subject to matters of record. Landlord shall under no circumstances, except as otherwise expressly provided herein, be held responsible for restriction or disruption of access to the Project from public streets caused by construction work or other actions taken by governmental authorities or any other cause to the extent not within Landlord's direct control, and such circumstances shall not constitute a constructive eviction of Tenant nor give rise to any right of Tenant against Landlord, provided that Landlord shall use good faith efforts to cooperate with Tenant to resolve any such disruption.

2.13 Condition of Demised Premises. Except for latent defects and as may be provided on an Addendum hereto and this Lease, Tenant covenants and agrees that, upon taking possession of the Demised Premises, Tenant shall be deemed to have accepted the Demised Premises "as is" and Tenant shall be deemed to have waived any warranty of condition or habitability, suitability for occupancy use or habitation, fitness for a particular purpose or merchantability, express or implied, relating to the Demised Premises. Tenant's acceptance of the Demised Premises shall constitute its acknowledgment that the Demised Premises was in good condition, order and repair at the time of such acceptance. Notwithstanding Tenant's acceptance under the foregoing sentence, when Landlord delivers the Demised Premises to Tenant to commence construction of the Tenant Improvements, the roof of the Building shall be free of leaks, all elevators, life/safety systems, and other building systems shall be in good working order, the Building shall be free of any Hazardous Substances in violation of Applicable Laws, all utilities shall be available to the Demised Premises, the Building shall be in compliance with ADA to the extent of the core and shell of the Building, and the Demised Premises shall be broom clean; excepting, however any work to be performed as part of the Tenant improvements or requirements resulting from the construction of the Tenant Improvements.

2.14 Intentionally Omitted.

2.15 Exercise Facility. The Common Facilities currently include and exercise facility located in or near the Project, which is available for the non-exclusive use of Tenant's employees, in common with others allowed by Landlord to use the exercise facility, subject to the terms and conditions herein provided. In no event shall such exercise facility be made available to the general public or be used as a "for profit" facility. All employees of Tenant desiring to use the exercise facility shall be required to execute and return to Landlord the reasonable waiver form required from time to time by Landlord and comply with all reasonable rules and regulations set forth by Landlord from time to time for such exercise facility including, without limitation, any card keys or other secured access. All costs and expenses of operating, repairing, maintaining, upkeep and replacing of the exercise facility and its equipment shall be included in the Common Facilities Charges including, without limitation, all costs of Landlord's Insurance and other insurance, and personal property taxes and Taxes, provided such Charges are not excluded from the Common Facilities Charges pursuant to Section 7.2 (iii) through (xviii). Landlord shall be entitled to temporarily close the exercise facility for maintenance and other purposes, or eliminate the exercise facility at any time. Landlord shall not be liable for and Tenant hereby releases and covenants not to bring any actions against Landlord for any loss, damage or injury occurring in or about the exercise facility to Tenant, Tenant's Agents or any other persons using the exercise facility, except by reason of negligence or willful misconduct of Landlord, its employee and agents.

III. TERM OF LEASE.

3.1 Lease Term. "Initial Lease Term" shall mean the period of time specified in the Summary commencing at noon on the commencement date specified in the Summary and expiring at noon on the last day of the calendar month falling on or after the time period described in the Summary (the Initial Lease Term together with any extensions thereof is herein referred to as the "Lease Term").

IV. RENT AND OTHER AMOUNTS PAYABLE.

4.1 Basic Rent. Tenant covenants and agrees to pay to Landlord, without offset, reduction, deduction, counterclaim or abatement, except as otherwise expressly set forth herein, basic rent for the Lease Term in the amount specified as basic rent in the Summary ("Basic Rent"). The term "Year 1" and subsequent Years as described in the Summary shall mean: (a) as to Year 1, the period of time beginning on the commencement date of the Lease Term and ending upon the last day of the calendar month falling on or after the first anniversary of the commencement date of the Lease Term; and (b) for subsequent Years, the corresponding period of time commencing upon the expiration of the previous Year and ending one (1) year thereafter.

4.2 Monthly Payments. Basic Rent shall be payable monthly in advance, without notice, in equal installments in the amount of monthly rent specified in the Summary. The first monthly installment due hereunder for the sixth (6th) full month of the Lease Term shall be due and payable upon execution hereof and a like monthly installment shall be due and payable on or before the first day-of-the seventh (7th) full month of the Lease Term and each month thereafter, except that the rental payment for any fractional calendar month at the commencement or end of the Lease Term shall be prorated based on a thirty (30) day month.

4.3 Place of Payments. Basic Rent and all other sums payable by Tenant to Landlord under this Lease shall be paid to Landlord at the place for payments specified in the Summary or such other place as Landlord may, from time to time, designate in writing.

4.4 Rent Absolute. It is the intent of the parties that the Basic Rent provided in this Lease shall be a net payment to Landlord; that this Lease shall continue for the full Lease Term notwithstanding any occurrence preventing or restricting use and occupancy of the Demised Premises, including any damage or destruction affecting the Demised Premises, and any action by governmental authority relating to or affecting the Demised Premises, except as otherwise specifically provided in this Lease; that the Basic Rent and Additional Rent shall be absolutely payable without offset, reduction, deduction, counterclaim, or abatement for any cause except as otherwise specifically provided in this Lease; that Landlord shall not bear any costs or expenses relating to the Demised Premises or provide any services or do any act in connection with the Demised Premises except as otherwise specifically provided in this Lease; and that Tenant shall pay, in addition to Basic Rent, Additional Rent to cover costs and expenses relating to the Demised Premises, the Common Facilities, and the Property, all as hereinafter provided.

4.5 Additional Rent. Tenant covenants and agrees to pay, as additional rent under this Lease ("Additional Rent"), without offset, reduction, deduction, counterclaim or abatement, except as expressly set forth herein, all costs and expenses relating to the use, operation, maintenance and repair of the Demised Premises by Tenant to the extent provided herein; Tenant's Pro Rata Share (as defined in Section 4.6) of the Common Facilities Charges (as defined in Section 7.2), Tenant's Pro Rate Share of all Taxes (as defined in Section 5.1) and Tenant's Pro Rata Share of Landlord's Insurance costs (as defined in Section 4.7); and all other costs and expenses which Tenant is obligated to pay to Landlord or any other person or entity under this Lease, whether or not stated or characterized as Additional Rent.

4.6 Tenant's Pro Rata Share. "Tenant's Pro Rata Share" shall mean the percentage set forth in the Summary as Tenant's Pro Rate Share which is the percentage derived by dividing the approximate Floor Area of the Demised Premises, as initially set forth in the Summary, by the approximate Floor Area of the Building or the Project, as the case may be as initially set forth in the Summary. Landlord and Tenant agree that such approximations of Floor Area of the Demised Premises, the Building and the Project are reasonable, and that the Calculations of Basic Rent and Tenant's Pro Rate Share based on such approximations are not subject to revision under any circumstances, except as expressly provided in this Section 4.6. If the Floor Area of the Demised Premises, the Building, or the Project are ever remeasured, the result may only be used to adjust the identification thereof, and neither Landlord nor Tenant shall be entitled to claim an increase or decrease in the amount of the Monthly Basic Rent Specified in the Summary of the amount of Tenant's Pro Rate Share specified in the Summary based upon such remeasurement. The Demised Premises shall be approximately as depicted in the Space Plan; provided, however, in no event shall Landlord be liable to Tenant or Tenant have any claims or rights against Landlord if the actual Floor Area of the Demised Premises is different than the estimated Floor Area of the Demised Premises herein provided. Notwithstanding anything to the contrary, if Landlord from time to time constructs additional building(s) upon the Land or the Project, as the case may be, then Landlord shall recalculate Tenant's Pro Rata Share using the formulas hereinabove set forth based upon the added or reduced Floor Area. Landlord may not increase or decrease Floor Area of the Building. Landlord shall be entitled to provide services for the Common Facilities for either the Building or the Project, as Landlord determines from time to time. Landlord shall be entitled to charge from time to time all or any item of the Common Facilities Charges, Taxes, Landlord's Insurance, or any other Additional Rent on the basis of either the Building or the Project, which will be charged during the Lease Term in a consistent manner. For all items to be charged for the Building, the Tenant's Pro Rata Share of the Building shall be used and, for all items relating to the Project, Tenant's Pro Rata Share of the Project shall be used for the purposes of calculating such items, as reasonably and in a consistent manner determined by Landlord.

4.7 Monthly Deposits. Tenant shall pay, as Additional Rent, to Landlord, as a monthly deposit ("Monthly Deposit"), in advance, without notice, on the day that payment of Basic Rent is due, an amount equal to 1/12 of Landlord's estimate of Tenant's Pro Rata Share of Taxes (defined in Section 5.1); Property Insurance (defined in Section 6.1) and Liability Insurance (defined in Section 6.2) (such Property Insurance and Liability Insurance are collectively referred to herein as "Landlord's Insurance"); and Common Facilities Charges (defined in Section 7.2). Landlord shall provide written notice to Tenant prior to any change in the amount of the Monthly Deposit.

4.8 Intentionally Omitted.

4.9 General Provisions as to Monthly Deposits. Landlord may commingle the Monthly Deposits with Landlord's own funds. In no event shall Landlord be required to hold such funds in escrow or trust for Tenant. Landlord shall not be obligated to pay interest to Tenant on account of the Monthly Deposits. In the event of a transfer by Landlord of Landlord's interest in the Demised Premises, Landlord or the property manager of Landlord shall deliver the remaining balance of any Monthly Deposits to the transferee of Landlord's interest and Landlord and such property manager shall thereupon be discharged from any further liability to Tenant with respect to such Monthly Deposits. In the event of a Transfer (as defined in Section 8.16) by Tenant of Tenant's interest in this Lease, Landlord shall be entitled to return the Monthly Deposits to Tenant's successor in interest and Landlord shall thereupon be discharged from any further liability with respect to the Monthly Deposits.

4.10 Annual Adjustment. Within one hundred twenty (120) days following the end of each calendar year of the Lease Term, Landlord shall submit to Tenant a statement setting forth the exact amount of Tenant's Pro Rata Share of Taxes, Landlord's Insurance, and Common Facilities Charges for the previous calendar year (the "Statement"). The Statement shall also set forth the estimated Monthly Deposits for the current calendar year. If Landlord determines that the actual amount of Tenant's Pro Rata Share of Taxes, Landlord's Insurance, and Common Facilities Charges for the previous calendar year exceeds the Monthly Deposits for such previous calendar year, Tenant shall pay to Landlord, within thirty (30) days after receipt of the Statement, such deficiency in the amount reflected in the Statement. If Landlord determines that the Monthly Deposits exceeded the actual amount of Tenant's Pro Rata Share of Taxes, Landlord's Insurance and Common Facilities Charges for the previous calendar year, the excess amount shall, at Tenant's option and, except as may be otherwise provided by law, either be paid to Tenant within thirty (30) days or credited against the next Monthly Deposits, Basic Rent, Additional Rent and other amounts payable by Tenant under this Lease. If Tenant disputes any Statement submitted by Landlord, including the estimated Monthly Deposits, Tenant shall give Landlord notice of such dispute within ninety (90) days after Landlord provides the Statement to Tenant. If Tenant does not give Landlord timely notice, Tenant waives its right to dispute that particular Statement and Tenant shall be deemed to have accepted the calculation of the Taxes, Landlord's Insurance and Common Facilities Charges and Tenant's Pro Rata Share thereof for such calendar year, and Tenant shall not be thereafter entitled to dispute or object to that particular Statement or the calculation thereof. If Tenant timely objects and provided that Tenant has paid the entire amount of Tenant's Pro Rata Share of Taxes, Landlord's Insurance and Common Facilities Charges and is not in default beyond any applicable notice and cure period hereunder of its obligations under this Lease, then Tenant for a period of thirty (30) days after Tenant's notice may engage its own certified public accountants ("Tenant's Accountants") to verify the accuracy of the Statement objected to by Tenant. During such thirty (30) period, Tenant's Accountants shall be entitled to examine the books and records of Landlord pertaining to that particular Statement, which examination shall be conducted only during the regular business hours of Landlord at the office in Colorado where Landlord maintains such books and records. Tenant's Accountants shall enter into a confidentiality agreement with Landlord reasonably satisfactory to Landlord, Tenant and Tenant's Accountants. Tenant shall deliver to Landlord copies of all audits, reports or other results from its examination within fifteen (15) days after receipt thereof by Tenant; provided, however, if it is determined that Tenant was overcharged by five percent (5%) or more for any calendar year, Landlord shall reimburse Tenant for all reasonable costs of Tenant's audit of Landlord's books for such calendar year. All costs incurred by Tenant for Tenant's Accountants shall be paid by Tenant. Notwithstanding any pending dispute, Tenant shall continue to pay Landlord the amount of the estimated Monthly Deposits until such amount has been determined to be incorrect. The amounts of Taxes, Landlord's Insurance and Common Facilities Charges payable by Tenant for the calendar years in which the Lease Term expires shall be subject to the provisions hereinafter contained in this Lease for proration of such amounts in such years. Prior to the dates on which payment is due for Taxes, Landlord's Insurance and Common Facilities Charges, Landlord shall make payment of Taxes, Landlord's Insurance and Common Facilities Charges, to the extent of funds from Monthly Deposits are available therefor and, upon request by Tenant, shall furnish Tenant with a copy of any receipt for such payments. Further, Landlord shall furnish Tenant with all tax and insurance bills with the Statement and, upon request from Tenant, any other back-up for the Common Facilities Charges. Except for Landlord's obligation to make payments out of funds available from Monthly Deposits, the making of Monthly Deposits by Tenant shall not limit or after Tenant's obligation to pay Taxes and to maintain insurance as elsewhere provided in this Lease. The obligations of the parties under this Section shall survive the termination or expiration of this Lease.

V. TAXES.

5.1 Covenant to Pay Taxes. Tenant covenants and agrees to pay, as Additional Rent, Tenant's Pro Rata Share of Taxes, as hereinafter defined, which accrue during or are attributable to the Lease Term, "Taxes" shall mean all taxes, assessments or other impositions, general or special, ordinary or extraordinary, of every kind or nature, which may be levied, assessed or imposed upon or with respect to the Property or the Project (as the case may be), or any part thereof, or upon any building, improvements or personal property at any time situated thereon. Tenant shall not be required to pay any increases in Taxes solely due to any sale of the Project, provided that the foregoing shall not limit Tenant's obligation to pay the full amount of any increases in Taxes resulting from the regular periodic reassessment of Taxes by the Assessor.

5.2 Proration at Commencement and Expiration of Term. Taxes shall be prorated between Landlord and Tenant for the year in which the Lease Term commences and for the year in which the Lease Term expires as of, respectively, the commencement date of the Lease Term and the date of expiration of the Lease Term, except as hereinafter provided. Additionally, for the year in which the Lease Term expires, Tenant shall be liable without proration for the full amount of Taxes relating to any improvements, fixtures, equipment or personal property which Tenant is required to remove or in fact removes as of the expiration of the Lease Term. Proration of Taxes shall be made on the basis of actual Taxes. Tenant's Pro Rata Share of Taxes for the years in which the Lease Term commences and expires shall be paid and deposited with the Landlord through Monthly Deposits as hereinabove provided.

5.3 Special Assessments. If any Taxes may be payable in installments over a period of years the same shall be deemed payable over the maximum number of installments and Tenant shall be responsible only for installments for periods during the Lease Term with proration, as above provided, of any installment payable prior to the commencement date or after the expiration date of the Lease Term.

5.4 New or Additional Taxes. Tenant's obligation to pay Tenant's Pro Rata Share of Taxes shall include any Taxes of a nature not presently in effect but which may hereafter be levied, assessed or imposed upon Landlord or upon the Property or the Project (as the case may be), if such tax shall be based upon or arise out of the ownership, use or operation of or the rents received therefrom, other than income taxes or estate or franchise or similar taxes of Landlord. For the purposes of computing Tenant's liability for such new type of tax or assessment, the Property shall be deemed the only property of Landlord.

5.5 Landlord's Sole Right to Contest Taxes. Landlord shall have the sole right to contest any Taxes. Landlord shall credit Tenant with Tenant's Pro Rata Share of any abatement, reduction or recovery of any Taxes attributable to the Lease Term, less Tenant's Pro Rata Share of all costs and expenses incurred by Landlord, including attorney's fees, in connection with such abatement, reduction or recovery (unless already included in Common Facilities Charges). At Tenant's request, Landlord shall contest the Taxes during the Lease Term, at Tenant's cost (except to the extent Landlord is entitled to contribution from other tenants of the Project). The provisions of this paragraph shall survive the termination of this Lease.

VI. INSURANCE.

6.1 Property Insurance. Landlord covenants and agrees to maintain property insurance ("Property Insurance") for the Building, the shell and core of the Building and the Demised Premises, the Tenant Improvements and all Common Facilities (but not any Changes, fixtures or personal property constructed or owned by Tenant) in the amount of the full replacement cost thereof, on an all risk basis, from such company, with such deductible and on such other terms and conditions as Landlord deems appropriate, in its sole and subjective discretion, from time to time including, without limitation, extended coverage and insurance for loss of rent, boilers, exterior plate glass and other exterior glass. Property Insurance obtained by landlord need not name Tenant as an additional insured party and may at Landlord's option, name any Mortgages (as herein defined) as an additional insured party as its interests may appear. Tenant covenants and agrees to pay, as Additional Rent, its Pro Rata Share of the cost of the Property Insurance obtained by Landlord for the Property or the Project (as the case may be), and its Pro Rata Share of the cost of any deductible under such Property Insurance, which deductible shall not exceed $25,000 per occurrence. Landlord shall obtain Property Insurance in the full amount of the Tenant Improvements constructed by Tenant, subject to Tenant providing written notice to Landlord of the amount of any Tenant Improvements in excess of the Tenant Improvement Allowance.

6.2 Tenant's Insurance. Tenant covenants and agrees to maintain throughout the Lease Term insurance coverage at least as broad as ISO Causes of Loss – Special Form Coverage against risk of direct physical loss or damage (commonly known as "all risk") for the full replacement cost of Tenant's equipment, fixtures, improvements (except for the Tenant Improvements), Changes and personal property in the Demised Premises. Tenant covenants and agrees to maintain throughout the Lease Term a commercial general liability policy, including protection against death, personal injury and property damage, issued by an insurance company qualified to do business in the state in which the Demised Premises are located and with a single limit of not less than $2,000,000.00 per occurrence. Such policy shall name Landlord, its property manager and the Mortgagee (as to which Tenant has been given notice) as additional insureds, be primary to any other similar insurance as such additional insureds, and provide that it may not be cancelled or modified without at least thirty (30) days prior notice to Landlord and Mortgagee. The minimum limits of such insurance do not limit the liability of Tenant hereunder. Prior to occupancy of the Demised Premises and prior to expiration of the then-current policy, Tenant shall deliver to Landlord certificates evidencing that insurance required under this Lease is in effect. Tenant covenants and agrees to obtain all other insurance coverages, and endorsements customarily maintained by companies with respect to operations in leased space in the vicinity of the Project in the general business and use, as reasonably requested by Landlord from time to time, including, without limitation, workers compensation insurance (but excluding business interruption insurance). The commercial general liability policy obtained by Tenant shall not contain any retention or self-insurance provision, unless otherwise approved in writing by Landlord, but may have a deductible not to exceed $25,000 per occurrence. Tenant may utilize blanket and umbrella coverage to satisfy its insurance requirements. Notwithstanding the foregoing, the proceeds of any casualty insurance carried by Tenant with respect to Tenant's trade fixtures and personal property shall be paid to and belong to Tenant.

6.3 Liability Insurance. Landlord covenants and agrees to maintain a commercial general liability policy ("Liability Insurance") covering the Common Facilities of the Project in such amounts, from such company, with such deductible and on such terms and conditions as Landlord deems appropriate, in its reasonable discretion, from time to time. Liability Insurance obtained by Landlord need not name Tenant as an additional insured party and may, at Landlord's option, name the Mortgagee as an additional insured party. Tenant covenants and agrees to pay, as Additional Rent, its Pro Rata Share of the cost of the Liability Insurance obtained by Landlord, and its Pro Rata Share of the cost of any deductible under the Liability Insurance (which deductible shall not exceed $25,000 per occurrence).

6.4 Waiver of Recovery. Landlord and Tenant waive all right of recovery against the other and its respective officers, partners, members, agents, representatives and employees for loss or damage to its real and personal property kept in or about the Building or the Project, or for loss of business revenue or extra expense arising out of or related to the use and occupancy of the Demised Premises, to the extent of any insurance required to be carried by such party under this Lease. Each party shall, upon obtaining the property damage insurance required by this Lease, notify the insurance carrier that the foregoing waiver is contained in this Lease and use reasonable efforts to obtain an appropriate waiver of subrogation in the policies.

6.5 Cooperation. Landlord and Tenant shall cooperate with each other in the collection of any insurance proceeds which may be payable in the event of any loss, including execution and delivery of any proof of loss or other action required to such recovery.

6.6 Evidence of Insurance. Landlord shall provide evidence of Landlord's Insurance to Tenant annually, promptly following renewal or replacement thereof. Such evidence of insurance shall provide that the insurer shall furnish written notice to Tenant at least ten (10) days prior to any cancellation of such insurance.

VII. OPERATING MAINTENANCE AND REPAIR EXPENSES.

7.1 Utility Charges. Tenant covenants and agrees to contract in Tenant's own name and to pay, as Additional Rent, all charges for telephone, telecommunication, internet, or other data transmission or utility services used, rendered or supplied to or for the Demised Premises. If any such utility charges are not separately metered or billed to the Demised Premises, then Tenant shall pay, as Additional Rent, Tenant's Pro Rata Share thereof to Landlord, which amount shall be included in the Monthly Deposits of Common Facilities Charges.

7.2 Common Facilities Charges. Tenant covenants and agrees to pay, as Additional Rent, Tenant's Pro Rata Share of the Common Facilities Charges (as herein defined). The term "Common Facilities Charges" shall mean all reasonable costs and expenses of operating, repairing, maintaining, upkeep and replacing of the Common Facilities, the Building, the Improvements, the Property and the Project including, without limitation, upkeep and replanting of grass, trees, shrubs and landscaping, removal of dirt, debris, obstructions and litter from the Parking Area, landscaped areas, sidewalks and driveways; trash and garbage disposal for the Common Facilities and the tenants of the Property or Project; exterior and interior window Washing of the Demised Premises, other premises leased to other tenants, the Building and the Common Facilities, repair, resurfacing resealing, re-striping, sweeping and snow and ice removal from the Parking Area, sidewalks and driveways; removal of graffiti and repair of vandalism; heating, ventilation and air conditioning units, systems, equipment and facilities ("HVAC") serving the Demised Premises, other premises leased to other tenants of the Property or the Project, the Building and the Common Facilities including without limitation, replacement of filters, periodic inspections and any maintenance contracts (provided that Landlord shall not be obligated to carry any maintenance contracts); building signs; stairways; elevators; skylights; gas, electricity, light, heat, power and other utility services for the Property or the Project (including the Demised Premises, other premises leased to other tenants, the Building and the Common Facilities); extermination services; fire protection systems, monitoring and sprinkler systems; exterior painting; interior painting of the Common Facilities; standard basic janitorial services (five times per week); replacement of interior, light, bulbs, light fixtures and ballasts (including the Demised Premises, other premises leased to other tenants, the Building and the Common Facilities), maintenance and repairs to roofs; repair, maintenance and replacement of damaged or broken exterior doors, glass or windows; water and sewage disposal systems and charges; storm drainage systems and charges (including, without limitation, any detention, drainage or pond areas located within the Project); irrigation and landscaping sprinkler systems, association assessments, dues and fees; supplies and the cost of any rental of equipment in implementing such services; wages, salaries, compensation, taxes, medical and other insurance, pension and retirement plans, and all other reasonable and customary benefits and costs or personnel engaged in the operation, management, maintenance, service or security of the Property or Project including, without limitation, property managers and all other personnel for the daily supervision and performance thereof; charges for professional management and administration of the Building, the Common Facilities, the Property and the Project; all deductibles for Landlord's Insurance (subject to the limitations set forth in Section 6); all alterations, additions, improvements and other capital expenditures for the Property or Project (a) in order to conform to changes subsequent to the date of this Lease in any laws, ordinances, rules, regulations or orders of any applicable governmental authority enacted or first applicable to the Demised Premises by reason of a change of condition occurring after the date of this Lease, or (b) which are intended as a cost or labor saving device or to effect other economies in the operation of the Property or Project, but limited to the amount of any actual savings, subject to amortization of such costs at a reasonable market rate of interest over the reasonably estimated useful life thereof; and personal property taxes, licenses and permits. The Common Facilities Charges shall not be subject to amortization except as otherwise expressly herein required. Landlord may cause any or all of such services to be provided by independent contractor(s) and sub-contractor(s). The cost of personnel shall be prorated, in Landlord's reasonable discretion, if such personnel provides services for other properties in addition to the Property or Project.

Common Facilities Charges shall be-deemed to exclude: (i) Taxes; (ii) Landlord's Insurance costs; (iii) leasing commissions; (iv) management fees in excess of four percent (4%) of the Basic Rent and Additional Rent; (v) executive salaries above the grade of building manager; (vi) rent paid under Ground Leases (other than in the nature of additional rent consisting of Common Facilities Charges or Taxes); (vii) payments of interest or principal in respect of debt that is secured by a Mortgage and any other financing costs with respect to the Project; (viii) any fee or expenditure (other than the management fee provided in Section 7.2(iv)) that is paid or payable to an affiliate of Landlord to the extent that such fee or expenditure exceeds the amount that would be reasonably expected to be paid in the absence of such relationship; (ix) the cost of any capital improvements to the Project (except as otherwise expressly provided in Section 7.2 of this Lease); (x) amounts received by Landlord through proceeds of insurance to the extent the proceeds are compensation for expenses which were previously included in Common Facilities Charges hereunder; (xi) cost of repairs or replacements incurred by reason of fire or other casualty, except for any uninsured minor casualties occurring in the general course of business, or caused by the exercise of the right of eminent domain; (xii) advertising expenditures; (xiii) interest, penalties and late charges that in any such case are paid or incurred as a result of late payments made by Landlord, unless due to Tenant's late payment; (xiv) charitable or political contributions made by Landlord, (xv) costs and expenses incurred for the handling, removal, treatment, disposal or replacement of asbestos or asbestos containing materials in the Building or Project, and costs and expense incurred for the handling, removal, treatment, disposal or replacement of asbestos or asbestos containing materials in the Building or Project, and costs and expense incurred for the handling; removal, treatment, disposal or replacement of other Hazardous Substances in the Building or Project to the extent any such Hazardous Substances violate applicable requirements as of the date of this Lease; (xvi) the costs or expenses of a management office located at the Property and any corporate or overhead costs of Landlord not attributable to services provided by Landlord to the Property; (xvii) legal fees for disputes with tenants and legal and auditing fees, other than legal and auditing fees reasonably incurred in connection with the maintenance and operation of the Project or in connection with the preparation of statements required pursuant to additional rent or lease escalation provisions; (xviii) costs and expenses to cure violations (including the cost of penalties and fines in connection therewith) existing against the Project, Building or Property prior to the date of this Lease; (xix) costs for services furnished to a particular tenant or tenants and not generally available to all tenants of the Project; and (xx) cost of operating the exercise facility to the extent of any charges received by the operator thereof (other than Common Facilities Charges for other tenants of Lafayette Corporate Campus) and if available to users other than occupants of Lafayette Corporate Campus, then the pro rata portion of the costs related to such additional users shall be excluded.

7.3 **Tenant's Maintenance Obligation.** Without limiting the other provisions of this Lease, Tenant, at its sole cost and expense, shall maintain, repair, replace and keep the Demised Premises and all improvements, fixtures and personal property thereon in good, safe and sanitary condition, order and repair and in accordance with all applicable laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction. Tenant shall perform or contract for and promptly pay, as Additional Rent, for trash and garbage disposal (to the extent that Tenant's trash and garbage disposal requirements exceed the usual requirements of tenants in the Building, as determined by Landlord), security services, interior painting, and repair, maintenance and replacement of damaged or broken interior glass, plate glass and other breakable materials in the Demised Premises, but not exterior windows and exterior doors. Tenant shall operate, maintain, repair and replace the pipes and other equipment and facilities for water, sewage and other utility services serving the Demised Premises from the point entering the Demised Premises. All costs of maintenance and repairs to be performed by Tenant shall be considered Additional Rent hereunder. All maintenance and repairs to be performed by Tenant shall be done promptly, in a good and workmanlike fashion, and without diminishing the original quality of the Demised Premises or the Property.

7.4 Landlord's Maintenance Obligation. Landlord shall maintain and replace the exterior walls, exterior windows, exterior doors and structural elements of the Building and the Improvements, which shall be at Landlord's sole cost except as expressly included in Common Facilities Charges Landlord shall maintain and replace, the elevators, HVAC and other Building systems, and Common Facilities, subject to reimbursement if any, for the Common Facilities Charges. Landlord shall maintain the Building and Common Facilities in a condition and repair consistent with similar quality buildings in the same area, subject to reimbursement, if any, for the Common Facilities Charges. Landlord and Tenant acknowledge that as of the date of this Lease, the Building is a first class mid rise office building for the Lafayette/Broomfield market. Landlord, at its sole cost and expense, shall be responsible for the replacement of the roof of the Building, as opposed to maintenance and repair of the roof as provided in Section 7.2. Subject to the forgoing Landlord's maintenance obligation under this Section shall be determined in Landlord's reasonable discretion.

7.5 Building Services.

(a) Landlord shall cause to be made available at general points of usage in the Demised Premises facilities for the supply of domestic hot (or tempered) and cold running water, and facilities for electric power for normal lighting and customary office equipment used by Tenant in connection with its business, including supplemental HVAC (provided that Tenant, at its sole cost, shall be responsible for all alterations or improvements for supplemental HVAC and for additional electric or other utilities serving the Demised Premises, in excess of the electric requirements set forth in Section 7.5(e)). Landlord shall also furnish to the Demised Premises and the Building heating and air-conditioning maintained at such temperatures as are customary for similar quality office buildings in the area as reasonably determined by Landlord, during Normal Business Hours (as herein defined); subject, however, to all restrictions under applicable laws, ordinances, rules and regulations. Except when inspections and repairs are being made thereto, Landlord shall furnish elevator service (if an elevator is located in the Building) for use by Tenant, its employees and invitees at all times, Normal Business Hours shall mean the hours of 7:00 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 12:00 p.m. on Saturdays, except during any governmental or bank holiday. Tenant shall be entitled to use the heating and air conditioning outside of Normal Business Hours, at Tenant's sole expense. Landlord shall provide janitorial services and trash removal to the Demised Premises during the Lease Term on each business day (but not more than five (5) days per week) in a manner consistent with similar quality buildings in the same area (acknowledging that as of the date of this Lease, the Building is a first-class mid-rise office building for the Lafayette/Broomfield market). Landlord shall clean all exterior windows at least two (2) times per calendar year and shall provide exterminating services when reasonably required. Landlord shall also replace light bulbs and ballasts when needed within the Building. All of the foregoing maintenance and services shall be subject to reimbursement, if any, as part of the Common Facilities Charges. Tenant shall have access to the Demised Premises 24 hours per day, 7 days per week, 52 weeks per year in accordance with Section 3 of the Addendum.

(b) Tenant shall use electricity supplied to the Demised Premises only for standard lighting and customary office equipment, used by Tenant in connection with its business, including supplemental HVAC (provided that Tenant, at its sole cost, shall be responsible for all alterations or improvements for supplemental HVAC and for additional electric or other utilities serving the Demised Premises, in excess of the electric requirements set forth in Section 7.5(e)). Tenant shall not make any alteration to the electric system or connect any high wattage electrical equipment or install heat generating equipment or machinery in the Demised Premises not otherwise permitted hereunder, without Landlord's prior written consent, which shall not be unreasonably withheld or delayed. Tenant shall pay, as Additional Rent, the cost of any modifications to the electrical system or heating and air conditioning system of the Building necessitated by such usage, the cost of separate metering if required by Landlord, and the cost of any additional electrical service provided to Tenant, unless billed directly to Tenant by the utility company.

(c) Landlord shall not be liable for any damage, loss or expense incurred by Tenant by reason of any interruption, reduction (permanent or temporary) or failure of any utilities or services for the Demised Premises or the Building, except to the extent caused by the negligence or willful misconduct of Landlord or its employees or agents and except as expressly provided herein. Landlord may, with not less than ten (10) days prior verbal notice to Tenant (except that no notice shall be required in the event of an emergency), cut off and discontinue any utilities and services when such discontinuance is necessary in order to make repairs or alterations or if otherwise required in connection with the fulfillment of Landlord's obligations under this Lease. Landlord will use good faith efforts to coordinate any shut-offs with Tenant. In no event shall Tenant be entitled to any abatement of rent as a result of the Demised Premises being rendered unusable for their intended purpose due to any such failure, interruption or reduction, except as expressly provided herein. No such failure, interruption or reduction of utilities or services shall be construed as an eviction or disturbance of possession by Landlord and Tenant shall have no right to terminate this Lease as a result thereof.

(d) Tenant shall promptly notify Landlord of any accidents or defects in the Building or the Project of which Tenant becomes aware, including defects in pipes, electric wiring and HVAC equipment, and of any condition which may cause injury or damage to the Building or Project or any person or property therein.

(e) Notwithstanding Section 7.5(b), Landlord shall be required to provide electrical facilities for the Building that allow Tenant's usage of at least ten (10) watts of power per square foot of Floor Area of the Demised Premises. Landlord shall not reduce the electrical power currently serving the Building.

(f) In the event there is an interruption of any essential service that is caused by the negligence or willful misconduct of Landlord or its agents or employees, and Tenant is unable to use all or a portion of the Demised Premises for a period of at least seven (7) consecutive days as a result of such interruption, then the Basic Rent shall equitably abate on a per diem basis from the first day of such interruption until such interruption is cured, based upon the portion of the Demised Premises that Tenant is unable to use as a result of such interruption.

7.6 Self-Help. If Landlord fails to perform any of its repair or other obligations pursuant to Section 7.4 or 7.5, then Tenant may provide written notice thereof to Landlord. If Landlord has not performed such repair within seven (7) days after such notice from Tenant (or such longer period of time as is reasonably required so long as Landlord diligently pursues such repair to completion), the Tenant may perform such repair and Landlord shall reimburse Tenant for the reasonable out-of-pocket cost thereof, together with an administrative charge of fifteen percent (15%) of such cost and interest at the rate of fifteen percent (15%) per annum calculated from the date of such expenditure until the same is repaid in full Landlord shall reimburse Tenant for such costs within twenty (20) days after receiving written notice from Tenant, detailing such costs and providing supporting documentation.

VIII. OTHER COVENANTS OF TENANT.

8.1 Limitation of Use by Tenant. Tenant covenants and agrees to use the Demised Premises only for the use or uses set forth as Permitted Uses by Tenant in the Summary and for no other purposes, except with the prior written consent of Landlord, which if such use if lawful, will not be unreasonably withheld or delayed.

8.2 Compliance with Laws. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises in violation of any law, ordinance, order, rule or regulation of any governmental authority having jurisdiction and that the Demised Premises shall be used, kept and maintained in compliance with any such law, ordinance, order, rule or regulation and with the certificate of occupancy issued for the Building and the Demised Premises. Tenant shall not be required to make any structural changes to the Demised Premises in order to comply with any laws, unless required by Tenant's particular use of the Demised Premises (as opposed to general office use) or by reason of any Changes made by Tenant. In such event, Landlord shall make such structural changes to the Demised Premises in order to comply with such law and, if applicable, the cost thereof shall be included in the Common Facilities Charges (subject to amortization as provided in Section 7.2). Tenant shall be entitled to contest any laws as long as neither Landlord nor the Building or Project are subject to any fine, forfeiture or other impositions; provided, however, if Landlord would be subject to a fine or other imposition, Tenant may nonetheless contest such law so long as Tenant provides Landlord with a cash deposit or other reasonably adequate security to assure payment thereof.

8.3 Compliance with Insurance Requirements. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises which might impair any insurance maintained with respect to the Demised Premises or the Property, which might increase the insured risks or which might result in cancellation of any such insurance.

8.4 No Waste or Impairment of Value. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises or the Property which would constitute waste.

8.5 No Structural or Electrical Overloading. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises or the Building and that no improvements, changes, alterations, additions, maintenance or repairs shall be made to the Demised Premises which is likely to impair the structural soundness of the Building which is likely to result in an overload of electrical lines serving the Building, provided such lines have the capacity required hereby. In the event of violations hereof, Tenant covenants and agrees to immediately remedy the violation at Tenant's expense and in compliance with all requirements of governmental authorities and insurance underwriters.

8.6 No Nuisance, Noxious or Offensive Activity. Tenant covenants and agrees that no noxious or offensive activity shall be carried on upon the Demised Premises or the Property nor shall anything be done or kept on the Demised Premises or the Property which may be or become a public or private nuisance or which disturbs others on adjacent or nearby property.

8.7 No Annoying Lights, Sounds or Odors. Tenant covenants and agrees that no light shall be emitted from the Demised Premises which is unreasonably bright or causes unreasonable glare, no sound shall be emitted from the Demised Premises which is unreasonably loud or annoying; and no odor shall be emitted from the Demised Premises which is noxious or offensive to others on adjacent or nearby property.

8.8 No Unsightliness. Tenant covenants and agrees that no unsightliness shall be permitted on the Demised Premises which is visible from any adjacent or nearby property. Without limiting the generality of the foregoing, all unsightly conditions, equipment, objects and conditions shall be kept enclosed within the Demised Premises; no refuse, scrap, debris, garbage, trash, bulk materials or waste shall be kept, stored or allowed to accumulate on the Demised Premises except as may be enclosed within the Demised Premises; all pipes, wires, poles, antennas and other facilities for utilities or the transmission or reception of audio or visual signals or electricity shall be kept and maintained underground or enclosed within the Demised Premises or appropriately screened from view.

8.9 No Animals. Tenant covenants and agrees that no animals shall be permitted or kept on the Demised Premises or the Property, except as may be required for any person with a disability.

8.10 Restriction on Signs and Exterior Lighting. Tenant covenants and agrees that no signs or advertising devices of any nature shall be erected or maintained by Tenant on or visible from the exterior of the Building or the Property and no exterior lighting shall be permitted on or visible from the exterior of the Building or the Property, except for signs complying with the signage specifications attached hereto as Exhibit D and approved by Landlord in writing, in its reasonable discretion.

8.11 No Violation of Covenants. Tenant covenants and agrees not to commit, suffer or permit any violation of any covenant, condition or restriction affecting the Demised Premises or the Property. Landlord will not hereafter enter into any covenant or restriction applicable to Tenant, the Building or the Project that interferes with Tenant's use of the Demised Premises for the Permitted Use.

8.12 **Restriction on Changes and Alterations.** Tenant covenants and agrees not to improve, change, alter, add to remove or demolish any improvements on the Demised Premises ("Changes"), without the prior written consent of Landlord which consent shall not be unreasonably withheld or delayed, and unless Tenant complies with all reasonable conditions which may be imposed by Landlord, in its reasonable discretion, in connection with such consent and unless Tenant pays, as Additional Rent, to Landlord the reasonable out-of-pocket costs and expenses of Landlord for architectural, engineering or other consultants which may be reasonably incurred by Landlord in determining whether to approve any such Changes. Landlord's consent to any Changes and the conditions imposed in connection therewith shall be subject to all requirements and restrictions of any Mortgagee. If such consent is given no such Changes shall be permitted unless (a) Tenant shall have procured and paid for all necessary permits and authorizations from any governmental authorities having jurisdiction; (b) such Changes shall not materially reduce the value of the Property; (c) such Changes are located wholly within the Demised Premises, shall not adversely affect the structural integrity of the Building of the operation of the HVAC, plumbing, electrical, water, or sewer systems servicing the Building or the Property, (d) such Changes shall not impair existing insurance on the Property; and (e) Tenant, at Tenant's sole cost and expense, shall maintain or cause to be maintained workmen's compensation insurance covering all persons employed in connection with the work and obtains ability insurance covering any loss or damage to persons or property arising in connection with any such Changes and such other insurance as Landlord may reasonably require. Tenant covenants and agrees that any Changes approved by Landlord shall be completed with due diligence and in a good and workmanlike fashion and in compliance with all conditions imposed by Landlord and all applicable permits, authorizations, laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction and that the costs and expenses with respect to such Change shall be paid promptly when due and that the Change shall be accomplished free of mechanics and materialmen's liens. Tenant covenants and agrees that all Changes shall become the property of the Landlord at the expiration or earlier termination of the Lease Term, provided that Tenant may elect to remove any Changes as long as Tenant repairs any damage caused by such removal. Notwithstanding anything in this Lease to the contrary, Tenant shall not be required to remove the Tenant Improvements or any Changes made by Tenant in compliance with the terms and conditions of this Lease. Notwithstanding the foregoing, no consent of Landlord shall be required for any interior, non structural Changes that cost $25,000 or less during any twelve (12) month period.

8.13 **No Mechanic's Liens.** Tenant covenants and agrees not to permit or suffer and to cause to be removed and released within thirty (30) days after notice thereof, any mechanic's materialmen's or other lien on account of supplies, machinery, tools, equipment, labor or material furnished or used in connection with the construction, alteration, improvement, addition to or repair of the Demised Premises by, through or under Tenant. At least twenty (20) days prior to any Changes, Tenant shall provide written notice to Landlord of the date of commencement of any Changes. Landlord shall have the right, at any time and from time to time, to post and maintain on the Demised Premises and Building such notices as Landlord deems necessary to protect the Demised Premises against such liens. Tenant shall have the right to contest, in good faith and with reasonable diligence, the validity of any such lien or claimed lien, provided that Tenant shall give to Landlord such security as may be reasonably requested by Landlord to insure the payment of any amounts claimed, including interest and costs, and to prevent any sale, foreclosure or forfeiture of any interest in the Property on account of any such lien including, without limitation, bonding, escrow or endorsement of the title insurance policy of Landlord and any Mortgagee. If Tenant so contests, then on final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with interest and costs and shall cause the lien to be released and any judgment satisfied.

8.14 **No Other Encumbrances.** Tenant covenants and agrees not to obtain any financing secured by Tenant's interest in the Demised Premises and not to encumber the Demised Premises or Landlord's or Tenant's interest therein, without the prior written consent of Landlord, in its reasonable discretion, and to keep the Demised Premises free from all liens and encumbrances except liens and encumbrances existing upon the date of commencement of the Lease Term or liens and encumbrances created by Landlord.

8.15 **Subordination to Landlord Mortgages.** Provided that any mortgagee or holder ("Mortgagee") of a Mortgage (as herein defined) provides Tenant with a written non-disturbance agreement in a form reasonably satisfactory to Tenant and such Mortgagee ("SNDA") pursuant to which such Mortgagee covenants not to disturb Tenant's possession of the Demised Premises and agrees to recognize Tenant pursuant to all of the terms of this Lease for so long as Tenant is not in default beyond all applicable notice and cure periods, Tenant covenants and agrees that this Lease and Tenant's interest in the Demised Premises shall be junior and subordinate to any such mortgage or deed of trust ("Mortgage") now or hereafter encumbering the Property. Landlord shall pay any administrative fee or similar charge imposed by such Mortgagee for such SNDA and Tenant shall pay, as Additional Rent, all reasonable out-of-pocket expenses (including, without limitation, attorneys' fees) required to be reimbursed by such Mortgagee for such SNDA. In the event of a foreclosure of any Mortgage, subject to the terms of the SNDA, Tenant shall attorn to the party acquiring title to the Property as the result of such foreclosure. Except for such SNDA, no act or further agreement by Tenant shall be necessary to establish the subordination of this Lease to any such Mortgage, which subordination is self-executing, but Tenant covenants and agrees, upon request of Landlord, to execute such documents as may be necessary or appropriate to confirm and establish this Lease as subordinate to any Mortgage in accordance with the foregoing provisions. Alternatively, if the parties have already entered into an SNDA, Tenant covenants and agrees that, at the option of any Mortgagee, Tenant shall execute documents as may be necessary to establish this Lease and Tenant's interest in the Demised Premises as superior to any such Mortgage within ten (10) days after Tenant's receipt thereof. If Tenant fails to execute any documents required to be executed by Tenant under the provisions hereof, Tenant shall be deemed to have agreed to and be bound by the covenants, terms and conditions provided in such documents. If any Mortgagee or purchaser at foreclosure thereof, succeeds to the interest of Landlord in the Land or the Building, such person shall not be (i) liable for any act or omission of Landlord under this Lease, but nothing herein shall relieve such person of curing any default that is a continuing default after the effective date of such ownership transfer (that is susceptible of cure), subject to written notice from Tenant and opportunity to cure for such person as required under this Lease; (ii) liable for the performance of Landlord's covenants hereunder which arise prior to such person succeeding to the interest of Landlord hereunder, without affecting Tenant's rights as to the performance of Landlord's covenants arising subsequent to such succession with respect to any continuing default that is curable; (iii) bound by the payment of any rent which Tenant may have paid more than one month in advance; (iv) liable for any security deposit which was not delivered to such person; or (v) bound by any modifications to this Lease to which such holder has not consented in writing. Landlord represents and warrants to Tenant that there is no Mortgage affecting the Property as of the date of this Lease, which consent shall not be unreasonably withheld or delayed.

8.16 No Assignment or Subletting.

(a) Tenant covenants and agrees not to make or permit a Transfer by Tenant, as hereinafter defined, without Landlord's prior written consent which consent shall not be unreasonably withheld or delayed or conditioned. A "Transfer" by Tenant shall include an assignment of this Lease, a sublease of all or any part of the Demised Premises or any assignment, sublease, transfer, mortgage, pledge or encumbrance of all or any part of the Demised Premises or of Tenant's interest under this Lease or in the Demised Premises by operation of law or otherwise, or the use or occupancy of all or any part of the Demised Premises by anyone other than Tenant. Any such Transfer by Tenant without Landlord's written consent shall be void and shall constitute a Default by Tenant under this Lease. If Landlord consents to any Transfer by Tenant, Tenant shall not be relieved of its obligations under this Lease and Tenant shall remain liable, jointly and severally, and as a principal, not as a guarantor or surety, under this Lease, to the same extent as though no Transfer by Tenant had been made unless specifically provided to the contrary in Landlord's prior written consent. The acceptance of rent by Landlord from any person other than Tenant shall not be deemed to be a waiver by Landlord of the provisions of this Section or of any other provision of this Lease and any consent by Landlord to a Transfer by Tenant shall not be deemed a consent to any subsequent Transfer by Tenant.

(b) If Tenant requests Landlord's consent to a Transfer Tenant shall submit to Landlord in writing the name of the proposed transferee, the effective date of the Transfer, the terms of the proposed Transfer, a copy of the proposed form of sublease or assignment, and such information as to the business, reputation and financial capacity of the transferee as Landlord shall reasonably require to evaluate the request. It shall be reasonable for the Landlord to withhold its consent to any Transfer where: (i) in the case of a sublease the subtenant has not acknowledged that the provisions of any sublease are subject and subordinate to the provisions of this Lease and such sublessee shall covenant not to violate the provisions of this Lease or (ii) the reputation of the transferee would unreasonably damage or otherwise impair the value of the Building or (iii) the intended use is not permitted by applicable law or covenant. The foregoing criteria are not exhaustive, and Landlord may withhold consent to a Transfer on any other reasonable grounds. Tenant shall reimburse Landlord for all of Landlord's out-of-pocket costs incurred in connection with any request for consent to a Transfer, including, without limitation, a reasonable sum for attorneys fees, if incurred.

(c) Notwithstanding the foregoing, Landlord shall at Landlord's option, in the case of an assignment or sublease for all or substantially all of the remaining Lease Term have the right in lieu of consenting to a Transfer by Tenant, to terminate this Lease as to the portion of the Demised Premises that is the subject of the proposed Transfer, and to enter into a new lease with the proposed transferee and receive directly from the proposed transferee the consideration agreed to be given by such transferee to Tenant for the Transfer by Tenant. Alternatively, at the request of Landlord, Tenant shall pay over to Landlord, as Additional Rent, fifty percent (50%) of all sums received by Tenant in excess of the rent payable by Tenant hereunder which is attributable on an equally allocable Floor Area basis, to any subletting of all or any portion of the Demised Premises so subleased, and fifty percent (50%) of all consideration received on account of or attributable to any assignment of this Lease in each case after first deducting from such gross profit or proceeds, all reasonable out-of-pocket expenses incurred by Tenant with respect to such Transfer, including, without limitation, all rent concessions and allowances and the unamortized cost of any Improvements or Changes made by Tenant for such Transfer. Such costs will include any unamortized costs of any Improvements or Changes made by Tenant prior to such Transfer but specifically benefitting such transferee, other than the Tenant Improvements to the extent of the Tenant Improvement Allowance. If a partial termination of this Lease occurs as set forth above, all Basic Rent and Additional Rent and Tenant's Pro Rata Share shall be appropriately adjusted. The provisions of this Section 8.16(c) shall not apply to a Permitted Transfer.

(d) If Landlord consents to a Transfer by Tenant, then any option to renew this Lease, right to extend the Lease Term, or option or right of refusal to expand the Demised Premises shall automatically terminate. This Section 8.16(d) shall not apply to a Permitted Transfer.

(e) Tenant covenants and agrees to pay, as Additional Rent to Landlord any reasonable costs and expenses incurred by Landlord in connection with such request (including, without limitation, reasonable attorneys' fees), whether or not the consent of Landlord is given to the Transfer requested by Tenant. When the actual amount of such costs and expenses are known by Landlord, Tenant shall pay to Landlord such additional actual costs and expenses. The payment of such costs and expenses by Tenant shall be a condition precedent to the effectiveness of any consent by Landlord to such Transfer.

(f) Notwithstanding anything to the contrary, Tenant shall not be entitled to make a Transfer to any person or entity with whom Landlord or its Related Parties (as herein defined) negotiated or had contact or to whom Landlord has give, or received therefrom, any written or oral proposal regarding a lease of space in the Building within the six (6) month period preceding Tenant's request for such Transfer, provided that Landlord (or its affiliated entities) have other space available in Lafayette Corporate Campus that is reasonably suitable for such prospect's requirements. Tenant shall not publicly advertise the rate or other economic terms upon which Tenant is willing to Transfer the Demised Premises, and all other public advertisements of a Transfer shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, except that Tenant may circulate marketing brochures by mail or e-mail without Landlord's consent. Public advertisement shall include, without limitation, the placement or displays of any signs or lettering on or above the Demised Premises. If at the time of the proposed Transfer Landlord shall have other space available in Lafayette Corporate Campus that is reasonably suitable for such prospect's requirements, Tenant shall not be entitled to Transfer or offer to Transfer the Demised Premises to such prospect at a rental rate less than the then-prevailing fair market rental for the Demised Premises with all relevant factors considered.

(g) For the purposes of this Lease, the term, “Transfer” shall also include: the transfer or change, whether voluntary, involuntary or by operation of law, of more than fifty percent (50%) of the control or ownership, whether legal or beneficial, in Tenant within a twelve (12) month period. Notwithstanding the foregoing, Tenant may (i) assign or sublet all or a portion of the Demised Premises to any entity that controls, is controlled by or is under common control with Tenant (an “Affiliate”); (ii) assign this Lease to any entity that succeeds to the interest of Tenant following a merger of consolidation or a reorganization or recapitalization of Tenant; (iii) assign this Lease to any entity that purchase all or substantially all of the stock or assets of Tenant; (iv) list the shares of stock of Tenant on any public exchange or otherwise offer the stock of Tenant to the public, or (v) assign this Lease to any entity that purchases all or substantially all of the “Abacus” division of Tenant (including, without limitation, the operations at the Demised premises) as a going concern, in each case, without Landlord’s prior consent (hereinafter referred to as a “Permitted Transfer”); provided that Tenant shall not be released from obligation or liability under the Lease, if an assignment, the Affiliate assumes all obligations and liabilities of Tenant under the Lease, and Tenant notifies Landlord in a timely manner, along with copies of such sublease or assignment, as well as documentation evidencing such relationship or affiliation. Further, if Tenant is a public company, the transfer of shares of Tenant shall not be deemed to be a Transfer.

(h) As a condition to Landlord’s consent to a Transfer by Tenant, any assignee shall expressly assume all the obligations of Tenant under this Lease in a written instrument reasonably satisfactory to Landlord and furnished to Landlord not later than ten (10) days prior to the effective date of such assignment, and any subtenant shall covenant to Landlord not to violate the provisions of this Lease as applied to the portion of the Demised Premises so sublet and to attorn to Landlord, at Landlord’s written election, in the event of any termination of this Lease prior to the expiration date of the Lease Term, all of which shall be in a written instrument reasonably satisfactory to Landlord and furnished to Landlord not later than ten (10) days prior to the effective date of such sublease.

8.17 Annual Financial Statements. Tenant covenants and agrees to furnish to Landlord, within fifteen (15) days after written request thereof from Landlord, copies of the then available annual financial statements of Tenant audited, if requested by Landlord, by a certified public accountant, and agrees that Landlord may deliver any such financial statements to any existing or prospective Mortgagee or purchaser of the Property (under an executed letter of intent of purchase agreement), provided that Landlord and such other parties agree to keep such information confidential pursuant to a commercially reasonable form of written confidentiality agreement and provided further that Tenant shall not be required to furnish the financial statements for any calendar year before the date that such financial statements have been completed, but in no event more than one hundred twenty (120) days following such calendar year. The financial statements shall include a balance sheet as of the end of, and a statement of profit and loss for, the preceding fiscal year of Tenant and, if regularly prepared by Tenant, a statement of sources and use of funds for the preceding fiscal year of Tenant.

8.18 Payment of Income and Other Taxes. Tenant covenants and agrees to pay, as Additional Rent, promptly when due, all taxes, the nonpayment of which might give rise to a lien on the Demised Premises or Tenant’s interest therein, and to furnish, if requested by Landlord, evidence of such payments.

8.19 Estoppel Certificates. Tenant covenants and agrees to execute, acknowledge and deliver to Landlord, upon Landlord's written request, a written statement certifying that this Lease is unmodified (or, if modified, stating the modifications) and in full force and effect; stating the dates to which Basic Rent has been paid; stating the amount of the Monthly Deposits held by Landlord for the then tax and insurance year, stating that, to the best knowledge of Tenant, there exists no defaults by Landlord or Tenant and no event which with the giving of notice or the passage of time, or both, would constitute such a default (or, if there exists defaults, setting forth the nature thereof); and stating such other matters concerning this Lease as Landlord may reasonably request. Tenant agrees that such statement may be delivered to and relied upon by any existing or prospective Mortgagee or purchaser of the Property. Tenant agrees that a failure to deliver such a statement within fifteen (15) days after written request from Landlord shall be conclusive upon Tenant that this Lease is in full force and effect without modification except as may be represented by Landlord; that there are no uncured defaults by Landlord or Tenant under this Lease except as may be represented by Landlord; and that any representation by Landlord with respect to Basic Rent, the Monthly Deposits and any other permitted matter are true.

8.20 Landlord Right to Inspect and Show Premises and to Install "For Sale" Signs. Tenant covenants and agrees that Landlord and the authorized representatives of Landlord shall have the right to enter the Demised Premises at any reasonable time upon prior verbal notice during ordinary business hours (or at any time and without notice in the event of an emergency) for the purposes of inspecting, repairing or maintaining the same or performing any obligations of Tenant which Tenant has failed to perform hereunder or for the purposes of showing the Demised Premises to any existing or prospective Mortgagee, purchaser or, in the last twelve (12) months of the Lease Term, tenant of the Property or the Demised Premises. Tenant covenants and agrees that Landlord may at any time and from time to time place on the grounds of the Property, but not on the exterior of the Building, a sign advertising the Property or the Demised Premises for sale or, during the last twelve (12) months of the Lease Term, for lease.

8.21 Landlord Title to Fixtures, Improvements and Equipment. Tenant covenants and agrees that all fixtures and improvements on the Demised Premises and all equipment relating to the use and operation of the Demised Premises (as distinguished from operations incident to the business of Tenant), including all plumbing, heating, lighting, electrical and air conditioning fixtures and equipment, whether or not attached to or affixed to the Demised Premises, and whether now or hereafter located upon the Demised Premises, shall be and remain the property of the Landlord upon expiration of the Lease Term.

8.22 Removal of Tenant's Equipment. Tenant covenants and agrees to remove, at or prior to the expiration or earlier termination of the Lease Term, all of Tenant's Equipment, as hereinafter defined. "Tenant's Equipment" shall mean all moveable equipment, apparatus, machinery, signs, furniture, furnishings and personal property used in the operation of the business of Tenant (as distinguished from the use and operation of the Demised Premises). If such removal shall injure or damage the Demised Premises Tenant covenants and agrees, at its sole cost and expense, at or prior to the expiration of the Lease Term, to repair such injury and damage in good and workmanlike fashion and to place the Demised Premises in substantially the same condition as the Demised Premises would have been in if such Tenant's Equipment had not been installed. If Tenant fails to remove any of Tenant's Equipment by the expiration of the Lease Term, Landlord may, at its option, keep and retain any such Tenant's Equipment or dispose of the same and retain any proceeds therefrom, and Landlord shall be entitled to recover from Tenant, any costs or expenses of Landlord in removing the same and in restoring the Demised Premises, in excess of the actual proceeds, if any, received by Landlord from disposition thereof. Tenant releases and discharges Landlord from any and all claims and liabilities of any kind arising out of Landlord's disposition of Tenant's Equipment. Notwithstanding anything in this Lease to the contrary, Tenant shall not be required to remove any raised floor, any cables or wiring of any kind or any kitchen pantry or appliances.

8.23 Tenant Indemnification of Landlord. Subject to Section 6.4 hereof and except to the extent caused by the negligence or willful misconduct of Landlord or its employees or agents, Tenant covenants and agrees to protect, indemnify, defend and save Landlord and Landlord's managers, employees, agents, beneficiaries, successors, assigns and other related parties ("Related Parties") harmless from and against all liability, obligations, claims, damages, penalties, causes of action, costs and expenses, including attorneys' fees, imposed upon incurred by or asserted against Landlord or its Related Parties by reason of (a) any accident, injury to or death of any person or loss of or damage to any property occurring on or about the Demised Premises, (b) any act or omission of Tenant or Tenant's agents, officers or employees or any other person entering upon the Demised Premises under express or implied invitation of Tenant (collectively, "Tenant's Agents"); (c) any use which may be made of, or condition existing upon, the Demised Premises; (d) any improvements, fixtures or equipment upon the Demised Premises; (e) any failure on the part of Tenant or Tenant's Agents to perform or comply with any of the provisions, covenants or agreements of Tenant contained in this Lease; (f) any violation of any law, ordinance, order, rule or regulation of governmental authorities having jurisdiction over Tenant or Tenant's Agents; and (g) any repairs, maintenance or Changes to the Demised Premises by, through or under Tenant. Tenant further covenants and agrees that, in case any action, suit or proceeding is brought against Landlord or its Related Parties by reason of any of the foregoing, Tenant shall, at Tenant's sole cost and expense, defend Landlord in any such action, suit or proceeding. Tenant's employees, officers, directors, shareholders, managers, members and partners shall have no direct liability under this Lease; without, however, limiting any other claim against such party at law or in equity.

8.24 Landlord Indemnification of Tenant. Subject to Section 6.4 hereof and except to the extent caused by the negligence or willful misconduct of Tenant or Tenant's Agents, Landlord covenants and agrees to protect, indemnify, defend and save Tenant harmless from and against all liability, obligations, claims, damages, penalties, causes of action, costs and expenses, including attorneys' fees, imposed upon, incurred by, or asserted against Tenant by reason of (a) the negligence or willful misconduct of Landlord and its employees and agents; or (b) a default by Landlord under this Lease, after the lapse of all applicable notice grace and cure periods. Tenant waives and releases any claims Tenant may have against Landlord or its Related Parties for loss, damage or injury to person or property sustained by Tenant or Tenant's Agents resulting from any cause whatsoever other than (i) negligence or willful misconduct of Landlord, or (ii) the default by Landlord in its obligations under this Lease. Notwithstanding anything to the contrary, the indemnification of Tenant by Landlord provided in this Section 8.24 shall be subject to all waivers, limitations and restrictions otherwise provided in this Lease. Notwithstanding anything to the contrary, Landlord's liability under this Lease shall be restricted to and Tenant shall look solely to the equity of Landlord in the Property (or, in the event Tenant is leasing any of the Option Space pursuant to the Expansion Option, the Project), including any insurance proceeds, sale proceeds, finance proceeds, cash accounts and condemnation proceeds, in the event of any default or liability of Landlord under this Lease, such exculpation of liability to be absolute and without any exception whatsoever. Landlord's employees, officers, directors, shareholders, managers, members and partners shall have no direct liability under this Lease; without, however, limiting any other claim against such party at law or in equity.

8.25 Release upon Transfer by Landlord. In the event of a transfer by Landlord of the Property or of Landlord's interest as Landlord under this Lease, Landlord's successor or assign shall take subject to and be bound by this Lease and in such event, Tenant covenants and agrees that Landlord and its Related Parties shall be released from all obligations of Landlord under this Lease, except obligations which arose and matured prior to such transfer by Landlord; that Tenant shall thereafter look solely to Landlord's successor or assign for satisfaction of the obligations of Landlord under this Lease; and that, upon demand by Landlord or Landlord's successor or assign, Tenant shall attorn to such successor or assign.

8.26 Rules and Regulations. Tenant shall observe and comply with rules and regulations attached hereto as Exhibit C, which may be reasonably amended from time to time by Landlord by providing written notice thereof to Tenant. Landlord shall not be responsible to Tenant for the failure of any other tenant of the Building to observe or comply with any of the rules or regulations. Landlord shall not enforce such rules and regulations in a discriminatory manner. If there is an inconsistency between this Lease and such rules and regulations, the provisions of this Lease shall control.

8.27 Hazardous Substances.

(a) Tenant covenants and agrees that neither Tenant nor Tenant's Agents shall use, store, generate, treat, transport, or dispose of any Hazardous Substance at the Property without first obtaining Landlord's written approval, which consent shall be in Landlord's sole and subjective discretion. Tenant shall, at its sole cost and expense, promptly respond to and clean up any release or threatened release caused or permitted by Tenant or Tenant's Agents of any Hazardous Substance (as hereinafter defined) into the drainage systems, soil, surface water, groundwater, or atmosphere, in a safe manner, in strict accordance with Applicable Law (as hereinafter defined), and as authorized or approved by all federal, state, and/or local agencies having authority to regulate the permitting, handling, and cleanup of Hazardous Substances.

(b) Tenant hereby indemnifies, defends and holds harmless Landlord from and against any suits, actions, legal or administrative proceedings, demands, claims, liabilities, fines, penalties, losses, injuries, damages, expenses or costs, including interest and attorneys' fees, incurred by, claimed or assessed against Landlord or its Related Parties (i) under any laws, rules, regulations including, without limitation, Applicable Laws, (ii) in any way connected with any injury to any person or damage to any property, or (iii) any loss to Landlord or its Related Parties occasioned in any way by Hazardous Substances caused by Tenant or Tenant's Agents on or about the Property, or permitted by Tenant and first existing in the Demised Premises during the Lease Term or Tenant's occupancy of the Demised Premises, except to the extent caused by Landlord or its Related Parties.

(c) Without limiting its obligations under any other Section of this Lease, Tenant shall be solely and completely responsible for responding to and complying with any administrative notice, order, request or demand, or any third party claim or demand relating to potential or actual contamination on the Property resulting from the acts of Tenant and Tenant's Agents. Tenant hereby waives, releases and discharges forever Landlord from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected any condition of environmental contamination of the Property or the existence of Hazardous Substances in any state on the Property unless caused by Landlord or its Related Parties.

(d) Landlord consents to Tenant's use of ordinary office products in customary quantities within the Demised Premises, in accordance with Applicable Laws and the terms and conditions of this Lease.

(e) Hazardous Substance(s) shall mean any hazardous substance, pollutant, contaminant, waste, by product or constituent regulated under any of the Applicable Laws (as hereinafter defined); oil and petroleum products, natural gas, natural gas liquids, liquified natural gas, and synthetic gas usable for fuel; pesticides regulated under any of the Applicable Laws; asbestos and asbestos containing materials, PCBs and other substances regulated under any of the Applicable Laws; raw materials, building components and the product of any manufacturing or other activities on the Property, source material, special nuclear material, by-product material and any other radioactive materials of radioactive wastes, however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act; chemicals subject to the OSHA Hazard Communications Standard, 29 C.F.R. § 19.10.1200 et seq.; industrial process and pollution control wastes, whether or not defined as hazardous within the meaning of any Applicable Law; and any substance which at any time shall be listed as "hazardous" or "toxic" or regulated under any of the Applicable Laws.

(f) Applicable Law(s) shall include, but shall not be limited to, all federal, state, and local statutes, ordinances, regulations and rules regulating the environmental quality, health, safety, contamination and cleanup including, without limitation, the Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq*.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 *et seq*; the water Quality Act of 1987, as amended; the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. § 136 *et seq*.; the Marine Protection, Research and Sanctuaries Act, as amended, 33 U.S.C. § 1401 *et seq*.; the National Environmental Policy Act, as amended, 42 U.S.C. § 4321 *et seq*.; the Noise Control Act, as amended, 42 U.S.C. § 4901 *et seq*.; the Occupational Safety and Health Act, as amended, 29 U.S.C. § 651 *et seq*.; the Safe Drinking Water Act, as amended, 42 U.S.C. § 300 (f) *et seq*.; the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601 *et seq*.; the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601. *et seq*.; the Atomic Energy Act, as amended, 42 U.S.C. § 2011 *et seq*.; the Nuclear Waste Policy Act of 1982, as amended, 42 U.S.C. § 10101 *et seq*.; and state superlien and environmental cleanup statues, with implementing regulations and guidelines. Applicable Laws shall also include all federal, state, regional, county, municipal, agency, judicial and other local laws, statutes, ordinances, regulations, rules and rulings, whether currently in existence or hereinafter enacted or promulgated, that govern or relate to: (i) the existence, cleanup and/or remedy of contamination of property; (ii) the protection of the environment from spilled, deposited or otherwise emplaced contamination; (iii) the control of Hazardous Substances; or (iv) the use, generation, discharge, transportation, treatment, removal or recovery of Hazardous Substances.

(g) Landlord represents and warrants to Tenant that, to the Landlord's actual knowledge based solely on any existing environmental reports, there is no asbestos or Hazardous Materials located in the Demised Premises or the Building in violation of Applicable Law as of the date hereof. Subject to Section 6.4 hereof, and except to the extent caused by the negligence or willful misconduct of Tenant or Tenant's Agents, Landlord hereby indemnifies, defends and holds harmless Tenant from and against any suits, actions, legal or administrative proceedings, demands, claims, liabilities, fines, penalties, losses, injuries, damages, expenses or costs, including interest and attorneys' fees, incurred by, claimed or assessed against Tenant as a result of any Hazardous Substances affecting the Demised Premises caused by Landlord or its Related Parties in violation of Applicable Laws, except to the extent caused by Tenant or Tenant's Agents. This indemnification shall be subject to all waivers, limitation and restrictions otherwise provided in this Lease.

(h) In the event that there are any Hazardous Substances upon the Demised Premises as of the date hereof and Tenant is not reasonably able to use the Demised Premises as the result of such pre-existing Hazardous Substance, then Tenant may provide written notice thereof to Landlord. In such event, the Lease shall terminate within thirty (30) days after such notice (or such later date as Tenant may vacate and surrender the Demised Premises); provided that Landlord shall be entitled to provide written notice to Tenant that Landlord has elected (provided Landlord shall not be obligated to do so) to remediate such Hazardous Substance at no cost to Tenant, as necessary to allow Tenant to again use the Demised Premises, or prosecute legal action or other appropriate proceedings against the parties responsible for such Hazardous Substance, at no cost to Tenant, in order to cause such remediation as necessary to allow Tenant to again use the Demised Premises. If Landlord makes such election, then the effective date of such termination shall be extended as long as Landlord is diligently pursuing such remediation and/or legal action; provided that if Tenant does not believe that Landlord is diligently pursuing such remediation and/or legal action, Tenant shall provide at least thirty (30) days written notice thereof and opportunity to cure to Landlord. Upon remediation of such Hazardous Substance as herein provided, the exercise of such termination shall be withdrawn and the Lease shall continue in full force and effect. Notwithstanding anything to the contrary, if Tenant has not been reasonably able to use the Demised Premises as a result of such Hazardous Substance for a period of at least eleven (11) months, then Tenant shall be entitled to provide written notice to Landlord accelerating the effective date of such termination to a date stated in such notice, which date shall not be earlier than one (1) month after such notice from Tenant; provided that if such remediation is completed in order to allow Tenant to again use the Demised Premises within such one (1) month period, the exercise shall be deemed withdrawn and the Lease shall continue in full force and effect.

IX. DAMAGE OR DESTRUCTION.

9.1 Tenant's Notice of Damage. If any portion of the Demised Premises shall be damaged or destroyed by fire or other casualty, Tenant shall give prompt written notice thereof to Landlord ("Tenant's Notice of Damage").

9.2 Options to Terminate if Damage Substantial. Upon receipt of Tenant's Notice of Damage, Landlord shall promptly proceed to determine the nature and extent of the damage or destruction and to estimate the time necessary to repair or restore the Demised Premises. As soon as reasonably possible, Landlord shall give written notice to Tenant stating Landlord's estimate of the time necessary to repair or restore the Demised Premises ("Landlord's Notice of Repair Time"). If Landlord reasonably estimates that repair or restoration of the Demised Premises cannot be completed within two hundred forty (240) days from the time of Tenant's Notice of Damage, Landlord and Tenant shall each have the option to terminate this Lease. If, however, the damage or destruction was caused by the international act or omission of Tenant or Tenant's Agents, Landlord shall have the option to terminate this Lease if Landlord reasonably estimated that the repair or restoration cannot reasonably be completed within two hundred forty (240) days from the time of Tenant's Notice of Damage, but Tenant shall not have the option to terminate this Lease. Any option granted hereunder shall be exercised by written notice to the other party given within thirty (30) days after Landlord's Notice of Repair Time. If either Landlord or Tenant exercises its option to terminate this Lease, the Lease Term shall expire ten (10) days after the notice by either Landlord or Tenant exercising such party's option to terminate this Lease. Following termination of this Lease under the provisions hereof Landlord shall refund to Tenant such amounts of Basic Rent and Additional Rent theretofore paid by Tenant as may be applicable to the period subsequent to the time of Tenant's Notice of Damage less the reasonable value of any use or occupation of the Demised Premises by Tenant subsequent to the time of Tenant's Notice of Damage. If the Demised Premises are materially damaged during the last twelve (12) months of the Lease Term, such that Landlord reasonably estimates that the repair or restoration cannot be reasonably completed within one hundred twenty (120) days after the Tenant's Notice of Damage, then Landlord or Tenant may terminate this Lease by providing written notice thereof to the other party within thirty (30) days after Tenant's Notice of Damage.

9.3 Option to Terminate if Damage to Building. {Intentionally Omitted}

9.4 Obligations to Repair and Restore. If repair and restoration of the Demised Premises can be completed within the period specified in Section 9.2, in Landlord's reasonable estimation, or if neither Landlord nor Tenant terminate this Lease as provided in Sections 9.2, then this Lease shall continue in full force and effect and Landlord shall proceed forthwith to cause the Demised Premises (including the Tenant Improvements and any improvements constructed by Landlord but excluding any Changes, fixtures and personal property constructed or owned by Tenant) to be repaired and restored with reasonable diligence and there shall be abatement of Basic Rent and Additional Rent proportionate to the extent of the space and period of time that Tenant is unable to use and enjoy the Demised Premises.

9.5 Application of Insurance Proceeds. The proceeds of any Property insurance maintained on the Demised Premises by Landlord, other than property insurance maintained by Tenant on fixtures and personal property of and leasehold improvements made by Tenant, shall be paid to and become the property of Landlord, subject to any obligation of Landlord to cause the Demised Premises and Tenant Improvements to be repaired and restored and further subject to any rights under any Mortgage encumbering the Property to such proceeds. If such fire or other casualty shall occur during the last two (2) years of the Lease Term (subject to Tenant's right to exercise the Renewal Option), then Landlord's obligation to repair and restore the Demised Premises and Tenant Improvements provided in this Section 9 is limited to the repair and restoration that can be accomplished with the proceeds of any Property Insurance maintained on the Demised Premises, plus the amount of any deductible under the Property Insurance (subject to Tenant's reimbursement of such deductible to the extent provided in Section 6.1). The amount of any such insurance proceeds is subject to any right of any Mortgagee to apply such proceeds to its secured debt under its Mortgage.

X. CONDEMNATION.

10.1 Taking – Substantial Taking – Insubstantial Taking. A "Taking" shall mean the taking of all or any portion of the Demised Premises or the Building as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale of all or part of the Demised Premises or the Building under the threat of condemnation. A "Substantial Taking" shall mean a Taking of fifteen percent (15%) or more of the Floor Area of either the Demised Premises or the Building, or if any parking is taken and the remainder is not reasonably sufficient for Tenant's needs. An "Insubstantial Taking" shall mean a Taking which does not constitute a Substantial Taking.

10.2 Termination on Substantial Taking. If there is a Substantial Taking with respect to the Demised Premises or the Building, the Lease Term shall expire on the date of vesting of title pursuant to such Taking. In the event of termination of this Lease under the provisions hereof, Landlord shall refund to Tenant such amounts of Basic Rent and Additional Rent theretofore paid by Tenant as may be applicable to the period subsequent to the time of termination of this Lease.

10.3 Restoration on Insubstantial Taking. In the event of an Insubstantial Taking with respect to the Demised Premises or the Building, this Lease shall continue in full force and effect, Landlord shall proceed forthwith to cause the Demised Premises (including the Tenant Improvements but excluding any Changes, fixtures and personal property constructed or owned by Tenant), less such Taking, to be restored as near as may be to the original condition thereof prior to such Taking and there shall be abatement of Basic Rent and Additional Rent proportionate to the extent of the space so taken.

10.4 Right to Award. The total award, compensation, damages or consideration received or receivable as a result of a Taking ("Award") shall be paid to and be the property of Landlord, including, without limitation, any part of the Award made as compensation for diminution of the value of this leasehold or the fee of the Demised Premises. Tenant hereby assigns to Landlord, all of Tenant's right, title and interest in and to any such Award. Tenant covenants and agrees to execute, immediately upon demand by Landlord such documents as may be necessary to facilitate collection by Landlord of any such Award. Notwithstanding Landlord's right to the entire Award, Tenant shall be entitled to a separate award, if any, for the loss of Tenant's personal property, the loss of Tenant's business and profits. Tenant's moving expenses, and Changes made by Tenant (subject to amortization of such Changes on a straight line basis over the initial Lease Term).

XI. DEFAULTS BY TENANT.

11.1 Defaults Generally. In the event that any of the following events shall occur, Tenant shall be deemed to be in default of Tenant's obligations under this Lease (each of the following shall be referred to as a "Default by Tenant").

11.2 Failure to Pay Rent or Other Amounts. A Default by Tenant shall exist if Tenant fails to pay Basic Rent, Additional Rent, Monthly Deposits, or any other amounts payable by Tenant within seven (7) days after such rental or other amount is due under the terms of this Lease. The foregoing grace period shall be in addition to notice required by Colorado statute prior to commencing an action for forceable entry and detainer.

11.3 Violation of Lease Terms. A Default by Tenant shall exist if Tenant breaches or fails to comply with any non-monetary agreement, term, covenant or condition in this Lease applicable to Tenant, and Tenant does not cure such breach or failure within thirty (30) days after notice thereof by Landlord to Tenant, or, if such breach or failure to comply cannot be reasonably cured within such 30 day period, if Tenant shall not in good faith commence to cure such breach on failure to comply within such 20-day period or shall not diligently proceed therewith to completion following such notice.

11.4 Inspection of Demised Premises. A Default by Tenant shall exist if the Demised Premises is not being occupied and Tenant shall fail to cause the Demised Premises to be inspected or monitored for fifteen (15) consecutive days.

11.5 Transfer of Interest Without Consent. A Default by Tenant shall exist if Tenant's interest under this Lease or in the Demised Premises shall be transferred to or pass to or devolve upon any other party without Landlord's prior written consent, except as provided in Section 8.16(g).

11.6 Execution and Attachment against Tenant. A Default by Tenant shall exist if Tenant's interest under this Lease or in the Demised Premises shall be taken upon execution or by other process of law directed against Tenant, or shall be subject to any attachment at the instance of any creditor or claimant against Tenant and said attachment shall not be discharged or disposed of within fifteen (15) days after the levy thereof.

11.7 Bankruptcy or Related Proceedings. A Default by Tenant shall exist if Tenant shall file a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any similar act of any state, or shall voluntarily take advantage of any such law of act by answer or otherwise, or shall be dissolved or shall make an assignment for the benefit of creditors or if involuntary proceedings under any such bankruptcy or insolvency law or for the dissolution of Tenant shall be instituted against Tenant or a receiver or trustee shall be appointed for the Demised Premises or for all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment.

XII. LANDLORD'S REMEDIES.

12.1 Remedies Generally. Upon the occurrence of any Default by Tenant, Landlord shall have the right, at Landlord's election, then or any time thereafter, to exercise any one or more of the following remedies.

12.2 Cure by Landlord. In the event of a Default by Tenant, Landlord may, at Landlord's option, but without obligation to do so, and without releasing Tenant from any obligations under this Lease, make any payment or take any action as Landlord may deem necessary or desirable to cure any such Default by Tenant in such manner and to such extent as Landlord may deem necessary or desirable. Landlord may do so without demand on, or written notice to, Tenant and without giving Tenant an opportunity to cure such Default by Tenant. Tenant covenants and agrees to pay to Landlord, within ten (10) days after demand, all advances, costs and expenses of Landlord in connection with the making of any such payment or the taking of any such action including, without limitation, (a) a charge in the amount of fifteen percent (15%) of such advances, costs and expenses payable to Landlord to compensate for the administrative overhead attributable to such action, (b) reasonable attorneys' fees, and (c) interest as hereinafter provided from the date of payment of any such advances, costs and expenses by Landlord. Action taken by Landlord may include commencing, appearing in, defending or otherwise participating in any action or proceeding and paying, purchasing, contesting or compromising any claim, right, encumbrance, charge or lien, with respect to the Demised Premises which Landlord, in its discretion, may deem necessary or desirable to protect its interest in the Demised Premises and under this Lease. In the event that the Lease Term has expired or Tenant is no longer occupying the Demised Premises, Landlord shall be entitled to take such actions as provided under this Section 12.2 without Landlord being required to provide the notice to Tenant under Section 11.3.

12.3 Termination of Lease and Damages. In the event of a Default by Tenant, Landlord may terminate this Lease, effective at such time as may be specified by written notice to Tenant, and demand (and, if such demand is refused, recover) possession of the Demised Premises from Tenant. Tenant shall remain liable to Landlord for damages in an amount equal to the Basic Rent, Additional Rent and other sums which would have been owing by Tenant hereunder for the balance of the Lease Term, had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Demised Premises by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such recovery of possession or reletting, which expenses shall be reasonably allocated if the term of the reletting extends beyond the remaining Lease Term. Landlord shall be entitled to collect and receive such damages from Tenant on the days on which the Basic Rent, Additional Rent and other amounts would have been payable if this Lease had not been terminated. Alternatively, at the option of Landlord, Landlord shall be entitled to recover forthwith from Tenant, as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, represents the excess, if any, of (a) the aggregate of the Basic Rent, Additional Rent and all other sums payable by Tenant hereunder that would have accrued for the balance of the Lease Term, over (b) the aggregate rental value of the Demised Premises for the balance of the Lease Term, both discounted to present worth at the rate of eight percent (8%) per annum.

12.4 Repossession and Reletting. In the event of a Default by Tenant to the extent permitted by applicable law, Landlord may, in accordance with a valid court order therefor, reenter and take possession of the Demised Premises or any part thereof, without demand or notice, and repossess the same and expel Tenant and any party claiming by, under or through Tenant and remove the effects of both using such force for such purposes as may be necessary, without being liable for prosecution on account thereof or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of rent or right to bring any proceeding for breach of covenants or conditions. No such reentry or taking possession of the Demised Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Tenant such written notice, in which event this Lease shall terminate as specified in said notice. After recovering possession of the Demised Premises, Landlord may, from time to time, but shall not be obligated to, relet the Demised Premises, or any part thereof, for the account of Tenant, for such term or terms and on such conditions and upon such other terms as Landlord, in its sole and subjective discretion, may determine. Nothing herein provided shall limit Landlord's obligation to mitigate damages in accordance with Colorado law. Landlord may make such repairs, alterations or improvements as Landlord may consider appropriate to accomplish such reletting, and Tenant shall reimburse Landlord upon demand for all costs and expenses, including attorneys' fees, which Landlord may incur in connection with such reletting, to the extent permitted by applicable law. Landlord may collect and receive the rents for such reletting but Landlord shall in no way be responsible for or liable for any failure to relet the Demised Premises, or any part thereof, or for any failure to collect any rent due upon such reletting. Notwithstanding Landlord's recovery of possession of the Demised Premises, Tenant shall continue to pay on the dates herein specified, the Basic Rent, Additional Rent and other amounts which would be payable hereunder if such repossession had not occurred. Upon the expiration or earlier termination of this Lease, Landlord shall refund to Tenant any amount, without interest, by which the amounts paid by Tenant, when added to the net amount, if any, recovered by Landlord through any reletting of the Demised Premises, exceeds the amounts payable by Tenant under this Lease. If in connection with any reletting, the new lease term extends beyond the existing Lease Term, or the premises covered thereby include other premises not part of the Demised Premises, a fair apportionment of the rent received from such reletting and the expenses incurred in connection therewith shall be made in determining the net amount recovered from such reletting.

12.5 Tenant's Financing. In connection with any institutional financing arrangement made by Tenant, Landlord will execute and deliver a waiver of any "landlord's lien" against Tenant's property, reasonably acceptable to Landlord.

12.6 Suits by Landlord. Actions or suits for the recovery of amounts and damages payable under this Lease may be brought by Landlord from time to time, at Landlord's election, and Landlord shall not be required to await the date upon which the Lease Term would have expired to bring any such action or suit.

12.7 Recovery of Landlord Enforcement Costs. All costs and expenses incurred by Landlord in connection with collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees, whether or not any action is commenced by Landlord, shall be paid by Tenant to Landlord within ten (10) days of demand.

12.8 Administrative Late Charge. Notwithstanding any other remedies for nonpayment of rent, if the monthly payment of Basic Rent and Additional Rent are not received by Landlord on or before the seventh (7th) day of the month for which such rental is due, or if any other payment due Landlord by Tenant is not received by Landlord on or before the seventh (7th) day of the month next following the month in which Tenant was invoiced, an administrative late charge of four percent (4%) of such past due amount shall become due and payable, as Additional Rent, in addition to such amounts owed under this Lease to help defray the additional cost to Landlord for processing such late payments. Notwithstanding the foregoing, Tenant shall not be required to pay a late charge with respect to the first delinquent payment made by Tenant during any Year.

12.9 Interest on Past-Due Payments and Advances. Tenant covenants and agrees to pay Landlord, as Additional Rent, interest on demand at the rate of fifteen percent (15%) per annum, compounded on a monthly basis, on the amount of any Basic Rent, Additional Rent or other charges not paid when due, from the date due and payable, and on the amount of any payment made by Landlord required to have been made by Tenant under this Lease and on the amount of any costs and expenses, including reasonable attorneys' fees, paid by Landlord in connection with the taking of any action to cure any Default by Tenant, from the date of making any such payment or the advancement of such costs and expenses by Landlord.

12.10 Additional Damages. In the event of a Default by Tenant, Landlord shall be entitled to recover as damages, in addition to all other damages and remedies provided hereunder, an amount equal to the total of (i) the cost of recovering possession of the Demised Premises, (ii) the unpaid Basic Rent, Additional Rent and any other amounts current at the time of such Default by Tenant, or (iii) damages for the wrongful withholding of the Demised Premises by Tenant. Landlord waives all consequential damages and loss of profits against Tenant except with respect to any (a) holdover, subject to Section 13.2, or (b) material physical damage to the Demised Premises intentionally caused by Tenant or Tenant's Agents in violation of Tenant's obligations under this Lease (provided that such damages shall be reduced to the extent of any insurance proceeds from Landlord's Insurance and excluding any damage to the extent caused by the negligence of Tenant or Tenant's Agents).

12.11 Landlord's Bankruptcy Remedies. Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowable by any statute or rule of law governing such proceeding in effect at the time when such damages are to be proved whether or not such amount be greater equal or less than the amounts recoverable, either as damages or rent, under this Lease.

12.12 Remedies Cumulative. Exercise of any of the remedies of Landlord under this Lease shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Landlord at law or in equity.

XIII. SURRENDER AND HOLDING OVER.

13.1 Surrender Upon Lease Expiration. Upon the expiration or earlier termination of this Lease, or on the date specified in any demand for possession by Landlord after any Default by Tenant, Tenant covenants and agrees to surrender possession of the Demised Premises to Landlord broom clean and otherwise in similar condition as when Tenant first occupied the Demised Premises after completion of the Tenant Improvements ordinary wear and tear excepted, any Changes made by Tenant excepted, and damage for which Tenant is not liable under this Lease or the law excepted. Tenant, at Landlord's option, shall transfer the telephone services to Landlord instead of terminating such service account provided that Landlord bears any costs of such transfer. If, within the last ninety (90) days of the Lease Term, Tenant has vacated the Demised Premises, Landlord shall have the right to decorate, remodel, repair, or otherwise prepare the Demised Premises for reletting and re-occupancy.

13.2 Holding Over. If Tenant shall hold over after the expiration of the Lease Term, with or without written consent, Tenant shall be deemed to be a tenant from month to month, at a monthly rental, payable in advance, equal to one hundred fifty percent (150%) of the Basic Rent and Tenant shall also pay all Additional Rent, and Tenant shall be bound by all of the other terms, covenants and agreements of this Lease. Nothing contained herein shall be construed to give Tenant the right to hold over at any time, and Landlord may exercise any and all remedies at law or in equity to recover possession of the Demised Premises, as well as, if Tenant holds over for more than the three (3) month period herein provided without Landlord's written consent, any damages incurred by Landlord, due to Tenant's failure to vacate the Demised Premises and deliver possession to Landlord as herein provided Notwithstanding the foregoing, Landlord consents to Tenant holding over for a period of up to three (3) months at the monthly amount of Basic Rent and Additional Rent being paid for the month immediately preceding the expiration date of the Lease Term, provided that (a) Tenant provides notice thereof to Landlord at least six (6) months prior to the expiration date of the Lease Term and (b) there is no Default by Tenant under this Lease. In no event shall Tenant be liable to Landlord for any consequential or other damages for holding over hereunder, except to the extent that Tenant holds over in the Demised Premises for more than the three (3) month period herein provided without the written consent of Landlord.

XIV. MISCELLANEOUS.

14.1 No Implied Waiver. No failure by Landlord or Tenant to insist upon the strict performance of any term, covenant or agreement contained in this Lease, no failure by Landlord or Tenant to exercise any right or remedy under this Lease, and no acceptance of full or partial payment during the continuance of any Default by Tenant or payment of rent during a default by Landlord, shall constitute a waiver of any such term, covenant or agreement, or a waiver of any such right or remedy, or a waiver of any such Default by Tenant or default by Landlord, as the case may be.

14.2 Survival of Provisions. The covenants, agreements and obligations of the parties hereto shall continue in force and effect and survive any expiration of the Lease Term or termination of this Lease.

14.3 Covenants Independent. This Lease shall be construed as if the covenants herein between Landlord and Tenant are independent, and not dependent, and Tenant shall not be entitled to any offset against Landlord if Landlord fails to perform its obligations under this Lease.

14.4 Covenants as Conditions. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

14.5 Tenant's Remedies. In addition to Tenant's other rights expressly provided under this Lease, Tenant may bring a separate action against Landlord for any claim Tenant may have against Landlord under this Lease, provided Tenant shall first give written notice thereof to Landlord and shall afford Landlord a reasonable opportunity to cure any such default, provided Landlord is diligently curing said default. In addition, Tenant shall send notice of such default by certified or registered mail, postage prepaid, to any Mortgagee of whose address. Tenant has been notified in writing and shall afford such holder a reasonable opportunity to cure any default on Landlord's behalf but in no event less than thirty (30) days following such notice. In no event shall Landlord be responsible for any consequential damages incurred by Tenant including, but not limited to, loss of profits or interruption of business as a result of any default by Landlord hereunder.

14.6 Binding Effect. This Lease shall extend to and be binding upon the heirs, executors, legal representatives, successors and assigns of the respective parties hereto. The terms, covenants, agreements and conditions in this Lease shall be construed as covenants running with the Land.

14.7 No Recording. Neither this Lease nor any memorandum or other memorialization of this Lease shall be recorded in the records of any County Clerk and Recorder of the State of Colorado or any other public records without Landlord's prior consent.

14.8 Notices and Demands. All billings under this Lease shall be provided by Landlord to Tenant at the address for billings set forth in the Summary by regular mail or personal delivery. All other notices and demands under this Lease shall be in writing, signed by the party giving the same and shall be deemed properly given and received when personally delivered or three (3) business days after mailing through the United States mail, postage prepaid, certified or registered, return receipt requested, or one (1) business day after being sent by nationally recognized overnight courier, addressed to the party to receive the notice at the address set forth for such party in the Summary or at such other address as either party may notify the other of in writing. An attorney for a party hereunder can give any notice on behalf of such party.

14.9 Time of the Essence. Time is of the essence under this Lease, and all provisions herein relating thereto shall be strictly construed.

14.10 Captions for Convenience. The headings and captions hereof are for convenience only and shall not be considered in interpreting the provisions hereof.

14.11 Severability. If any provision of this Lease shall be held invalid or enforceable, the remainder of this Lease shall not be affected thereby and there shall be deemed substituted for the affected provision a valid and enforceable provision as similar as possible to the affected provision.

14.12 Governing Law; Legal Fees. This Lease shall be interpreted and enforced according to the laws of the State of Colorado. If any action is commenced by one party hereto against another party hereto, the non-prevailing party shall reimburse the prevailing party for all of its expenses of such action, including reasonable attorney fees and disbursements.

14.13 Entire Agreement. This Lease, the Summary, Attachments, Exhibits and Addenda referred to herein, constitute the final and complete expression of the parties' agreements with respect to the Demised Premises and Tenant's occupancy thereof. Each party agrees that it has not relied upon or regarded as binding any prior agreements, negotiations, representations, or understandings, whether oral or written, except as expressly set forth herein.

14.14 No Oral Amendment or Modifications. No amendment or modification of this Lease and no approvals, consents or waivers by Landlord under this Lease, shall be valid or binding unless in writing and executed by the party to be bound.

14.15 Format. This Lease has been prepared to reflect all additions and deletions negotiated between Landlord and Tenant from the initial form of this Lease submitted by Landlord to Tenant. All provisions and terms that are stricken are deletions and shall not be a part of this Lease provided, however, a deletion from this Lease shall not be construed to create the opposite intent of the deleted provision. All provisions and terms which are underlined (other than headings, titles and captions) are additions and shall be part of this Lease. Tenant acknowledges that it has had the opportunity to thoroughly review and negotiate this Lease and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease.

14.16 Real Estate Brokers. Tenant covenants to pay hold harmless and indemnify the Landlord from and against any and all cost expense or liability for any compensation, commissions, charges or claims by any broker or other agent with respect to this Lease or the negotiation thereof, whether or not meritorious, other than the broker(s) listed as the Broker(s) on the Summary. Tenant acknowledges Landlord is not liable for any representations by Tenant's Broker (as set forth in Section 13 of the Summary) or by Landlord's Broker except as required in Section 14.17(c), regarding the Demised Premises, the Building, the Project, or this Lease.

14.17 Agency Disclosure.

(a) Landlord is represented by Etkin Johnson Company LLC, which is acting as Landlord's agent ("Landlord's Broker"). Landlord's Broker is an agent for Landlord and not an agent for Tenant, unless Landlord's Broker enters into a written agreement with Tenant to act as its agent. Landlord's Broker owes duties to Landlord which include utmost good faith, loyalty and fidelity. Landlord's Broker will negotiate on behalf of and act as an advocate for Landlord. Please do not tell Landlord's Broker any information which you do not want to share with Landlord. Landlord is not vicariously liable for the acts of Landlord's Broker that are not approved, directed or ratified by Landlord. Although Landlord's Broker does not represent Tenant, Landlord's Broker shall disclose to Tenant all adverse material facts about the Demised Premises actually known by Landlord's Broker. Landlord's Broker shall assist Tenant without regard to race, creed, sex, religion, national origin, familial status, marital status, or handicap.

(b) DIFFERENT BROKERAGE RELATIONSHIPS ARE AVAILABLE WHICH INCLUDE SELLER (LANDLORD) AGENCY, Buyer (TENANT) AGENCY, OR TRANSACTION-BROKER.

(c) The definitions of real estate brokerage relationships are provided as follows: A landlord's agent: (i) is engaged as a limited agent and works solely on behalf of the landlord; (ii) owes duties to the landlord which include the utmost good faith, loyalty and fidelity; (iii) will negotiate on behalf of and act as an advocate for the landlord; and (iv) must disclose to potential tenants only adverse material facts about the property actually known by the agent. A broker acting as a landlord's agent may cooperate with other brokers but may not engage or create any subagents. A landlord is not vicariously liable for the acts of landlord's agent that are not approved, directed or ratified by landlord. A separate written listing agreement is required which sets forth the duties and obligations of the parties, and notice of such agency relationship must be furnished to any prospective party to the proposed transaction in a timely manner. A tenant's agent: (i) is engaged as a limited agent and works solely on behalf of the tenant; (ii) owes duties to the tenant which include the utmost good faith, loyalty and fidelity; (iii) will negotiate on behalf of and act as an advocate for the tenant; and (iv) must disclose to potential landlords only adverse material facts concerning the tenant's financial ability to perform the terms of the transaction actually known by the agent. A tenant is not vicariously liable for the acts of tenant's agent that are not approved, directed or ratified by tenant. A broker acting as a tenant's agent owes no duty to conduct an independent inspection of the property for the benefit of the tenant, and owes no duty to independently verify the accuracy or completeness of statements made by the landlord or independent inspectors; provided, however, this does not limit the agent's duties, as set forth above, A broker acting as a tenant's agent may cooperate with other brokers but may not engage or create any subagents. A separate written tenant agency agreement is required which sets forth the duties and obligations of the parties, and notice of such agency relationship must be furnished to any prospective party to the proposed transaction in a timely manner. A broker shall not establish dual agency with any landlord or tenant. A transaction-broker: (i) will assist a landlord or a tenant or both throughout a real estate transaction with communication, advice, negotiation, contracting and closing without being an agent or advocate for any of the parties; (ii) does owe the parties a number of statutory obligations and responsibilities, including using reasonable skill and care in the performance of any oral or written agreement; and (iii) must also make the same disclosures as agents about adverse material facts concerning a property or a tenant's financial ability to perform the terms of a transaction, but only to the extent actually known by the agent. A transaction broker may cooperate with other brokers but shall not engage or create any subagents. A landlord and tenant shall not be vicariously liable for a transaction-broker's acts. A broker shall be considered a transaction-broker unless a single agency relationship is established through a written agreement between the broker and the party (ies) to be represented by such broker.

14.18 Intentionally Omitted.

14.19 Parking. Tenant shall be entitled to the non-exclusive use of the Parking Area up to the maximum number of spaces set forth in the Summary, on a first come-first serve basis. Landlord shall be entitled to establish reasonable rules and regulations governing the use of the Parking Area including, without limitation, the right to issue parking permits and decals to be affixed to motor vehicles (with the reasonable costs thereof being a part of the Common Facilities Charges). Landlord may designate a specific area for Tenant's parking spaces within the Parking Area and may modify, relocate, reduce or restrict any of the parking spaces in the Parking Area, but the same may not be reduced so as to provide Tenant less than the number of spaces set forth in the Summary, Landlord shall be entitled to permit the use of the Parking Area for other purposes, including uses not related to the operation of the Building, provided the same does not create a insurance to Tenant or interfere with Tenant's use of the Demised Premises, access thereto or Tenant's parking Landlord shall not be liable for and Tenant hereby releases and covenants not to bring any action against Landlord for any loss, damage or theft to or from any motor vehicle or other property of Tenant of Tenant's Agents which occurs in or about the Parking Area. At Tenant's request and cost, Landlord shall identify visitor parking spaces for Tenant's guests, which spaces shall be included in the parking spaces allocated to Tenant and located nearest to the entrance to the Demised Premises. Subject to the other provisions of this Lease, Tenant's right to use such parking spaces shall be a license only, which license shall be co-terminus with the expiration or any termination of this lease. Landlord shall not grant parking rights in the Parking Area to Tenant and other parties for more parking spaces than are available in the Parking Area. Landlord shall use good faith efforts to stop any party from using more parking spaces in the Parking Area than the number to which such party is entitled, at Tenant's request.

14.20 Relationship of Landlord and Tenant. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent or of partnership, or of joint venture by the parties hereto, it being understood and agreed that no provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of Landlord and Tenant.

14.21 **Authority of Tenant.** Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to deliver this Lease on behalf of Tenant and that this Lease is binding upon Tenant in accordance with its terms.

14.22 **Economic Incentives.** Landlord, at no cost to Landlord, will reasonably cooperate with Tenant in obtaining any economic incentives for Tenant locating at the Project or growing its business at the Project, and Tenant shall be entitled to all of such benefits. The foregoing shall not limit Landlord's right to obtain any economic incentives with respect to the Project and Landlord shall be entitled to all of such benefits.

IN WITNESS WHEREOF the parties hereto have caused this Lease to be executed the day and year first above written.

TENANT:

DOUBLECLICK INC.,
a Delaware corporation

By: /s/ Robert W. Parker
Name: ROBERT W. PARRER
Title: CFO DOUBLECLICK INC

LANDLORD:

2650 CRESCENT LLC,
a Colorado limited liability company

By: /s/ David L. Johnson
Name: David L. Johnson
Title: Authorized Agent

STATE OF NY)
)ss.
COUNTY OF NY)

The foregoing instrument was acknowledged before me this 12th day of Dec, 2005, by Robert Parbra as CFO of DOUBLECLICK INC., a Delaware corporation.

WITNESS my hand and official seal

Noreen E. Corrigan
Notary Public

My Commission Expires:_____

STATE OF Colorado)
)ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 14th day of December 2005, by David L. Johnson as Authorized Agent of 2650 CRESCENT LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

Kathleen A. DiOrio
Notary Public
My Commission Expires:10/7/08

Kathleen A. DiOrio
Notary
Public
State of Colorado
Expires 10-7-2008

EXHIBIT "E"

Lease Option Agreement

THIS LEASE OPTION AGREEMENT is made this 14th day of December, 2005 ("Agreement"), between 2600 CAMPUS DRIVE LLC, a Colorado limited liability company ("Landlord"), and DOUBLECLICK INC., a Delaware corporation ("Tenant").

RECITALS:

A. Contemporaneously herewith, 2650 Crescent LLC ("Related Landlord") and Tenant are entering into a Lease of Space, dated December 14, 2005 (as the same may be amended from time to time, the "Related Lease"), pertaining to the demised premises located at 251 Exempla Circle, Lafayette, Colorado 80026 ("Related Premises").

B. In satisfaction of certain of Related Landlord's obligations under Section 7 of the Addendum to the Related Lease, Related Landlord is required to cause Landlord to grant certain expansion options to Tenant to lease the Option Space (as defined below).

C. Landlord and Tenant desire to enter into this Agreement to provide for Landlord's grant of certain of such expansion options to Tenant, as more fully herein set forth.

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Expansion Option.** Landlord grants the expansion option and continuous right of first refusal to Tenant ("Expansion Option") to lease the Option Space (as herein defined), upon the terms and conditions provided in this Agreement. The "Option Space" shall be all leasable space located in the buildings known as 2600 Campus Drive, 2655 Crescent Drive and 2675 Crescent Drive, Lafayette, Colorado 80026, owned by Landlord from time to time. The Option Space is more fully described on Exhibit A, attached hereto and incorporated herein.

2. **Expansion Space.** In the event Landlord desires to accept a bona fide third party offer to lease all or any portion of the Option Space (herein referred to as the "Expansion Space"), Landlord shall provide Tenant with written notice thereof to Tenant ("First Right of Refusal Notice"). For a period of five (5) business days after the First Right of Refusal Notice, Tenant shall have the right to lease the entire Expansion Space by providing written notice thereof to Landlord within such five (5) business day period. If Tenant exercises the Expansion Option with respect to such Expansion Space, Landlord and Tenant shall enter into a lease agreement ("Lease") for such Expansion Space, upon the terms and conditions herein set forth.

3. **Lease.** Landlord and Tenant shall enter into the Lease for such Expansion Space within thirty (30) days after Tenant's exercise of the Expansion Option with respect to such Expansion Space. Landlord and Tenant shall enter into a separate Lease with respect to each exercise of the Expansion Option by Tenant. The Lease shall provide for the same terms, conditions, agreements and provisions as the Related Lease to the extent applicable as applied to the Expansion Space, except as follows.

(a) If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided within the first eighteen (18) months of the Lease Term of the Related Premises under the Related Lease, the Basic Rent (exclusive of any increases by reason of Section 3 of the Work Letter attached to the Related Lease, unless Tenant utilizes such additional funds with respect to such Expansion Space) shall be the same rate per square foot of Floor Area per annum then in effect for the Related Premises (including subsequent annual increases as defined in the Summary of the Related Lease), the Lease Term for the Expansion Space shall commence upon the date specified in the First Right of Refusal Notice (or such later date as such Expansion Space is actually delivered to Tenant), and shall be co-terminus with the Lease Term for the Related Premises under the Related Lease, and the Tenant Improvement Allowance for the Expansion Space shall be prorated based upon the number of months remaining in the initial Lease Term of the Related Premises under the Related Lease, as compared to the total number of months in the initial Lease Term under the Related Lease (which is one hundred twenty (120) months). The construction of the Tenant Improvements for the Expansion Space shall be subject to the terms and conditions provided in the Work Letter to the Related Lease.

(b) If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided after the first eighteen (18) months of the Lease Term of the Related Premises under the Related Lease, the First Right of Refusal Notice shall include the Basic Rent, the Lease Term, Tenant Improvement Allowance, if any, and the other terms and conditions upon which Landlord is willing to lease the Expansion Space to a bona fide third party. If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided after the first eighteen (18) months of the Lease Term of the Related Premises under the Related Lease the terms and conditions specified in the First Right of Refusal Notice shall apply; provided, however, the Lease Term of the Expansion Space shall be co-terminus with the Lease Term for the Related Premises under the Related Lease and any Tenant Improvement Allowance and other concessions shall be prorated based upon the number of months remaining in the initial Lease Term of the Related Premises under the Related Lease as compared to the total number of months in the Lease Term for which Landlord is willing to lease the Expansion Space to such third party (as stated in the First Right of Refusal Notice). Notwithstanding the foregoing, if the Lease Term provided in the First Right of Refusal Notice ends prior to the Lease Term of the Related Premises under the Related Lease, the Tenant Improvement Allowance and other concessions will not be reduced and shall be in the amount set forth in the First Right of Refusal Notice.

(c) The Termination Fee in the Termination Option shall be adjusted as follows: (i) Tenant shall not be required to pay the fixed amount provided in Section 5(i) of the Addendum to the Related Lease, and (ii) the unamortized leasing costs to be paid by Tenant, as provided in Section 5(ii) of the Addendum to the Related Lease, shall be based upon the actual leasing costs for the Expansion Space.

(d) The number of unassigned parking spaces allocated to Tenant, pursuant to Section 13 of the Summary to the Lease, shall be adjusted for the Expansion Space based upon a ratio of 5.0 parking spaces per 1,000 square feet of Floor Area of the Expansion Space. Tenant's Pro Rata Share, pursuant to Section 6 of the Summary to the Lease, shall be adjusted for the Expansion Space based upon the Floor Area of the Expansion Space as compared to the Floor Area of the Building and Project, respectively, of which the Expansion Space is a part. The Lease shall not contain the Rental Abatement provided in Section 2 of the Addendum to the Related Lease. The Lease shall not contain the Expansion Option provided in Section 7 of the Addendum to the Related Lease.

(e) The definition of the Project, pursuant to Section 2.7 of the Lease, shall be the real property comprising all of the Option Space. The Lease shall also contain the modifications to the Related Lease shown on the marked copy attached as Exhibit B and incorporated herein.

4. General Provisions.

(a) If Tenant fails to exercise the Expansion Option as to any Expansion Space by failing to provide written notice thereof to Landlord as and when herein specified, Landlord shall have the right to lease the Expansion Space to the original bona fide third party and Tenant shall have no further Expansion Option with respect to the Expansion Space unless (i) the original bona fide party and Landlord do not consummate a lease transaction, or (ii) the Expansion Space is again available for lease after the leasing thereof to such bona fide third party, in which event Tenant's Expansion Option with respect to such Expansion Space shall continue to be in full force and effect.

(b) If there is a Default by Tenant under any Lease or the Related Lease at any time between the time that the First Right of Refusal Notice is required and the time of the commencement date of the Lease Term of any Expansion Space, then at Landlord's option, the Expansion Option shall be null and void and of no further effect with respect to such Expansion Space at such time.

(c) The Expansion Option shall be subject to all currently existing leases for the Option Space and all currently existing options and rights of renewal, expansion, extension or refusal affecting the Option Space. Therefore, Tenant shall have no option with regard to any portion of the Option Space which is currently leased or subject to a currently existing grant of any such options or rights by Landlord until termination or expiration of such lease and/or the lapse or expiration of any such options or rights.

(d) The Expansion Option is personal to Tenant and to any successor transferee of a Permitted Transfer (as defined in Related Lease) and in the event of any Transfer other than a Permitted Transfer by Tenant, whether or not with the consent of Landlord, the Expansion Option shall automatically terminate and be of no further force or effect. This Expansion Option shall not be effective during any term that Tenant is a holdover tenant or a tenant at will or sufferance.

5. Termination. The Expansion Option shall lapse at the end of the ninth (9th) year of the Lease Term of the Related Premises under the Related Lease and Tenant shall have no further right to exercise the Expansion Option thereafter (except with respect to any First Right of Refusal Notice provided prior to such date). Following the date of such lapse of the Expansion Option, Landlord shall not be required to provide the First Right of Refusal Notice to Tenant. In addition, in the event that the Related Lease expires or is terminated for any reason, this Expansion Option shall be of no further force or effect and this Agreement shall terminated as of the effective date of such termination of the Related Lease. In the event of the lapse or termination of this Expansion Option or this Agreement, Landlord and Tenant shall enter into any agreements or instruments reasonably requested by the other party to evidence such termination including, without limitation, a termination of any recorded memorandum memorializing this Expansion Option.

6. Notices. All notices and demands under this Agreement shall be in writing, signed by the parties giving the same and shall be deemed properly given and received when personally delivered, or three (3) business days after mailing through the United States Mail, postage prepaid, certified or registered, return receipt requested, or one (1) business day after being sent by nationally recognized overnight courier, addressed to the party to receive the notice at the address set forth below or at such other address as either party may notify the other in writing. An attorney for a party hereunder may give any notice on behalf of such party. The notice addresses for Landlord and Tenant are as follows:

If to Landlord:	2600 Campus Drive LLC c/o Etkin Johnson Company LLC 1512 Larimer Street, Suite 325 Denver, CO 80202
with a copy to:	Isaacson Rosenbaum PC 633 17th Street, Suite 2200 Denver, CO 80202 *Attn:* Neil B. Oberfeld, Esq.
If to Tenant:	DoubleClick Inc. 251 Exempla Circle, Suite 100 Lafayette, CO 80026
with a copy to:	DoubleClick Inc. 111 8th Avenue New York, NY 10011 *Attn:* General Counsel

– and –

Loeb & Loeb LLP
345 Park Avenue
New York, NY 10154
Attn: Scott I Schneider

7. Time is of the Essence. Time is of the essence under this Agreement and all provisions relating thereto shall be strictly construed.

8. Governing Law; Legal Fees. This Agreement shall be interpreted and enforced according to the laws of the State of Colorado. If any action is commenced by one party hereto against another party hereto, the non-prevailing party shall reimburse the prevailing party for all of its expenses of such action, including reasonable attorney's fees and disbursements.

9. Entire Agreement. This Agreement constitutes the final complete expression of the parties agreements with respect to the subject matter hereof. Each party agrees that it has not relied upon or regarded as binding any prior agreements, negotiations, representations or understandings, whether oral or written, except as expressly set forth herein. No amendment or modification of this Agreement and no approvals, consents or waivers by Landlord under this Agreement shall be valid or binding unless in writing and executed by the party to be bound.

10. Binding Effect. This Agreement shall extend to and be binding upon the heirs, executors, legal representatives, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

LANDLORD:

2600 CAMPUS DRIVE LLC,
a Colorado limited liability company

By: _____
Name: David L. Johnson
Title: Authorized Agent

TENANT:

DOUBLECLICK INC.,
a Delaware corporation

By: _____
Name: Robert W. Parker
Title: CFU DOUBLECLICK INC

STATE OF Colorado)
)ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 14th day of Colorado 2005, by David L. Johnson as Authorized Agent of 2600 CAMPUS DRIVE LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

Kathleen A. DiOrio
Notary Public
My Commission Expires: 10/7/08

Kathleen A. DiOrio
Notary
Public
State of Colorado
Expires 10-7-2008

STATE OF Colorado)
)ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 12th day of Dec, 2005, by Robert Parker as CFO of DOUBLECLICK INC., a Delaware corporation.

WITNESS my hand and official seal.

Noreen E Coughin
Notary Public
My Commission Expires: _____

Prepared by and when recorded return to:
ISAACSON ROSENBAUM .P.C
633 17th Street – Suite 2200
Denver, Colorado 80202
Attention: Neil B. Oberfeld, Esq.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (Memorandum") is made this 14th day of December, 2005, by and between 2650 CRESCENT LLC, a Colorado limited liability company ("Landlord"), having an address of c/o Etkin Johnson Company LLC, 1512 Larimer Street, Suite 325, Denver, Colorado 80202, and DOUBLECLICK INC., a Delaware corporation ("Tenant"), having an address of 251 Exempla Circle, Suite 100, Lafayette, Colorado 80026.

WITNESSETH:

1. Lease. By Lease of Space dated December 14, 2005 (the "Lease," to which reference should be made for all terms not otherwise herein defined), Landlord has leased to Tenant and Tenant has leased from Landlord the Demised Premises, which are located on that parcel of real property more particularly described as the Land in Exhibit A attached hereto. The Lease is for an initial Lease Term of ten (10) years and expires on April 30, 2016; provided, however, Tenant has the option to extend the Lease Term for two (2) successive periods of up to seven (7) years each in accordance with the terms of the Lease.

2. Expansion Option. In accordance with the terms of the Lease, Landlord granted to Tenant an expansion option, continuous right of first refusal and continuous right of availability ("Expansion Option") to lease the "Option Space" as defined in the Lease, which is located in the building known as 2650 Crescent Drive, Lafayette, Colorado 80026, and more fully described on Exhibit B attached hereto.

3. Termination. The Expansion Option may not be exercised after April 30, 2015, as provided in the Lease. The provisions of this Memorandum relating to the Expansion Option shall expire and be of no further force and effect from and after April 30, 2015. In addition, if the Lease expires or is terminated for any reason, the Expansion Option and this Memorandum shall be of no further force or effect and shall terminate as of the effective date of such termination of the Lease. In the event of any lapse or termination of the Expansion Option, Landlord and Tenant shall enter into any agreements or instruments reasonably requested by the other party to evidence such termination including, without limitation, a termination of the provisions of this Memorandum relating to the Expansion Option.

3. Memorandum. The sole purpose of this Memorandum is to give notice of the Lease, the Expansion Option and all terms, covenants and conditions to the same extent as if the Lease were fully set forth herein. This instrument shall in no way amend or be used to interpret the Lease, and in the event of any conflict or inconsistency between any of the terms and conditions of this Memorandum and any term and/or condition of the Lease, the term and/or condition of the Lease shall govern and control.

4. General. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute the binding and enforceable agreement of the parties hereto. This Memorandum shall be binding upon and inure to the benefit of Tenant and Landlord and their respective heirs, executors, legal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have caused this Memorandum of Lease to be duly executed on the day and year first set forth above.

TENANT:

DOUBLECLICK INC.,
a Delaware corporation

By: /s/ Robert W. Parker
Name: ROBERT W. PARKER
Title: CFO DOUBLE CLICK INC

LANDLORD:

2650 CRESCENT LLC,
a Colorado limited liability company

By: /s/ David L. Johnson
Name: David L. Johnson
Title: Authorized Agent

STATE OF NY)
)ss.
COUNTY OF NY)

The foregoing instrument was acknowledged before me this 12th day of Dec, 2005, by Rob Parker as CFO of DoubleClick Inc., a Delaware corporation.

WITNESS my hand and official seal.

Noreen E. Corrigan
Notary Public
My Commission Expires: _____

STATE OF Colorado)
)ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 14th day of Dec, 2005, by David L. Johnson as Authorized Agent of 2650 CRESCENT LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

Kathleen A. DiOrio
Notary Public
My Commission Expires: 10/7/08

Kathleen A. DiOrio
Notary
Public
State of Colorado
Expires 10-7-2008

EXHIBIT A

Legal Description of the Demised Premises

Lot 2,
Block 3,
Lafayette Corporate Campus Replat A,
according to the Plat thereof,
recorded January 25, 2001 at Reception Number 2112981,
County of Boulder,
State of Colorado.

ADDENDUM TO LEASE OF SPACE

THIS ADDENDUM TO LEASE OF SPACE ("Addendum") shall be a part of that certain Lease of Space, dated December 14, 2005 (the "Lease") between 2650 CRESCENT LLC. a Colorado limited liability company ("Landlord"), and DOUBLECLICK INC., a Delaware corporation ("Tenant"), pertaining to the Demised Premises commonly known as Suite 100,251 Exempla Circle, Lafayette, Colorado 80026.

The following provisions shall be a part of the Lease and to the extent of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree that the Lease shall have the following additional terms:

1. Early Occupancy. Tenant shall be entitled to early occupancy of the Demised Premises commencing upon the date of the Lease, subject to any delays in making such Demised Premises available beyond Landlord's control. During such period of early occupancy, Tenant's possession of the Demised Premises shall be subject to all terms and conditions of the Lease, except that Tenant shall not be obligated to pay any Basic Rent, Taxes, Landlord's Insurance, or Common Facilities Charges until the commencement date of the Lease Term; provided, however, Tenant covenants and agrees that it shall not operate any business in the Demised Premises (other than construction and preparation of the Demised Premises for Tenant's occupancy) until after March 1, 2006. Tenant acknowledges that such early occupancy is being provided to Tenant only as courtesy and notwithstanding any delay in such early occupancy for any reason whatsoever, the commencement date of the Lease Term and Tenant's obligation to pay rentals under the Lease shall not be delayed or affected and Landlord shall not be liable in any manner whatsoever to Tenant for such delay in giving Tenant early occupancy. Tenant acknowledges and accepts the risk of such occupancy during the construction of the Tenant Improvements and releases and holds harmless Landlord from and against all injury to person or property whatsoever, except to the extent caused by the negligence or willful misconduct of Landlord or its employees or agents.

2. Rent Abatement. During the period commencing on May 1, 2006, and ending on September 30, 2006, Tenant shall not be required to pay to Landlord any Basic Rent or Tenant's Pro Rata Share of Taxes, Landlord's Insurance, and Common Facilities Charges for the Demised Premises (the "Rental Abatement"). All other terms and conditions of the Lease shall remain in full force and effect during the period of the Rental Abatement.

3. Access. During the Lease Term, Tenant and its employees shall have access to the Demised Premises twenty-four (24) hours per day, seven (7) days per week, subject to reasonable security restrictions which may be imposed by Landlord including, without limitation, a card key access system.

4. Signage. Tenant shall be entitled to install and display a sign on the Building and one (1) ground mounted monument sign (each referred to as a "Sign"), the precise location and size of which shall be approved by the City of Lafayette and Landlord, which approval shall not be unreasonably withheld or delayed and in accordance with the signage criteria provided on Exhibit D attached hereto. Prior to Tenant's application for any signage permit from governing authorities and prior to the installation of a Sign, Tenant shall provide written notice to Landlord, including the plans, specifications, design and location of such Sign, which shall be subject to Landlord's approval, which shall not be unreasonably withheld or delayed, and compliance with all applicable laws. Tenant shall pay all costs of installing such Sign and all costs of maintenance and utilities for such Sign. Tenant shall remove such Sign prior to the termination of the Lease Term and repair any damage caused thereby in accordance with the terms and conditions of the Lease. Notwithstanding anything to the contrary, Tenant's right to the monument sign is subject the availability thereof under applicable law and other restrictions of record (provided that Landlord shall not hereafter enter into any restriction which would interfere with Tenant's use of the Sign) and shall in no event reduce the other signage currently used or reserved for Landlord. In addition, in the event Tenant leases space at 2650 Crescent Drive, Tenant shall be entitled to standard signage on such buildings directory.

5. Option to Terminate. Tenant shall have the right to terminate the Lease effective upon the last day of a calendar month at any time following the eighty-fourth (84th) full calendar month after the commencement date of the Lease Term (the "Termination Option") upon the following terms and conditions: Tenant shall provide Landlord with not less than twelve (12) months prior written notice thereof, which notice shall specify the effective date of such termination and shall be accompanied by the Termination Fee (as herein defined). If there is a Default by Tenant at any time between Tenant's exercise of the Termination Option and the effective date thereof, then at Landlord's option the Termination Option shall specify the effective date of such termination and shall be null and void and the Lease shall continue in full force and effect in accordance with the terms and conditions thereof. The Termination Option shall be personal to Tenant and any successor or transferee to a Permitted Transfer and in the event of a Transfer by Tenant other than a Permitted Transfer, the Termination Option shall apply only to the initial Lease Term and shall not be effective during any Option. Term or any other extensions or renewals thereof. The "Termination Fee" shall mean the amount equal to (i) $140,231.00; plus (ii) an amount equal to the number of calendar months remaining in the Lease Term after the effective date of such termination divided by the number of calendar months, the original Lease Term and then multiplying such result by the sum of all costs of Landlord in entering into the Lease including, without limitation, the cost of the Tenant Improvement Allowance paid by Landlord and all real estate brokers' commissions paid by Landlord. If Tenant fails to exercise the Termination Option as and when herein provided, the Termination Option shall be null and void and of no further force of effect.

6. Option to Extend. Landlord grants to Tenant the right to extend the Lease Term ("Renewal Option") for two (2) successive periods of up to seven (7) years each ("Option Term"), upon the following terms and conditions.

(a) Tenant must exercise each Renewal Option, if at all by providing Landlord with written notice thereof at least nine (9) months but not more than twenty four (24) months prior to the expiration date of the then-current Lease Term ("Renewal Notice"), which Renewal Notice shall specify the length of the Option Term. The Option Term may not be less than five (5) years and if Tenant fails to specify the Option Term in the Renewal Notice, the Option Term shall be deemed to be seven (7) years. If Tenant does not provide Landlord with the Renewal Notice as and when herein specified, the Renewal Option shall terminate and be of no further force or effect. If Tenant exercises a Renewal Option, the Lease Term shall be extended for an additional period determined as provided above, upon the same terms and conditions as set forth in the Lease, except the Basic Rent and this Renewal Option. The Basic Rent for such Option Term shall be at ninety-five percent (95%) of the then-current "Market Rate" as defined below. Each of the two (2) Renewal Options may be exercised only once and once exercised, such Renewal Option shall not be effective during any subsequent Option Term.

(b) The Renewal Option shall apply to the entire Demised Premises, as amended or expanded as of the commencement date of each Option Term, and may not be exercised only as to a portion of the Demised Premises, Upon exercise of a Renewal Option, Landlord and Tenant shall enter into an amendment to the Lease memorializing the terms and conditions of the Lease during such Option Term. If there is a Default by Tenant at any time between the date it exercises a Renewal Option and the date upon which such Option Term is to commence, then Landlord at its option may elect to treat the exercise of such Renewal Option as ineffective in which case this Lease shall terminate upon expiration of the then-current Lease Term.

(c) The Renewal Option is personal to Tenant and to any successor transferee under a Permitted Transfer and in the event of any Transfer by Tenant, other than a Permitted Transfer, whether or not with the consent of Landlord, any Renewal Options which have not been exercised as of the date of such Transfer shall automatically terminate.

(d) The "Market Rate" means the rate at which Landlord under no compulsion to lease the Demised Premises and a tenant under no compulsion to renew a lease for the Demised Premises would determine as the rental (including initial monthly rental and rental increases) for the renewal Option, as of the commencement date of such Option Term, taking into consideration the uses permitted under the Lease, the quality, size, design and location of the Demised Premises, and the rental for the renewal of leases for comparable space located in the vicinity and taking into account all relevant factors, including that Tenant will receive no rent abatement or other concessions. During the Option Term, Tenant shall not be entitled to any abatement of any rentals or rental concessions that are then being offered by Landlord or other property owners.

(e) If Tenant provides the Renewal Notice, Landlord will notify Tenant of the Market Rate for the Option Term ("Landlord's Rate") within twenty (20) days after receiving the Renewal Notice. If Tenant does not agree that Landlord's Rate is the Market Rate, Tenant shall provide written notice thereof to Landlord within ten (10) days after Landlord's notice, indicating the rental rate that Tenant asserts as the Market Rate for the Option Term ("Tenant's Rate"). If Tenant fails to provide notice within such ten (10) day period, Tenant shall be deemed to have accepted Landlord's Rate as the Market Rate. If Tenant timely provides such notice, then each party shall, within ten (10) days after Landlord receives Tenant's notice of such dispute, designate by written notice to the other party one (1) licensed Colorado real estate broker with appropriate experience and of good reputation, having at least five (5) years' experience in the Broomfield and Boulder County real estate market ("Brokers(s)"). The two Brokers so designated shall together determine whether Landlord's Rate or Tenant's Rate is closest to the Market Rate for the space in question. Landlord and Tenant shall each require the Brokers to make such determination and report it in writing to Landlord and Tenant within twenty (20) days after such selection, and each party shall use its best efforts to secure such determination within such time period. If the two selected Brokers agree as to which rate is closest, the rate agreed to be the closest (either Landlord's Rate or Tenant's Rate) shall be deemed the effective rental rate. The two selected Brokers fail to agree pursuant to this procedure, they shall together immediately select a third Broker who shall then (within ten (10) days of the Brokers' selection) determine which rate is closed to the Market Rate as determined by the third Broker. The third Broker shall notify Landlord and Tenant of the Brokers determination and the rental rate selected shall be the effective rental rate. Each party will pay the fee of the Broker selected by it and one half (1/2) of the fee of the third Broker.

(f) Landlord and Tenant acknowledge that if in the future Landlord and Tenant enter into an amendment to the Lease providing for the extension of the Lease Term for at lease four (4) years, then such extension shall be in substitution and replacement of one (1) of the Option Terms hereunder, whether such extension is for a longer or shorter period and irrespective of whether or not so specified in such amendments. In such event Tenant shall have one less Renewal Option hereunder.

7. Expansion Options.

(a) Landlord shall cause to be granted to Tenant the expansion option and continuous right of refusal in accordance with the Lease Option Agreement attached hereto as Exhibit E ("Option Agreement"), with respect to the Option Space described in the Option Agreement. Landlord shall also cause a memorandum memorializing the Option Agreement to be recorded in the records of the Clerk and Recorder of the County of Boulder, Colorado on or promptly following execution of Lease;

(b) Landlord grants the expansion option, continuous right of first refusal and continuous right of availability to Tenant (Collectively, the Expansion Option) to lease the Option Space (as herein defined), upon the terms and conditions provided herein. The Option Space shall be all leasable space located in the building known as 2650 Crescent Drive, Lafayette, Colorado 80026, owned by Landlord from time to time. The Option Space is more fully described in Exhibit F, attached hereto and incorporated herein.

(i) **Expansion Space.**

(A) In the event Landlord desires to offer to lease or accept a bona tide third party offer to lease all or any portion of the Option Space (herein referred to as the Expansion Space), Landlord shall provide Tenant with written notice thereof to Tenant ("First Right of Refusal Notice"). For a period of five (5) business days after the First Right of Refused Notice, Tenant shall have the right to lease the entire Expansion Space by providing written notice thereof to Landlord within such five (5) business day period. If Tenant exercises the Expansion option with respect to such Expansion Space, Landlord and Tenant shall enter into a lease agreement ("Expansion Space Lease") for such Expansion Space, upon the terms and conditions herein set forth.

(B) In addition, subject to the terms and conditions of this Expansion Option, at any time during the first eighteen (18) months of the Lease Term of the Lease, Tenant shall be entitled to provide notice to Landlord ("Tenant Notice") indicating its desire to lease the following portion of the Option Space: All of the second floor of 2650. Crescent Drive or a portion of the second floor of 2650 Crescent Drive, containing not less than twenty thousand (20,000) square feet of Floor Area, located closest to the Demised Premises ("Second Floor Option Space"). Tenant shall specify in the Tenant Notice the Floor Area of the portion of the Second Floor Option Space that Tenant desires to lease ("Second Floor Expansion Space"). Within ten (10) days after the Tenant Notice; Landlord shall provide notice to Tenant indicating whether or not the Second Floor Expansion Space is available for lease, the location of the Second Floor Expansion Space and the commencement date of the Lease Term for the Second Floor Expansion Space, (if available). If Tenant exercises the Expansion Option with respect to the Second Floor Expansion Space and the Second Floor Expansion Space is available, Landlord and Tenant shall enter into the Lease for the Second Floor Expansion Space, upon the terms and conditions herein set forth. All references herein to the Option Space shall include the Second Floor Option Space and all references herein to the Expansion Space shall include the Second Floor Expansion Space.

(ii) **Expansion Space Lease.** Landlord and Tenant shall enter into the Expansion Space Lease for such Expansion Space within thirty (30) days after Tenant's exercise of the Expansion Option with respect to such Expansion Space. Landlord and Tenant shall enter into a separate Expansion Space Lease with respect to each exercise of the Expansion Option by Tenant. The Expansion Space Lease shall provide for the same terms, conditions, agreements and provisions as the Lease, to the extent applicable, as applied to the Expansion Space, except as follows:

(A) If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided within the first eighteen (18) months of the Lease Term of the Demised Premises under the Lease, the Basic Rent (exclusive of any increases by reason of Section 3 of the Work Letter attached to the Lease, unless Tenant utilizes such additional funds with respect to such Expansion Space) shall be the same rate per square foot of floor Area per annum then in effect for the Demised Premises (including subsequent annual increases as defined in the summary of the Lease), the Lease Term for the Expansion Space shall commence upon the date specified in the First Right of Refusal Notice (or such later date as such Expansion Space (other than the skyway) is actually delivered to Tenant) Improvement Allowance for the Expansion Space shall be prorated based upon the number of months in the initial Lease Tenant Improvements for the Expansion for the Expansion Space shall be subject to the terms and conditions provided in the Work Letter to the Lease.

(B) If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided after the first eighteen (18) months of the Lease Term of the Demised Premises under the Lese, the First Rights of Refusal Notice shall include the Basic Rent, the Lease Term. Tenant Improvement Allowance, if any, and the other terms and conditions upon which Landlord is willing to lease the Expansion Space. If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided after the first eighteen (18) months of the Lease Term of the Demised Premises, the terms and conditions specified in the First Right of Refusal Notice Shall apply; provided, however, the Lease Term of the Expansion Space shall be co-terminus with the Lease Term for the Demised Premises, and any Tenant Improvement Allowance and other concessions shall be prorated based upon the number of months remaining in the initial Lease Term of the Demised Premises as compared to the total number of months in the Lease Term for which Landlord is willing to lease the Expansion Space to such third party (as stated in the First Right of Refusal Notice). Notwithstanding the foregoing if the Lease Term provided in the First Right of Refusal Notice ends prior to the Lease Term of the Demised Premises the Tenant Improvement Allowance and other concessions will not be reduced and shall be in the amount set forth in the First Right of Refusal Notice.

(C) If Tenant exercises the Expansion Option with respect to the Second Floor Expansion Space pursuant to Section 7(b)(i)(B), then the terms and conditions provided in Section 7(b)(ii)(A) shall apply, provided that the Tenant Notice is provided within the first eighteen (18) months of the Lease Term of the Demised Premises. If Tenant exercises the Expansion Option with respect to any Expansion Space that include the Second Floor. Option Space, pursuant to a First Right of Refusal Notice under Section 7(b)(i)(A), then the terms and conditions of section 7(b)(ii)(B) shall apply. In addition, Landlord, at its sole cost and expense, shall construct an enclosed skyway improvement connecting the Second Floor Expansion Space and the second floor of the Related Premises. The plans for such skyway are attached hereto as Exhibit C, provided that any material modifications by Landlord to such plans shall be subject to the reasonable approval of Tenant. Such skyway Shall be considered a part of the Second Floor Expansion Space and the Floor Area of such Skyway shall be included in the Floor Area of the Second Floor Expansion Space for all purposes (including, without limitation, determining the Basic Rent and Tenant's Pro Rata Share). If Tenant exercise the Expansion Option pursuant to a First Right of Refusal Notice, the Basic Rent and Tenant's Pro Rata share shown on such notice shall notice shall be increased for the Floor Area of such sky way accordingly (the Basic Rent being increased at the same rate for Basic Rent as provided in such notice). Landlord shall complete construction of such skyway within three (3) months following execution of the Expansion Space Lease for such Expansion Space, subject to delays beyond Landlord's reasonable control.

(D) The Termination Fee in the Termination Option shall be adjusted as follows: (1) Tenant shall not be required to pay the fixed amount provided in Section 5 (i) of the Addendum to the Lease; and (2) the unamortized leasing costs to be paid by Tenant, as provided in Section 5(ii) of the Addendum to the Lease, shall be based upon the actual leasing costs for the Expansion Space.

(E) The number of unassigned parking spaces allocated to Tenant, pursuant to Section 13 of the Summary to the Expansion Space, Lease, shall be adjusted for the Expansion Space based upon a ratio of 5.0 parking spaces per 1,000 square feet of Floor Area of the Expansion Space. Tenant's Pro Rata Share, pursuant to Section 6 of the Summary to the Expansion Space Lease, shall be adjusted for the Expansion Space based upon the Floor Area of the Expansion Space as compared to the Floor Area of the Building and Project, respectively, of which the Expansion Space is a part. The Expansion Space Lease shall not contain the Rental Abatement provided in Section 2 of the Addendum to the Lease. The Expansion Space Lease shall not contain the Expansion Option provided in Section 7 of the Addendum to the Lease.

(F) The Expansion Space Lease shall also contain the modifications to the Lease shown on the marked copy attached as Exhibit B to the Option Agreement (attached hereto as Exhibit E), which is incorporated herein by this reference.

(iii) General Provisions.

(A) If Tenant fails to exercise the Expansion Option as to any Expansion Space by failing to provide written notice thereof to Landlord as and when herein specified, Landlord shall have the right to lease the Expansion Space to the original bona fide third party and Tenant shall have no further Expansion Option with respect to the Expansion Space unless (i) the original bona fide party and Landlord do not consummate a lease transaction, or (ii) the Expansion Space is again available for lease after the leasing thereof to such bona fide third party, in which event Tenant's Expansion Option with respect to such Expansion Space shall continue to be in full force and effect.

(B) If there is a Default by Tenant under the Lease or any lease entered into pursuant to the Expansion Option at any time between the time that the First Right of Refusal Notice or Tenant Notice is required and the time of the commencement date of the Lease Term of any Expansion Space, then at Landlord's option, the Expansion Option shall be null and void and of no further effect with respect to such Expansion Space at such time.

(C) The Expansion Option shall be subject to all currently existing leases for the Option Space and all currently existing options and rights of renewal, expansion, extension or refusal affecting the Option Space. Therefore, Tenant shall have no option with regard to any portion of the Option Space which is currently leased or subject to a currently existing grant of any such options or rights by Landlord until termination or expiration of such lease and/or the lapse or expiration of any such options or rights.

(D) The Expansion Option is personal to Tenant and to any successor transferee of a Permitted Transfer and in the event of any Transfer other than a Permitted Transfer by Tenant, whether or not with the consent of Landlord, the Expansion Option shall automatically terminate and be of no further force or effect. This Expansion Option shall not be effective during any term that Tenant is a holdover tenant or a tenant at will or sufferance.

(E) Landlord represents and warrants to Tenant that Landlord is the owner of the Option Space, subject to matters of record, and that Landlord shall not, during the term of this Expansion Option, sell, transfer or convey the Properly or the Option Space without conveying the other property to the same transferee.

(iv) Termination. The Expansion Option shall lapse at the end of the ninth (9th) year of the Lease Term of the Demised Premises and Tenant shall have no further right to exercise the Expansion Option thereafter (except with respect to any First Right of Refusal Notice or Tenant Notice provided prior to such date). Following the date of such lapse of the Expansion Option, Landlord shall not be required to provide the First Right of Refusal Notice to Tenant. In addition, in the event that the Lease expires or is terminated for any reason, this Expansion Option shall be of no further force or effect and this Agreement shall terminate as of the effective date of such termination of the Lease. In the event of the lapse or termination of this Expansion Option, Landlord and Tenant shall enter into any agreements of instruments reasonably requested by the other party to evidence such termination.

8. Satellite Dish. Tenant may, at its sole cost and expense, but without additional charge therefor by Landlord, install and operate during the Term, one or more satellite antennas, receiving dishes or terrestrial microwave antennas (hereinafter collectively the "Satellite Antenna") on the roof of the Building at a location to be designated by Landlord, and reasonably acceptable to Tenant (hereinafter the "Installation Area"). The installation of such Satellite Antenna shall be subject to the following.

(1) Tenant shall not install or operate the Satellite Antenna until it receives prior written approval from Landlord, which approval Landlord agrees shall not be unreasonably withheld or delayed provided, and on the condition that, Tenant submits plans and specifications for the installation of the Satellite Antenna which are reasonably acceptable to Landlord. Prior to commencing installation, Tenant shall provide Landlord with (i) copies of all required governmental and quasi-governmental permits, licenses and authorizations which Tenant will obtain at its own expense and which Tenant will maintain at all times during the operation of the Satellite Antenna, and (ii) a Certificate of Insurance evidencing insurance coverage as required by this Lease and any other insurance reasonably required by Landlord for the installation and operation of the Satellite Antenna. Landlord may withhold approval if the installation or operation of the Satellite Antenna may damage the structural integrity of the Building.

(2) Tenant warrants and represents that (i) Tenant shall repair in a good and workman like manner any damage to the roof of the Building caused by the installation of the Satellite Antenna, (ii) the maintenance of the Satellite Antenna on the roof or the operation thereof shall not cause interference with any telecommunications, mechanical or other systems located at or servicing any building, premises or location in the vicinity of the Building limited however to that permissible under applicable F.C.C. regulations to the extent that such regulations apply, (iii) the installation, existence, maintenance and operation of the Satellite Antenna shall not constitute a violation of any applicable laws, ordinances, rules, orders or regulations of any governmental authority.

(3) The installation of the Satellite Antenna shall be made subject to and in accordance with all of the provisions of the Lease. The contractors performing the installation of the Satellite Antenna and/or performing any work on or to the roof of the Building shall be approved or designated by Landlord prior to the commencement of any work, which approval shall not be unreasonably withheld or delayed.

(4) **[Intentionally Omitted].**

(5) Tenant covenants and agrees that the installation, operation and removal of the Satellite Antenna will be at its sole risk, except for damage caused by the negligence or willful misconduct of Landlord or its employees or agents. Subject to Section 6.4 of the Lease, Tenant agrees to protect, indemnify, defend and save Landlord harmless from and against all claims, actions, damages, liability, obligations, penalties, causes of action, costs and expenses, including reasonable attorneys' fees and disbursements, imposed upon, incurred by or asserted against Landlord by reason of any accident, injury to or death of any person or loss of or damage to any property or business, or any other loss or injury, or as a result of any litigation arising out of the installation, operation or removal of the Satellite Antenna, except for damage caused by the negligence or willful misconduct of Landlord or its employees or agents.

(6) Landlord, at its sole option, may require Tenant, at any time prior to the expiration date of the Lease Term, to terminate the operation of the Satellite Antenna if it is causing physical damage to the structural exterior of the Building, interfering with another party, in excess of that permissible under F.C.C. regulations, to the extent that such regulations apply and such regulations shall not require such tenants or those providing such services to correct such interference. Notwithstanding the foregoing, if Tenant can correct the damage or disturbance caused by the Satellite Antenna to Landlord's reasonable satisfaction, Tenant may restore its operation. If damage or disturbance caused by the Satellite Antenna is not corrected and the Satellite Antenna restored to operation within thirty (30) days, Landlord, at its sole option, may require that Tenant remove the Satellite Antenna at its own expense.

(7) At the expiration or sooner termination of this Lease, or upon termination of the operation of the Satellite Antenna, or revocation of any license issued, Tenant shall remove the Satellite Antenna from the Building at its sole cost and expense. Tenant shall leave the Installation Area in good order and repair. If Tenant does not remove the Satellite Antenna when so required, Tenant hereby authorizes Landlord to remove and dispose of the Satellite Antenna and to charge Tenant for all costs and expenses incurred.

9. **Tenant Improvements.** Tenant shall construct the Tenant Improvements in accordance with and as defined in the Work Letter attached hereto. Landlord shall pay the costs of the Tenant Improvements up to the Tenant Improvement Allowance in accordance with and as defined in the Work Letter, and Tenant shall pay all costs of the Tenant Improvements in excess thereof in accordance with the Work Letter.

10. **Prohibited Use.** Notwithstanding anything to the contrary, Tenants' Permitted Use shall specifically exclude any Medical Use (as herein define). Tenant shall not use the Demised Premises for the Medical Use and shall not permit its employees, agents, contractors, invitees, successors, assigns or any other person to use the Demised Premises for any Medical Use. For the purposes of this Section 11, the term "Medical Use" shall mean any use for hospital, healthcare, nursing, medical office, medical diagnostic, surgery or medical treatment, dental, chiropractic, alternative medicine, pharmaceutical, ophthalmologic or similar use or purpose, in each case which provides patient care services. Medical Use does not include the sale of goods at wholesale and retail, assisted living facilities, extended care facilities and other similar types of nursing homes.

EXECUTED as of this 14th day of December, 2005

LANDLORD:

2650 CRESCENT LLC,
a Colorado limited liability company

By: /s/ David L. Johnson
Name: David L. Johnson
Title: Authorized Agent

TENANT:

DOUBLECLICK INC.
a Delaware Corporation

By: /s/ Robert L. Parker
Name: Robert L. Parker
Title: CFO DOUBLECLICK INC

WORK LETTER

This Work Letter ("Work Letter") shall be part of that certain Lease of Space, dated December 14, 2005 ("Lease", to which reference should be made for all terms not otherwise herein defined), between 2650 CRESCENT LLC, a Colorado limited liability company ("Landlord"), and DOUBLECLICK INC., a Delaware corporation ("Tenant"), pertaining to the Demised Premises commonly known as Suite 100, 251 Exempla Circle, Lafayette, Colorado 80026.

1. Preliminary Plans/Working Drawings.

(a) Landlord and Tenant designate McDermott Planning & Design, Inc. (the "Architect") as the architect for the construction of the Tenant Improvements (as herein defined). Tenant, at Tenant's discretion, shall have the right to competitively bid the Tenant Improvements with at least three mutually acceptable, qualified tenant finish contractors. Tenant shall select the most qualified bid and tenant finish contractor, in its sole discretion. Tenant shall have the right to select its own construction manager. Landlord shall be entitled to reasonably approve all such selections and the form and substance of the written agreements with all such contractors. Landlord shall not be permitted to specify a particular subcontractor unless Landlord is willing to pay any increased charge therefor; however, without limiting Landlord's right hereunder to reasonably disapprove of any subcontractor.

(b) Landlord and Tenant shall consult and cooperate with each other as necessary to reach agreement regarding schematic designs, performance requirements and preliminary plans for the Tenant Improvements ("Preliminary Plans"). The Architect shall prepare the Preliminary Plans and provide the Preliminary Plans to Landlord and Tenant for approval. Landlord and Tenant shall review the Preliminary Plans and provide written notice to the Architect and the other party of any objection to the Preliminary Plans, specifying any changes required for such party's approval, which shall not be unreasonably withheld or conditioned. If Landlord does not provide written notice of objection within five (5) business days after receipt of the Preliminary Plans, Landlord shall be deemed to have approved the Preliminary Plans.

(c) Upon approval of the Preliminary Plans, Landlord and Tenant shall consult and cooperate with each other as necessary to reach agreement regarding the complete construction and engineering plans and specifications for the construction of the Tenant Improvements (the "Working Drawings"), including, without limitation, a budget for the cost of the construction of the Tenant Improvements. The Working Drawings shall be prepared by the Architect and shall be an evolution and incorporation of the Preliminary Plans. The Architect shall provide the Working Drawings to the Landlord and Tenant for approval. Landlord and Tenant shall review the Working Drawings and provide written notice to the Architect and the other party of any objection to the Working Drawings, specifying any changes required for such party's approval of the Working Drawings, which shall not be unreasonably withheld or conditioned. If Landlord does not provide written notice of objection within five (5) business days after receipt of the Working Drawings, Landlord shall be deemed to have approved the Working Drawings.

(d) In the event either party provides written notice of objection to the Preliminary Plans or the Working Drawings, then Landlord, Tenant and the Architect shall cooperate as necessary to reach agreement regarding any outstanding changes. The Architect shall prepare a revised draft of the Preliminary Plans or the Working Drawings, as the case may be, as soon as reasonably possible and submit a revised draft thereof to Landlord and Tenant for approval. The same procedures and deadlines for review and approval by Landlord and Tenant shall apply to the revised draft. Landlord's approval of the Preliminary Plans or the Working Drawings shall not constitute any opinion or agreement by Landlord or impose any present or future liability or responsibility on Landlord, except as expressly herein set forth.

(e) Landlord has provided the Architect with a CAD file showing detailed existing conditions of the Demised Premises, including architectural, electrical, mechanical, plumbing, life safety and voice/data.

2. Building Permit. After approval by Landlord of the Working Drawings, Tenant shall submit the drawings to the appropriate governmental authority for plan review and issuance of a building permit and any other applicable governmental approvals. All permit and processing fees shall be paid by Tenant, subject to reimbursement from the Tenant Improvement Allowances. Tenant shall diligently pursue obtaining all such approvals and shall provide written updates to Landlord upon request from Landlord.

3. Tenant Improvement Allowance. Except for the Tenant Improvement Allowance Tenant shall be responsible, as to both cost and performance, for the Tenant Improvements. Landlord shall pay up to $45.00 per square foot of the Floor Area of the Demised Premises ("Tenant Improvement Allowance") for the costs of the Tenant Improvements. The Tenant Improvement Allowance may be applied to all hard and soft construction costs, including architectural and engineering fees, moving costs, signage costs, data/telecommunications cabling costs, furniture, fixture and equipments costs, and construction management fees and for these purposes all of such costs shall be included in each reference to costs of the Tenant Improvements" or to similar phrases. In the event that the costs of the Tenant Improvements are less than the Tenant Improvement Allowance, the cost savings shall belong to Landlord and Tenant shall not be entitled to any payment, refund, credit or reduction in Basic Rent or other charges due under the Lease. If the costs of the Tenant Improvements exceed the Tenant Improvement Allowance, Tenant shall have the right to require Landlord to pay up to an additional $6.00 per square foot of the Floor Area of the Demised Premises for the costs of the Tenant Improvements, as an addition to the Tenant Improvement Allowance. Such additional contribution by Landlord to the Tenant Improvement Allowance shall be reimbursed by Tenant by increasing the Basic Rent by a monthly amount determined by amortizing such additional amount at an interest rate of eight percent (8%) per annum over the Lease Term. In such event, Landlord and Tenant shall enter into an amendment to the Lease memorializing the increase in the Tenant Improvement Allowance and the Basic Rent. Tenant agrees to provide notice to Landlord upon execution of this Lease, if Tenant desires to exercise its right to such additional contribution.

4. Disbursements.

(a) Tenant shall be entitled to disbursements from Landlord from time to time from the Tenant Improvement Allowance for payment of actual costs incurred by Tenant for the Tenant Improvements. Tenant shall provide written notice to Landlord at least thirty (30) days prior to the requested date of each such disbursement, which notice shall include a certified statement by the Architect, the general contractor and Tenant indicating the proposed date of such disbursement, the proposed amount of such disbursement and a list of the contractors, subcontractors and suppliers and the amounts to be paid to such persons from such disbursement, and a line-item description of the work and supplies which have been furnished and completed by such persons for such disbursement. Such certified statement shall be in the form of an Application for Payment (AIA Forms G702 and G703) and shall contain such additional information as may be reasonably required by Landlord. Landlord shall be entitled to make all or part of any disbursement directly to the respective contractors, subcontractors and suppliers. Such disbursement shall be made within thirty (30) days of receipt of Tenant's disbursement request and back-up, provided Tenant has satisfied all other requirements for such disbursement.

(b) As a condition precedent to each disbursement, there shall have been no Default then existing by Tenant under the Lease and there shall have been no mechanic's lien recorded or asserted against Tenant or the Demised Premises with respect to the Tenant Improvements, which has not been bonded or otherwise discharged or for which Landlord has not been provided security. As a condition precedent to each disbursement, Tenant shall furnish to Landlord, at least seven (7) days prior to such disbursement, mechanic's lien waivers from the contractors, subcontractors and suppliers as to the payment, work and supplies relating to such disbursements made hereunder, conditioned upon receipt of such payment, in a form and substance reasonably satisfactory to Landlord.

(c) Upon full satisfaction by Tenant of all conditions required under this Work Letter for each disbursement and approval thereof by Landlord, Landlord shall pay to Tenant ninety percent (90%) of the amount of the completed Tenant Improvements for such disbursement and the remaining balance thereof shall be held by Landlord until the Final Disbursement (as herein defined). Tenant shall be responsible for any amounts owed for the Tenant Improvements in excess of the Tenant Improvement Allowance.

5. Final Disbursement. At such time as Landlord determines that Tenant has satisfied the following requirements, the remaining balance of the Tenant Improvement Allowance shall be disbursed by Landlord (the "Final Disbursement"): (a) the Tenant Improvements have been substantially completed by Tenant (subject only to minor punch list items) in accordance with Section 13 of this Work Letter (including, with limitation, obtaining a final certificate of occupancy); (b) there are no outstanding amounts owed for the Tenant Improvements, other than as contained in the final draw request submitted by Tenant; (c) Tenant has fully completed all but minor punch list items in accordance with Section 15 of this Work Letter; (d) Tenant has assigned, in common with Tenant, and delivered to Landlord all warranties, (e) Tenant has delivered to Landlord a copy of all maintenance and operating manuals; (f) Tenant has delivered to Landlord a set of field record drawings and specifications reflecting as-built conditions; and (g) Tenant has otherwise complied with all other conditions precedent to draws under Section 4 and otherwise under this Work Letter.

6. General Conditions: Tenants construction of the Tenant Improvements shall comply with the following general requirements, all of which shall be conditions to each disbursement:

(a) All costs for labor, services and supplies for the Tenant Improvements shall not be above market rates. Tenant shall disclose all costs paid to affiliates of Tenant.

(b) Tenant and its contractors shall maintain liability, builder's risk, worker's compensation and such other insurance coverage as reasonably required by Landlord and customary for tenants of similar size space in the vicinity of the Project Landlord at its option, may require Tenant to provide a lien, completion and performance bond in connection with the construction of the Tenant Improvements in an amount, form and substance reasonably satisfactory to Landlord, provided such lien, completion and performance bond shall be at Landlord's expense and shall not be part of the Tenant Improvement Allowance.

(c) The construction of the Tenant Improvements shall comply in all respects with all applicable federal, state and local laws, ordinances and codes. Tenant shall be responsible for all compliance with the Americans With Disabilities Act (the "ADA") relating to or arising as a result of the Tenant Improvements (which shall be addressed in the Working Drawings for the Tenant Improvements). Tenant shall also be responsible for all ADA compliance relating to or arising as a result of any alterations or improvements constructed by Tenant, any specific uses of the property made by Tenant, any employee of Tenant or any other matter not required solely in connection with the Base Building, Core and Shell. Landlord, at Landlord's sole cost and expense, shall be responsible for any work required for the base building, core and shell of the Building to be in compliance with the requirements of the Americans with Disabilities Act. Tenant, at Tenant's sole cost and not as part of the Tenant Improvement Allowance, shall have the right to reinforce the floor of the Demised Premises in areas specified by Tenant's structural engineer, and as designed by Tenant's structural engineer, subject to Landlord's reasonable approval thereof and the other terms and conditions of the Lease.

(d) Tenant shall cause its contractors, subcontractors and suppliers to provide warranties for a period of not less than one (1) year against defects and workmanship, materials or supplies. Tenant shall promptly assign to Landlord, in common with Tenant all manufacturers or other warranties obtained as a part of the Tenant Improvements.

(e) Tenant shall maintain the Demised Premises and all surrounding areas (to the extent required by reason of Tenant's construction) in a clean and orderly condition during the construction of the Tenant Improvements. Tenant shall not drain or discharge water onto or divert water from any portion of the Property or any adjacent lands.

(f) Tenant shall coordinate its construction activities with Landlord and Landlord's contractors to avoid disruption to any other construction on the Property or the utility and other operations serving the Property. Storage of Tenant's contractor's construction materials, tools, equipment and debris shall be confined to the Demised Premises and to any areas which may be designated for such purpose by Landlord. During construction of the Tenant Improvements, Tenant shall cover all exterior glass so that the interior of the Demised Premises is not visible from the exterior of the Demised Premises. No work will be done to the exterior of the Building without Landlord's prior written approval. Following Landlord's approval of the Working Drawings, Landlord will not impose any additional Building construction standards, other than those imposed by the applicable building code of the municipality or other applicable law.

(g) Tenant shall provide and pay for all temporary utility facilities and the removal of debris as necessary and required in connection with the construction of the Tenant Improvements. Tenant shall not enter into any contract or agreement with any governmental or quasi-governmental authority with reference to any utilities, sewer lines, water lines, street improvements or similar matters, without the prior written consent of Landlord, which consent may be withheld by Landlord in its sole discretion.

7. Inspection. Landlord and its supervisory personnel and contractors shall be entitled to enter the Demised Premises from time to time, without notice to Tenant, to inspect the construction of the Tenant Improvements, but only at such times as Tenant's representative, contractor or architect have been given the opportunity to be present in the Demised Premises. Landlord's review of the Tenant Improvements shall be limited to a determination of Tenant's compliance with its obligations under this Work Letter and shall not constitute a review of the quality, completeness, safety or legal compliance of the Tenant Improvements. Neither Landlord's approval of the Preliminary Plans, the Working Drawings or any application for payment, nor Landlord's inspection of the Tenant Improvements shall constitute any representation or warranty, or an assumption of responsibility by Landlord for the accuracy, sufficiency or condition of the Tenant Improvements. Tenant acknowledges that Tenant shall be solely and entirely responsible for ensuring that the Preliminary Plans and the Working Drawings are in conformity with applicable governmental codes, regulations, rules and other laws, and that the Tenant Improvements will be suitable for Tenant's intended purpose. Tenant shall be solely responsible for the accuracy, sufficiency and condition of the Tenant Improvements.

8. Commencement of Construction. Tenant shall construct the tenant improvements for the Demised Premises in accordance with the Working Drawings (the "Tenant Improvements"). Tenant shall commence construction of the Tenant Improvements upon the occurrence of the following events: approval of the Working Drawings by Landlord and Tenant; and issuance of the building permit and all other government approvals required for the construction of the Tenant Improvements. Tenant shall complete construction of the Tenant Improvements as soon as reasonably possible. Landlord shall pay up to the amount of the Tenant Improvement Allowance and Tenant shall pay all costs of the Tenant Improvements in excess thereof.

9. Intentionally Omitted.

10. Change Orders. Subject to Landlord's approval, which shall not be unreasonably withheld or delayed, Tenant may request changes in the Tenant Improvements but if Landlord incurs any additional costs as a result of such change order which causes the cost of the Tenant Improvements to exceed the Tenant Improvement Allowance, Tenant shall pay all such additional costs. Tenant shall not construct the Tenant Improvements in accordance with any change order and Landlord has approved such change order in writing.

11. Governmental Requirements. If any changes to the Tenant Improvements are required by any applicable governmental authority including, without limitation, any county or municipal planning or building department, then Landlord and Tenant agree to modify the Working Drawings and the Tenant Improvements to either eliminate or comply with the government requirement.

12. Planning Services. All costs for space planning design, architectural and engineering services for the Tenant Improvements (including without limitation, the Preliminary Plans and the Working Drawings) shall be included in the costs of the Tenant Improvements and may be disbursed by Landlord from the Tenant Improvement Allowance.

13. Completion of Tenant Improvements. A statement from the Architect certifying the date upon which the Tenant Improvements have been completed (other than customary punch list items) shall be conclusive evidence of the completion thereof. The Tenant Improvements shall be deemed to have been complete when (i) the Tenant Improvements are fully complete and properly operable (except for customary punch list items) by execution of Certificate of Completion (AIA Form G704) certified by the Architect, the general contractor and Tenant, and approved by Landlord, which approval shall not be unreasonably withheld or delayed and (ii) Tenant has obtained a final certificate of occupancy from the applicable governmental authority. The Lease Term and Tenant's obligation to pay rentals due under the Lease shall commence upon the commencement date of the Lease Term provided in the Summary of Basic Lease Terms of the Lease irrespective of whether or not the Tenant Improvements are complete, except as a result of any Landlord delay as expressly herein provided. In no event shall the Lease Term be delayed if there is any-delay in the completion of the Tenant Improvements as a result of any special equipment, fixtures or materials, changes, alterations, or additions requested by Tenant, any delay of Tenant in submitting information necessary for the preparation of the Working Drawings, the failure of Tenant to timely approve or agree to any matter required for the completion of the Tenant Improvements, any delay caused by force majeure, any delay caused by any governmental or quasi-governmental authority, associations or other third-parties, any delay caused by Tenant, the Architect or any contractors, subcontractors or suppliers, or any other act or omission of Tenant (collectively the "Tenant Delay").

14. Assumption of Risk. All materials, work, equipment, supplies and Tenant Improvements of any nature whatsoever brought on or installed in the Demised Premises hereunder shall be at Tenant's sole risk. Neither Landlord nor any party acting on behalf of Landlord shall be responsible for any damage thereto or loss or destruction thereof due to any reason or cause whatsoever, except as a result of Landlord's negligence or willful misconduct.

15. Punch List. Notwithstanding substantial completion of the Tenant Improvements by Tenant, Landlord shall be entitled to provide Tenant with written notice within thirty (30) days after the commencement date of the Lease Term of a punch list of minor items which are required for completion of the Tenant Improvements. Tenant shall complete all such punch list items as soon as reasonably possible after receipt of Landlord's notice.

16. Tenant's Representative. Tenant has designated Barbara Madden as the sole representative of Tenant with respect to all approvals, consents and other matters set forth in this Work Letter. Tenant represents and warrants that such representative shall have full authority and responsibility to act on behalf of Tenant as required in this Work Letter. Tenant shall not change such representative except upon prior written notice and approval by Landlord.

DATED this 14th day of December, 2005.

LANDLORD:

2650 CRESCENT LLC,
a Colorado limited liability company

By: /s/ David L. Johnson
Name: David L. Johnson
Title: Authorized Agent

TENANT:

DOUBLECLICK INC.,
a Delaware corporation

By: /s/ Robert W Parker
Name: ROBERT W PARKER
Title: CFO DOUBLECLICK INC

Recording Requested By
and When Recorded Return To:

_____

_____

_____

MEMORANDUM OF LEASE OPTION AGREEMENT

THIS MEMORANDUM OF LEASE OPTION AGREEMENT ("Memorandum") is made this 14th day of December, 2005, by and between 2600 CAMPUS DRIVE LLC, a Colorado limited liability company ("Landlord"), having an address of c/o Etkin Johnson Company LLC, 1512 Larimer Street, Suite 325, Denver, Colorado 80202, and DOUBLECLICK INC., a Delaware corporation ("Tenant"), having an address of 251 Exempla Circle, Suite 100, Lafayette, Colorado 80026.

1. Related Lease. Tenant and 2650 Crescent LLC ("Related Landlord") are parties to that certain Lease of Space ("Related Lease") dated December 14, 2005 for the demise of premises located at 251 Exempla Circle, Lafayette, Colorado 80026 ("Related Premises"). The Related Lease is for a term of ten (10) years and expires on April 30, 2016. Tenant has two (2) options to extend the term of the Related Lease for up to seven (7) years each. The terms of the Related Lease obligate Related Landlord to cause Landlord to grant to Tenant the "Expansion Option" as defined below.

2. Lease Option Agreement. In accordance with the terms of the Related Lease, Landlord and Tenant have entered into a Lease Option Agreement dated the date hereof ("Option Agreement"), whereby Landlord has agreed to grant to Tenant an expansion option and continuous right of first refusal ("Expansion Option") to lease the "Option Space" as defined in the Option Agreement and located in the buildings known as 2600 Campus Drive and 2655 Crescent Drive and 2675 Crescent Drive, Lafayette, Colorado 80026, which is more fully described on Exhibit A attached hereto.

3. Memorandum. This Memorandum is executed for the purpose of being recorded in the office of the Boulder County Clerk and Recorder to give notice of the existence of the Option Agreement, and the terms and conditions contained therein. In no event shall this Memorandum be deemed to modify any of the terms and conditions of the Option Agreement. In the event of any conflict or inconsistency between the terms and provisions of this Memorandum and the terms and provisions of the unrecorded Option Agreement, the terms and provisions of the Option Agreement shall govern and control in all respects.

4. Term. The Expansion Option may not be exercised after April 30, 2015, as provided in the Option Agreement. This Memorandum shall expire and be of no further force and effect from and after April 30, 2015. In addition, if the Related Lease expires or is terminated for any reason, the Expansion Option, the Option Agreement and this Memorandum shall be of no further force or effect and shall terminate as of the effective date of such termination of the Related Lease. In the event of any lapse or termination of the Expansion Option, the Option Agreement and this Memorandum, Landlord and Tenant shall enter into any agreements or instruments reasonably requested by the other party to evidence such termination including, without limitation, a termination of this Memorandum.

5. Successors and Assigns. This Memorandum shall be binding upon and inure to the benefit of Tenant and Landlord and their respective heirs, executors, legal representatives, successors and assigns.

IN WITNESS WHEREOF, this Memorandum is executed as of the date first written above.

LANDLORD:

2600 CAMPUS DRIVE LLC, a Colorado limited liability company

By: David L. Johnson
Name: David L. Johnson
Title: Authorized Agent

TENANT:

DOUBLECLICK INC., a Delaware corporation

By: /s/ Robert W Parker
Name: ROBERT W PARKER
Title: CFO DOUBLECLICK INC
Date: 12/12/2005

STATE OF COLORADO)
) ss.
COUNTY OF Denver)

I hereby certify that on the 14th day of Dec, 2005, the foregoing instrument was acknowledged before me by David L. Johnson as Authorized Agent of 2600 CAMPUS DRIVE LLC, a Colorado limited liability company.

Witness my hand and official seal.

Notary Public

My Commission Expires: 10/7/08

Kathleen A. DiOrio
Notary
Public
State of Colorado
Expires 10-7-2008

STATE OF NY)
) ss.
COUNTY OF NY)

I hereby certify that on the 14th day of Dec, 2005, the foregoing instrument was acknowledged before me by Rob Parker, as CFO of DOUBLECLICK INC., a Delaware corporation.

Witness my hand and official seal.

Noreem E. Coregin
Notary Public

My Commission Expires:

LEASE OPTION AGREEMENT

THIS LEASE OPTION AGREEMENT is made this 14th day of December, 2005 ("Agreement"), between 2600 CAMPUS DRIVE LLC, a Colorado limited liability company ("Landlord"), and DOUBLECLICK INC., a Delaware corporation ("Tenant").

RECITALS

A. Contemporaneously herewith 2650 Crescent LLC ("Related Landlord") and Tenant are entering into a Lease of Space, dated December 14, 2005 (as the same may be amended from time to time the "Related Lease"), pertaining to the demised premises located at 251 Exempla Circle, Lafayette, Colorado 80026 ("Related Premises").

B. In satisfaction of certain of Related Landlord's obligations under Section 7 of the Addendum to the Related Lease Related Landlord is required to cause Landlord to grant certain expansion options to Tenant to lease the Option Space (as defined below).

C. Landlord and Tenant desire to enter into this Agreement to provide for Landlord's grant of certain of such expansion options to Tenant, as more fully herein set forth.

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Expansion Option. Landlord grants the expansion option and continuous right of first refusal to Tenant ("Expansion Option") to lease the Option Space (as herein defined), upon the terms and conditions provided in this Agreement. The "Option Space" shall be all leasable space located in the buildings known as 2600 Campus Drive 2655 Crescent Drive and 2675 Crescent Drive, Lafayette, Colorado 80026, owned by Landlord from time to time. The Option Space is more fully described on Exhibit A attached hereto and incorporated herein.

2. Expansion Space. In the event Landlord desires to accept a bona fide third party offer to lease all or any portion of the Option Space (herein referred to as the "Expansion Space"). Landlord shall provide Tenant with written notice thereof to Tenant ("First Right of Refusal Notice"). For a period of five (5) business days after the First Right of Refusal Notice, Tenant shall have the right to lease the entire Expansion Space by providing written notice thereof to Landlord within such five (5) business day period. If Tenant exercises the Expansion Option with respect to such Expansion Space, Landlord and Tenant shall enter into a lease agreement ("Lease") for such Expansion Space, upon the terms and conditions herein set forth.

3. Lease. Landlord and Tenant shall enter into the Lease for such Expansion Space within thirty (30) days after Tenant's exercise of the Expansion Option with respect to such Expansion Space. Landlord and Tenant shall enter into a separate Lease with respect to each exercise of the Expansion Option by Tenant. The Lease shall provide for the same terms, conditions, agreements and provisions as the Related Lease to the extent applicable, as applied to the Expansion Space, except as follows:

(a) If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided within the first eighteen (18) months of the Lease Term of the Related Premises under the Related Lease, the Basic Rent (exclusive of any increases by reason of Section 3 of the Work Letter attached to the Related Lease, unless Tenant utilizes such additional funds with respect to such Expansion Space) shall be the same rate per square foot of Floor Area per annum then in effect for the Related Premises (including subsequent annual increases as defined in the Summary of the Related Lease), the Lease Term for the Expansion Space shall commence upon the date specified in the First Right of Refusal Notice (or such later date as such Expansion Space is actually delivered to Tenant), and shall be co-terminus with the Lease Term for the Related Premises under the Related Lease, and the Tenant Improvement Allowance for the Expansion Space shall be prorated based upon the number of months remaining in the initial Lease Term of the Related Premises under the Related Lease, as compared to the total number of months in the initial Lease Term under the Related Lease (which is one hundred twenty (120) months). The construction of the Tenant Improvements for the Expansion Space shall be subject to the terms and conditions provided in the Work Letter to the Related Lease.

(b) If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided after the first eighteen (18) months of the Lease Term of the Related Premises under the Related Lease, the First Right of Refusal Notice shall include the Basic Rent, the Lease Term, Tenant Improvement Allowance, if any, and the other terms and conditions upon which Landlord is willing to lease the Expansion Space to a bona fide third party. If Tenant exercises the Expansion Option with respect to a First Right of Refusal Notice provided after the first eighteen (18) months of the Lease Term of the Related Premises under the Related Lease, the terms and conditions specified in the First Right of Refusal Notice shall apply; provided, however, the Lease Term of the Expansion Space shall be co-terminus with the Lease Term for the Related Premises under the Related Lease and any Tenant Improvement Allowance and other concessions shall be prorated based upon the number of months remaining in the initial Lease Term of the Related Premises under the Related Lease as compared to the total number of months in the Lease Term for which Landlord is willing to lease the Expansion Space to such third party (as stated in the First Right of Refusal Notice). Notwithstanding the foregoing, if the Lease Term provided in the First Right of Refusal Notice ends prior to the Lease Term of the Related Premises under the Related Lease, the Tenant Improvement Allowance and other concessions will not be reduced and shall be in the amount set forth in the First Right of Refusal Notice.

(c) The Termination Fee in the Termination Option shall be adjusted as follows: (i) Tenant shall not be required to pay the fixed amount provided in Section 5(i) of the Addendum to the Related Lease; and (ii) the unamortized leasing costs to be paid by Tenant, as provided in Section 5(ii) of the Addendum to the Related Lease, shall be based upon the actual leasing costs for the Expansion Space.

(d) The number of unassigned parking spaces allocated to Tenant, pursuant to Section 13 of the Summary to the Lease, shall be adjusted for the Expansion Space based upon a ratio of 5.0 parking spaces per 1,000 square feet of Floor Area of the Expansion Space. Tenant's Pro Rata Share, pursuant to Section 6 of the Summary to the Lease, shall be adjusted for the Expansion Space based upon the Floor Area of the Expansion Space as compared to the Floor Area of the Building and Project, respectively, of which the Expansion Space is a part. The Lease shall not contain the Rental Abatement provided in Section 2 of the Addendum to the Related Lease. The Lease shall not contain the Expansion Option provided in Section 7 of the Addendum to the Related Lease.

(e) The definition of the Project, pursuant to Section 2.7 of the Lease, shall be the real property comprising all of the Option Space. The Lease shall also contain the modifications to the Related Lease shown on the marked copy attached as Exhibit B and incorporated herein.

4. General Provisions.

(a) If Tenant fails to exercise the Expansion Option as to any Expansion Space by failing to provide written notice thereof to Landlord and when herein specified, Landlord shall have the right to lease the Expansion Space to the original bona fide third party and Tenant shall have no further Expansion Option with respect to the Expansion Space unless (i) the original bona fide party and Landlord do not consummate a lease transaction, or (ii) the Expansion Space is again available for lease after the leasing thereof to such bona fide third party, in which event Tenant's Expansion Option with respect to such Expansion Space shall continue to be in full force and effect.

(b) If there is a Default by Tenant under any Lease or the Related Lease at any time between the time that the First Right of Refusal Notice is required and the time of the commencement date of the Lease Term of any Expansion Space, then at Landlord's option, the Expansion Option shall be null and void and of no further effect with respect to such Expansion Space at such time.

(c) The Expansion Option shall be subject to all currently existing leases for the Option Space and all currently existing options and rights of renewal, expansion, extension or refusal affecting the Option Space. Therefore, Tenant shall have no option with regard to any portion of the Option Space which is currently leased or subject to a currently existing grant of any such options or rights by Landlord until termination or expiration of such lease and/or the lapse or expiration of any such options or rights.

(d) The Expansion Option is personal to Tenant and to any successor transferee of a Permitted Transfer (as defined in Related Lease) and in the event of any Transfer other than a Permitted Transfer by Tenant, whether or not with the consent of Landlord, the Expansion Option shall automatically terminate and be of no further force or effect. This Expansion Option shall not be effective during any term that Tenant is a holdover tenant or a tenant at will or sufferance.

5. Termination. The Expansion Option shall lapse at the end of the ninth (9th) year of the Lease Term of the Related Premises under the Related Lease and Tenant shall have no further right to exercise the Expansion Option thereafter (except with respect to any First Right of Refusal Notice provided prior to such date). Following the date of such lapse of the Expansion Option, Landlord shall not be required to provide the First Right of Refusal Notice to Tenant. In addition, in the event that the Related Lease expires or is terminated for any reason, this Expansion Option shall be of no further force or effect and this Agreement shall terminate as of the effective date of such termination of the Related Lease. In the event of the lapse or termination of this Expansion Option or this Agreement, Landlord and Tenant shall enter into any agreements or instruments reasonably requested by the other party to evidence such termination including, without limitation, a termination of any recorded memorandum memorializing this Expansion Option.

6. Notices. All notices and demands under this Agreement shall be in writing, signed by the parties giving the same and shall be deemed properly given and received when personally delivered, or three (3) business days after mailing through the United States Mail, postage prepaid, certified or registered, return receipt requested, or one (1) business day after being sent by nationally recognized overnight courier, addressed to the party to receive the notice at the address set forth below or at such other address as either party may notify the other in writing. An attorney for a party hereunder may give any notice on behalf of such party. The notice addresses for Landlord and Tenant are as follows:

If to Landlord: 2600 Campus Drive LLC
c/o Etkin Johnson Company LLC
1512 Larimer Street, Suite 325
Denver, Co 80202

with a copy to: Isaacson Rosenbaum PC
633 17th Street, Suite 2200
Denver, CO 80202
Attn: Neil B. Oberfeld, Esq.

If to Tenant: DoubleClick Inc.
251 Exempla Circle, Suite 100
Lafayette, CO 80026

with a copy to: DoubleClick Inc.
111 8th Avenue
New York, NY 10011
Attn: General Counsel

– and –

Loeb & Loeb LLP
345 Park Avenue
New York, NY 10154
Attn: Scott I. Schneider

7. Time is of the Essence. Time is of the essence under this Agreement and all provisions relating thereto shall be strictly construed.

8. Governing Law; Legal Fees. This Agreement shall be interpreted and enforced according to the laws of the State of Colorado. If any action is commenced by one party hereto against another party hereto the non-prevailing party shall reimburse the prevailing party for all of its expenses of such action, including reasonable attorneys' fees and disbursements.

9. Entire Agreement. This Agreement constitutes the final complete expression of the parties' agreements with respect to the subject matter hereof. Each party agrees that it has not relied upon or regarded as binding any prior agreements, negotiations representations or understandings, whether oral or written, except as expressly set forth herein. No amendment or modification of this Agreement and no approvals, consents or waivers by Landlord under this Agreement shall be valid or binding unless in writing and executed by the party to be bound.

10. Binding Effect. This Agreement shall extend to and be binding upon the heirs, executors, legal representatives, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

LANDLORD:

2600 CAMPUS DRIVE LLC.
a Colorado limited liability company

By: /s/ David I Johnson
Name: David I Johnson
Title: Authorized Agent

TENANT:

DOUBLECLICK INC.,
a Delaware corporation

By: /s/ Robert A Parker
Name: ROBERT A PARKER
Title: CEO DOUBLECLICK INC

STATE OF Colorado)
) ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 14th day of Dec, 2005, by David L. Johnson as Authorized Agent of 2600 CAMPUS DRIVE LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

Notary Public

My Commission Expires: 10/7/08

Kathleen A. DiOrio
Notary
Public
State of Colorado
Expires 10-7-2008

STATE OF NY)
) ss.
COUNTY OF NY)

The foregoing instrument was acknowledged before me this 12th day of Dec, 2005, by Robert Parker as CFO of DOUBLECLICK INC., a Delaware corporation.

WITNESS my hand and official seal.

Moreen E Cougan
Notary Public

My Commission Expires:

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this **"Agreement"**) is made as of the 1st day of February, 2007 between DOUBLECLICK, INC., a Delaware corporation (**"Assignor"**) and ALLIANCE DATA FHC, INC., a Delaware corporation (**"Assignee"**).

RECITALS

A. 2650 Crescent LLC, a Colorado limited liability company **("Related Landlord")** and Assignor entered into a certain Lease of Space (Multi-Story Office) (the **"Lease"**) dated December 14, 2005, whereby Landlord leased to Assignor certain premises consisting of approximately 80,132 rentable square feet of office space (the **"Premises"**) on the first and second floors (Suite 100) of the building located at 251 Exempla Circle, Lafayette, Colorado.

B. Contemporaneously with the execution and delivery of the Lease of the Premises between Related Landlord and Assignor, 2600 Campus Drive LLC, a Colorado limited liability company (**"Landlord"**) and Assignor entered into a certain Lease Option Agreement (the **"Option Agreement"**) dated December 14, 2005, whereby Landlord granted to Assignor certain expansion and other options to lease space in the buildings located at 2600 Campus Drive, 2655 Crescent Drive and 2675 Crescent Drive, Lafayette, Colorado 80026.

C. Concurrently herewith and as part of a Permitted Transfer (as defined in the Lease), Assignor is assigning to Assignee all of its right, title and interest in and to the Lease.

D. Assignor, in connection with such assignment of the Lease, desires to assign and transfer the Option Agreement to Assignee, and Assignee desires to accept the same upon the terms and conditions hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Assignment Effective as of the **"Assignment Date"** (as defined in Section 11 below), and subject to the terms and conditions of this Agreement, Assignor hereby assigns, transfers, conveys, and delivers to Assignee all of Assignor's right, title, and interest in and to the Option Agreement. The foregoing assignment, transfer, conveyance, and delivery is made without any representations and warranties, express or implied, of any nature whatsoever except as set forth in this Agreement.

2. Acceptance and Indemnification. Assignee hereby accepts the foregoing transfer, assignment, conveyance and delivery and assumes and agrees to faithfully perform all other covenants, stipulations, agreements, and obligations, if any, arising under the Option Agreement. Assignee shall fully indemnify and save harmless Assignor from any and all claims, demands, actions, causes of action, suits, proceedings, damages, liabilities, and costs and expenses of every nature whatsoever (including reasonable outside attorneys' fees and/or the reasonable costs of in-house counsel) which arise under the Option Agreement or any lease entered into pursuant thereto, except as otherwise provided for in the Purchase Agreement by and among Assignor, Assignee and Guarantor (as defined in Paragraph 13 below) dated December 22, 2006.

3. Assignee's Expenses. Any taxes and other governmental charges and fees, including, without limitation, any and all transfer taxes, stamp taxes, sales taxes, and recording fees relating to the transaction evidenced by this Agreement shall be paid by Assignee.

4. Tenant's Address. Effective as of the Assignment Date, Section 6 of the Option Agreement is amended to substitute the following address for Tenant:

"Alliance Data FHC, Inc.
c/o Epsilon
601 Edgewater Drive
Wakefield, MA 01880
Attention: Laura Vosburgh
Sr. Director, Real Estate & Facilities

With a copy to:

Alliance Data FHC, Inc.
17655 Waterview Parkway
Dallas, TX 75252
Attention: General Counsel"

5. Binding Effect. Subject to the limitation set forth below, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Assignor and the successors and assigns of Assignee. Further, this Agreement shall inure to the benefit of Landlord, its successors and assigns. The parties shall execute and deliver such further and additional instruments, agreements, and other documents as are reasonably necessary to evidence or carry out the provisions of this Agreement.

6. Entire Agreement. This Agreement sets forth the entire agreement between the parties with respect to the subject matter contained herein and supercedes any other agreements, understandings, and negotiations with respect to the subject matter contained herein. No amendment or modification of this Agreement shall be binding or valid unless expressed in writing executed by all of the parties hereto.

7. Headings. The headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope of meaning of the various Sections hereof.

8. Governing Law. This Agreement shall be performable in the State of Colorado and the laws of such State shall govern the rights and duties of the parties hereto and the validity, construction, enforcement and interpretation hereof.

9. Invalidity. If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

10. Execution of Documents. This Agreement may be executed in any number of duplicate original counterparts, any of which shall be regarded for all purposes as an original and all of which shall constitute but one and the same instrument.

11. Authority. Each person signing this Agreement on behalf of a party warrants that he or she is duly authorized by all necessary and appropriate corporate action to execute this Agreement.

12. Assignment Date. The Assignment Date shall be February 1, 2007.

13. Guaranty. Concurrently herewith, Alliance Data Systems Corporation, a Delaware corporation (**"Guarantor"**) has executed and delivered a certain Guaranty of even date herewith (the **"Guaranty"**) to and for the benefit of Landlord, pursuant to which Guarantor has agreed to guarantee all of Assignee's financial obligations under the Lease. Assignee, by its signature below, further agrees for the benefit of Landlord, its successors and/or assigns to cause Guarantor to execute and deliver a guarantee of each new lease entered into pursuant to the Option Agreement in substantially the same form as the Guaranty.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ASSIGNOR:

DOUBLECLICK, Inc., a Delaware corporation

By: Stephanie Abramson
Name: Stephanie Abramson
Title: EVP & general Counsel

ASSIGNEE:

ALLIANCE DATA FHC, INC.

By: /s/ Alan M. Utay
Name: Alan M. Utay
Title: Vice President & Secretary

CONSENT TO ASSIGNMENT

Landlord hereby consents to the assignment of the Option Agreement by Assignor to Assignee as evidenced by the Agreement. Landlord hereby covenants and agrees that Assignor is hereby released from any and all obligations, if any, under the Option Agreement relating to the period subsequent to the Assignment Date; it being agreed that Landlord shall, from and after the date hereof, look solely to Assignee for performance and payment under the Option Agreement, if any obligation exists, for claims that arise after the Assignment Date. Landlord hereby confirms that to its actual knowledge without investigation, (i) Assignor has not yet exercised any option under the Option Agreement, (ii) neither Landlord nor Assignor is currently in default with respect to any payment required to be made to the other party under the Option Agreement, and (iii) the Option Agreement is in full force and effect and has not been modified or amended except as described in the Agreement. Neither the Agreement nor this Consent shall: (a) be constructed to (1) modify, waive, release or otherwise affect any of the terms, covenants, conditions, provisions or agreements of the Option Agreement, (2) waive any non-monetary Default by Tenant under the Option Agreement, (3) waive any of Landlord's rights as Landlord thereunder, (4) enlarge or increase Landlord's obligation as Landlord thereunder, or (5) enlarge or increase Assignee's rights and benefits in excess of the rights and benefits applicable to Assignee under the Option Agreement, or (b) be construed as a consent by Landlord to any further assignment by Assignee of the Option Agreement.

Capitalized terms used in this Consent to Assignment and which are not defined herein are used herein with the definitions ascribed to such terms in that certain Assignment and Assumption Agreement (the "Agreement") between DoubleClick, Inc. ("Assignor") and Alliance Data FHC, Inc. ("Assignee") to which this Consent to Assignment is attached.

2600 CAMPUS DRIVE LLC, a Colorado liability company

By: /s/ David L. Johnson
Name: David L. Johnson
Title: Manager

GUARANTY

THIS GUARANTY is given as of the 1st day of February, 2007, by ALLIANCE DATA SYSTEMS CORPORATION, a Delaware corporation ("Guarantor"), to and for the benefit of the below described Landlord.

WITNESSETH:

WHEREAS, 2650 CRESCENT LLC, a Colorado limited liability company, as landlord ("Landlord"), and DOUBLECLICK, INC., a Delaware Corporation, as tenant ("Assignor"), entered into a Lease of Space, dated December 14, 2005 ("Lease"), pertaining to the Premises located at 251 Exempla Circle in Lafayette, Colorado ("Demised Premises").

WHEREAS, effective February 1, 2007, ALLIANCE DATA FHC, INC., a Delaware corporation ("Assignee"), succeeded to the interest of Assignor as Tenant under the Lease, pursuant to the Assignment and Assumption Agreement ("Assignment"), dated as of February 1, 2007, between Assignor and Assignee.

WHEREAS, Assignor, Assignee and Guarantor have requested Landlord's release of Assignor under the Lease pursuant to the terms and conditions of the Assignment, and offered to Landlord a guaranty by Guarantor in substitution and replacement thereof.

WHEREAS, Landlord is willing to consent to the Assignment and the release of Assignor pursuant to the Assignment on condition of receiving this Guaranty from Guarantor as herein contained. Capitalized terms not otherwise defined herein shall have the meanings attributed to such terms in the Lease.

NOW, THEREFORE, for and in consideration of Landlord consenting to the Assignment and agreeing to the release of Assignor pursuant to the Assignment, which Assignment is executed concurrently herewith, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Guarantor, Guarantor hereby agrees as follows:

1. Guarantor hereby unconditionally and irrevocably, guarantees the full and prompt payment to Landlord of all installments of Basic Rent, Additional Rent, and all other sums due to Landlord pursuant to the terms and provisions of the Lease. Guarantor does hereby waive each and every notice to which Guarantor may be entitled under the Lease or otherwise, and expressly consents to any extension of time, leniency, modification, waiver, forbearance, or any change which may be made to any term and condition of the Lease, and no such change, modification, extension, waiver, or forbearance shall release Guarantor from any liability or obligation hereby incurred or assumed. Guarantor further expressly waives any notice of default in or under any of the terms of the Lease, notice of acceptance of the Guaranty, and all setoffs and counterclaims; provided, however, Guarantor shall be given the same right to cure Tenant's default as that afforded Tenant under the Lease.

2. It is specifically understood and agreed that, in the event of a Default by Tenant under the Lease, Landlord shall be entitled to commence any action or proceeding against Guarantor or otherwise exercise any available remedy at law or in equity to enforce the provisions of this Guaranty without first commencing any action or otherwise proceeding against Tenant or otherwise exhausting any or all of its available remedies against Tenant, it being expressly agreed by the undersigned that its liability under this Guaranty shall be primary, Landlord may maintain successive actions for other defaults. Landlord's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action, until and unless all obligations hereby guaranteed have been paid and fully performed.

3. If any action is commenced by Landlord to enforce the provisions of this Guaranty, Landlord shall be entitled, if it shall prevail in any such action or proceeding, to recover from Guarantor all reasonable costs incurred in connection therewith, including reasonable attorneys' fees. No payment by Guarantor shall entitle Guarantor, by subrogation or otherwise, to any payment by Tenant under or out of the property of Tenant, including specifically, but not limited to, the revenues derived from the Demised Premises, except after payment in full to Landlord of all amounts due and payable by Tenant to Landlord pursuant to the Lease.

4. Guarantor represents, warrants and acknowledges that Guarantor is financially interested in Assignee.

5. The liability of Guarantor hereunder shall in no way be affected by, and Guarantor expressly waives any defenses that may arise by reason of (a) the release or discharge of Tenant in any creditors, receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's said liability under the Lease, resulting from the operation of any present or future provision of the National Bankruptcy Act or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the modification, assignment or transfer of the Lease by Tenant; (e) any disability or other defenses of Tenant; or (f) the cessation from any cause whatsoever of the liability of Tenant.

6. Guarantor agrees that if Tenant shall become insolvent or shall be adjudicated as bankrupt, or shall file a petition for reorganization, arrangement or similar relief under any present or future provisions of the Federal Bankruptcy Code or any similar law or statute of the United States or any State thereof, or if such a petition filed by creditors of Tenant shall be approved by any court, or if Tenant shall seek a judicial readjustment of the rights of its creditors under any present or future Federal or State law, or if a receiver of all or part of its property and assets is appointed by any State or Federal Court, then:

(a) If the Lease shall be terminated or rejected, or the obligations of Tenant thereunder shall be modified, Landlord shall be entitled to recover from the Guarantor and the Guarantor shall pay to Landlord that which Landlord would be entitled to recover from Tenant under the Lease in the event of a termination of the Lease by Landlord because of a Default by Tenant, and such shall be recoverable from the undersigned without regard to whether Landlord is entitled to recover the same from Tenant in any such proceeding.

(b) If any obligation under the Lease is paid by Tenant and all or any part of such monetary obligation is subsequently avoided or recovered from Landlord as a preference, fraudulent transfer or otherwise, in any bankruptcy, insolvency, liquidation, reorganization or other proceeding involving Tenant, the liability of Guarantor under this Guaranty shall remain in full force and effect.

(c) As further security for the payment of amounts under this Guaranty, Guarantor shall file all claims against Tenant upon any indebtedness of Tenant to the undersigned in any bankruptcy or other proceeding in which the filing of claims is required by law and shall assign to Landlord all rights of the undersigned thereunder, to the extent of Guarantor's obligations under this Guaranty. If Guarantor does not file any such claims, Landlord, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Landlord's discretion, to assign the claim and to cause proof of claim to be filed in the name of Landlord's nominee. In all such cases, whether in administration, bankruptcy, or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the full amount thereof, and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled.

7. This Guaranty shall be enforced in accordance with the laws of the State of Colorado, and shall be deemed executed in the County of Boulder, State of Colorado. This Guaranty shall inure to the benefit of Landlord, its heirs, personal representatives, successors, and assigns and shall be binding upon the heirs, personal representatives, successors, and assigns of Guarantor.

GUARANTOR:

ALLIANCE DATA SYSTEMS CORPORATION,
a Delaware corporation

By: /s/ Alan M. Utay
Name: Alan M Utay
Title: Exec VP, CAD & Secretary

STATE OF Texas)
) ss.
COUNTY OF Collin)

Subscribed and sworn to this 23rd day of October, 2007, by Alan M. Utay as EVP of Alliance Data Systems Corporation, a Delaware Corporation, as Guarantor.

Witness my hand and official seal.

Notary Public

My Commission Expires: 8-1-2011

KELLI W. HUNT
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
8-1-2011

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this ***"Agreement"***) is made as of the 1st day of February, 2007 between DOUBLECLICK, INC., a Delaware corporation (***"Assignor"***) and ALLIANCE DATA FHC, INC., a Delaware corporation (***"Assignee"***).

RECITALS

A. 2650 Crescent LLC, a Colorado limited liability company (***"Landlord"***) and Assignor entered into a certain Lease of Space (Multi-Story Office) (the ***"Lease"***) dated December 14, 2005, whereby Landlord leased to Assignor certain premises consisting of approximately 80,132 rentable square feet of office space (the ***"Premises"***) on the first and second floors (Suite 100) of the building located at 251 Exempla Circle, Lafayette, Colorado.

B. Assignor desires to assign and transfer the Lease and sole and actual possession of the Premises to Assignee, and Assignee desires to accept the same upon the terms and conditions hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Assignment.** Effective as of the **"Assignment Date"** (as defined in Section 11 below), and subject to the terms and conditions of this Agreement, Assignor hereby assigns, transfers, conveys, and delivers to Assignee all of Assignor's right title and interest in and to the Lease. The foregoing assignment, transfer, conveyance, and delivery is made without any representations and warranties, express or implied of any nature whatsoever except as set forth in this Agreement.

2. **Acceptance and Indemnification.** Assignee hereby accepts the foregoing transfer, assignment, conveyance and delivery and assumes and agrees to pay all rent and additional rent and to faithfully perform all other covenants, stipulations, agreements, and obligations arising under the Lease, Assignee shall fully indemnify and save harmless Assignor from any and all claims, demands, actions, causes of action, suits, proceedings, damages, liabilities, and costs and expenses of every nature whatsoever (including reasonable outside attorneys' fees and/or the reasonable costs of in-house counsel) which arise under the Lease, except as otherwise provided for in the Purchase Agreement by and among Assignor, Assignee and Guarantor (as defined in Paragraph 13 below) dated December 22, 2006.

3. **Assignee's Expenses.** Any taxes and other governmental charges and fees, including, without limitation, any and all transfer taxes, stamp taxes, sales taxes, and recording fees relating to the transaction evidenced by this Agreement shall be paid by Assignee.

9. **Invalidity.** If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

10. **Execution of Documents.** This Agreement may be executed in any number of duplicate original counterparts, any of which shall be regarded for all purposes as an original and all of which shall constitute but one and the same instrument.

11. **Authority.** Each person signing this Agreement on behalf of a party warrants that he or she is duly authorized by all necessary and appropriate corporate action to execute this Agreement.

12. **Assignment Date.** The Assignment Date shall be February 1, 2007.

13. **Guaranty.** Concurrently herewith Alliance Data Systems Corporation, a Delaware corporation **("Guarantor")** has executed and delivered a certain Guaranty of even date herewith (the **"Guaranty"**) to and for the benefit of Landlord, pursuant to which Guarantor has agreed to guarantee all of Assignee's financial obligations under the Lease.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ASSIGNOR:

DOUBLECLICK, Inc., a Delaware corporation

By: Stephanie Abramson
Name: Stephanie Abramson
Title: EVP & general Counsel

ASSIGNEE:

ALLIANCE DATA FHC, INC.

By: /s/ Alan M. Utay
Name: Alan M. Utay
Title: Vice President & Secretary

CONSENT TO ASSIGNMENT

Landlord hereby consents to the assignment of the Lease by Assignor to Assignee as evidenced by the Agreement. Landlord hereby covenants and agrees that Assignor is hereby released from any and all obligations under the Lease relating to the period subsequent to the Assignment Date; it being agreed that Landlord shall, from and after the date hereof, look solely to Assignee for performance and payment under the Lease for claims that arise after the Assignment Date. Landlord hereby confirms that to its actual knowledge without investigation, (i) neither Landlord not Assignor is currently in default with respect to any payment required to be made to the other party under the Lease, and (ii) the Lease is in full force and effect and has not been modified or amended except as described in the Agreement. Neither the Agreement nor this Consent shall: (a) be construed to (1) modify, waive, release or otherwise affect any of the terms, covenants, conditions, provisions or agreements of the Lease, (2) waive any non-monetary Default by Tenant under the Lease, (3) waive any of Landlord's rights as Landlord thereunder, (4) enlarge or increase Landlord's obligation as Landlord thereunder, or (5) enlarge or increase Assignee's rights and benefits in excess of the rights and benefits applicable to Assignee under the Lease; or (b) be construed as a consent by Landlord to any further assignment by Assignee of the Lease.

Capitalized terms used in this Consent to Assignment and which are not defined herein are used herein with the definitions ascribed to such terms in that certain Assignment and Assumption Agreement (the "Agreement") between DoubleClick, Inc. ("Assignor") and Alliance Data FHC, Inc. ("Assignee") to which this Consent to Assignment is attached.

2650 CRESCENT LLC, a Colorado liability company

By: /s/ David L. Johnson
Name: David L. Johnson
Title: Manager

Exhibit 10.44

Amendment Number One

Restricted Stock Unit Award Agreement
Under The Alliance Data Systems Corporation
2005 Long-Term Incentive Plan

THIS AMENDMENT NUMBER ONE ("Amendment") to the Restricted Stock Unit Award Agreement (the "Award Agreement") Under The Alliance Data Systems Corporation 2005 Long-Term Incentive Plan, as amended, is made as of the 1st day of October, 2009.

The Board of Directors (the "Board") and the Compensation Committee of the Board of Alliance Data Systems Corporation, at meetings held on September 23 and 24, 2009, approved an amendment to the Award Agreement to allow for settlement of awards in cash, as follows:

1. Section 3(a) is amended and restated in its entirety as follows:

(a) Subject to Sections 2 and 4 of this Award Agreement, the Award will vest upon the Board's certification of attainment of the Performance Goals set forth in Section 3(b) below; provided, that, the Participant is then employed by the Company or an Affiliate. As soon as practicable after the Award vests and consistent with Section 409A of the Code, payment shall be made in cash (based upon the Fair Market Value of the Stock on the day all restrictions lapse). Any cash payment shall be net of the amount withheld pursuant to Section 11.

2. Section 8 is amended and restated in its entirety as follows:

8. **Compliance with Law**. Notwithstanding any of the provisions hereof, the Company will not be obligated to make a cash payment to the Participant hereunder, if the cash payment shall constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities pursuant to the Securities Act of 1933 (as now in effect or as hereafter amended) or to take any other affirmative action in order to cause the issuance or transfer of Stock pursuant thereto to comply with any law or regulation of any governmental authority.

3. Section 11 is amended and restated in its entirety as follows:

11. **Taxes and Share Withholding**. At such time as the Participant has taxable income in connection with an Award (a "Taxable Event"), the Company will require the withholding of a portion of any cash payment to the Participant equal to, but not in excess of an amount equal to, the minimum federal, state and local income taxes and other amounts as may be required by law to be withheld by the Company in connection with the Taxable Event.

4. Except as expressly modified by this Amendment and any prior amendments, all other terms and provisions of the Award Agreement shall remain in full force and effect. To the extent that there is a conflict between this Amendment and the Award Agreement, the provisions of this Amendment shall prevail. All capitalized terms not defined herein shall have the meanings ascribed to them in the Award Agreement.

Exhibit 10.51

Amendment Number One

Canadian Restricted Stock Unit Award Agreement
Under The Alliance Data Systems Corporation
2005 Long-Term Incentive Plan

THIS AMENDMENT NUMBER ONE ("Amendment") to the Canadian Restricted Stock Unit Award Agreement (the "Award Agreement") Under The Alliance Data Systems Corporation 2005 Long-Term Incentive Plan, as amended, is made as of the 1st day of October, 2009.

The Board of Directors (the "Board") and the Compensation Committee of the Board of Alliance Data Systems Corporation, at meetings held on September 23 and 24, 2009, approved an amendment to the Award Agreement to allow for settlement of awards in cash, as follows:

1. Section 3(a) is amended and restated in its entirety as follows:

(a) Subject to Sections 2 and 4 of this Award Agreement, the Award will vest upon the Board's certification of attainment of the Performance Goals set forth in Section 3(b) below; provided, that, the Participant is then employed by the Company or an Affiliate. As soon as practicable after the Award vests and consistent with Section 409A of the Code, payment shall be made in cash (based upon the Fair Market Value of the Stock on the day all restrictions lapse). Any cash payment shall be net of the amount withheld pursuant to Section 11.

2. Section 8 is amended and restated in its entirety as follows:

8. **Compliance with Law**. Notwithstanding any of the provisions hereof, the Company will not be obligated to make a cash payment to the Participant hereunder, if the cash payment shall constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities pursuant to the Securities Act of 1933 (as now in effect or as hereafter amended) or to take any other affirmative action in order to cause the issuance or transfer of Stock pursuant thereto to comply with any law or regulation of any governmental authority.

3. Section 11 is amended and restated in its entirety as follows:

11. **Taxes and Share Withholding**. At such time as the Participant has taxable income in connection with an Award (a "Taxable Event"), the Company will require the withholding of a portion of any cash payment to the Participant equal to, but not in excess of an amount equal to, the minimum federal, state and local income taxes and other amounts as may be required by law to be withheld by the Company in connection with the Taxable Event.

4. Except as expressly modified by this Amendment and any prior amendments, all other terms and provisions of the Award Agreement shall remain in full force and effect. To the extent that there is a conflict between this Amendment and the Award Agreement, the provisions of this Amendment shall prevail. All capitalized terms not defined herein shall have the meanings ascribed to them in the Award Agreement.

Exhibit 10.60

ALLIANCE DATA SYSTEMS

401(k) AND RETIREMENT SAVINGS PLAN

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PREAMBLE

BSI Business Services, Inc. adopted the BSI Business Services, Inc. 401(k) and Retirement Savings Plan (the "Plan") effective as of January 24, 1996. The purpose of the Plan is to provide eligible employees with retirement benefits. The Plan is intended to be a profit sharing plan qualifying under Section 401 (a) of the Code with a cash or deferred arrangement qualifying under Section 401(k) of the Code.

BSI Business Services, Inc. was renamed ADS Alliance Data Systems, Inc. Accordingly, the Plan was amended, restated, and renamed the Alliance Data Systems 401(k) and Retirement Savings Plan, effective as of January 1, 1997. The Plan was subsequently amended and restated and is now being completely amended and restated effective January 1, 2004, to include various changes, including retroactive changes required by applicable federal law for the Plan to remain tax-qualified under the Code, and to make changes necessary to qualify the Plan for the "safe harbor" testing option provided under Code Section 401(k)(12). For each year the Plan intends to qualify for this testing option, the Committee shall provide the notice to Participants required thereunder. The Plan is hereby amended and restated effective January 1, 2008.

ARTICLE 1

DEFINITIONS

The following words and phrases as used herein shall have the following meanings, and the masculine, feminine and neuter gender shall be deemed to include the others, unless a different meaning is plainly required by the context:

1.1 Account

The total of the separate accounts that are maintained for a Participant under the Plan.

1.2 Accrued Benefit

The sum of the amounts credited to the Participant's Account as of any date.

1.3 Actual Deferral Percentage

The ratio (expressed as a percentage) of the Tax Deferred Deposits made on behalf of the Participant for the Plan Year to the Participant's Compensation for the Plan Year while the Participant is eligible to make Tax Deferred Deposits.

1.4 Adjustment Factor

The cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code, applied as the Secretary shall provide.

1.5 Annuity Commencement Date

The first day of the first period for which an amount is payable as an annuity or any other form.

1.6 Average Actual Deferral Percentage

The average (expressed as a percentage) of the Actual Deferral Percentages of the Participants in a group.

1.7 Average Contribution Percentage

The average (expressed as a percentage) of the Contribution Percentages of the Participants in a group.

1.8 Benefits Administration Committee

The committee described in Section 12.5.

1.9 Beneficiary

The person, persons or entity designated in writing by a Participant, or otherwise determined in accordance with the Plan, entitled to receive any death benefit which may be, or may become, payable under the Plan.

1.10 Board of Directors

The Board of Directors of the Company, as constituted from time to time. The Board of Directors shall have the right and the power to delegate any duty or power under the Plan to one or more persons, and any reference in the Plan to the Board of Directors shall include a reference to such delegatee(s).

1.11 Catch-Up Contributions

The supplemental amounts a Participant elects to defer pursuant to Section 3.10.

1.12 Code

The Internal Revenue Code of 1986, as amended from time to time.

1.13 Company

ADS Alliance Data Systems, Inc. and any successor thereto.

1.14 Company Account

The account into which Employer Matching Contributions, Discretionary Profit Sharing Contributions, and Retirement Contributions shall be credited, which may include subaccounts to account for contributions made under plans merged into the Plan.

1.15 Compensation

Shall have the following meanings for specific purposes under the Plan:

(A) For purposes of determining the amount of any (i) Deposits; (ii) Employer Matching Contributions; (iii) Retirement Contributions; and (iv) Discretionary Profit Sharing Contributions, "Compensation" shall mean the regular wages (i.e., base pay), overtime, commissions, leave cashouts, and cash incentives paid to an Employee by an Employer for the applicable Plan Year while a Participant in the Plan, but excluding sign-on bonuses, disability pay, workers compensation, severance pay, service related cash awards, any amounts which constitute tax gross ups of taxable amounts, any amounts deferred under, or contributed to, a non-qualified deferred compensation plan, and referral awards.

In addition, Compensation for this purpose includes any contributions made by the Employer on behalf of an Employee pursuant to a deferral election under any employee benefit plan containing a cash or deferred arrangement under Code Section 401(k), any amounts that would have been received as cash but for an election to receive benefits under a cafeteria plan meeting the requirements of Code Section 125, and any election of transportation benefits under a program established pursuant to Code Section 132(f).

With respect to a Period of Military Service, an Employee will be considered to have received the same rate or level of Compensation during his absence that he was receiving immediately prior to his absence, or if the rate of Compensation is not reasonably certain, on the basis of the Employee's average rate of Compensation during the twelve (12) month period immediately preceding such period (or if shorter, the period of employment immediately preceding such period).

(B) For purposes of the limitations imposed by Section 415 of the Code, the Top-Heavy plan minimum contribution requirements of Section 416 of the Code, and the determination of Highly Compensated Employees pursuant to Section 414(q) of the Code, "Compensation" means wages within the meaning of Section 3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code Sections 6041(d), 6051(a)(3) and 6052, but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(21).

Notwithstanding the foregoing, Compensation for this purpose includes an Employee's elective deferrals under Code Section 402(g)(3)) and amounts contributed or deferred under Code Section 125, or Code Section 457 at the Employee's election for purposes of determining who is a Highly Compensated Employee and for purposes of Code Section 415 limits on benefits, and an Employee's elective deferrals under Code Section 132(f).

(C) For purposes of determining a Participant's Actual Deferral Percentage used in performing the average deferral percentage nondiscrimination test described in Section 401(k)(3) of the Code and the Contribution Percentage used in performing the average contribution percentage nondiscrimination test described in Section 401(m)(2) of the Code, "Compensation" shall mean compensation as defined in Section 414(s) of the Code and the regulations thereunder.

(D) For purposes of defining "Key Employee" under Section 416 of the Code, "Compensation" shall mean Compensation as defined in Paragraph (B) paid to the eligible Employee other than compensation in the form of qualified or previously qualified deferred compensation that is currently includible in the gross income of the eligible Employee for Federal income tax purposes. In addition, for purposes of this Paragraph (D), Compensation shall include amounts withheld from a Participant's earnings pursuant to a salary reduction agreement entered into by the Participant in accordance with Sections 401(k) or 125 of the Code. Compensation shall also include amounts withheld from a Participant's earnings pursuant to a salary reduction agreement entered into by the Participant in accordance with Code Section 132(f).

(E) Notwithstanding anything herein to the contrary, Compensation shall be limited annually to $205,000 (adjusted in future years as provided under Code section 401(a)(17)).

1.16 Contribution Percentage

The ratio (expressed as a percentage) of the Taxed Deposits and, in the case of a Participant who has not completed a Year of Eligibility Service, the Employer Matching Contributions made under the Plan on behalf of the Participant for the Plan Year to the Participant's Compensation for the Plan Year while the Participant is eligible to have Taxed Deposits and, in the case of a Participant who has not completed a Year of Eligibility Service, the Employer Matching Contributions made on his behalf.

1.17 Deposit Election

The election made by a Participant authorizing and electing a percentage of his Compensation to be withheld by the Employer and contributed on behalf of the Participant as Tax Deferred Deposits or deducted by the Employer and contributed on behalf of the Participant as Taxed Deposits.

1.18 Deposits

The amounts that a Participant elects to contribute or have contributed on his behalf to the Trust pursuant to Article 3, including Tax Deferred Deposits, Taxed Deposits, and Catch-Up Contributions.

1.19 Effective Date

This amended and restated Plan is generally effective January 1, 2008. The Plan was originally effective January 24, 1996.

1.20 Eligibility Computation Period

The twelve consecutive month period beginning on the date the Employee is first credited with an Hour of Service and each anniversary thereof, provided, however, that if the Employee is not credited with 1,000 or more Hours of Service in the first such period, the Eligibility Computation Period shall be the Plan Year beginning with the Plan Year beginning in the first Eligibility Computation Period.

1.21 Employee

Any person who is receiving compensation for personal services rendered in the employment of the Employer including Leased Employees. Notwithstanding the foregoing, if such Leased Employees constitute less than twenty percent of the Employer's Nonhighly compensated work force within the meaning of Section 414(n)(5)(C)(ii) of the Code, the term Employee shall not include those Leased Employees covered by a plan described in Section 414(n)(5) of the Code.

1.22 Employer

The Company and any subsidiary or affiliated organization which, with the approval of the Board of Directors and subject to such considerations as the Board of Directors may impose, adopts this Plan. Each adopting Employer authorizes the Company and/or the Company's Board of Directors, as applicable, to act on its behalf with respect to the Plan in all respects, provided, however, that each adopting Employer may reserve the authority to withdraw from the Plan.

In determining Hours of Service for the purposes of determining an Employee's eligibility to participate in the Plan and the vesting of benefits, in determining whether an Employee is a Highly Compensated Employee, in determining the special rules on deferral percentage limitations and the special rules for contribution percentage limit-testing, in determining whether the Plan is Top-Heavy under Section 416 of Code, in determining whether an Employee has terminated employment with each Employer, and in determining the limitations on Annual Additions under Section 415 of the Code, the term "Employer" shall include any other corporation or other business entity which must be aggregated with the Employer under Section 414(b), (c), (m) or (o) of the Code, but only for such periods of time when the Employer and such other corporation or other business entity must be aggregated as aforesaid. For purposes of the determination of the limitations on Annual Additions, such definition of "Employer" shall be modified by Section 415(h) of the Code.

1.23 Employer Matching Contributions

The amounts contributed on behalf of a Participant pursuant to Section 4.1.

1.24 Employment Commencement Date

The date on which an Employee is first credited with an Hour of Service for the performance of duties for an Employer.

1.25 Entry Date

The first day on which it is administratively practicable to enroll in the Plan an Employee who is eligible under Article 2, which date shall in no case be more than 30 days after the date the Employee first becomes eligible under Article 2.

1.26 ERISA

The Employee Retirement Income Security Act of 1974, as amended from time to time.

1.27 Excess Aggregate Contributions

Taxed Deposits and, in the case of a Participant who has not completed a Year of Eligibility Service, Employer Matching Contributions in excess of the Contribution Percentage limit, as described in Section 401(m)(6)(B) of the Code.

1.28 Excess Contributions

Tax Deferred Deposits in excess of the Actual Deferral Percentage limit, as described in Section 401(k)(8)(B) of the Code.

1.29 Excess Deferrals

Tax Deferred Deposits in excess of the limits imposed by Section 402(g) of the Code.

1.30 Forfeiture Account

The account holding unallocated assets representing forfeitures of previously allocated amounts.

1.31 Highly Compensated Employee

Any Employee who performs service for an Employer during the determination year and who, during the look-back year received Compensation (as defined in Section 1.15(B)) from an Employer in excess of $90,000, multiplied by the Adjustment Factor. The term Highly Compensated Employee also includes Employees who are 5 percent owners at any time during the look-back year or determination year. For this purpose, the determination year shall be the Plan Year. The look-back year shall be the twelve-month period immediately preceding the determination year.

1.32 Hour of Service

(A) Each hour for which an Employee is directly or indirectly paid or entitled to payment for the performance of duties for an Employer; these hours shall be credited to the computation period in which the duties are performed, and

(B) Each hour for which an Employee is directly or indirectly entitled to payment on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity, disability, pregnancy, or in connection with adoption of a child, layoff, jury duty, Period of Military Service or leave of absence; except that

(1) not more than five hundred and one (501) Hours of Service shall be credited in each single computation period during which the Employee performs no duties, and

(2) Hours of Service shall not be counted where such payment is made or is due:

(a) under a plan maintained solely for the purpose of complying with applicable workmen's compensation, unemployment or disability insurance laws, or

(b) solely to reimburse an Employee for medical or medically-related expenses; (hours credited under this Paragraph (B) shall be credited to the computation period(s) in which the period during which no duties were performed occurred), and

(C) Each hour for which back pay, irrespective of payment due to mitigation of damages, is either awarded or agreed to by the Employer; these hours shall be credited to the computation period(s) to which the award or agreement for back pay pertains rather than to the computation period in which the award, agreement or payment is made; provided, however, that the limits under Paragraph (B) above are applicable and that an Employee shall not be entitled to additional Hours of Service under this Paragraph (C) for the same Hours of Service credited under Paragraphs (A) or (B) above.

Hours of Service hereunder shall be calculated and credited by any method permitted under Department of Labor Regulation Sections 2530.200b-2(b) and (c), which are incorporated by reference hereunder.

In the case of Hours of Service to be credited to an Employee in connection with a period of no more than thirty-one (31) days which extends beyond one computation period, all such Hours of Service may be credited to the first computation period or the second computation period in a manner applied consistently with respect to all Employees within reasonably defined job classifications.

If Hours of Service are not maintained for an Employee, Hours of Service shall be determined on the assumption that such Employee has completed forty-five (45) Hours of' Service during each week he is required to be credited with at least one (1) Hour of Service by an Employer.

In the case of a Period of Military Service, an Employee shall be deemed to be employed for the average number of Hours of Service per week for the three month period immediately prior to the Period of Military Service, or if the Employee has worked less than three months, the average number of Hours of Service worked per week for the time employed.

Hours of Service shall be credited for a leave of absence that qualifies as FMLA leave under the Family and Medical Leave Act to the extent required under such Act.

For purposes of determining an Employee's eligibility to participate in the Plan and vesting of benefits, an Hour of Service shall also include an Hour of Service with a company heretofore or hereafter merged or consolidated or otherwise absorbed by an Employer or all or a substantial part of the assets or business of which have been or shall be acquired by an Employer, ("Predecessor Company"):

(1) if the Employer continues to maintain an employee benefit plan of such Predecessor Company ("Predecessor Plan");

(2) if, and to the extent, such employment with the Predecessor Company is required to be treated as employment with the Employer under regulations prescribed by the Secretary of the Treasury; or

(3) if, and to the extent, provided in Appendix A

1.33 Investment Fund(s)

The investment fund(s), if any, established pursuant to Section 6.2.

1.34 Leased Employee

Any person who provides services to the Employer if: (A) such services are provided pursuant to an agreement between the Employer and any other person; (B) such person has performed such services for the Employer (or the Employer and related persons) on a substantially full-time basis for a period of at least one (1) year; and (C) such services are performed under the primary direction and control of the recipient Employer.

1.35 Leave of Absence

An absence authorized by the Employer under its standard personnel practices as applied in a uniform and non-discriminatory manner to all persons similarly situated, provided the Employee resumes service with the Employer within the period specified in the authorization for the Leave of Absence.

Except for a Period of Military Service, for purposes of determining an Employee's date of Separation from Service and an Employee's Hours of Service, a Leave of Absence shall not exceed a period of twelve (12) consecutive months.

1.36 Nonhighly Compensated Employee

An Employee who is not a Highly Compensated Employee.

1.37 Normal Retirement Age

An Employee's 65th anniversary of birth.

1.38 One-Year Break in Service

An Eligibility Computation Period or Vesting Computation Period in which the Employee is credited with less than five hundred (500) Hours of Service.

1.39 Participant

An Employee who becomes eligible to participate in the Plan pursuant to Article 2 and who continues to be eligible to participate under the Plan, whether or not he elects to make Deposits.

1.40 Period of Military Service

For an Employee who is either (A) inducted into the Armed Forces of the United States pursuant to 38 U.S.C. §2021, as amended from time to time, or (B) enlists in the Armed Forces of the United States, or enters upon active duty in the Armed Forces of the United States in response to an order or call to active duty pursuant to 38 U.S.C. §2024, as amended from time to time, the time period spanning induction, training, and service in the Armed Forces and up to his reemployment date as described in such statute; provided that such Employee (1) leaves the Armed Forces under the conditions or circumstances described in the applicable statute and (2) makes application for reemployment as an Employee within the time limit prescribed in the applicable statute and is reemployed as an Employee as a result thereof.

1.41 Personal Accounts

The accounts established and maintained pursuant to Article 5 in which are reflected all Deposits made by or on behalf of a Participant, together with all assets attributable thereto. If the Participant participated in the World Financial Network Plan, his or her Personal Account shall include a subaccount for Pre-Tax Contributions made under such plan and referred to as the World Financial Network Plan Pre-Tax Savings Account and subaccounts to reflect Tax Deferred Deposits and Taxed Deposits, if any, made under the Plan on and after January 1, 1998.

1.42 Plan

The Alliance Data Systems 401(k) and Retirement Savings Plan, as herein set forth, and as it may hereafter be amended from time to time.

1.43 Plan Year

The calendar year.

1.44 Reemployment Commencement Date

The first day following a One-Year Break in Service on which an Employee is credited with an Hour of Service for the performance of duties for an Employer.

1.45 Retirement Contributions

The amounts contributed on behalf of a Participant pursuant to Section 4.5.

1.46 Rollover Account

The account maintained for a Participant who has made a rollover contribution pursuant to Article 15.

1.47 Rollover Contribution

The contributions received by the Plan from a Participant and maintained in the Rollover Account.

1.48 Senior Associate

A Participant who has completed either 180 days of uninterrupted service with an Employer or a Year of Eligibility Service, whichever first occurs, as of an Entry Date.

1.49 Separation from Service

The termination by discharge, resignation, death, retirement on or after Normal Retirement Age or Total and Permanent Disability from the service of the Employer, and also a severance from employment with the Employer or an employer in accordance with Code Section 401(k)(2)(B)(i)(I) and regulations thereunder.

1.50 Spouse

The person to whom a Participant or a former Participant is legally married, under the laws of the state in which he is domiciled, or if he is domiciled outside the United States, to the extent recognized under the laws of the State of Texas.

1.51 Tax Deferred Deposits

Deposits made under the Plan which were subject to a cash or deferred election under Section 401(k) of the Code and designated as Tax Deferred Deposits pursuant to Section 3.2.

1.52 Taxed Deposits

A Participant's after-tax Deposits made under the Plan and designated as Taxed Deposits pursuant to Section 3.2.

1.53 Total and Permanent Disability

Any Disability for which a Participant qualifies and receives disability insurance benefits under United States Social Security laws.

1.54 Trust Agreement

The trust agreement between the Company and the Trustee established for the purpose of funding benefits under the Plan.

1.55 Trust Fund

All such money or other property which is held by the Trustee or custodian pursuant to the terms of the Trust Agreement.

1.56 Trustee

The trustee or custodian, if any, acting as such pursuant to the Trust Agreement, or any successor or successors to said trustee or custodian, as the case may be.

1.57 Valuation Date

Each business day in the Plan Year.

1.58 Vesting Computation Period

A Plan Year.

1.59 World Financial Network Plan

The World Financial Network National Bank Savings and Retirement Plan as in effect on December 31, 1997.

1.60 Year of Eligibility Service

An Eligibility Computation Period in which an Employee is credited with at least one thousand (1,000) Hours of Service. An Employee's Year(s) of Eligibility Service shall include service credited pursuant to Appendix A.

1.61 Year of Vesting Service

(A) A Vesting Computation Period in which the Employee is credited with five hundred (500) or more Hours of Service. In addition, Year(s) of Vesting Service shall include service credited pursuant to Appendix A.

ARTICLE 2

PARTICIPATION

2.1 Plan Entry Date

Each Employee who was a Participant immediately prior to the Effective Date shall continue as a Participant in this Plan as of the Effective Date, provided such Employee is not ineligible to participate in accordance with Section 2.3. Each other Employee who satisfies the requirements specified in Section 2.2 shall become a Participant on the Entry Date coincident with or next following the date on which he satisfies such requirements.

2.2 Participation Requirement(s)

Subject to Section 2.3, an Employee who has attained age 21 may become a Participant on any Entry Date that coincides with or follows his or her Employment Commencement Date, provided, however, that any Employee who is classified as a "seasonal" or "on-call" Employee on the Employer's payroll system must complete a Year of Eligibility Service and attain age 21 to become a Participant.

2.3 Ineligible Employee

An Employee who is otherwise eligible to participate in the Plan will not become or continue as an active Participant if:

(A) He performs services for an Employer solely as a "Leased Employee," is employed on a temporary basis, or is classified by an Employer as an independent contractor, regardless of whether any such person is subsequently reclassified as having been a common law employee of an Employer while performing such services;

(B) He is covered by a collective bargaining agreement that does not expressly provide for participation in the Plan;

(C) He is a nonresident alien who receives no earned income (within the meaning of Code Section 911 (d)(2) from an Employer which constitutes income from sources within the United States (within the meaning of Code Section 861 (a)(3));

(D) He is employed by a subsidiary or affiliated company that has not adopted the Plan; or

(E) He is a United States citizen whose compensation for services is paid by a foreign affiliate of an Employer (within the meaning of Code Section 406), unless the Employer has entered into an agreement described in Code Section 3121(l) with respect to the payment of Social Security taxes on behalf of the Employee that applies to any other funded plan of deferred compensation (other than a qualified plan sponsored by the Employer) with respect to the compensation paid by the foreign affiliate.

2.4 Enrollment

To make Deposits, an eligible Employee must enroll in accordance with procedures established by the Benefits Administration Committee.

2.5 Reemployed Participants

If a former Participant resumes employment with the Company or any Employer following a Separation from Service, he may rejoin the Plan on the day he resumes employment and shall participate on such date by enrolling in accordance with procedures established by the Benefits Administration Committee.

2.6 Reemployed Non-Participants

Except as provided in Section 2.8 below, the following provisions will apply to an Employee who terminates employment before becoming a Participant:

(A) An Employee who terminates employment after meeting the requirements of Section 2.2 and again becomes an Employee will become a Participant on the first Entry Date following the date of such reemployment, if he is not otherwise excluded from active participation in the Plan.

(B) An Employee who terminates employment before meeting the requirements of Section 2.2 and who again becomes an Employee will become a Participant on the first Entry Date following the date in which he meets the requirements of Section 2.2, if he is not otherwise excluded from active participation in the Plan.

2.7 Change of Status of Participants

(A) If a Participant secures a Leave of Absence or is temporarily laid off, he shall continue to be a Participant in the Plan, but he shall not be permitted to make any Deposits under the Plan during such absence or layoff, except as to Compensation previously earned. Such a Participant shall share in any Employer Matching Contribution on the basis of his Tax Deferred Deposits or Taxed Deposits for that part of any Plan Year during which he was not on a Leave of Absence. On the basis of his Compensation for that part of the Plan Year during which he was not on a Leave of Absence or laid off, he shall share in Retirement Contributions made as of the last day of such Plan Year provided that on this date he is still on a Leave of Absence or lay-off status. If any Participant on such a Leave of Absence or on temporary layoff does not return to employment at the end of such absence, or layoff, such Participant shall for the purpose of the Plan be deemed to have Separated from Service at the scheduled end of such absence or at the scheduled end of such layoff, as the case may be, and shall be governed by all provisions of the Plan that would have been applicable to him if he had then Separated from Service. Leaves of Absence and temporary layoffs shall be governed by personnel procedures as in effect from time to time for the Company or other Employer, as the case may be, as applied by the Benefits Administration Committee.

(B) Any Participant in the Plan who becomes a participant in any other qualified retirement plan to which the Company or any Employer makes contributions shall be precluded from making any Deposits or receiving Employer Matching Contributions, Discretionary Profit Sharing Contributions, or Retirement Contributions under the Plan for as long as he is a participant in such other plan. If he ceases to be a participant in such other plan and is otherwise eligible to participate in the Plan, he may resume making Deposits under the Plan on any subsequent Entry Date by making an election to that effect and shall be eligible to receive Employer Matching Contributions and Retirement Contributions (based on the Compensation earned while not participating in the other plan) as otherwise provided herein.

(C) If a Participant shall commence employment with an employer designated by the Benefits Administration Committee for this purpose, assets representing such Participant's Account balances in this Plan shall be transferred to the trust forming part of such employer's qualified defined contribution plan provided that the trust to which such asset transfer is to be made permits such transfer. All such asset transfers with respect to a Plan Year shall be made as of December 31st of such year and shall be valued as of such date. All such asset transfers shall be subject to Section 13.3 and shall comply with Section 414(l) of the Code and the regulations thereunder.

2.8 Breaks in Service

If an Employee who has no nonforfeitable interest in an Accrued Benefit incurs five (5) consecutive One-Year Breaks in Service, his prior Years of Eligibility Service and/or Years of Vesting Service, as applicable, shall be forfeited.

ARTICLE 3

DEPOSITS

3.1 Rate of Deposits

Subject to limits imposed by the Code or in the Plan, a Participant shall elect to make Deposits under the Plan by designating the percentage of Compensation (in increments of 1%) he wishes to have contributed to the Trust on his behalf. The minimum percentage shall be 1% and the maximum percentage shall be set from time to time by the Benefits Administration Committee.

3.2 Type of Deposits

A Participant may elect that the Deposits made under the Plan on his behalf be Tax Deferred Deposits or Taxed Deposits. The Benefits Administration Committee may impose from time to time separate maximum deposit limits on Tax Deferred Deposits and Taxed Deposits and may apply different maximum deposit limits to different groups of Participants on the basis of their Compensation received in the immediately preceding and/or current Plan Year. The Benefits Administration Committee may, in its discretion, suspend or limit the percentage of Tax Deferred Deposits or Taxed Deposits elected by any or all Participants who are Highly Compensated Employees to the extent the Committee deems necessary. Any such suspension or limitation may be imposed at any time during the Plan Year effective on the first day of the month following such imposition and shall continue in effect for as long as the Benefits Administration Committee shall determine. Whenever the limit imposed on either Tax Deferred Deposits or Taxed Deposits is later increased, the rate(s) of Deposits in effect during the limitation period will remain effective until changed by the Participant. At any time prior to the end of a Plan Year as to Deposits for such Year, the Benefits Administration Committee may, in its discretion, retroactively change, in whole or in part, the elections made by any or all Participants who are Highly Compensated Employees from Tax Deferred Deposits to Taxed Deposits to the extent then permitted under the Plan. Such change may be made without prior notice to affected Participants, but only if, and to the extent, the Benefits Administration Committee deems it necessary to comply with requirements of the Code. Recharacterized Excess Contributions shall be subject to the nonforfeitability requirements and distribution limitations applicable to Tax Deferred Deposits. The Benefits Administration Committee shall be permitted to take any and all actions permitted by Section 401(k)(8) and 401(m)(6) of the Code and the regulations thereunder in order to have the Plan comply with the actual deferral percentage and contribution percentage requirements of Section 401(k)(3)) and 401(m)(2) of the Code, respectively, for such Plan Year, to the extent such requirements apply.

3.3 Change in Deposit Rates

At any time after enrollment, a Participant may elect (i) to discontinue Deposits under the Plan, (ii) to increase or decrease his future Deposits to any other percentage then permitted under the Plan or (iii) to change the percentage of either or both of his Tax Deferred Deposits or Taxed Deposits to any other percentage then permitted under the Plan. Any such election shall be made in accordance with procedures approved by the Benefits Administration Committee and shall be effective as soon as practicable.

3.4 Payments to Trust

The Company and each adopting Employer shall forward Deposits to the Trustee as soon as practicable.

3.5 Annual Limit on Tax Deferred Deposits

No Participant shall be permitted to have Tax Deferred Deposits made under this Plan in excess of the dollar limitation contained in Section 402(g) of the Code in effect for such taxable year, except to the extent permitted under Section 414(v) of the Code, if applicable. The limitation set by this Section applies on an individual basis to all elective deferrals (within the meaning of Section 401(k) of the Code) made by each Participant during a year under this or any other qualified plan of the Employer.

It shall be the responsibility of each Participant to coordinate his or her salary deferrals as needed to meet this limit in connection with any other plan or plans not sponsored by the Employer. The Benefits Administration Committee will not take account of deferrals made to any other plan not sponsored by an Employer.

Notwithstanding any other provision of the Plan, the Participant may state a claim for the return of Excess Deferrals and such Excess Deferrals and the gain or loss allocable thereto shall be distributed if administratively practicable during the calendar year in which such Excess Deferrals are made or the calendar year following the calendar year in which such Excess Deferrals are made, but no later than the April 15 following the calendar year for which such allocable Excess Deferrals are made. The Participant's claim shall be in writing; shall be submitted to the Benefit Administration Committee no later than March 1; shall specify the Participant's Excess Deferrals for the preceding calendar year; and shall be accompanied by the Participant's written statement that if such amounts are not distributed, such Excess Deferrals, when added to amounts deferred under other plans or arrangements described in Sections 401(k), 408(k) or 403(b) of the Code, exceed the limit imposed on the Participant by Section 402(g) of the Code for the year in which the deferral occurred. If a Participant has Excess Deferrals, taking into account only elective deferrals under the Plan and other plans of the Employer, the Participant is deemed to have notified the Plan of such Excess Deferrals in accordance with the terms of this paragraph, and such Excess Deferrals shall be distributed, in accordance with the terms of this paragraph.

The Excess Deferrals shall be adjusted for gain or loss. The gain or loss allocable to Excess Deferrals for the Participant's taxable year shall be determined by multiplying the gain or loss allocable to the Participant's Tax Deferred Deposits for the taxable year by a fraction, the numerator of which is the Excess Deferrals on behalf of the Participant for the taxable year, and the denominator of which is the sum of (1) the Participant's Account attributable to Tax Deferred Deposits as of the beginning of the taxable year, plus (2) the Participant's Tax Deferred Deposits for the taxable year.

Notwithstanding the foregoing, with respect to any taxable year beginning prior to January 1, 2007, no gain or loss shall be allocated to Excess Deferrals for the period between the end of the taxable year and the date of the corrective distribution.

If Excess Deferrals have previously been distributed within the Plan Year, then the Plan shall offset such distribution from the amount of the Participant's Excess Contributions to be distributed for such Plan Year. In addition, the amount of Excess Deferrals that may be distributed for a Participant by the Plan for a Plan Year shall be reduced by the amount of Excess Contributions previously distributed for such Plan Year.

3.6 Deferral Percentage Limitation

Subject to the special rules of Section 3.7, and at such intervals as it shall deem proper, the Benefits Administration Committee shall review the Deposit election of each Participant who has not completed a Year of Eligibility Service in order to ensure that the Tax Deferred Deposits with respect to such Participants satisfy one of the following tests:

(A) The Average Actual Deferral Percentage for such Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for such Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 1.25; or

(B) The Average Actual Deferral Percentage for such Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for such Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 2, provided that the Average Actual Deferral Percentage for such Participants who are Highly Compensated Employees does not exceed the Average Actual Deferral Percentage for such Participants who are Nonhighly Compensated Employees for the Plan Year by more than two (2) percentage points.

To the extent required by regulations or other Internal Revenue Service rulings of general applicability, the Average Actual Deferral Percentage for Participants who are Nonhighly Compensated Employees for the Plan Year shall be adjusted, as required by such regulations or other rulings of general applicability, to reflect a change in the group of eligible Employees under the Plan on account of (i) establishment or amendment of a plan, (ii) plan merger, consolidation or spin-off, (iii) a change in the way plans are aggregated or separated for purposes of performing the tests described in (A) and (B) above or (iv) any combination of the above.

3.7 Special Rules on Deferral Percentage Limitations

(A) For purposes of this Article, the Actual Deferral Percentage for any Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Tax Deferred Deposits allocated to his account under two or more plans or arrangements described in Section 401(k) of the Code that are maintained by an Employer shall be determined as if all such Tax Deferred Deposits were made under a single arrangement. If a Highly Compensated Employee participates in two or more plans or arrangements described in Section 401(k) of the Code that have different plan years, all such arrangements ending with or within the same calendar year shall be treated as a single arrangement.

(B) In the event that this Plan satisfies the requirements of Sections 401(k), 401(a)(4) or 410(b) of the Code only if aggregated with one or more other plans, or if one or more plans satisfy the requirements of such sections of the Code only if aggregated with this Plan, then this section shall be applied by determining the Actual Deferral Percentage of Employees as if all such plans were a single plan. Plans may be aggregated in order to satisfy Section 401(k) of the Code only if they have the same plan year, but the Plan may only be aggregated with a plan that uses the “current year” testing method.

(C) The Plan may be disaggregated into two or more plans or the Plan may be aggregated with one or more other plans, to the extent permitted by Sections 401(k), 401(a)(4) and 410(b) of the Code and the regulations thereunder.

(D) For purposes of determining a Participant's Actual Deferral Percentage, Tax Deferred Deposits must be made before the last day of the twelve month period immediately following the Plan Year to which those contributions relate.

(E) Excess Annual Additions distributed to Participants in accordance with Section 4.6 shall be disregarded for purposes of applying the tests of Section 3.6.

(F) Excess Deferrals of Nonhighly Compensated Employees shall be disregarded to the extent such Excess Deferrals are prohibited under Code Section 401(a)(30).

(G) The determination and treatment of the Actual Deferral Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

3.8 Adjustment of Deferrals

(A) In the event the Benefits Administration Committee determines that one of the tests set forth in Section 3.6 is not satisfied at the time of its review hereunder, or is likely not to be satisfied by the end of the Plan Year, it may require, in accordance with Section 3.2, that one or more Participants adjust their Deposit Election as of the first pay period in the month next following receipt of the test results, in order that one of the tests set forth in Section 3.6 is thereafter satisfied, or, to the extent permitted by law, the Benefits Administration Committee shall have the power and authority to return all or any part of the Tax Deferred Deposits of one or more Participants in cash within two and one-half months after the end of the Plan Year but in no instance later than the last day of the Plan Year following the Plan Year for which the Excess Contributions were made, solely to the extent necessary to satisfy one of the tests set forth in Section 3.6.

(B) The Excess Contributions shall be adjusted for gain or loss. The gain or loss allocable to Excess Contributions for the Plan Year shall be determined by multiplying the gain or loss allocable to the Participant's Tax Deferred Deposits and amounts treated as Tax Deferred Deposits for the Plan Year by a fraction, the numerator of which is the Excess Contributions on behalf of the Participant for the Plan Year and the denominator of which is the sum of (1) the Participant's Account attributable to Tax Deferred Deposits and amounts treated as Tax Deferred Deposits as of the beginning of the Plan Year plus (2) the Participant's Tax Deferred Deposits and amounts treated as Tax Deferred Deposits for the Plan Year.

Notwithstanding the foregoing, except with respect to the two taxable year period beginning January 1, 2006, no gain or loss shall be allocated to Excess Contributions for the period between the end of the taxable year and the date of the corrective distribution.

(C) Any distribution of Excess Contributions for any Plan Year shall be made to Highly Compensated Employees in accordance with Code Section 401(k)(8)(C) and the rulings and regulations thereunder. If, after performance of the two tests in Section 3.6, the deferral percentage test would still be violated as of the end of the Plan Year, then notwithstanding any other provision hereof, every Tax Deferred Deposit included in the Actual Deferral Percentage for a Participant who is a Highly Compensated Employee and whose Actual Deferral Percentage is greater than the permitted maximum shall be revoked to the extent necessary to comply with such deferral percentage limitation of Section 3.6 and the amount of such Tax Deferred Deposits, to the extent revoked, shall constitute an Excess Contribution to be distributed to such Participant (with earnings thereon as calculated in Section 3.8(B)) no later than the last day of the Plan Year following the Plan Year for which such contribution was made. Excess Contributions are allocated to the Highly Compensated Employees with the largest amounts of Tax Deferred Deposits (and Employer contributions, as applicable), which are taken into account in calculating the deferral percentage limitation for the Plan Year in which the excess arose, beginning with the Highly Compensated Employee with the largest amount of such Tax Deferred Deposits (and Employer contributions, as applicable), and continuing in descending order until all Excess Contributions have been allocated. For purposes of the preceding sentence, the "largest" amount is determined after distribution of any amounts distributed hereunder pursuant to Section 3.5 hereof.

3.9 Contributions For Periods of Qualified Military Service

Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to "qualified military service," which shall mean any services in the uniformed services (as defined in chapter 43 of title 38 of the United States Code) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such service, will be provided in accordance with Section 414(u) of the Code.

3.10 Catch-Up Contributions

All Participants who are eligible to make elective deferrals under the Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make Catch-Up Contributions in accordance with, and subject to the limitations of, section 414(v) of the Code. Catch-Up Contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such Catch-Up Contributions.

ARTICLE 4

EMPLOYER CONTRIBUTIONS

4.1 Employer Matching Contributions

(A) Each Employer shall contribute an Employer Matching Contribution for its Senior Associates who have elected to make Deposits. The amount of the Employer Matching Contribution made pursuant to this Section shall be equal to the sum of (i) one hundred percent (100%) of the Deposits made by the Senior Associate up to three percent (3%) of Compensation, and (ii) fifty percent (50%) of the Deposits made by the Senior Associate that exceed three percent (3%), up to a maximum of five percent (5%) of Compensation. For this purpose, Compensation shall mean the Compensation used to determine the contributions made by, or on behalf of, the Senior Associate for the same period. If a Senior Associate makes Tax Deferred Deposits, Catch-Up Contributions, and/or Taxed Deposits in a pay period, Tax Deferred Deposits shall be matched first, Catch-Up Contributions next, and Taxed Deposits last.

(B) All Employer Matching Contributions shall be made in cash and invested in accordance with the provisions of Article 6 and shall be made in cash.

(C) Employer Matching Contributions shall be nonforfeitable when made and shall be subject to the same distribution requirements as Tax Deferred Deposits, except that such contributions may not be distributed as a hardship withdrawal.

(D) For purposes of this Section, the amount of the Employer Matching Contribution to be allocated to a Participant initially shall be determined for each separate pay period, based solely on the Compensation, Tax Deferred Deposits, Catch-up Contributions, and Taxed Deposits of the Participant in that pay period. Then, as of the end of the Plan Year, the Participant may become eligible for an additional allocation of Employer Matching Contributions, based on the Participant's Compensation, Tax Deferred Deposits, Catch-up Contributions, and Taxed Deposits in that Plan Year.

4.2 Percentage Limitation on Taxed Deposits

At such intervals as it shall deem proper, the Benefits Administration Committee shall review the Taxed Deposits and, in the case of a Participant who has not completed a Year of Eligibility Service, the Employer Matching Contributions made for Participants in order to ensure that such contributions satisfy one of the following tests:

(A) The Average Contribution Percentage for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 1.25; or

(B) The Average Contribution Percentage for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 2, provided that the Average Contribution Percentage for Participants who are Highly Compensated Employees does not exceed the Average Contribution Percentage for Participants who are Nonhighly Compensated Employees for the Plan Year by more than two (2) percentage points.

To the extent required by regulations or other Internal Revenue Service rulings of general applicability, the Average Contribution Percentage for Participants who are Nonhighly Compensated Employees for the Plan Year shall be adjusted, as required by such regulations or other rulings of general applicability, to reflect a change in the group of eligible Employees under the Plan on account of (i) establishment or amendment of a plan, (ii) plan merger, consolidation or spin-off, (iii) a change in the way plans are aggregated or separated for purposes of performing the tests described in (A) and (B) above or (iv) any combination of the above.

4.3 Special Rules for Contribution Percentage Limit Testing

(A) The Plan may be disaggregated into two or more plans or the Plan may be aggregated with one or more other plans, to the extent permitted by Sections 401(m), 401(a)(4) and 410(b) of the Code and the regulations thereunder.

(B) Excess Annual Additions distributed to Participants in accordance with Section 4.6 shall be disregarded in applying the tests of Section 4.2.

(C) The determination and treatment of the Contribution Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

4.4 Adjustments To Excess Aggregate Contributions

(A) Excess Aggregate Contributions, plus any gain and minus any loss allocable thereto, shall be forfeited, if forfeitable, or if not forfeitable, shall be distributed in cash to Highly Compensated Employees within two and one-half months after the end of the Plan Year but in no instance later than the last day of the Plan Year following the Plan Year for which the Excess Aggregate Contributions were made.

(B) The Excess Aggregate Contributions shall be adjusted for gain or loss. The gain or loss allocable to Excess Aggregate Contributions for the Plan Year shall be determined by multiplying the gain or loss allocable to the Participant's Taxed Deposits for the Plan Year by a fraction, the numerator of which is the Excess Aggregate Contributions on behalf of the Participant for the Plan Year and the denominator of which is the sum of (1) the Participant's Account attributable to Taxed Deposits as of the beginning of the Plan Year plus (2) the Participant's Taxed Deposits for the Plan Year.

Notwithstanding the foregoing, except with respect to the two taxable year period beginning January 1, 2006, no gain or loss shall be allocated to Excess Aggregate Contributions for the period between the end of the taxable year and the date of the corrective distribution.

(C) Any distribution of Excess Aggregate Contributions for any Plan Year shall be made to Highly Compensated Employees in accordance with Code Section 401(m)(6)(C) and the rulings and regulations thereunder. If, after performance of the percentage limitation in Section 4.2, the contribution percentage test would still be violated as of the end of the Plan Year, then notwithstanding any other provision hereof, every Employer Matching Contribution and Taxed Deposit included in the Average Contribution Percentage for a Highly Compensated Participant whose Average Contribution Percentage is greater than the permitted maximum shall automatically be revoked to the extent necessary to comply with such contribution percentage test of Section 4.2 and the amount of such contribution, to the extent revoked, shall constitute an Excess Aggregate Contribution to be distributed to such Participant (with earnings thereon as calculated in Section 4.4(B)) or forfeited, if applicable, no later than the last day of the Plan Year following the Plan Year for which such contribution was made. Excess Aggregate Contributions are allocated to the Highly Compensated Employees with the largest amounts of Employer Matching Contributions and Taxed Deposits (and Employer contributions, as applicable), taken into account in calculating the contribution percentage test for the Plan Year in which the excess arose, beginning with the Highly Compensated Employee with the largest amount of such Employer Matching Contributions and Taxed Deposits (and Employer contributions, as applicable), and continuing in descending order until all excess Aggregate Contributions have been allocated. For purposes of the preceding sentence, the "largest amount" is determined after first determining required distributions under Section 3.5 hereof, and then determining Excess Contributions under Section 3.8(C).

4.5 Retirement Contributions

(A) For the Plan Year beginning on January 1, 2003, each Employer shall make, on behalf of its Employees who are Participants eligible to share hereunder and subject to the otherwise applicable limitations of the Plan, a nondiscretionary Retirement Contribution. The Retirement Contribution made on behalf of a Participant who is eligible to share in the Retirement Contribution hereunder shall be equal to the sum of such Participant's Allocable Points as of the last day of the Plan Year multiplied by such Participant's Compensation for the Plan Year and divided by one hundred. Allocable Points shall be determined in accordance with Tab A set forth below. To be eligible to share in the Retirement Contribution provided by this Section, the Participant either must not have Separated from Service during the Plan Year or must have Separated from Service in such Plan Year by reason of death, Total and Permanent Disability or retirement on or after Normal Retirement Age.

TABLE A

ALLOCABLE POINTS

Participant's Age	Allocable Points
40-44	1
45-49	2
50-54	3
55-59	4
60 and up	5

Participant's Years of Vesting Service	Allocable Points
0-9	1
10-14	2
15-19	3
20-24	4
25-29	5
30 - 34	6
35 and up	7

For purposes of Table A, "Age" is the Participant's age at last birthday on the applicable Allocation Date. Further, for purposes of Table A, a Participant's Years of Vesting Service will be equal to his full Years of Vesting Service completed as of the applicable Allocation Date.

"Allocation Date" means December 31, 2003 or, for the allocation provided under Subsection (E), December 31, 2004.

(B) In the event the allocation of Retirement Contributions would result in a discriminatory allocation in violation of Treasury Regulation 1.401(a)(4)-1(b), or any other applicable tax qualification requirement, the Benefits Administration Committee shall reduce, in any manner it determines in its discretion to be equitable, the amount of Retirement Contributions which would otherwise be allocated to Participants who are Highly Compensated Employees for such Plan Year, in order to satisfy such requirements.

(C) All Retirement Contributions shall be made in cash and invested in accordance with the provisions of Article 6.

(D) All Retirement Contributions shall be conditioned on their deductibility under Section 404 of the Code. Retirement Contributions shall be made when directed by the Board of Directors, but not later than the time prescribed by law, including extensions, for filing the income tax return of the Employer for the Employer's taxable year for which such contributions are deductible.

(E) For the Plan Year beginning January 1, 2004, a Retirement Contribution determined as provided above, reduced, but not below zero, by the amount, if any of the Discretionary Profit Sharing Contribution allocated to a Participant, shall be made to each Participant who satisfies each of the following conditions: (i) the Participant was a Participant on December 31, 2003, (ii) the Participant remained an Employee continuously from that date through and including December 31, 2004, and (iii) the Participant was never a Highly Compensated Employee during that Plan Year.

(F) No Retirement Contribution shall be made for any Plan Year beginning on or after January 1, 2005.

4.6 Overall Limitation on Annual Additions

Any other provision of this Plan notwithstanding, in no event shall the total amount allocated to a Participant's Account under the Plan for any Limitation Year, exceed the limitations imposed under Code Section 415, the provisions of which are incorporated into the Plan by reference. For this purpose, the Limitation Year shall be the Plan Year.

If, as a result of the allocation of forfeitures, a reasonable error in estimating a Participant's annual Compensation, a reasonable error in determining the amount of Tax Deferred Deposits that may be made with respect to any individual under the limits of Code Section 415, or under other limited facts and circumstances that the Commissioner finds justifies this method of allocation, the Annual Addition for a particular Participant would cause the limitations of Code Section 415 applicable to that Participant for the Limitation Year to be exceeded, the excess amounts shall not be deemed an Annual Addition in that Limitation Year and for contributions other than Tax Deferred Deposits and/or Taxed Deposits, such contributions shall be withheld or taken from a Participant's Account and held in a suspense account to be used to reduce future contributions for the Participant (or, if the Participant ceases to be an Employee, for remaining active Participants) in succeeding Limitation Years, as necessary, and, for Tax Deferred Deposits and/or Taxed Deposits, such Deposits (together with allocable income) shall be distributed to the Participant.

4.7 Timing of Employer Contributions

The Employer shall forward Employer Matching Contributions, Retirement Contributions, and Discretionary Profit Sharing Contributions to the Trustee for investment in the Trust Fund at such times as the Employer shall determine, but not later than the time prescribed by law, including extensions, for filing the income tax return of the Employer for the Employer's taxable year for which such contributions are deductible.

4.8 Discretionary Profit Sharing Contributions

The Board of Directors may, in its sole discretion, authorize a supplemental contribution to be made by each Employer on behalf of its Employees who are eligible to share in such contribution, as hereinafter provided. By way of example and not limitation, eligibility may be limited to Participants' employed in a particular line of business. The Contribution shall be referred to as a Discretionary Profit Sharing Contribution and shall be allocated to each eligible Participant who has not Separated from Service on or before the last day of the Plan Year with respect to which the Discretionary Profit Sharing Contribution is declared or who had Separated from Service in such Plan Year by reason of death, Total and Permanent Disability or retirement on or after Normal Retirement Age. The Board of Directors shall normally determine the amount of the Discretionary Profit Sharing Contribution, if any, after it has reviewed the Company's financial performance for the Plan Year; and Participants shall be informed of the amount of the contribution prior to the date of allocation. The Discretionary Profit Sharing Contribution shall satisfy all applicable requirements of the Code, shall be conditioned on its immediate deductibility under Code Section 404, and, subject to the overall permitted disparity limits described below, shall be allocated to the eligible Participants' Accounts as follows:

STEP ONE: The Discretionary Profit Sharing Contribution shall be allocated to each eligible Participant's Account in the ratio that the sum of each Participant's Compensation and Compensation in excess of the taxable wage base in effect under section 230 of the Social Security Act at the beginning of the Plan Year (the "TWB") bears to the sum of all Participants' Compensation and Compensation in excess of the TWB, but not in excess of the Maximum Excess Allowance. For this purpose, the Maximum Excess Allowance shall be exceeded to the extent that the percentage of Compensation which is contributed with respect to that portion of each Participant's Compensation in excess of the TWB (the "excess contribution percentage") exceeds the percentage of Compensation contributed with respect to that portion of each Participant's Compensation not in excess of the TWB (the "base contribution percentage"), by the lesser of (A) the base contribution percentage, or (B) the greater of (i) 5.7 percentage points, or (ii) the percentage equal to the portion of the rate of tax under Code section 3111(a) (in effect as of the beginning of the year) which is attributable to old age insurance.

STEP TWO: Any remaining Discretionary Profit Sharing Contribution shall be allocated to each Participant's account in the ratio that each Participant's Compensation for the Plan Year bears to all Participants' Compensation that year.

Overall Permitted Disparity Limits

Annual overall permitted disparity limit: Notwithstanding the preceding paragraphs, for any Plan Year a Discretionary Profit Sharing Contribution is allocated to any Participant who benefits under another qualified plan or simplified employee pension, as defined in § 408(k) of the Code, maintained by the Employer that provides for permitted disparity (or imputes disparity), the contribution will be allocated to the account of such Participant in the ratio that such Participant's total Compensation bears to the total Compensation of all Participants.

Cumulative permitted disparity limit: The cumulative permitted disparity limit for a Participant is 35 total cumulative permitted disparity years. Total cumulative permitted years means the number of years credited to the Participant for allocation or accrual purposes under this Plan, any other qualified plan or simplified employee pension plan (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's cumulative permitted disparity limit, all years ending in the same calendar year are treated as the same year. However, a Participant who has not benefited under a defined benefit plan or a target benefit plan maintained by the Employer for any Plan Year beginning on or after January 1, 1994, has no cumulative permitted disparity limit.

4.9 Qualified Non-Elective Contributions

The Company and each Employer may make additional discretionary contributions (hereinafter "Qualified Non-Elective Contributions") allocable to Nonhighly Compensated Employees for purposes of ensuring that the Plan satisfies the applicable requirements of Code sections 401(k)(3) and 401(m)(3). Any such contributions shall satisfy the applicable requirements of Treas. Reg. Section 1.401(k)-1 and Treas. Reg. Section 1.401(m)-1, the provisions of which are incorporated by reference for this purpose.

ARTICLE 5

PARTICIPANTS' ACCOUNTS AND INVESTMENT ELECTIONS

5.1 Separate Accounts

The Benefits Administration Committee shall maintain, or cause to be maintained, a separate account for each Participant which shall consist of his Personal Account, Company Account and Rollover Account, if any. A Participant's Personal Account shall have separate subaccounts for amounts attributable to Tax Deferred Deposits, Taxed Deposits, and Catch-Up Contributions. A Participant's Company Account shall have separate subaccounts for amounts attributable to Employer Matching Contributions, Retirement Contributions, and Discretionary Profit Sharing Contributions. A Participant's Company and Personal Accounts shall have, if applicable, separate subaccounts for amounts accumulated under plans merged into the Plan. Each such account and subaccount will be considered a subaccount of the Participant's Account.

5.2 Valuation of Funds

There shall be determined as of each Valuation Date the fair market value of all assets held in the Trust Fund. Such valuation shall be determined in accordance with the principles of Section 3(26) of ERISA and the regulations thereunder and shall give effect to brokerage fees, transfer taxes, contributions, earnings, gains and losses, forfeitures, expenses, disbursements, and all other transactions during the valuation period since the preceding Valuation Date.

In making such determinations and in crediting net appreciation or depreciation and all other applicable adjustments to a Participant's Account, the Benefits Administration Committee may employ such accounting methods as the Benefits Administration Committee may deem appropriate in order to fairly reflect the fair market value of the Plan assets and each Participants' Account. If Investment Funds are established, the valuation of a Participant's individual Account shall reflect such Participant's investment elections. For this purpose, the Benefits Administration Committee may rely upon information provided by the Trustee, the investment manager, or other persons believed by the Benefits Administration Committee to be competent.

5.3 Investment Election

If Investment Funds are established, a Participant shall make an investment election which shall cover his Deposits, Rollover Contributions, and Company Contributions. The investment election shall be for a percentage amount, in one percent (1%) increments, to be invested in one or more of the Investment Funds.

Each Participant is solely responsible for the selection of his investment options. The Trustee, the Investment Committee, the Benefits Administration Committee, the Employer and the officers, supervisors and other employees of the Employer are not empowered to advise a Participant as to the manner in which his Account shall be invested. The fact that an Investment Fund is available to a Participant for investment under the Plan shall not be construed as a recommendation for investment in that Investment Fund. In the event no election is made by a Participant, amounts available for election will be invested in the Investment Fund selected by the Investment Committee for this purpose.

5.4 Timing of Investment Election

The investment election must be made prior to the commencement of an Employee's participation in the Plan or at such other time as the Benefits Administration Committee shall establish and apply on a uniform basis. Any such election may be changed at such time and as frequently as shall be permitted by procedures established and applied by the Benefits Administration Committee on a uniform basis. Each such election or change in election shall be effective with respect to Deposits and Employer Matching Contributions made from or with respect to Compensation payable on the next payroll processing date after election by the Employee in accordance with procedures established by the Benefit Administration Committee and with respect to future Retirement Contributions and Discretionary Profit Sharing Contributions.

5.5 Transfer Between Investment Funds

A Participant may elect to transfer an amount equal to the value of all or part of his Account invested in any one or more of the Investment Funds to another one or more of such Investment Funds. Any such election shall be made in accordance with procedures established and applied by the Benefits Administration Committee on a uniform basis. Except as otherwise established pursuant to Section 5.6 below, the value of amounts transferred shall be determined as of the Valuation Date which is coincident with or next following the date of receipt of the Participant's election to transfer made in accordance with procedures established by the Benefits Administration Committee.

5.6 Special Valuation Date

If as a result of a transfer notice the Trustee executes investment elections on a date later than the otherwise applicable Valuation Date, the Benefits Administration Committee may establish an appropriate Valuation Date or Dates uniformly for similarly situated Participants in a manner which it deems appropriate to assure the equitable treatment of all Participants, those electing transfers as well as those having amounts in the Investment Funds from or to which the transfers are made.

ARTICLE 6

TRUST AGREEMENT

6.1 Trust Agreement

(A) The Company has entered or will enter into a Trust Agreement which shall be a part of the Plan. All contributions made pursuant to the provisions of the Plan shall be paid into the Trust Fund. All such payments and increments thereon shall be held and disbursed in accordance with the provisions of the Plan and Trust Agreement, as each shall be applicable under the circumstances. No person shall have any interest in, or right to, any part of the funds so held, except as expressly provided in the Plan or Trust Agreement.

(B) The Trustee shall have the exclusive authority and discretion to invest, manage and control the assets of the Plan, except to the extent that Participants have been given authority to direct their Accounts, to the extent the Investment Committee has allocated the authority to manage Plan assets to one or more investment managers (within the meaning of Section 3(38) of ERISA), or to the extent that the Investment Committee has given the Trustee direction with regard to the investment of Plan assets. Any investment manager appointed by the Investment Committee shall have the exclusive authority to manage, including the power to direct the acquisition and disposition of, the Plan assets assigned to it by the Investment Committee.

6.2 Establishment of Investment Fund(s)

The Trustee, at the direction of the Investment Committee, shall establish one or more Investment Funds having such investment objectives as may be ascribed to each such fund by the Investment Committee. The Trustee shall establish and maintain an Investment Fund for the purpose of allowing investment in common stock of the Company (herein referred to as the “ADS Stock Fund”).

6.3 Voting and Tender of Shares

Consistent with ERISA Section 404(c), the following shall apply with respect to the investment by Participants and Beneficiaries in Company securities:

(1) Information provided to shareholders of such Company securities shall be provided to Participants and Beneficiaries with accounts holding such securities.

(2) Voting, tender and similar rights with respect to Company securities shall be passed through to Participants and Beneficiaries with accounts holding such securities. The Trustee shall vote or tender or take other similar action with respect to such shares solely in accordance with instructions furnished to it by each Participant or Beneficiary, in accordance with such procedures as are generally made available to shareholders. Shares, including fractional shares, for which instructions are not received by the Trustee shall not be voted or tendered.

(3) Information relating to the purchase, holding, and sale of Company securities, and the exercise of voting, tender and similar rights with respect to such securities, by Participants and Beneficiaries, shall be maintained in accordance with procedures which are designed to safeguard the confidentiality of such information, except to the extent necessary to comply with Federal laws or state laws not preempted by ERISA.

(4) The General Counsel of the Company shall be the fiduciary who is responsible for (i) ensuring that any procedures used are sufficient to safeguard the confidentiality of the information described in paragraph 3, (ii) such procedures are being followed, and (iii) the independent fiduciary required by paragraph (5), below, is appointed when necessary.

(5) An independent fiduciary shall be appointed to carry out activities relating to any situations which the fiduciary designated in accordance with paragraph (4), above, determines involve a potential for undue Employer influence upon Participants and Beneficiaries with regard to the direct or indirect exercise of shareholder rights.

6.4 Assumption of Risk by Participant

Each Participant (or Beneficiary) assumes the risk in connection with any decrease in value of his separate Account, and there shall be no liability under the Plan to a Participant in excess of the value of the assets in his Account.

ARTICLE 7

DEATH BENEFITS AND BENEFICIARY DESIGNATIONS

7.1 Death Benefits

(A) When a Participant has a Separation from Service by reason of death or dies after Separation from Service but before receiving benefits, the benefits shall be payable to the Beneficiary determined pursuant to Section 7.2.

(B) The payment of benefits shall be in lump sum payment and shall be made as soon as practicable after the Benefits Administration Committee receives a completed application that includes proof of the Participant's death.

(C) In no event, however, shall the payment of such benefits to a Beneficiary be made later than the date permitted under Section 401(a)(9) of the Code.

7.2 Designation of Beneficiary

A Participant, including one who has Separated from Service but has not received a distribution of his Plan benefits, may designate one or more Beneficiaries and one or more contingent Beneficiaries to receive upon his death a distribution of his Plan benefits in such proportion as such Participant designates. If, however, such a Participant is married on the date of his death, his Beneficiary shall be his Spouse unless a different Beneficiary designation was consented to by his Spouse. Such consent by the Participant's Spouse must be in writing, be irrevocable, and given prior to the Participant's death. Such consent must acknowledge the effect of the Participant's Beneficiary designation, specify the identity of the non-Spouse Beneficiary, including contingent Beneficiaries, if any, and the consent must be witnessed by a Plan representative or notary public. A Participant's Spouse must again consent, in accordance with the requirements applicable to the original consent, to any change in Beneficiary designation unless the original consent acknowledged that the Participant had the ongoing consent of his Spouse to make any such change. Upon a legal separation or dissolution of the marriage of a Participant, any designation of the Participant's former spouse as a Beneficiary, except as explicitly provided in a Qualified Domestic Relations Order, shall be treated as though the Participant's former spouse had predeceased the Participant unless, subsequent to the divorce or legal separation, the Participant executes another Beneficiary designation that complies with the Plan and that clearly names such former spouse as a Beneficiary.

Any consent by his Spouse shall be valid and effective only with respect to that Spouse. The consent of a Participant's Spouse shall not be required if (A) the Participant establishes to the satisfaction of the Benefits Administration Committee that consent cannot be obtained because the Spouse cannot be located or that there is no Spouse, or (B) the Participant and Spouse are legally separated or the Participant has been abandoned (within the meaning of local law) and the Participant has a court order to that effect; provided, however, that spousal consent in (B) above is required if required by a Qualified Domestic Relations Order. If the Spouse is legally incompetent to give consent, the Spouse's legal guardian (even if the guardian is the Participant) may give consent. If (1) an unmarried Participant fails to make a Beneficiary designation, or (2) there is some doubt or ambiguity as to the right to payment of any Beneficiary designated by the Participant, the Benefits Administration Committee shall direct the Trustee to pay the benefits otherwise distributable to the Participant's estate. In the event (1) all Beneficiaries predecease a Participant or die within 30 days after the Participant's death, or (2) there are two or more Beneficiaries, and one or more predeceases the other(s), the Benefits Administration Committee shall direct the Trustee to divide the remaining benefit equally between the remaining surviving Beneficiaries, or if none, to the Participant's estate.

ARTICLE 8

VESTING AND TERMINATION OF EMPLOYMENT

8.1 Vesting in Personal Account and Rollover Account

A Participant shall at all times have a one hundred percent (100%) vested and nonforfeitable interest in his Personal Account and Rollover Account, if any.

8.2 Vesting in Company Account

Employer Matching Contributions made with respect to periods after January 1, 2004, shall be nonforfeitable. Subject to Section 8.3, a Participant shall have a vested and nonforfeitable right in his Company Account attributable to Employer Matching Contributions made with respect to periods prior to January 1, 2004, and any earnings or losses attributable thereto, in accordance with the following schedule:

Years of Vesting Service	Percentage Vested
Less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

Effective January 1, 2007, a Participant whose employment is terminated prior to attainment of his Normal Retirement Age (and for any reason other than death or Total and Permanent Disability), shall have a vested and nonforfeitable right in his Company Account attributable to Retirement Contributions and Discretionary Profit Sharing Contributions, and any earnings or losses attributable thereto, in accordance with the following schedule:

Years of Vesting Service	Percentage Vested
Less than 3	0%
3 or more	100%

Any amount remaining in a Participant's Company Account after his nonforfeitable percentage is determined upon his Separation from Service shall be forfeited by him as provided in Section 8.5. The forfeited amounts shall be held in the Forfeiture Account.

8.3 Vesting After Specified Events

Notwithstanding his Years of Vesting Service, a Participant who attains his Normal Retirement Age while in the service of an Employer shall be 100% vested in the balance in his Company Account. Moreover, if a Participant shall Separate from Service (1) because of Total and Permanent Disability, (2) because of death, or (3) because of the discontinuance (through no fault of his own) of the operation of a unit of an Employer in which he was employed or of the particular work in which he was engaged, as determined in its discretion by the Benefits Administration Committee, such Participant shall be 100% vested in the balance in his Company Account.

8.4 Distributions With Less Than 100% Vesting

If a Participant who is less than one hundred percent (100%) vested in his Company Account receives a distribution from such Company Account following termination of employment, then his vested interest in such Account upon reemployment prior to incurring five (5) consecutive One-Year Breaks in Service shall be equal to P(AB + R x D)) - R x D) where:

P is the vested percentage at the time at which the Participant's vested interest cannot increase;

AB is the account balance of the Company Account determined at the time at which the Participant's vested interest cannot increase;

D is the amount of the distribution; and

R is the ratio of the account balance of the Company Account determined at the time at which the Participant's vested interest cannot increase to such account balance determined after the distribution.

8.5 Forfeitures

If a Participant's employment is terminated, any portion of his Company Account in which the Participant does not have a nonforfeitable interest shall be forfeited as of the earlier of (i) the date he receives a distribution of any portion of his vested Accrued Benefit, or (ii) the first date he incurs five (5) consecutive One-Year Breaks in Service. If a Participant's employment terminates at a time when he has no vested interest in any portion of his Accrued Benefit, the Participant shall be deemed to have received a distribution of his entire Account balance upon his termination of employment.

If a Participant incurs a forfeiture under the preceding paragraph and again becomes an Employee prior to incurring five (5) consecutive One-Year Breaks in Service, the Employer shall reinstate (as of the Participant's Reemployment Commencement Date), the dollar amount of his Company Account forfeited, unadjusted for any gains or losses which occurred during said One-Year Breaks in Service. However, in the case of a Participant who received an actual distribution upon termination, the amounts forfeited will be reinstated only upon satisfaction of the following conditions:

(1) the Participant repays to the Plan the full amount of the distribution previously made to him, and

(2) the repayment is effected within five (5) years of the date on which he is credited with an Hour of Service for the performance of duties for an Employer.

The amount required to reinstate a forfeited Company Account shall be paid from the Forfeiture Account to the extent such Account is sufficient. To the extent the available forfeitures are insufficient to fully reinstate Participants' previously nonvested amounts, the Employer will make an additional contribution to the Plan sufficient to fully reinstate such amounts.

8.6 Distribution of Vested Benefits

Benefits payable in the case of a Participant whose employment is terminated shall be paid in accordance with Article 7 in the case of death, or Article 9 in the case of a Participant who retires or otherwise terminates employment with a vested benefit.

8.7 Forfeiture Account

The Trustee or its delegate shall establish and maintain in the Trust a Forfeiture Account for purposes of holding and investing amounts formerly allocated to individual Accounts of Participants but forfeited pursuant to this Article. All amounts credited to the Forfeiture Account shall be invested in an Investment Fund that emphasizes preservation of principal.

The Benefits Administration Committee may, in its discretion, apply amounts held in the Forfeiture Account (A) to restore amounts previously forfeited by Participants but required to be reinstated upon resumption of employment, (B) to pay Plan expenses, to the extent not paid by an Employer, (C) to correct an error made or resolve a claim filed under the Plan, or (D) to reduce any Employer contribution for the current or next succeeding Plan Year.

8.8 Service Upon Reemployment

Except as provided in Section 2.8, if a Participant has a Separation from Service and again becomes an Employee, his Years of Vesting Service completed before his reemployment will be included in determining his vested and nonforfeitable interest in his pre-break and post-break balances in his Company Accounts after he again becomes an Employee.

Except as provided in Section 2.8, if an Employee terminates employment before becoming a Participant and again becomes an Employee, he will receive credit for his prior Years of Vesting Service and Years of Eligibility Service.

ARTICLE 9

DISTRIBUTION OF BENEFITS

9.1 Vested Benefits

(A) A Participant who has a Separation from Service shall be entitled to a benefit equal to the vested interest in the balance in his Personal and Company Accounts determined pursuant to Article 8.

(B) Pursuant to the operation of Section 4.1, Section 4.5 and/or Section 4.8, a Participant may be entitled to receive an additional allocation after Separation from Service. The Participant's vested interest in such amount shall be subject to distribution pursuant to this Article 9 as of the Valuation Date coincident with or next following the Allocation Date as of which such amount is allocated to the Participant's Account.

(C) A Participant who is 100% vested in his Company Account pursuant to Article 8 on his Separation from Service (or the surviving Spouse of such Participant) and who has not given written consent to a distribution of benefits may elect a distribution from the Plan of all or any portion of his Account at any time. A Participant who is less than 100% vested in his Company Account pursuant to Article 8 on his Separation from Service (or the surviving Spouse of such Participant) may elect to receive a complete distribution of his Vested Account at any time or may receive a partial distribution of his vested Account to the extent provided in Section 10.3 and Section 10.4. Each distribution request is to be made in accordance with procedures and rules promulgated by the Benefits Administration Committee. All such withdrawal requests are subject to the approval of the Benefits Administration Committee.

A withdrawal hereunder shall be made from the sources in the Account in the order determined by the Benefits Administration Committee.

9.2 Valuation Date

(A) For purposes of distributions, the value of a Participant's Account shall be determined on the Valuation Date following authorization of the distribution of such Account or a portion thereof by the Benefits Administration Committee.

The payment of a Participant's distribution shall be made as soon as practicable after such Valuation Date in the form of a lump-sum payment in cash. Notwithstanding the foregoing, a Participant who elects to invest a portion of his account in the ADS Stock Fund, may elect that all or a portion of his Account be distributed in shares of common stock of the Company; provided, however, that the value of any fractional shares shall be distributed in cash.

(B) Except as otherwise provided in Section 9.3 hereof, or unless a Participant otherwise elects, in no event shall the payment of benefits to a Participant who has a Separation from Service begin later than the 60th day after the latest of the close of the Plan Year in which (1) the Participant attains Normal Retirement Age, (2) occurs the 10th anniversary of the year in which the Participant commenced participation in the Plan or (3) occurs the Participant's Separation from Service.

9.3 Consent to Distribution of Benefits

The benefits payable to a Participant who has a Separation from Service other than because of death shall not be distributed unless the Participant first gives written consent to such distribution. Such written consent shall be provided by the Participant on a form required by the plan administrator. However, such consent shall not be necessary if the value of the Participant's vested benefits is $1,000 or less, determined without taking into account the value of the Participant's Rollover Account. In that case, the Benefits Administration Committee shall direct the Trustee to cause the entire vested benefit to be paid to such Participant (or the Participant's Beneficiary in the case of a deceased Participant) without regard to the Participant's election or the consent of said Participant's Spouse. In the event a Participant is to receive a distribution and subsequently is reemployed by the Company or other Employer before the distribution is made, such distribution shall not be made.

9.4 Deferral of Benefits

(A) The benefits of a Participant who has a Separation from Service other than because of death may be deferred to a date not later than that permitted under Section 401(a)(9) of the Code ("Deferred Distribution Date"). During such deferral period, the Participant shall not make any Deposits or, except as otherwise provided under the Loan Program, apply for a loan after his Separation from Service.

(B) In the event of the death of a Participant during the deferral period prior to distribution of all Plan benefits, the surviving Spouse shall have the right to defer all or any portion of the benefits payable to the surviving Spouse and shall be permitted to designate a Beneficiary to receive benefits in the event of such Spouse's death. If the Spouse fails to designate a Beneficiary or if the Beneficiary designated by the Spouse fails to survive the Spouse, any benefits payable because of the Spouse's death shall be paid to the Spouse's estate.

The Plan shall charge and collect a reasonable administrative maintenance fee, which may be adjusted from time to time, to be deducted from the Accounts of persons whose benefits are deferred.

9.5 Required Minimum Distributions

Any benefit provided under the Plan shall be subject to the requirements of Code Section 401(a)(9), the provisions of which are incorporated by reference, including, without limitation, the incidental death benefit requirement of Code Section 401(a)(9)(G). Distributions shall be made in accordance with this section and with Treas. Reg. Sections 1.401(a)(9)-2 through 1.401(a)(9)-9, which override any distribution provision in the Plan to the extent inconsistent. To summarize these requirements, the entire interest of each employee shall be distributed to such employee not later than the required beginning date, or will be distributed, beginning not later than the required beginning date, in accordance with such regulations, over the life of such employee or over the lives of such employee and a designated beneficiary (or over a period not extending beyond the life expectancy of such employee or the life expectancy of such employee and a designated beneficiary). The term required beginning date means April 1 of the calendar year following the later of the calendar year in which the employee attains age 70 1/2, or the calendar year in which the employee retires.

9.6 Notices to Participants; Distributions Within 30 Days

The Benefit Administration Committee shall provide to the Participant notices of the following: (1) deferral rights and information on optional benefits required by Section 1.411(a)-11(c) of Income Tax Regulations, and (2) a written explanation of the direct rollover and tax withholding information required by Section 402(f) of the Code. Such notices shall be provided to the Participant no earlier than 180 days and no less than 30 days before the Annuity Commencement Date.

If a distribution is one to which Sections 401(a)(11) and 417 of the Code do not apply, such distribution may commence less than 30 days after the notice required under Section 1.411(a)-11(c) of the Income Tax Regulations is given, provided that: (1) the plan administrator clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and (2) the Participant, after receiving the notice, affirmatively elects a distribution.

ARTICLE 10

WITHDRAWALS WHILE EMPLOYED

10.1 Limits on Withdrawals

No withdrawals, other than withdrawals provided by this Article 10, shall be permitted prior to the Participant's Separation from Service.

10.2 Withdrawal of Taxed Deposits and Rollover Accounts

A Participant may elect, in accordance with procedures established by the Benefits Administration Committee, to withdraw from his Personal Account an amount in cash not exceeding the value of amounts attributable to his Taxed Deposits and amounts in his Rollover Account as of the date the withdrawal is requested in accordance with procedures established by the Benefits Administration Committee.

10.3 Withdrawal After Attainment of Age 59 1/2

A Participant may elect at any time after the attainment of age 59 1/2 to withdraw from his (i) Personal Account and (ii) Company Account an amount in cash not in excess of the vested value thereof determined as of the Valuation Date coincident with or next following the date on which the Participant requests a withdrawal in accordance with procedures established by the Benefits Administration Committee. A withdrawal hereunder shall be made from sources in the Account in the order determined by the Benefits Administration Committee.

10.4 Withdrawal to Alleviate Financial Hardship

A Participant, who does not have any amounts credited in his Account which are subject to withdrawal under Sections 10.2 or 10.3, may apply to the Benefits Administration Committee for approval to withdraw, as of the Valuation Date which is coincident with or next following the date of approval of such application by the Benefits Administration Committee, an amount in cash necessary to satisfy and alleviate a financial hardship. Such withdrawal may be made from the following sources in the Participant's Account, and in the order determined by the Benefits Administration Committee: World Financial Network Plan Matching Account; HSI Prior Plan Match; World Financial Network Plan Retirement Account; Tax Deferred Deposits (but no earnings thereon); and HIS Prior Plan Pre-Tax Deferred Deposits.

The Benefits Administration Committee shall approve any such application only to relieve an immediate and heavy financial need of the Participant (including his Spouse, Beneficiary, or any dependent), but only in an amount not in excess of the amount required to relieve such financial need, and only if, and to the extent, such need cannot be satisfied from other resources reasonably available to him (including assets of his Spouse, Beneficiary, and minor children reasonably available to him). For purposes of this paragraph, an immediate and heavy financial need shall be limited to any one of the following circumstances: (a) medical expenses (within the meaning of Section 213(d) of the Code) incurred by the Participant, his Spouse, his Beneficiary, or any dependent, or amounts necessary for these persons to obtain medical care described in Code Section 213(d); (b) purchase (excluding mortgage payments) of the Participant's principal residence; (c) payment of tuition and related educational fees for the next 12 months of post secondary education for the Participant, his Spouse, his Beneficiary, or any dependent of the Participant (d) the need to prevent (i) the eviction of the Participant from his principal residence or (ii) the foreclosure on the mortgage of his principal residence; (e) payments for burial or funeral expenses for the employee's deceased parent, spouse, Beneficiary, child or other dependent); (f) expenses for the repair of damage to the employee's principal residence that would qualify for the casualty deduction under section 165 (determined without regard as to whether the loss exceeds 10% of adjusted gross income); and (g) such other immediate and heavy financial needs as determined by the Commissioner of the Internal Revenue Service and announced by publication of revenue rulings, notices, and other documents of general applicability.

A distribution will be deemed necessary to satisfy the immediate and heavy financial need of the Participant only if:

(A) the distribution is not in excess of the amount of the immediate and heavy financial need;

(B) the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under all plans maintained by the Employer;

(C) the Plan, and all other plans maintained by the Employer, provide that the Participant's Tax Deferred Deposits and Taxed Deposits, if any, (except for mandatory after-tax employee contributions to a defined benefit plan) will be suspended for a six-month period after receipt of the hardship distribution; and

(D) the Plan, and all other plans maintained by the Employer, provide that the Participant may not make Tax Deferred Deposits for the Participant's taxable year immediately following the taxable year of the hardship distribution in excess of the applicable limit under Section 402(g) of the Code for such next taxable year less the amount of such Participant's Tax Deferred Deposits for the taxable year of the hardship distribution.

10.5 Loans Prior to Hardship Withdrawals

For purposes of Section 10.4 above, the Benefits Administration Committee shall grant a Participant's request for a hardship withdrawal only if the Participant borrows the maximum permissible amounts under the Employer's retirement plans to the extent such borrowings would not increase the Participant's financial need. The amount of the loan shall be the lesser of (i) the said maximum amount or (ii) the amount necessary to alleviate the hardship.

10.6 In-Service Withdrawals

This Section shall apply only to Participants who had an Account transferred from the World Financial Network Plan and, further, shall only apply to such Participant's Account balance (exclusive of amounts attributable to Tax Deferred Deposits) as of December 31, 1997, adjusted for subsequent income, expenses, gains and losses or any other applicable charge or credit. Such Participant who is fully vested in his or her Account and who has participated in the Plan for at least five years may obtain an in-service withdrawal from his or her Account (other than his or her Account attributable to Tax Deferred Deposits). Thirty percent (30%) of a Participant's Account (other than his or her Account attributable to Tax Deferred Deposits) is available for in-service withdrawal pursuant to this Section, less the percentage of the Participant's Account previously withdrawn. A Participant may request no more than one in-service withdrawal, in multiples of five percentage points, in any calendar quarter, beginning with the calendar quarter next following the date of which the Participant becomes fully vested. A request for an in-service withdrawal shall be made in accordance with such procedures as the Benefits Administration Committee shall prescribe. An in-service withdrawal shall be charged against a Participant's Account (other than his or her Account attributable to Tax Deferred Deposits) from the following sources in the order set forth (the vested value in each category shall be exhausted before funds are taken from the next category) with Investment Funds within each category being liquidated on a pro-rata basis:

(A) Rollovers

(B) Employer Matching Contributions

(C) Retirement Contributions.

10.7 Withdrawal on Account of Disability

A Participant who has become disabled may apply for a distribution of his Account on the same basis as if he had a Separation from Service under Section 9.1. For this purpose, a Participant will be deemed to be disabled only if the Participant (1) has a Total and Permanent Disability, or (2) either qualifies to receive disability insurance benefits under the Company's Long Term Disability Plan or, if the Participant is not eligible to participate in such plan, would so qualify, as determined by the Benefits Administration Committee in its sole discretion.

ARTICLE 11

LOANS

The Benefits Administration Committee may, in its discretion, establish a program under the Plan to provide loans to Participants (the "Loan Program"). If so established, the Loan Program shall be embodied in a separate written document that is incorporated by reference into the Plan.

ARTICLE 12

ADMINISTRATION OF THE PLAN

12.1 Investment Committee

The Investment Committee shall have the responsibility for control and management of the assets of the Plan, and, subject to Section 6.1(B), shall also be the named fiduciary of the Plan, as provided for in ERISA, for control and management of the assets of the Plan. The Investment Committee shall consist of not less than three members who shall be appointed from time to time by the Board of Directors, which shall also determine which member shall serve as Chair, and shall serve at its pleasure, without compensation, unless otherwise determined by the Board of Directors. If otherwise eligible, the fact that an Employee is a member of the Investment Committee shall not preclude his participation in the Plan or acting as trustee of any of the funds under the Plan.

12.2 Operation of Investment Committee

The Investment Committee shall elect a Secretary, who may or may not be a member of the Investment Committee. The Investment Committee shall conduct its business and hold meetings as determined by it from time to time. As to all matters requiring the exercise of discretion, action shall be taken upon the agreement or direction of at least a majority of the Investment Committee. In lieu of a meeting, the Investment Committee may act by unanimous written consent. In the control and management of the assets of the Plan, the Investment Committee may:

(A) allocate among its members, and designate other persons to carry out, fiduciary and nonfiduciary responsibilities with respect to the control and management of Plan assets (other than trustee responsibilities as defined in Section 405(c)(3) of ERISA); and

(B) consult with legal counsel, who may be counsel to the Company.

12.3 Records of Investment Committee

The Investment Committee shall keep a record of all its proceedings.

12.4 Rights and Powers of Investment Committee

In carrying out its functions under the Plan, the Investment Committee shall have the right and power:

(A) to establish and implement overall investment objectives, philosophy, and policy relating to asset investment mix or to new investments for the Plan;

(B) to recommend to the Board of Directors adoption of significant investment-related amendments to the Plan;

(C) to appoint or remove the Trustees;

(D) to appoint, review the actions of, and remove the custodians and investment management consultants for the Plan;

(E) to appoint, review the actions of, and remove investment managers for the Plan, approve related fee arrangements (including estimated annual budget and controls relating to such expenses and fees), investment guidelines, and restrictions applicable to such managers;

(F) to approve, ratify, or oversee all investments made by investment managers who may be Employees or which may be subsidiaries or affiliates;

(G) to approve investment arrangements with insurance carriers, banks or financial institutions under the Plan;

(H) to approve all matters related to investment related transactions between the Plan and a party in interest (as defined in ERISA), where such approval is required by ERISA;

(I) to exercise such additional powers as are necessary in the judgment of the Investment Committee to carry out the above-mentioned responsibilities or as may from time to time be delegated to the Investment Committee by the Board of Directors.

12.5 Benefits Administration Committee

Administration of the payment of all benefits to Participants or their Beneficiaries and of the other functions vested by the Plan in the Benefits Administration Committee shall be the responsibility of the Benefits Administration Committee, which shall also be both the administrator and the named fiduciary of the Plan for the review of denied benefit claims, as those terms are defined in ERISA. As administrator of the Plan, the Benefits Administration Committee shall be responsible for compliance with the reporting and disclosure requirements of ERISA, and as named fiduciary for review of denied benefit claims, it shall have the power and duty to make the final determination under the Plan with respect to review of denied claims for Plan benefits. The Benefits Administration Committee shall consist of not less than three members who shall be appointed from time to time by the Board of Directors and shall serve at its pleasure. If otherwise eligible, the fact that an Employee is a member of the Benefits Administration Committee shall not preclude his participating in the Plan or acting as trustee of any funds under the Plan.

12.6 Operation of Benefits Administration Committee

The Benefits Administration Committee shall elect a Chairman from among its members and a Secretary, who may or may not be a member of the Benefits Administration Committee. The Benefits Administration Committee shall conduct its business and hold meetings as determined by it from time to time. As to all matters requiring the exercise of discretion, action shall be taken upon the agreement or direction of at least a majority of the Benefits Administration Committee. In lieu of a meeting, the Benefits Administration Committee may act by unanimous written consent. In the administration of the Plan, the Benefits Administration Committee may: (A) allocate among its members, and designate other persons to carry out, fiduciary and nonfiduciary responsibilities with respect to administration and review of denied benefit claims; and (B) consult with legal counsel, who may be counsel to the Company.

12.7 Records of Benefits Administration Committee

The Benefits Administration Committee shall keep a record of all its proceedings.

12.8 Rights and Powers of Benefits Administration Committee

The Benefits Administration Committee shall have full discretionary authority with respect to the exercise of the following rights and powers and the determination of any question related thereto, including a question of fact:

(A) to interpret the provisions of the Plan;

(B) to adopt such rules and regulations with regard to the administration of the Plan as are consistent with the terms of the Plan and of the trust agreement or agreements establishing the Trust and to determine the terms and provisions of the forms of statements, acceptances, consents, authorizations, elections, designations, and any other instruments to be executed and delivered by Participants as a condition of, or in order -to exercise, any rights under the Plan, and generally, to take all action which it is herein contemplated shall be taken by the Benefits Administration Committee;

(C) to determine the eligibility of Employees (including, whether an Employee is active, and the dates by which an eligible Employee shall be required to consent to the making of payroll deductions or reductions as a condition to commencing his or her participation in the Plan as of any specified date) and their Periods of Service, including, but without limitation, Hours of Service, One-Year Periods of Severance, Periods of Military Service, Years of Eligibility Service and Years of Vesting Service, and to require such proof from any Participant as it considers necessary to determine that such Participant has a condition of Total and Permanent Disability;

(D) to determine what constitutes Compensation;

(E) subject to the specific provisions of the Plan, to determine the times at which amounts shall be credited to the Company Accounts and Personal Accounts of Participants;

(F) to administer the Loan Program and to determine whether or not a withdrawal request of a Participant on the basis of financial hardship should be approved, and to require such proof from a Participant as it considers necessary to make any such determination;

(G) to determine the percentage of Compensation which a Participant may deposit under the Plan in respect of a Plan Year as provided in Section 3.2 of Article 3;

(H) to determine whether or not to suspend, limit or retroactively reduce the percentage of Tax Deferred or Taxed Deposits elected by any or all Participants who are "highly compensated employees" within the meaning of Section 414(q) of the Code and the duration of any such limitation imposed;

(I) to determine the disposition (including, in its discretion, whether to charge the amount against the amount of shares and cash in the Forfeiture Account) of clerical, arithmetical, and other errors made under the Plan or to resolve any claim filed under the Plan;

(J) to determine how the Plan should be administered to conform with law or to meet special circumstances not anticipated or not covered in the Plan; and

(K) to establish and administer procedures to determine whether domestic relations orders are qualified under Section 414(p) of the Code;

(L) to designate an Employer for purposes of Section 2.7(C) and arrange for a transfer of assets as provided therein;

(M) to direct the Trustee to return contributions as provided in Section 14.9; and

(N) to delegate to one or more persons other than members of the Benefits Administration Committee, or to authorize one or more members of the Benefits Administration Committee to act on its behalf to carry out, any duty or power which would otherwise be a responsibility, including a fiduciary responsibility, of the Benefits Administration Committee under the Plan and any reference in the Plan to tile Benefits Administration Committee shall include a reference to such delegatee(a) as is appropriate to the context.

12.9 Claims Procedures

Pursuant to procedures established by the Benefits Administration Committee, notice in writing shall be provided to any Participant (including any retired or former Participant) or Beneficiary whose claim for benefits under the Plan has been denied. Such notice shall be provided no later than 90 days after the claim was submitted (45 days if the claim relates to a Plan determination of disability ("disability claim"), subject to an extension of the same length. Such notice shall set forth the specific reason for such denial, shall be written in a manner calculated to be understood by the claimant, and, provided review is requested with 60 days (180 days in the case of a disability claim) after receipt by the claimant of written notification of denial of his claim shall afford a reasonable opportunity to any claimant whose claim for benefits has been denied for a full and fair review by the Benefits Administration Committee of the decision denying the Claim. All determinations of the Benefits Administration Committee shall be final, conclusive, and binding on all interested parties. No Benefits Administration Committee member shall be entitled to act on or decide any matter relating solely to himself or any of his rights under the Plan.

12.10 Indemnification

The Company shall indemnify and reimburse the members of the Board of Directors of the Company, the Investment Committee, and the Benefits Administration Committee and any other employee of an Employer who has been delegated any fiduciary responsibility in connection with the Plan, with respect to any action, inaction, or matter undertaken by such persons in good faith for or on behalf of the Plan or its participants which is consistent with the purposes of the Plan.

ARTICLE 13

AMENDMENT OR TERMINATION

13.1 Right to Amend

(A) The Board of Directors reserves the right, by duly authorized resolution, at any time and from time to time (and retroactively if deemed necessary or appropriate to meet the requirements of the Code, ERISA, or any similar laws, or the rules and regulations from time to time in effect under any of such laws or to conform with governmental regulations or other policies), to modify or amend, in whole or in part, any or all of the provisions of the Plan.

(B) No such modification or amendment, however, shall make it possible for any part of the corpus or income of the fund to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their beneficiaries under the Plan prior to the satisfaction of all liabilities with respect thereto. Moreover, no amendment or modification shall make it possible to deprive any Participant of a previously accrued benefit, except to the extent permitted by Section 412(c)(8) of the Code.

(C) Notwithstanding anything herein to the contrary, a representative of the Benefits Administration Committee may, at its direction, execute any amendment to the Plan that (1) reflects the terms of any agreements entered into by the Company relating to prior employee service required to be taken into account under the Plan pursuant to such agreements, or (2) which does not add materially to the cost of maintaining the Plan or affect Participants' rights under the Plan in a material way.

13.2 Right of Adoption and Termination

Any entity affiliated with the Company may adopt the Plan for the benefit of its employees. However, any such adoption must be approved by the Board of Directors. Furthermore, the Board of Directors retains the exclusive right and the power to terminate the Plan at any time with respect to any or all Employers.

13.3 Obligations Upon Merger, Consolidation or Transfer

In the event of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, each Participant shall be entitled to receive a benefit if the Plan were to terminate immediately after the merger, consolidation, or transfer, which is not less than the benefit he would have been entitled to receive if the Plan had terminated immediately before the merger, consolidation, or transfer.

In the event of the merger of any other qualified plan into the Plan, to the extent required by law, a Participant's Years of Vesting Service and Years of Eligibility Service under the Plan shall include the years of vesting service and the years of eligibility service standing to his credit under such merged plan on the day immediately preceding the day of such plan merger. Years of Vesting Service credited under this Section shall be credited only for purposes of determining a Participant's nonforfeitable percentage in his Accounts under Article 8 and shall not be credited for purposes of determining a Participant's Retirement Contribution under Article 4.

The merger of the Plan with any other plan shall not reduce or eliminate any benefit protected under Code Section 411(d)(6), except to the extent permitted by law.

13.4 Obligations Upon Termination, Partial Termination or Discontinuance

(A) While each Employer intends to continue the Plan indefinitely, nevertheless it assumes no contractual obligation as to the Plan's continuance. In the case of any termination, partial termination or complete discontinuance of contributions, each Participant who is then an Employee and who is affected by the termination, partial termination or complete discontinuance of contributions shall have a one hundred percent (100%) nonforfeitable interest in the value of all amounts credited to his Participant's Account.

(B) Upon a complete or partial termination of the Plan, whether in writing or in operation, subject to the right of the Board of Directors to amend the Plan to provide for a liquidation and distribution of the assets of the Plan (i) the Benefits Administration Committee and the Investment Committee shall remain in existence, (ii) no further deposits or Company contributions shall be made under the Plan for affected Participants, (iii) all of the provisions of the Plan shall remain in full force and effect (other than the provisions for Deposits and Employer Contributions) and (iv) the amount in each affected Participant's Account shall continue to be held under the Plan, and shall be nonforfeitable.

13.5 Continued Funding After Plan Termination

Anything in the Plan to the contrary notwithstanding, no Employer, upon any termination or partial termination of the Plan, shall have any obligation or liability whatsoever to make any further payments to the Trustee for the benefit of Participants under the Plan, except for any contributions payable prior to any termination of the Plan. Except as provided in the foregoing, neither the Trustee, the Board of Directors, the Benefits Administration Committee, the Investment Committee, nor any Participant, Employee, nor beneficiary, shall have any right to compel an Employer to make any payment after the termination or partial termination of the Plan.

13.6 Distribution Upon Disposition of Assets

A Participant's Account may be distributed to the Participant as soon as administratively feasible after the sale or other disposition of at least 85 percent of the assets used by the Employer in the trade or business in which the Participant is employed if the purchaser does not maintain the Plan and if the Participant continues employment with the purchaser.

The Account of a Participant employed by a subsidiary of an Employer may be distributed to the Participant as soon as administratively feasible after the sale or other disposition of the Employer's interest in the subsidiary to an entity that is not a related Employer as long as the purchaser does not maintain the Plan and the Participant continues employment with such subsidiary.

13.7 Conversion Period

However, notwithstanding any provision of the Plan to the contrary, during any conversion period, in accordance with procedures established by the Employer, the Employer may temporarily suspend, in whole or in part, certain provisions of the Plan, which may include, but are not limited, a Participant's right to change his Deposit Election, to change his investment election, to borrow or withdraw from his Account, or to obtain a distribution from his Account.

ARTICLE 14

GENERAL PROVISIONS

14.1 No Contract of Employment

Neither the establishment of the Plan nor any action hereafter taken by the Trustee, the Company, any other Employer, the Investment Committee or the Benefits Administration Committee shall. be construed as giving to any Employee the right to be retained in employment or, except as otherwise provided herein, any right or claim to any benefits under the Plan if discharged, unless the right to such benefits would have accrued if the Employee had at the time of such discharge voluntarily Separated from Service.

14.2 Incapacity

If the Benefits Administration Committee determines that any person entitled to any distribution under the Plan is a minor, or incompetent, or unable to care for his affairs by reason of a physical or mental disability, the Committee may direct the Trustee to pay such distribution in whole or in part, to any person who, in the Committee's opinion, is caring for or supporting the minor, incompetent or disabled person, unless a claim is made for such distribution by a duly appointed guardian or committee of such individual. The Benefits Administration Committee shall not have any responsibility to follow or oversee the applications of amounts so paid and such distribution shall be a complete discharge of any obligation to the extent of the amount distributed.

14.3 Payment Satisfies Claims

Any payment of a distribution under the Plan to any Participant, Beneficiary, legal representative or any guardian or committee appointed for such Participant or Beneficiary shall, to the extent of such payment, be in fall satisfaction of all claims against the Plan, Trustee, Company, an Employer, or Benefits Administration Committee. The Plan may require any recipient of a distribution to execute a receipt and release in such form as the Benefits Administration Committee determines.

14.4 Prescribed Forms

Except as provided in Section 14.5, all elections, authorizations, applications, and other actions required of Employees, Participants, or Beneficiaries under the Plan must, in order to be effective, be made in writing on forms prescribed for such purposes by the Benefits Administration Committee and delivered or communicated to the Benefits Administration Committee, as the Benefits Administration Committee may direct, by such dates as may be prescribed by the Benefits Administration Committee. Participants and Beneficiaries must furnish the Benefits Administration Committee such evidence or information, including change of address, as the Committee considered necessary or desirable for the purpose of administering the Plan and the benefits of each such person are conditioned upon prompt furnishing of all evidence or information requested.

14.5 Telephonic Voice Response Service or Electronic Systems

Notwithstanding anything in the Plan to the contrary, if so required by the Benefits Administration Committee, any election, application or authorization of an Employee, Participant, Beneficiary or Alternate Payee shall be made by the response of such person in compliance with the rules established by the Benefits Administration Committee with respect to such telephone voice response service or other electronic systems as may be established by the Benefits Administration Committee. Without limitation of the foregoing, responses on such voice response service or electronic systems may be directed to the Trustee or any agent designated by the Trustee or the Benefits Administration Committee, and persons shall be required to execute such forms as may be required by the Trustee or such agent in connection with establishing and controlling entry to such service.

Any such voice response service or other electronic systems shall provide for written confirmation to an Employee, Participant, Beneficiary or Alternate Payee of elections and authorization made thereunder, and elections and authorizations so made and so confirmed shall be binding on such person.

14.6 Temporary Investment of Assets

Any funds held in any account under the Plan or allocated to Participants and not yet invested as directed by the Participant or required by the Plan may, pending the disposition or investment of such funds, be temporarily invested in interest-bearing obligations of a short-term nature. For such purposes, funds may be commingled.

14.7 Attainment of Age

A Participant shall be deemed to have attained a given age on the first moment of the anniversary of his birth corresponding to such age.

14.8 Alienation of Benefits

Except as provided in this Section and Section 17.1, or to the extent required by law, no benefit deliverable, transferable, or payable to a Participant under the Plan shall be subject in any manner to anticipation, assignment, pledge, alienation, or charge by any Participant, and any attempt so to anticipate, assign, pledge, alienate, or charge the same shall be void; nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, or torts of any Participant; nor shall any interest of any Participant under the Plan be subject to garnishment, attachment, lien, execution, or levy of any kind.

A Participant's benefit may be reduced if a court order or requirement to pay arises from: (1) a judgment of conviction for a crime involving the Plan; (2) a civil judgment (or consent order or decree) that is entered by a court in an action brought in connection with a breach (or alleged breach) of fiduciary duty under ERISA; or (3) a settlement agreement entered into by the Participant and either the Secretary of Labor or the Pension Benefit Guaranty Corporation in connection with a breach of fiduciary duty under ERISA by a fiduciary or any other person. The court order, judgment, decree, or settlement agreement must specifically require that all or part of the amount to be paid to the Plan be offset against the Participant's Plan benefits.

14.9 No Guarantee of Benefits by Company

Neither the Company nor any other Employer guarantees any of the benefits or payments provided under the Plan, but Employer Contributions once made shall be irrevocable. Except as provided herein or permitted from time to time by the Code or ERISA, no part of any of the funds in the possession of the Trustee shall revert to the Company or any other Employer or be diverted to or used for any purposes other than for the exclusive benefit of Participants and their Beneficiaries; provided, however, that in the event that the Benefits Administration Committee shall direct the return of any contribution to the Trust Fund and shall certify with respect to such contribution that (i) such contribution has been made by an Employer by a mistake of fact, (ii) such contribution has been conditioned on initial qualification of the Plan under Section 401 of the Code and that such qualification has been denied or revoked, or (iii) such contribution has been conditioned upon the deductibility thereof under Section 404 of the Code and that such deduction has been disallowed or redetermined, the Trustee shall return such contribution (or the value thereof if less) to the Employer that made such contribution in accordance with such direction, but in no event shall any such return be made later than the expiration of one year following the payment of any such contribution in the case of a direction under (i) above, the denial or revocation of qualification in the case of a direction under (ii) above, or the disallowance or redetermination of the deduction in the case of a direction under (iii) above.

14.10 Payment of Expenses

Unless paid by an Employer, expenses of the Plan shall be paid out of the Trust.

14.11 Statement of Accounting

The Benefits Administration Committee will use its best efforts to furnish not less than once each calendar year to each Participant a statement of his Account, and shall furnish or make available at its offices copies of the statements of the Trustee with respect to the Trust. Any Participant desiring to make objection as to any matters covered by the statement of Account shall give written notice to the Benefits Administration Committee within 60 days after the date the statement was furnished to him. Failure to object within such period shall bar any right (except as otherwise required by ERISA) thereafter to object to any of the matters covered by such statement.

14.12 Plan May be Sued

The Plan may sue or be sued as an entity separate from the Company. Except as otherwise required by ERISA, every right of action by a Participant, former Participant or Beneficiary with respect to the Plan or Trust, irrespective of the place where such action may be brought, shall be barred after the expiration of three years from the date of Separation from Service of the Participant or the date of receipt of the notice of denial of a claim for benefits, if earlier.

14.13 Inability to Find Payee

If the Benefits Administration Committee is unable to make or direct the payment of any benefit due under the Plan to the person entitled thereto ("Payee") for a period of one year after such benefit became payable because the whereabouts of such person cannot be ascertained, notwithstanding the Committee's reasonable efforts to locate the Payee including, among other things, the mailing of a notice by registered or certified mail to the Payee's last known address as shown on the records of the Benefits Administration Committee or the Company, then the Benefits Administration Committee shall file a report with the Secretary of the Treasury, as provided for in Section 105 of ERISA and in Section 6057(c) of the Code, containing information on the benefit rights of the Payee. If, within a period of at least one additional year, the Benefits Administration Committee is unable to make or direct the payment, then such benefit shall be paid to the person or persons in the following classes of successive preference: (A) Payee's Spouse, (B) one or more of the Payee's children as the Benefits Administration Committee shall determine and in such proportions as said Committee shall determine, (C) Payee's parents equally, and (D) one or more of the Payee's brothers or sisters as the Benefits Administration Committee shall determine and in such proportions as said Committee shall determine. During any period in which a benefit is not paid, the amount thereof may be transferred to and remain in an Investment Fund intended to provide preservation of principal and interest income pending further disposition. If any benefit is paid to any relative of the Payee as provided above, all obligations of the Plan and Trust shall be fully discharged with respect to the amount paid. If the Benefits Administration Committee is unable to make or direct the payment to a relative of the Payee as provided above, the Benefits Administration Committee may declare such benefit forfeited and the amount thereof placed in the Forfeiture Account under the Plan. If, however, a Payee is located subsequent to his benefits being forfeited pursuant to the preceding sentence, such benefit shall be restored.

14.14 State Law

Except to the extent preempted or superseded by Section 514 of ERISA, the Plan shall be construed and enforced according to the laws of the State of Delaware, and all the provisions thereof shall be administered according to the laws of said State (other than the conflicts of laws provisions).

14.15 Construction

In determining the meaning of any provisions of the Plan, words importing the masculine gender shall include the feminine and the singular shall include the plural, unless the context requires otherwise. Terms defined in Article 1 shall have a corresponding meaning when used in a different tense and, if defined in the singular, when used in the plural. Headings of Articles in the Plan are for convenience only and are not intended to modify or affect the meaning of the substantive provisions of the Plan.

ARTICLE 15

ROLLOVER CONTRIBUTIONS AND TRANSFERS

15.1 Rollover of Funds From Other Plans

In the event that an individual: (1) becomes an Employee other than an Employee described in Section 2.3; (2) has been a participant in an employer's plan described in Section 401(a) of the Code, which is exempt from tax under Section 501(a) of the Code; and (3) receives from such trust an eligible rollover distribution, as defined in Section 402(c)(4) of the Code, and, provided that such property consists of money, or, in the case of an Employee who became an Employee as a result of the Company's acquisition of his former employer, such property consists of money or money and a loan or loans from such former employer's tax-qualified 401(k) plan, then, with the consent of the Benefits Administration Committee, the eligible Employee may rollover any portion of the distribution to this Plan on or before the sixtieth (60th) day after the day on which he received such property and, if the distribution includes a loan, on or before ninety (90) days of the date the Participant first became eligible to effect the rollover, subject to the Employee providing such information and documentation as the Benefits Administration Committee requires in order to determine the amount in an eligible rollover distribution under Section 402(c)(4) of the Code. Such rollover may be made even though such Employee has not satisfied the age and service requirements for Plan participation at such time. Furthermore, the eligible Employee may direct the prior trust to transfer any portion of the distribution directly to the Plan. Upon receipt by the Plan, such amount shall be credited to the Rollover Account established hereunder pursuant to Article 5. The eligible Employee shall have a one hundred percent (100%) vested and nonforfeitable right to all amounts credited to his Rollover Account as a result of such transfer.

15.2 Rollover of Funds From Conduit Individual Retirement Account (IRA)

In the event that an individual

(A) becomes an Employee other than an Employee described in Section 2.3, and

(B) has established an Individual Retirement Account or Individual Retirement Annuity (hereinafter collectively referred to as "IRA") described in Sections 408(a) and 408(b), respectively, of the Code, which IRA is comprised solely of amounts constituting a rollover contribution of an eligible rollover distribution, as defined in Section 402(c)(4) of the Code, from an employer's plan described in Section 401(a) of the Code, which is exempt from tax under Section 501(a) of the Code, or an annuity plan described in Section 403(a) of the Code, and

(C) received from such IRA the entire amount of the account or the entire value of the annuity, including any earnings on such sums, pursuant to Section 408(d)(3)(A)(ii) of the Code, then, with the consent of the Benefits Administration Committee, the eligible Employee may transfer the entire amount received in such distribution to this Plan (for the benefit of such individual) on or before the sixtieth (60th) day after the day on which he received such payment or distribution, and upon receipt by the Plan, such amount shall be credited to the Rollover Account established hereunder pursuant to Article 5. Such transfer may be made even though such Employee has not satisfied the age and service requirements for Plan participation at such time.

The eligible Employee shall have a one-hundred percent (100%) vested and nonforfeitable right to all amounts credited to his Rollover Account.

15.3 Transfers Directly from Other Plans

There may be transferred directly from the trustee of any other qualified plan to the Trustee, subject to the approval of the Benefits Administration Committee and the Trustee, all or any of the assets, including after-tax contributions, if any, held (whether by trustee, custodian or otherwise) under the Plan for any eligible Employees (other than Employees described in Section 2.3); provided, however, that the transfer satisfies Section 411(d)(6) of the Code. Such transfer may be made even though such Employee has not satisfied the age and service requirements for Plan participation at such time. A separate account shall be established for such assets for each eligible Employee.

Notwithstanding the foregoing, an eligible Employee may not transfer any amount which, if transferred into this Plan would cause the Plan to be a direct or indirect transferee plan, within the meaning of Section 401(a)(11)(B)(iii)(III) of the Code and any regulations or rulings effective thereunder, of a plan described in Section 401 (a)(11)(B)(i) or (ii) of the Code. Transfers pursuant to this Section may be made regardless of whether the eligible Employee has satisfied any applicable eligibility service requirement of this Plan.

15.4 Mistaken Rollover

If it is determined that a Participants rollover contribution did not qualify under the Code for a tax free rollover, then as soon as reasonably possible the balance in the Participant's Rollover Account shall be:

(A) segregated from all other Plan assets,

(B) treated as a non-qualified trust established by and for the benefit of the Participant, and

(C) distributed to the Participant.

Such a mistaken rollover contribution shall be deemed never to have been a part of the Plan and shall not adversely affect the tax qualification of the Plan under the Code.

ARTICLE 16

TOP-HEAVY PROVISIONS

16.1 Top-Heavy Plan Defined

This Article shall apply if the Plan is a "Top-Heavy Plan" as hereinafter provided. The Plan shall be a Top-Heavy Plan in a Plan Year if, as of the Determination Date, the present value of the cumulative accrued benefits (as calculated below) of all Key Employees exceeds sixty percent (60%) of the present value of the accumulative accrued benefits under the Plan of all Employees and Key Employees, but excluding the value of the accrued benefits of former Key Employees.

All plans that are part of the Required Aggregation Group shall be treated as a single plan. Solely for the purpose of determining if the Plan, or any other plan included in a Required Aggregation Group of which this Plan is a part, is Top-Heavy, the accrued benefit of a Non-Key Employee shall be determined under (A) the method, if any, that uniformly applies for accrual purposes under all plans maintained by the affiliated employers, or (B) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Section 411(b)(1)(C) of the Code.

For this purpose, the present value of an Employee's accrued benefit is equal to the sum of (A) and (B) below:

(A) The sum of (i) the present value of an Employee's accrued retirement income in each defined benefit plan which is included in the Required Aggregation Group determined as of the most recent valuation date within the twelve (12) month period ending on the Determination Date and as if the Employee had terminated service as of such valuation date and (ii) the aggregate distribution made with respect to such Employee during the five-year period ending on the Determination Date from all defined benefit plans included in the Required Aggregation Group and not reflected in the value of his accrued retirement income as of the most recent valuation date. In determining present value for all plans in the Required Aggregation Group, the actuarial assumptions set forth for this purpose in the Employer's defined benefit plan shall be utilized and the commencement date shall be determined taking any nonproportional subsidy into account; and

(B) The sum of (i) the aggregate balance of his accounts in all defined contribution plans which are part of the Required Aggregation Group as of the most recent valuation date within the twelve (12) month period ending on the Determination Date, (ii) any contributions allocated to such an account after the valuation date and on or before the Determination Date and (iii) the aggregate distributions made with respect to such Employee during the five-year period ending on the Determination Date from all defined contribution plans which are part of the Required Aggregation Group and not reflected in the value of his account(s) as of the most recent valuation date.

Provided, however, the following special rules shall apply unless allowed to "sunset."

(i) The present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting "5-year period" for "1-year period."

(ii) The accounts of any individual who has not performed services for the Employer during the 1-year period ending on the determination date shall not be taken into account.

16.2 Other Definitions

For the purposes of this Article, the following terms shall have the following meanings:

(A) "Determination Date" means the last day of the preceding Plan Year except that in the case of the first Plan Year, the term "Determination Date" shall mean the last day of the Plan Year.

(B) "Employee" means (i) a current employee or (ii) a former employee who performed services for the Employer during the Plan Year containing the Determination Date or any of the four (4) preceding Plan Years.

(C) "Key Employee" means any employee or former employee (including any deceased employee) who at any time during the plan year that includes the determination date was an officer of the Employer having annual compensation greater than $130,000 (as adjusted under section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer, or a 1- percent owner of the Employer having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(D) "Non-Key Employee" means an Employee who is not a Key Employee.

(E) "Required Aggregation Group" means

(1) Each qualified plan of the Employer in which a Key Employee participates or participated (regardless of whether the Plan has terminated); and

(2) Each other such qualified plan of an Employer which enables any plan in which a Key Employee participates to meet the requirements of Section 401(a)(4) or Section 410 of the Code.

16.3 Top-Heavy Contributions

Solely in the event that a Non-Key Employee is not covered by a defined benefit plan of the Employer which provides the minimum benefit required by Section 416(c)(1) of the Code during a Plan Year in which this Plan is a Top-Heavy Plan, the Employer contributions and forfeitures allocated to each such Non-Key Employee who has not separated from service by the end of the Plan Year shall be equal to not less than the lesser of:

(A) Three percent (3%) of such Participant's Compensation in the Plan Year, or

(B) The percentage of such Participant's Compensation in the Plan Year which is equal to the percentage at which contributions and forfeitures are made to the Key Employee for whom such percentage is the highest for the year.

The percentage referred to in Paragraph (B) above shall be determined by dividing the contributions and forfeitures-allocated to the Key Employee by such Employee's Compensation. For purposes of this Section, Tax Deferred Deposits shall be disregarded in determining the amount of Employer Contributions allocated to Non-Key Employees. The Employer shall make such additional contribution to the Plan as shall be necessary to make the allocation described above. The provisions of this section apply without regard to contributions or benefits under Social Security or any other Federal or State law. An adjustment may be made to this Section, as permitted under Treasury Regulations, in the event an Employee is also entitled to an increased benefit in any other Top Heavy plan while it is in the Aggregation Group with this Plan. Employer Matching Contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the Plan. Employer Matching Contributions that are used to satisfy the minimum contribution requirements may nevertheless be treated as Employer Matching Contributions for purposes of the Actual Contribution Percentage test and other requirements of Section 401(m) of the Code.

A Non-Key Employee who is otherwise entitled to a minimum contribution under this Section shall not fail to receive the required minimum contribution because the Employee is excluded from participation because the Employee failed to make elective Tax Deferred Deposits under the Plan or because the Employee failed to accrue 1,000 Hours of Service during the Plan Year.

ARTICLE 17

QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs)

17.1 Terms of a QDRO

Notwithstanding the provisions of Section 14.8, if the Benefits Administration Committee determines an order to be a "Qualified Domestic Relations Order," within the meaning of Code Section 414(p), payment of benefits shall be made in accordance with the terms of such order, except that, if the value of the benefits to be paid to the Alternate Payee does not exceed $1,000, then such benefits shall be paid in a lump sum as soon as administratively practicable following the date that the order is deemed to be qualified.

17.2 Notification of Receipt of Order

The Benefits Administration Committee shall promptly notify a Participant and any other Alternate Payee of the receipt of a Qualified Domestic Relations Order and of the Plan's procedure for determining whether the order meets the requirements of a Qualified Domestic Relations Order. Within a reasonable period of time after the receipt of such order, the Benefits Administration Committee, in accordance with such procedures as it shall from time to time establish, shall determine whether such order meets the requirements of a Qualified Domestic Relations Order, and shall notify the Participant and each Alternate Payee of such determination.

ARTICLE 18

DIRECT ROLLOVER PROVISIONS

18.1 Application of Article

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Article, a Distributee may elect, at the time and in the manner prescribed by the Benefits Administration Committee, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

18.2 Definitions

(A) **Eligible Rollover Distribution**

An Eligible Rollover Distribution is any distribution of all or any portion of any benefit due to the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of other Distributee or other joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); any hardship distribution described in Section 401(k)(2)(B)(i)(IV) of the Code (or any distribution made upon hardship); and any other distribution(s) that is reasonably expected to total less than $200 during a Plan Year. A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(B) **Eligible Retirement Plan**

An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a), an annuity contract described in Code Section 403(b), or an eligible plan under Code Section 457(b) (maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state), where the plan sponsor agrees to accept the distributee's eligible rollover distribution and, in the case of a 457(b) plan or 403(b) annuity contract, also agrees to separately account for such transferred amounts; the definition of an eligible retirement plan shall also apply in the case of a eligible rollover distribution to a surviving spouse or to a spouse or former spouse who is an alternate payee, as defined in Code Section 414(p).

(C) **Distributee**

A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse or Beneficiary and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order are Distributees with regard to the interest of the spouse, former spouse, or Beneficiary.

(D) **Direct Rollover**

A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

This amendment and restatement of the Plan is executed this 18th day of February, 2010, to be effective as previously stated in the Preamble.

ADS ALLIANCE DATA SYSTEMS, INC.

By: /s/ Calvin Hilton
Title: Vice President – Benefits

APPENDIX A

SPECIAL SERVICE CREDITING PROVISIONS

The following shall establish to what extent, if any, service with a prior employer shall be credited for purposes of determining Years of Eligibility Service and Years of Vesting Service, for Employees who were employed by the following companies immediately prior to being employed by the Company. Any such credit shall be based entirely on records provided to the Company by the prior employer.

Employing Company	Years of Eligibility	Years of Vesting
Abacus and Data Management Divisions of DoubleClick Inc. (“Abacus”)	All service recognized for this purpose under the 401(k) plan previously sponsored by Abacus, but only if employed by the Company as of February 1, 2007.	All service recognized for this purpose under the 401(k) plan previously sponsored by Abacus, but only if employed by the Company as of February 1, 2007.
AEP, Inc. (“AEP”)*	Date of hire by AEP, but only if employed by the Company as of 03/01/2003	Date of hire by AEP, but only if employed by the Company as of 03/01/2003
Atrana Solutions, Inc. (“Atrana”)	Date of hire by Atrana, but only if employed by the Company as of May 14, 2005.	Date of hire by Atrana, but only if employed by the Company as of May 14, 2005.
Big Designs, Inc. (“Big”)	Date of hire by Big, but only if employed by the Company as of August 15, 2006.	Date of hire by Big, but only if employed by the Company as of August 15, 2006.
Bigfoot Interactive, Inc. (“Bigfoot”)	Date of hire by Bigfoot, but only if employed by the Company as of September 24, 2005.	Date of hire by Bigfoot, but only if employed by the Company as of September 24, 2005.
Capstone Consulting Partners, Inc. (“Capstone”)*	Date of hire by Capstone if employed by Capstone on 11/1/2004 and hired by the Company on or before 11/2/2004.	Date of hire by Capstone if employed by Capstone on 11/1/2004 and hired by the Company on or before 11/2/2004.
ConneXt	Date of hire with ConneXt if employed by ConneXt on 08/23/2001	Date of hire with ConneXt if employed by ConneXt on 08/23/2001

Employing Company	Years of Eligibility	Years of Vesting
CPC Associates, Inc. (“CPC”)	Date of hire by CPC, but only if employed by the Company as of October 1, 2006.	Date of hire by CPC, but only if employed by the Company as of October 1, 2006.
Conservation Billing Services, Inc. (“CBSI”)*	Date of hire by CBSI, but only if employed by the Company as of 09/16/2003	Date of hire by CBSI, but only if employed by the Company as of 09/16/2003
Dresser Industries (“Dresser”)	Date of hire with Dresser if employed by Dresser on 07/15/1997	Date of hire with Dresser if employed by Dresser on 07/15/1997
DoubleClick, Inc. (“DoubleClick”)	Date of hire by DoubleClick, but only if employed by the Company as of April 3, 2006.	Date of hire by DoubleClick, but only if employed by the Company as of April 3, 2006.
Epsilon Marketing Services, Inc. (“Epsilon”)*	Date of hire by Epsilon if employed by Epsilon on 10/31/2004 and hired by the Company on 11/1/2004 or if employed by Epsilon’s affiliate on 12/31/2004 and hired by the Company on or before 1/1/2005, but no less than one Year of Eligibility Service.	Date of hire by Epsilon if employed by Epsilon on 10/31/2004 and hired by the Company on 11/1/2004 or if employed by Epsilon’s affiliate on 12/31/2004 and hired by the Company on or before 1/1/2005.
ExoLink, Inc. (“ExoLink”)	Date of hire with ExoLink, but only if employed by the Company as of 01/01/2003	Date of hire with ExoLink, but only if employed by the Company as of 01/01/2003
Frequency Marketing, Inc. (“FMI”)	Date of hire with FMI if employed with FMI on 12/31/2001	Date of hire with FMI if employed with FMI on 12/31/2001
Harmonic Systems	Date of hire with Harmonic Systems if employed by Harmonic Systems on 08/11/1998	Date of hire with Harmonic Systems if employed by Harmonic Systems on 08/11/1998

Employing Company	Years of Eligibility	Years of Vesting
Huntington National Bank ("HNB")	Date of hire with HNB if employed by HNB on 07/19/1998	Date of hire with HNB if employed by HNB on 07/19/1998
iCom Information & Communications L.P. ("iCom")	Date of hire by iCom, but only if employed by the Company as of February 6, 2006.	Date of hire by iCom, but only if employed by the Company as of February 6, 2006.
Loyalty RealTime, Inc. (formerly d/b/a Loyalty RealTime, LLC ("LRI")	Date of hire with LRI if employed with LRI on 12/31/2001	Date of hire with LRI if employed with LRI on 12/31/2001
Mail Box Capital Corporation ("Mail Box")	Date of hire with Mail Box if employed by Mail Box on 09/24/2001	Date of hire with Mail Box if employed by Mail Box on 09/24/2001
National City Card Services Division of National City Bank Columbus ("NBCC")	Date of hire with NBCC if employed with NBCC on 11/22/1996	Date of hire with NBCC if employed with NBCC on 11/22/1996
Orcom Solutions, Inc. ("Orcom")*	Date of hire by Orcom, but only if employed by the Company as of 12/02/2003, or within 30 days thereafter	Date of hire by Orcom, but only if employed by the Company as of 12/02/2003, or within 30 days thereafter
Specialty Retailers (TX), LP ("Specialty") *	Date of hire by Specialty, but only if employed by the Company as of 09/12/2003	Date of hire by Specialty, but only if employed by the Company as of 09/12/2003
SPS (The Associates) ("SPS")	Date of hire with SPS if employed with SPS on 07/14/1999	Date of hire with SPS if employed with SPS on 07/14/1999
SPS Fleetshare (The Associates) ("SPS")	Date of hire with SPS if employed by SPS on 07/14/1999 and on 06/30/2000	Date of hire with SPS if employed by SPS on 07/14/1999 and on 06/30/1999
Utilipro	Date of hire with Utilipro if employed by Utilipro on 02/28/2001	Date of hire with Utilipro if employed by Utilipro on 02/28/2001

* Affected Employees never become eligible to receive a Retirement Contribution.

first AMENDMENT TO

THE ALLIANCE DATA SYSTEMS 401(K) AND RETIREMENT savings PLAN

(amended and restated as of January 1, 2008)

ADS Alliance Data Systems, Inc. hereby adopts this Amendment No. 1 to the Alliance Data Systems 401(k) and Retirement Savings Plan (the "Plan"), effective as of May 1, 2009, to expand the group of terminated participants to whom the partial withdrawal option is available.

18.2.2 Section 9.1(C) shall be amended deleting its second sentence and by substituting the phrase "incurs a" for the following in its first sentence: "is 100% vested in his Company Account pursuant to Article 8 on his"

IN WITNESS WHEREOF, this amendment has been executed on this 5th day of May 2009, but effective as provided above.

ADS ALLIANCE DATA SYSTEMS, INC.

By: /s/ Calvin Hilton

SECOND AMENDMENT TO

THE ALLIANCE DATA SYSTEMS 401(K) AND RETIREMENT savings PLAN

(amended and restated as of January 1, 2008)

ADS Alliance Data Systems, Inc. hereby adopts this Amendment No. 2 to the Alliance Data Systems 401(k) and Retirement Savings Plan (the "Plan"), effective as of January 1, 2008, in order to address issues raised by the Internal Revenue Service in reviewing the Plan's application for determination.

Section 1.34 shall be amended to replace the phrase "primary direction and control" with the phrase "primary direction or control."

The first paragraph of Section 4.6 of the Plan shall be amended in its entirety to read as follows:

> Any other provision of this Plan notwithstanding, in no event shall the total amount allocated to a Participant's Account under the Plan for any Limitation Year, exceed the limitations imposed under Code Section 415, the provisions of which are incorporated into the Plan by reference. For this purpose, the Limitation Year shall be the Plan Year and any and all adjustments needed to comply with these limits will be made under this Plan.

Section 16.1(B)(i) of the Plan shall be amended to replace the phrase "separation from service" with the phrase "severance from employment."

IN WITNESS WHEREOF, this amendment has been executed on this 16th day of February, 2010, but effective as provided above.

ADS ALLIANCE DATA SYSTEMS, INC.

By: /s/ Calvin Hilton

THIRD AMENDMENT TO

THE ALLIANCE DATA SYSTEMS 401(K) AND RETIREMENT SAVINGS PLAN

(amended and restated as of January 1, 2008)

ADS Alliance Data Systems, Inc. hereby adopts this Amendment No. 3 to the Alliance Data Systems 401(k) and Retirement Savings Plan, amended and restated as of January 1, 2008 (the "Plan"), effective as provided below. This amendment is adopted to provide for counting service earned by transferring employees and to reflect certain provisions of the Pension Protection Act of 2006 ("PPA '06").

1. Effective January 1, 2008, Section 18.2 of the Plan shall be amended to expand the definition of "eligible retirement plan" provided therein to include a "Roth IRA," within the meaning of Code section 408A.

2. Effective November 1, 2009, Appendix A of the Plan shall be amended by adding the following new language at the end thereof:

Employing Company	Years of Eligibility	Years of Vesting
Milford and Bensalem Divisions of Charming Shoppes Receivables Corporation ("Charming")	All service recognized for this purpose under the 401(k) plan previously sponsored by Charming, but only if hired by the Company as of October 30, 2009, or such later date provided in the Purchase Agreement.	All service recognized for this purpose under the 401(k) plan previously sponsored by Charming, but only if hired by the Company as of October 30, 2009, or such later date provided in the Purchase Agreement.

IN WITNESS WHEREOF, this amendment has been executed on this 18th day of December, 2009, but effective as provided above.

ADS ALLIANCE DATA SYSTEMS, INC.

By: /s/ Calvin Hilton

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE ALLIANCE DATA SYSTEMS CORPORATION
2005 LONG-TERM INCENTIVE PLAN

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the **"Agreement"**), made as of DATE (the **"Grant Date"**) by and between Alliance Data Systems Corporation (the **"Company"**) and NAME (the **"Participant"**) who is an employee of the Company or one of its Affiliates, evidences the grant by the Company of an award of restricted stock units (the **"Award"**) to the Participant and the Participant's acceptance of the Award in accordance with the provisions of the Alliance Data Systems Corporation 2005 Long-Term Incentive Plan (the **"Plan"**). The Company and the Participant agree as follows:

1. **Basis for Award**. The Award is made under the Plan pursuant to Section 6(f) thereof for service rendered to the Company by the Participant.

2. **Restricted Stock Units Awarded**.

(a) The Company hereby awards to the Participant, in the aggregate, AMOUNT Restricted Stock Units which shall be subject to the conditions set forth in the Plan and this Agreement.

(b) Restricted Stock Units shall be evidenced by an account established and maintained for the Participant, which shall be credited for the number of Restricted Stock Units granted to the Participant. By accepting this Award, the Participant acknowledges that the Company does not have an adequate remedy in damages for the breach by the Participant of the conditions and covenants set forth in this Agreement and agrees that the Company is entitled to and may obtain an order or a decree of specific performance against the Participant issued by any court having jurisdiction.

(c) Except as provided in the Plan or this Agreement, prior to vesting as provided in Sections 3 of this Agreement, the Restricted Stock Units will be forfeited by the Participant and all of the Participant's rights to stock underlying the Award shall immediately terminate without any payment or consideration by the Company in the event of a Participant's termination of employment as provided in Section 4 below.

3. **Vesting**.

(a) Subject to Sections 2 and 4 of this Agreement, the restrictions on the Award will lapse as set forth in Section 3(b) below; provided that, the Participant is employed on each Vesting Date by the Company or an Affiliate. As soon as practicable after the Award vests and consistent with Section 409A of the Code, payment shall be made in Stock (based upon the Fair Market Value of the Stock on the day all restrictions lapse). The Committee shall cause a Stock certificate to be delivered to the Participant or the Participant's electronic account with respect to such Stock free of all restrictions or the Stock may be delivered electronically. Pursuant to Section 11, the number of shares delivered shall be net of the number of shares withheld if any.

(b) The restrictions described in this Agreement will lapse upon determination by the Board or the Compensation Committee of the Board that the Company's cash Earnings Per Share ("EPS") for the period from January 1, 2010 to December 31, 2010 meets the vesting criteria set forth in the 2010 cash EPS Performance Chart shown below. Upon such determination, the restrictions will lapse with respect to 33% of the Award on **February 22, 2011**; the restrictions will lapse with respect to an additional 33% of the Award on **February 22, 2012**; and the restrictions will lapse with respect to the final 34% of the Award on **February 22, 2013** (each such date a "Vesting Date"); provided, that, the Participant is employed by the Company on each Vesting Date. If the Participant ceases to be employed by the Company at any time prior to a Vesting Date, any and all unvested Restricted Stock Units shall automatically be forfeited upon such cessation of service.

The aggregate number of Restricted Stock Units on which restrictions will lapse on each Vesting Date will be determined in accordance with the following 2010 cash EPS Performance Chart. For example, if the Company's cash EPS for the period from January 1 through December 31, 2010 is determined by the Board or the Compensation Committee of the Board to be $5.40, then restrictions on 75.0% of the total Award will lapse, with restrictions on 33% of the 75.0% lapsing on February 22, 2011, restrictions on 33% of the 75.0% lapsing on February 22, 2012, and restrictions on 34% of the 75.0% lapsing on February 22, 2013, provided the Participant is employed by the Company on each Vesting Date:

Alliance Data Cash EPS (USD)	% of Target PBRSU Award Earned
$6.25	150.0%
$6.19	144.7%
$6.14	140.4%
$6.08	135.1%
$6.02	129.8%
$5.97	125.4%
$5.91	120.2%
$5.85	114.9%
$5.80	110.5%
$5.74	105.3%
$5.68	100.0%
$5.63	95.5%
$5.57	90.2%
$5.51	84.8%
$5.45	79.5%
$5.40	75.0%
$5.34	69.8%
$5.28	64.7%
$5.23	60.3%
$5.17	55.2%
$5.11	50.0%

4. **Termination of Employment**. Unless otherwise determined by the Committee at time of grant or thereafter or as otherwise provided in the Plan, any unvested portion of any outstanding Award held by a Participant at the time of termination of employment or other service for any reason will be forfeited upon such termination.

5. **Company; Participant**.

(a) The term **"Company"** as used in this Agreement with reference to employment shall include the Company and its Affiliates, as appropriate.

(b) Whenever the word **"Participant"** is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiaries, the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred by will or by the laws of descent and distribution, the word **"Participant"** shall be deemed to include such person or persons.

6. **Adjustments; Change in Control**.

(a) In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase or exchange of Stock or other securities, liquidation, dissolution, or other similar corporate transaction or event, affects the Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of the number and kind of shares that may be issued in respect of Restricted Stock Units. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Affiliate or the financial statements of the Company or any Affiliate or in response to changes in applicable laws, regulations, or accounting principles. Notwithstanding the foregoing, no such adjustment shall be authorized with respect to Awards subject to Section 6(g) of the Plan to the extent that such authority could cause such Awards to fail to qualify as "qualified performance-based compensation" under Section 162(m)(4)(C) of the Code.

(b) In connection with a Change in Control, the Committee may, in its sole discretion, accelerate the vesting with respect to the Award. If the Award is not assumed, substituted for an award of equal value, or otherwise continued after a Change in Control, the Award shall automatically vest prior to the Change in Control at a time designated by the Committee. Timing of any payment or delivery of shares of Stock under this provision shall be subject to Section 409A of the Code.

(c) All outstanding Restricted Stock Units shall immediately vest upon a termination of employment by the Company without Cause, within twelve months after a Change in Control.

7. **Clawback**. Notwithstanding anything in the Plan or this Agreement to the contrary, in the event that the Participant breaches any nonsolicitation agreement entered into with, or while acting on behalf of, the Company or any Affiliate, the Committee may (a) cancel the Award, in whole or in part, whether or not vested, and/or (b) if such conduct or activity occurs within one year following the vesting of any portion of the Award, require the Participant to repay to the Company any shares received with respect to the Award (with such shares valued as of the vesting date). Such cancellation or repayment obligation shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in shares of Stock or cash or a combination thereof (based upon the Fair Market Value of the shares of Stock on the date of repayment) and the Committee may provide for an offset to any future payments owed by the Company or any Affiliate to the Participant if necessary to satisfy the repayment obligation; provided, however, that if any such offset is prohibited under applicable law, the Committee shall not permit any offsets and may require immediate repayment by the Participant.

8. **Compliance with Law**. Notwithstanding any of the provisions hereof, the Company will not be obligated to issue or transfer any Stock to the Participant hereunder, if the exercise thereof or the issuance or transfer of such Stock shall constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities pursuant to the Securities Act of 1933 (as now in effect or as hereafter amended) or to take any other affirmative action in order to cause the issuance or transfer of Stock pursuant thereto to comply with any law or regulation of any governmental authority.

9. **No Right to Continued Employment**. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employ of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge the Participant at any time for any reason whatsoever, with or without Cause. Participant acknowledges and agrees that the continued vesting of the Restricted Stock Units granted hereunder is premised upon attainment of the performance goals set forth herein and vesting of such Restricted Stock Units shall not accelerate upon his termination of employment for any reason unless specifically provided for herein.

10. **Representations and Warranties of Participant**. The Participant represents and warrants to the Company that:

(a) Agrees to Terms of the Plan. The Participant has received a copy of the Plan and has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Agreement, the Plan shall govern and control. All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan. The Participant acknowledges that there may be adverse tax consequences upon the vesting of Restricted Stock Units or later disposition of the shares of Stock once the Award has vested, and that the Participant should consult a tax adviser prior to such time.

(b) Cooperation. The Participant agrees to sign such additional documentation as may reasonably be required from time to time by the Company.

11. **Taxes and Share Withholding**. At such time as the Participant has taxable income in connection with an Award (a "Taxable Event"), the Company will require payment or the withholding of a portion of shares then issuable to the Participant having an aggregate Fair Market Value equal to, but not in excess of an amount equal to, the minimum federal, state and local income taxes and other amounts as may be required by law to be withheld by the Company in connection with the Taxable Event.

12. **Notice**. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to him or her at his or her address as recorded in the records of the Company. Notwithstanding the foregoing, at such time as the Company institutes a policy for delivery of notice by e-mail, notice may be given in accordance with such policy.

13. **Governing Law**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

14. **Electronic Transmission**. The Company reserves the right to deliver any notice or Award by email in accordance with its policy or practice for electronic transmission and any written Award or notice referred to herein or under the Plan may be given in accordance with such electronic transmission policy or practice.

* * * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ALLIANCE DATA SYSTEMS CORPORATION

By:

Jae Lynn Rangel
SVP, Human Resources

PARTICIPANT

NAME

CANADIAN
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE ALLIANCE DATA SYSTEMS CORPORATION
2005 LONG-TERM INCENTIVE PLAN

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the **"Agreement"**), made as of DATE (the **"Grant Date"**) by and between Alliance Data Systems Corporation (the **"Company"**) and NAME (the **"Participant"**) who is an employee of the Company or one of its Affiliates, evidences the grant by the Company of an award of restricted stock units (the **"Award"**) to the Participant and the Participant's acceptance of the Award in accordance with the provisions of the Alliance Data Systems Corporation 2005 Long-Term Incentive Plan (the **"Plan"**). The Company and the Participant agree as follows:

1. **Basis for Award**. The Award is made under the Plan pursuant to Section 6(f) thereof for service rendered to the Company by the Participant.

2. **Restricted Stock Units Awarded**.

(a) The Company hereby awards to the Participant, in the aggregate, AMOUNT Restricted Stock Units which shall be subject to the conditions set forth in the Plan and this Agreement.

(b) Restricted Stock Units shall be evidenced by an account established and maintained for the Participant, which shall be credited for the number of Restricted Stock Units granted to the Participant. By accepting this Award, the Participant acknowledges that the Company does not have an adequate remedy in damages for the breach by the Participant of the conditions and covenants set forth in this Agreement and agrees that the Company is entitled to and may obtain an order or a decree of specific performance against the Participant issued by any court having jurisdiction.

(c) Except as provided in the Plan or this Agreement, prior to vesting as provided in Sections 3 of this Agreement, the Restricted Stock Units will be forfeited by the Participant and all of the Participant's rights to stock underlying the Award shall immediately terminate without any payment or consideration by the Company in the event of a Participant's termination of employment as provided in Section 4 below.

3. **Vesting**.

(a) Subject to Sections 2 and 4 of this Agreement, the restrictions on the Award will lapse as set forth in Section 3(b) below; provided that, the Participant is employed on each Vesting Date by the Company or an Affiliate. As soon as practicable after the Award vests and consistent with Section 409A of the Code, payment shall be made in Stock (based upon the Fair Market Value of the Stock on the day all restrictions lapse). The Committee shall cause a Stock certificate to be delivered to the Participant or the Participant's electronic account with respect to such Stock free of all restrictions or the Stock may be delivered electronically. Pursuant to Section 11, the number of shares delivered shall be net of the number of shares withheld if any.

(b) The restrictions described in this Agreement will lapse upon determination by the Board or the Compensation Committee of the Board that the Company's cash Earnings Per Share ("EPS") for the period from January 1, 2010 to December 31, 2010 meets the vesting criteria set forth in the 2010 cash EPS Performance Chart shown below. Upon such determination, the restrictions will lapse with respect to 33% of the Award on **February 22, 2011**; the restrictions will lapse with respect to an additional 33% of the Award on **February 22, 2012**; and the restrictions will lapse with respect to the final 34% of the Award on **February 22, 2013** (each such date a "Vesting Date"); provided, that, the Participant is employed by the Company on each Vesting Date. If the Participant ceases to be employed by the Company at any time prior to a Vesting Date, any and all unvested Restricted Stock Units shall automatically be forfeited upon such cessation of service.

The aggregate number of Restricted Stock Units on which restrictions will lapse on each Vesting Date will be determined in accordance with the following 2010 cash EPS Performance Chart. For example, if the Company's cash EPS for the period from January 1 through December 31, 2010 is determined by the Board or the Compensation Committee of the Board to be $5.40, then restrictions on 75.0% of the total Award will lapse, with restrictions on 33% of the 75.0% lapsing on February 22, 2011, restrictions on 33% of the 75.0% lapsing on February 22, 2012, and restrictions on 34% of the 75.0% lapsing on February 22, 2013, provided the Participant is employed by the Company on each Vesting Date:

Alliance Data Cash EPS (USD)	% of Target PBRSU Award Earned
$6.25	150.0%
$6.19	144.7%
$6.14	140.4%
$6.08	135.1%
$6.02	129.8%
$5.97	125.4%
$5.91	120.2%
$5.85	114.9%
$5.80	110.5%
$5.74	105.3%
$5.68	100.0%
$5.63	95.5%
$5.57	90.2%
$5.51	84.8%
$5.45	79.5%
$5.40	75.0%
$5.34	69.8%
$5.28	64.7%
$5.23	60.3%
$5.17	55.2%
$5.11	50.0%

4. **Termination of Employment**. Unless otherwise provided in the Plan, all unvested Restricted Stock Units shall be automatically forfeited on the date of the notice to the Participant of the termination of the Participant's employment with the Company and its Affiliates, or the date of the notice of resignation from the Participant, as the case may be, without regard to any statutory or common law amounts to which the Participant may otherwise be entitled.

5. **Company; Participant**.

(a) The term **"Company"** as used in this Agreement with reference to employment shall include the Company and its Affiliates, as appropriate.

(b) Whenever the word **"Participant"** is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiaries, the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred by will or by the laws of descent and distribution, the word **"Participant"** shall be deemed to include such person or persons.

6. **Adjustments; Change in Control**.

(a) In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase or exchange of Stock or other securities, liquidation, dissolution, or other similar corporate transaction or event, affects the Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of the number and kind of shares that may be issued in respect of Restricted Stock Units. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Affiliate or the financial statements of the Company or any Affiliate or in response to changes in applicable laws, regulations, or accounting principles. Notwithstanding the foregoing, no such adjustment shall be authorized with respect to Awards subject to Section 6(g) of the Plan to the extent that such authority could cause such Awards to fail to qualify as "qualified performance-based compensation" under Section 162(m)(4)(C) of the Code.

(b) In connection with a Change in Control, the Committee may, in its sole discretion, accelerate the vesting with respect to the Award. If the Award is not assumed, substituted for an award of equal value, or otherwise continued after a Change in Control, the Award shall automatically vest prior to the Change in Control at a time designated by the Committee. Timing of any payment or delivery of shares of Stock under this provision shall be subject to Section 409A of the Code.

(c) All outstanding Restricted Stock Units shall immediately vest upon a termination of employment by the Company without Cause, within twelve months after a Change in Control.

7. **Clawback**. Notwithstanding anything in the Plan or this Agreement to the contrary, in the event that the Participant breaches any nonsolicitation agreement entered into with, or while acting on behalf of, the Company or any Affiliate, the Committee may (a) cancel the Award, in whole or in part, whether or not vested, and/or (b) if such conduct or activity occurs within one year following the vesting of any portion of the Award, require the Participant to repay to the Company any shares received with respect to the Award (with such shares valued as of the vesting date). Such cancellation or repayment obligation shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in shares of Stock or cash or a combination thereof (based upon the Fair Market Value of the shares of Stock on the date of repayment) and the Committee may provide for an offset to any future payments owed by the Company or any Affiliate to the Participant if necessary to satisfy the repayment obligation; provided, however, that if any such offset is prohibited under applicable law, the Committee shall not permit any offsets and may require immediate repayment by the Participant.

8. **Compliance with Law**. Notwithstanding any of the provisions hereof, the Company will not be obligated to issue or transfer any Stock to the Participant hereunder, if the exercise thereof or the issuance or transfer of such Stock shall constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities pursuant to the Securities Act of 1933 (as now in effect or as hereafter amended) or to take any other affirmative action in order to cause the issuance or transfer of Stock pursuant thereto to comply with any law or regulation of any governmental authority.

9. **No Right to Continued Employment**. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employ of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge the Participant at any time for any reason whatsoever, with or without Cause. Participant acknowledges and agrees that the continued vesting of the Restricted Stock Units granted hereunder is premised upon attainment of the performance goals set forth herein and vesting of such Restricted Stock Units shall not accelerate upon his termination of employment for any reason unless specifically provided for herein.

10. **Representations and Warranties of Participant**. The Participant represents and warrants to the Company that:

(a) Agrees to Terms of the Plan. The Participant has received a copy of the Plan and has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Agreement, the Plan shall govern and control. All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan. The Participant acknowledges that there may be adverse tax consequences upon the vesting of Restricted Stock Units or later disposition of the shares of Stock once the Award has vested, and that the Participant should consult a tax adviser prior to such time.

(b) Cooperation. The Participant agrees to sign such additional documentation as may reasonably be required from time to time by the Company.

11. **Taxes and Share Withholding**. At such time as the Participant has taxable income in connection with an Award (a "Taxable Event"), the Company may require payment or the withholding of a portion of shares then issuable to the Participant having an aggregate Fair Market Value equal to, but not in excess of an amount equal to, the minimum applicable income taxes and other amounts as may be required by law to be withheld by the Company in connection with the Taxable Event.

12. **Notice**. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to him or her at his or her address as recorded in the records of the Company. Notwithstanding the foregoing, at such time as the Company institutes a policy for delivery of notice by e-mail, notice may be given in accordance with such policy.

13. **Governing Law**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

14. **Electronic Transmission**. The Company reserves the right to deliver any notice or Award by email in accordance with its policy or practice for electronic transmission and any written Award or notice referred to herein or under the Plan may be given in accordance with such electronic transmission policy or practice.

* * * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ALLIANCE DATA SYSTEMS
CORPORATION

By:

Jae Lynn Rangel
SVP, Human Resources

PARTICIPANT

NAME

Exhibit 10.101

PURCHASE AND SALE AGREEMENT

Dated as of November 25, 1997

among

SPIRIT OF AMERICA NATIONAL BANK,
as Seller,

and

CHARMING SHOPPES RECEIVABLES CORP.,
as Purchaser

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APPENDIX A Definitions

EXHIBIT A Form of Reassignment of Ineligible Receivables
EXHIBIT B Form of Additional Assignment
EXHIBIT C Form of Reassignment of Removed Accounts

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of November 25, 1997, is between Spirit of America National Bank, a national banking association ("Spirit"), as Seller, and Charming Shoppes Receivables Corp., a Delaware corporation, as Purchaser.

Definitions

Unless otherwise indicated, certain terms that are capitalized and used throughout this Agreement are defined in Appendix A. All references herein to months are to calendar months unless otherwise expressly indicated.

Recitals

1. Seller, in order to finance its business, wishes to sell Receivables to the Purchaser, and the Purchaser is willing, on the terms and subject to the conditions set forth herein, to purchase Receivables from the Seller.

2. In order to fund such purchases, the Purchaser will (subject to certain exceptions) transfer the Receivables to the Trustee under the Pooling and Servicing Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I
AGREEMENT TO PURCHASE AND SELL;
THE PURCHASER AGREEMENT TO LEND

Section 1.1 Agreement To Purchase and Sell.

(a) The Seller hereby Conveys to the Purchaser, and the Purchaser hereby purchases, the Existing Assets, subject in each case to any rights in the Existing Assets Conveyed prior to the date hereof to the Trustee pursuant to the Prior PSA. The Purchaser hereby agrees to assume all of the Seller's obligations under the Prior PSA (as specified in the Pooling and Servicing Agreement), except to the extent the Seller has retained such obligations in its capacity as Servicer under the Pooling and Servicing Agreement. It is understood and agreed that the obligations of the Seller specified herein with respect to the Receivables shall apply to all Receivables, whether originated before, on or after the Effective Date.

(b) Seller Conveys to the Purchaser without recourse (except as expressly provided herein), and the Purchaser purchases from Seller, all of Seller's right, title and interest in and to the Receivables now existing and arising from time to time from the Accounts and Related Assets with respect thereto (other than the Existing Assets); provided, however, that Principal Receivables originated after the occurrence of an Insolvency Event with respect to the Seller shall not be conveyed hereunder.

(c) In connection with such Conveyance, the Seller 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 Receivables now existing and hereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect the Conveyance of the Receivables to the Purchaser and the first priority nature of the Purchaser's interest in the Receivables, and to deliver a file-stamped copy of each such financing statement and continuation statement or other evidence of such filing (which may, for purposes of this Section 1.1, consist of telephone confirmation of such filing followed by delivery of a file-stamped copy as soon as practicable) to the Purchaser on or prior to the Effective Date, and in the case of any continuation statements filed pursuant to this Section 1.1, as soon as practicable after receipt thereof by the Seller.

(d) In connection with such Conveyance, the Seller agrees, at its own expense, on or prior to the Effective Date, (i) to indicate in the Pool Index File maintained in its computer files that Receivables created in connection with the Accounts have been Conveyed to the Purchaser pursuant to this Agreement and Conveyed by the Purchaser to the Trustee pursuant to the Pooling and Servicing Agreement, and (ii) to deliver to the Purchaser and the Trustee a computer file or microfiche or written list containing a true and complete list of all such Accounts, identified by account number, Obligor name and Obligor address and setting forth the Receivable balance as of November 15, 1997. Such file or list shall be marked as Schedule 1 to this Agreement, delivered to the Purchaser and the Trustee as confidential and proprietary, and is hereby incorporated into and made a part of this Agreement. The Seller further agrees not to alter the file designation referenced in clause (i) of this paragraph with respect to any Account during the term of this Agreement unless and until such Account becomes a Removed Account.

The parties intend that if, and to the extent that, such Conveyance is not deemed to be a sale, the Seller shall be deemed hereunder to have granted to the Purchaser (as security for the Secured Obligations) a first priority perfected security interest in all of the Seller's right, title and interest in, to and under the Receivables now existing and hereafter created and arising from time to time in connection with the 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, and that this Agreement shall constitute a security agreement under applicable law.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Section 2.1 Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Purchaser as of the Initial Closing Date and the Effective Date:

(a) Organization and Good Standing. The Seller is a national banking association duly organized and validly existing under the laws of the United States of America and has full corporate 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 each other Transaction Document to which it is a party.

(b) Due Qualification. The Seller is duly qualified to do business and is in good standing (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 Seller required under applicable law.

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

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

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

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

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

(h) All Consents Required. All appraisals, 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 the Seller of this Agreement and each other Transaction Document to which it is a party, the performance of the transactions contemplated hereunder and thereunder and the fulfillment of the terms hereof, have been obtained.

(i) Eligibility of Accounts. As of the Initial Cut Off Date (or in the case of an Additional Account, the applicable Addition Cut Off Date), each Account was an Eligible Account and no selection procedures adverse to the Purchaser, Investor Certificateholders or Receivables Purchasers have been employed by the Seller in selecting the Accounts from among the Eligible Accounts in the Bank Portfolio.

(j) Seller's Deposit Accounts. As of the Initial Closing Date and as of the Effective Date, deposits in the Seller's deposit accounts were or are insured to the limits provided by law by BIF.

(k) Solvency. Seller is not insolvent and no Insolvency Event with respect to Seller has occurred, and the transfer of the Receivables by the Seller has not been made in anticipation of any such insolvency or Insolvency Event.

The representations and warranties set forth in this Section 2.1 shall survive the transfer and assignment of the respective Receivables to the Purchaser. The Seller hereby represents and warrants to the Purchaser, with respect to any Series, as of its Closing Date, unless otherwise specified in the related Supplement or Receivables Purchase Agreement, that the representations and warranties of the Seller set forth in this Section 2.1 are true and correct as of such date.

Section 2.2 Representations and Warranties of the Seller Relating to the Receivables; Notice of Breach.

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

The Seller hereby represents and warrants to the Purchaser as of the Initial Closing Date and as of the Effective Date, and with respect to any Additional Accounts, as of the related Addition Date:

(i) This Agreement constitutes either (A) a valid sale to the Purchaser of all right, title and interest of the Seller in and to the Receivables now existing and hereafter created and arising from time to time in connection with the 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, and such property will be held by the Purchaser free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates, or (B) a grant of a security interest (as defined in the UCC as in effect in any applicable jurisdiction) in such property to the Purchaser, which is enforceable

with respect to the Receivables now existing and hereafter created and arising from time to time in connection with the 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 such creation. To the extent that this Agreement constitutes the grant of a security interest to the Purchaser in such property, upon the filing of the financing statements described in Section 1.1 and in the case of the Receivables hereafter created, 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 the proceeds of the foregoing, upon such creation, the Purchaser shall have a first priority perfected security interest in such property (subject to Section 9-306 of the UCC as in effect in any applicable jurisdiction).

(ii) Each Receivable then existing has been Conveyed to the Purchaser free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates and in compliance, in all material respects, with all Requirements of Law applicable to the Seller.

(iii) With respect to each 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 Seller in connection with the Conveyance of such Receivable to the Purchaser have been duly obtained, effected or given and are in full force and effect.

(iv) On each day on which any new Receivable is created, the Seller shall be deemed to represent and warrant to the Purchaser that (A) each Receivable created on such day is an Eligible Receivable, (B) each Receivable created on such day has been Conveyed to the Purchaser in compliance, in all material respects, with all Requirements of Law applicable to the Seller, (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 Seller in connection with the Conveyance of such Receivable to the Purchaser have been duly obtained, effected or given and are in full force and effect and (D) the representations and warranties set forth in subsection 2.2(a)(i) are true and correct with respect to each Receivable created on such day as if made on such day.

(v) As of the Initial Cut Off Date, and, with respect to Additional Accounts, as of the related Addition Cut Off Date, Schedule 1 to this Agreement and the related computer file or microfiche or written list referred to in subsection 2.4(e), is an accurate and complete listing in all material respects of all the 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 the Initial Cut Off Date or such applicable Addition Cut Off Date.

(b) Survival. The representations and warranties set forth in this Section 2.2 shall survive the Conveyance of any of the respective Receivables to the Purchaser.

(c) Notice of Breach. Upon discovery by the Seller or the Purchaser of a breach of any of the representations and warranties set forth in Section 2.1 or 2.2, the party discovering such breach shall give prompt written notice to the other parties hereto, the Servicer, the Trustee, each Purchaser Representative and each Enhancement Provider as soon as practicable and in any event within three Business Days following such discovery.

(d) Transfer of Ineligible Receivables.

(i) Automatic Removal. In the event of a breach with respect to a Receivable of any representations and warranties set forth in subsection 2.2(a)(ii), 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 (d) of the definition of Eligible Receivable, and any of the following three conditions is met: (A) as a result of such breach or event such Receivable is charged off as uncollectible or the rights of the Purchaser (or its assignee) in, to or under such Receivable or its proceeds are impaired or the proceeds of such Receivable are not available for any reason to the Purchaser (or its assignee) free and clear of any Lien; (B) the Lien upon the subject Receivable (1) arises in favor of the United States of America or any State or any agency or instrumentality thereof and involves taxes or liens arising under Title IV of ERISA or (2) has been consented to by the Seller; or (C) the unsecured short-term debt rating of the Seller is not at least P-1 by Moody's and the Lien upon the subject Receivable ranks prior to the Lien created pursuant to this Agreement; then, upon the earlier to occur of the discovery of such breach or event by the Seller or the Purchaser or receipt by the Seller of written notice of such breach or event given by the Purchaser, the Trustee or any Purchaser Representative, each such Receivable shall be automatically reassigned to a Person designated by the Seller on the terms and conditions set forth in subsection 2.2(d)(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 Purchaser, the Certificateholders or Receivables Purchasers of any Series or the Enhancement Provider, the Seller 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 2.2(a)(ii)-(v), other than a breach or event as set forth in clause (d)(i) above, and as a result of such breach the Receivable becomes charged off or the rights of the Purchaser (or its assignee) 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 Purchaser (or its assignee) free and clear of any Lien, then, upon the expiration of 60 days from the earlier to occur of the discovery of any such event by either the Seller or the Purchaser, or receipt by the Seller of written notice of any such event given by the Servicer, the Trustee or any Purchaser Representative, the Purchaser may direct a Person designated by the Seller to accept an assignment of such Receivable and such Person shall be obligated to accept such assignment on the terms and conditions set forth in subsection 2.2(d)(iii) and such Receivable shall no longer be treated as a Receivable; provided, however, that no such reassignment 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) Price of Reassignment. When the provisions of subsection 2.2(d)(i) or (ii) above require the Seller to designate a Person to accept reassignment of Receivables, the Seller shall pay to the Purchaser a reassignment price equal to the then Outstanding Balance for any such Ineligible Receivable. Seller shall pay such reassignment price (i) in cash, if the Purchaser is required, pursuant to the terms of the Pooling and Servicing Agreement, to pay the Trust for such Ineligible Receivable in cash, or (ii) otherwise, by reducing the Purchase Price to be paid by the Purchaser to the Seller for new Receivables or the amount then owing with respect to any deferred Purchase Price, in either case, by an amount equal to such reassignment price; provided, however, that if such amount is paid in cash Seller shall deposit such amount to the Collection Account in immediately available funds no later than the date on which the Purchaser is required to make a cash payment with respect to such Ineligible Receivables pursuant to the Pooling and Servicing Agreement.

(e) Reassignment of Trust Portfolio. In the event of a breach of the representations and warranties set forth in subsection 2.1(d) or 2.2(a)(i), or in the event that the Purchaser is required to repurchase Principal Receivables pursuant to Section 2.4(e) of the Pooling and Servicing Agreement, the Purchaser may direct a Person designated by the Seller to accept reassignment of an amount of Principal Receivables on the Reassignment Date and such Person shall be obligated to accept reassignment of such Principal Receivables 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 2.1(d) or 2.2(a)(i) shall then be true and correct in all material respects or in the event that the Purchaser is no longer required to repurchase Receivables pursuant to Section 2.4(e) of the Pooling and Servicing Agreement.

On the Reassignment Date, the Seller shall deposit in the Collection Account (for distribution to the applicable Series Account as required pursuant to Section 2.4(e) of the Pooling and Servicing Agreement) in immediately available funds an amount equal to the Outstanding Balance of the Receivables being reassigned in payment for such reassignment.

Upon the deposit, if any, required to be made to the Collection Account as provided in this Section 2.2 and the reassignment of the applicable Receivables, the Purchaser shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to the Person designated by the Seller without recourse, representation or warranty, all the right, title and interest of the Purchaser in and to such Receivables, all monies due or to become due with respect thereto, all Collections, all Recoveries, rights, remedies, powers and privileges with respect to such Receivables, and all proceeds of the foregoing. The Purchaser shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by the Seller to effect the conveyance of such Receivables pursuant to this Section 2.2, including a reconveyance substantially in the form of Exhibit A. The obligation of the Seller to accept reassignment of any Receivables, and to make the deposits, if any, required to be

made to the Collection Account as provided in this Section 2.2, shall constitute the sole remedy respecting the event giving rise to such obligation available to the Purchaser and its assigns.

Section 2.3 Covenants of the Seller. The Seller hereby covenants that:

(a) Receivables to be Accounts. The Seller will take no action to cause any Receivable to be evidenced by any instrument (as defined in the UCC as in effect in any applicable jurisdiction). Each Receivable shall be payable pursuant to a contract which does not create a Lien on any goods purchased thereunder. The Seller 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 Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Receivable, whether now existing or hereafter created, or any interest therein; the Seller will promptly notify the Purchaser of the existence of any Lien on any Receivable; and the Seller shall defend the right, title and interest of the Purchaser in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under the Seller; provided, however, that nothing in this subsection 2.3(b) shall prevent or be deemed to prohibit the Seller from suffering to exist upon any of the Receivables any Liens for municipal and other local taxes if such taxes shall not at the time be due and payable or if the Seller shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto.

(c) Cardholder Agreements and Cardholder Guidelines. The Seller shall 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 Purchaser, Trust, the Certificateholders, any Enhancement Provider or any Receivables Purchasers. The Seller may 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 collectibility of the Receivables; provided, however, that the Seller may not change the required minimum monthly payment or periodic finance charge (collectively, a "Yield Change") unless, after five Business Days' prior written notice to the Rating Agency of a Yield Change, the Rating Agency shall have provided written notice to the Seller that the Rating Agency Condition shall be satisfied or unless such Yield Change is mandated by applicable law.

(d) Account Allocations. In the event that the Seller is unable for any reason to transfer Receivables to the Purchaser in accordance with the provisions of this Agreement (including, without limitation, by reason of an order by any federal or state governmental agency having regulatory authority over the Seller or any court of competent jurisdiction that the Seller not transfer any additional Principal Receivables to the Trust) then, in any such event, (A) the Seller agrees to allocate and pay to the Purchaser, 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 Seller's inability to transfer such Receivables (up to an aggregate amount equal to the amount of Principal Receivables in the Trust on such date); and (B) the Seller agrees to have such amounts applied as Collections in accordance with Article IV of the Pooling and Servicing Agreement. If the Seller is unable pursuant to any Requirement of Law to allocate Collections as described above, Seller agrees that payments on each Account with respect to the principal balance of such Account shall be allocated first to the oldest principal balance of such Account. The parties hereto agree that Finance Charge Receivables, whenever created or accrued in respect of Principal Receivables which have been conveyed to the Purchaser (and by the Purchaser to the Trust) shall continue to be a part of the Trust notwithstanding any cessation of the transfer of additional Principal Receivables to the Purchaser and Collections with respect thereto shall continue to be allocated and paid in accordance with Article IV of the Pooling and Servicing Agreement.

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

(f) Conveyance of Accounts. The Seller covenants and agrees that it will not Convey the Accounts to any Person prior to the termination of this Agreement and the Pooling and Servicing Agreement.

(g) Notice of Adverse Claims. The Seller shall notify the Purchaser and the Trustee after becoming aware of any Lien on any Receivable.

(h) Information Provided to Rating Agencies. The Seller will use its best efforts to cause all information provided to any Rating Agency pursuant to this Agreement or in connection with any action required or permitted to be taken under this Agreement to be complete and accurate in all material respects.

(i) Notice to Purchaser. The Seller shall notify the Purchaser and the 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. The Seller will keep its principal place of business and chief executive office and the office where it keeps its records concerning the Receivables at the address of the Seller set forth under its name on the signature page to the Agreement or, upon 30 days' prior written notice to the Purchaser, the Trustee and each Purchaser Representative, at any other locations in jurisdictions where all actions reasonably requested by the Purchaser or the Trustee to protect and perfect the interest in the Receivables have been taken and completed. The Seller 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 Seller hereby acknowledges that Trustee and the Investor Certificateholders are, and will be, entering into the transactions contemplated by the Transaction Documents in reliance upon Purchaser's identity as a legal entity separate from the Seller, Servicer and any other Person. Therefore, Seller shall take all reasonable steps to maintain its existence as a corporation separate and apart from the Purchaser and to make it apparent to third Persons that the Seller is an entity with assets and liabilities distinct from those of the Purchaser and that the Purchaser is not a division of the Seller.

Section 2.4 Addition of Accounts.

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

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

(c) Seller agrees to provide to the Purchaser such information, certificates, financing statements, opinions and other materials as are reasonably necessary to enable the Purchaser to satisfy its obligations under Section 2.6 of the Pooling and Servicing Agreement with respect to Additional Accounts or Automatic Additional Accounts of the Seller.

(d) In connection with the designation of any Eligible Account attributable to a Seller as an Additional Account or Automatic Additional Account, Seller shall represent and warrant that, as of the Addition Date:

(i) no selection procedures believed by the Seller to be materially adverse to the interests of the Purchaser, the Investor Certificateholders or any Receivables Purchasers were utilized in selecting the Additional Accounts from the available Eligible Accounts from the Bank Portfolio and that as of the Addition Date, the Seller is not insolvent;

(ii) the Additional Assignment constitutes either (x) a valid sale to the Purchaser of all right, title and interest of the Seller in and to the Receivables then existing and thereafter created from time to time 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 and such property will be held by the Purchaser free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates, or (y) a grant of a security interest (as defined in the UCC as in effect in any applicable jurisdiction) in such property to the Purchaser, 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, and all proceeds of the foregoing, upon the Conveyance of such Receivables to the Purchaser, 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 Trust, 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 the Assignment constitutes the grant of a security interest to the Purchaser in such property, upon the filing of financing statements as described in Section 1.1 with respect to such Additional Accounts and the Receivables thereafter created from time to time in such 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 proceeds of the foregoing, upon the creation of such property, the Purchaser shall have a first priority perfected security interest in such property (subject to Section 9-306 of the UCC as in effect in any applicable jurisdiction), free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates; and

(iii) each Additional Account is an Eligible Account, and each Receivable in such Additional Account is an Eligible Receivable.

(e) Delivery of Documents. In the case of the designation of Additional Accounts or Automatic Additional Accounts, the Seller shall deliver to the Purchaser on the date designated by the Purchaser (i) the computer file, microfiche list or written list required to be delivered pursuant to Section 1.1 with respect to such Additional Accounts or Automatic Additional Accounts and (ii) a duly executed, written Assignment, substantially in the form of Exhibit A (the "Additional Assignment").

Section 2.5 Removal of Accounts. (a) On any day of any Due Period, if so requested by Seller, and if such request is permitted under Section 2.7 of the Pooling and Servicing Agreement, the Purchaser shall require the reassignment to it, which the Purchaser shall reassign to a Person designated by the Seller, of all the Purchaser's and the Trustee's right, title and interest in, to and under the

Receivables then existing and thereafter created, all monies due or to become due with respect thereto, all Collections, all Recoveries, rights, remedies, powers and privileges with respect to such Receivables, and all proceeds of the foregoing with respect to the Accounts designated by the Purchaser (the "Removed Accounts"), 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 Seller, (A) cause an Early Amortization Event to occur; or (B) result in the failure of the Purchaser to make any payment specified in the related Supplement or Receivables Purchase Agreement with respect to any Series;

(ii) on or prior to the Removal Date, the Seller shall have delivered to the Purchaser and the Trustee (with a copy to each Purchaser Representative) (A) for execution, a written assignment in substantially the form of Exhibit C (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 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 Seller shall represent and warrant that no selection procedures believed by the Seller to be materially adverse to the interests of the Investor Certificateholders or any Receivables Purchasers or any Enhancement Provider were utilized in selecting the Removed Accounts;

(iv) the Seller shall have provided to the Purchaser such information, certificates, opinions and other materials as are reasonably necessary to enable the Purchaser to satisfy its obligations under Section 2.7 of the Pooling and Servicing Agreement with respect to such Removed Accounts;

(v) the Seller shall have delivered to the Purchaser, the Trustee, each Purchaser Representative and each Enhancement Provider an Officer's Certificate confirming the items set forth in clauses (i) through (iii) above. The 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; and

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

Upon satisfaction of the above conditions, the Purchaser shall execute and deliver the Reassignment to the Person designated by the Seller, and the Receivables from the Removed Accounts shall no longer be considered Receivables hereunder.

Seller shall pay the Purchaser, for each Receivable arising in the Removed Accounts, a reassignment price equal to the Outstanding Balance of such Receivable. Such payment shall be made in cash in immediately available funds and shall be made by Seller's deposit to the Collection Account no later than the effectiveness of such Reassignments.

(b) No Account shall be reassigned hereunder if such removal would be prohibited by or inconsistent with the terms of any Supplement or Receivables Purchase Agreement.

Section 2.6 Purchaser May Perform. If the Seller fails to perform any of its agreements or obligations under this Agreement, the Purchaser may (but shall not be obligated to) itself perform, or cause performance of, such agreement or obligation.

Section 2.7 No Assumption of Liability. Nothing in this Agreement shall constitute or is intended to result in the creation or assumption by the Purchaser, the Trust, the Trustee, or any Purchaser Representative, Certificateholder, Certificate Owner, Receivables Purchaser or Enhancement Provider of any obligation of the Seller 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
CONSIDERATION AND PAYMENT

Section 3.1 Calculation of Purchase Price.

(a) The purchase price payable by the Purchaser for the Existing Assets shall be $5,935,000, and the Purchaser shall pay such amount to the Seller in cash on the date hereof.

(b) The purchase price (the "the Purchase Price") for each Receivable (and the Related Assets with respect thereto) Conveyed to the Purchaser after the Effective Date shall equal the Outstanding Balance of such Receivable. In addition, as further consideration for the Seller's agreement to sell Receivables hereunder, the Seller shall be entitled to receive Deferred Originator Payments as specified in subsection 4.3(h) of the Pooling and Servicing Agreement. On each Distribution Date after the Effective Date, the Purchaser and the Seller shall settle as to the Purchase Price for Receivables and Related Assets (other than Existing Assets) Conveyed during the related Due Period. Prior to each Distribution Date, the Purchaser and the Seller shall determine the aggregate amount of conveyances made during the related Due Period and the aggregate Purchase Price for Receivables and Related Assets Conveyed during that Due Period. Amounts paid to the Purchaser on such Distribution Date pursuant to the Pooling and Servicing Agreement shall be applied as follows:

first, as a payment of interest on outstanding deferred Purchase Price, calculated as provided in subsection (c), with respect to the related (or any earlier) Due Period;

second, as a payment of the remaining Purchase Price for Receivables Conveyed during the related Due Period and their Related Assets;

third, as a payment of deferred Purchase Price for Receivables (other than Existing Assets) Conveyed during any earlier Due Period and their Related Assets; and

fourth, if the Seller and the Purchaser so agree, as a loan by the Purchaser to the Seller, on the terms described in Section 3.3.

Any funds remaining after such application shall be retained by the Purchaser.

(c) Any portion of the Purchase Price for Receivables and Related Assets Conveyed during any Due Period that is not paid under priority *second* above on the related Distribution Date shall be treated as deferred Purchase Price and shall be payable from time to time as provided in subsection (b). The Purchaser shall pay interest on the deferred Purchase Price outstanding from time to time under this Agreement at a variable rate per annum equal to the rate of interest published in the Wall Street Journal as the "prime rate" as of the last Business Day of the most recent Due Period. Such interest shall be computed on the basis of the actual number of days elapsed and a 365-day year and shall be paid as provided in subsection (b).

For administrative convenience, interest on such deferred Purchase Price and on any loans described in Section 3.3 shall be calculated on the following basis. On each Distribution Date, the Purchaser and the Seller shall determine whether, after giving effect to subsection (b), any deferred Purchase Price is outstanding with respect to Receivables Conveyed during the related (or any earlier) Due Period and their Related Assets and whether there is any loan outstanding from the Purchaser to the Seller. Any such outstanding deferred Purchase Price or outstanding loan is referred to below as an "Intercompany Balance". The Purchaser and Seller will then determine the arithmetic mean of the Intercompany Balances on that and the immediately preceding Distribution Date (or on such Distribution Date and the Effective Date, in the case of the first Distribution Date), treating any deferred Purchase Price as a positive number and any loan as a negative number for purposes of this calculation. If such arithmetic mean is a positive number, then the amount of deferred Purchase Price outstanding on each day during the related Due Period shall be deemed (solely for purposes of calculating interest) to have equaled such positive number (and the amount of loans outstanding on each day during such Due Period shall be deemed to have been zero). Conversely, if such arithmetic mean is a negative number, then the principal amount of the loan outstanding on each day during the related Due Period shall be deemed (solely for purposes of calculating interest) to have equaled the absolute value of such negative number (and the amount of deferred Purchase Price outstanding on each day during such Due Period shall be deemed to have been zero).

Section 3.2 Adjustments for Miscellaneous Credits and Fraudulent Charges. (a) 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") then subject to subsection (b) below, Purchase Price and Deferred Originator Payments that otherwise would be paid to the Seller with respect to Receivables subsequently generated by Seller shall be decreased by an amount equal to the Dilution Amount.

(b) If any decrease is required in the Purchase Price and Deferred Originator Payments with respect to subsequently generated Receivables pursuant to subsection (a) above at any time (i) when an Early Amortization Event exists or (ii) on or after the Purchase Termination Date, then, in lieu of such reduction, the amount by which the Purchase Price and Deferred Originator Payments due to Seller should have been so reduced shall be deposited by Seller in same day funds into the Collection Account for application by the Servicer to the same extent as if Collections of the applicable Receivable in such amount had actually been received on such date.

Section 3.3 Loans by the Purchaser to the Seller. The Purchaser may make loans to the Seller from time to time if so agreed between such parties and to the extent that the Purchaser has funds available for that purpose after satisfying its obligations under this Agreement and the Pooling and Servicing Agreement. Any such loan shall be payable upon demand (and may be prepaid with penalty or premium) and shall bear interest on the same basis (and payable at the same time) as is specified in Section 3.1 with respect to deferred Purchase Price.

ARTICLE IV
OTHER MATTERS RELATING TO THE SELLER

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

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

(a) The Seller 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 Seller is merged or the Person which acquires by conveyance or transfer the properties and assets of the Seller substantially as an entirety shall be, if the Seller is not the surviving entity, organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall be a national banking association, state banking corporation or other entity which is not subject to the bankruptcy laws of the United States of America and shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Purchaser and the Trustee, the performance of every covenant and obligation of the Seller, as applicable hereunder and shall benefit from all the rights granted to the Seller, as applicable hereunder. To the extent that any right, covenant or obligation of the Seller, 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. In furtherance hereof, in applying this Section 4.2 to a successor entity, the term "Insolvency Event" shall be applied by reference to events of involuntary liquidation, receivership or conservatorship applicable to such successor entity as shall be set forth in the officer's certificate described in subsection 4.2(a)(ii); and

(ii) the Seller shall have delivered to the Purchaser and the Trustee an Officer's Certificate signed by a Vice President (or any more senior officer) of the Seller stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with 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.

(b) The obligations of the Seller hereunder shall not be assignable nor shall any Person succeed to the obligations of the Seller hereunder except for mergers, consolidations, assumptions, conveyances or transfers in accordance with the provisions of the foregoing paragraph.

Section 4.3 Limitation on Liability. The directors, officers, employees or agents of the Seller shall not be under any liability to the Purchaser, the Trust, the Trustee, the Certificateholders, the Certificate Owners, the Receivables Purchasers, any Purchaser Representative, 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; provided, however, that this provision shall not protect the officers, directors, employees, or agents of the Seller 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 Seller and any director, officer, employee or agent 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.

Section 4.4 Indemnification. The Seller shall indemnify and hold harmless the Purchaser, the Trust and the 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, omissions or alleged acts or omissions arising out of or based upon the arrangement created by this Agreement, the Pooling and Servicing Agreement, any Supplement or any Receivables Purchase Agreement arising out of any third-party action, claim, suit or proceeding, 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, as though this Agreement, such Supplement or such Receivables Purchase Agreement created a partnership under the New York Uniform Partnership Act in which the Seller is a general partner; provided, however, that the Seller shall not indemnify the Purchaser or the Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, gross negligence, or willful misconduct by the Purchaser or the Trustee; provided, further, that the Seller shall not indemnify the Trust or the Trustee for any liabilities, costs or expenses with

respect to any action taken by the Trustee at the request of the Investor Certificateholders or Receivables Purchasers; and provided, further, that the Seller shall not indemnify the Trust or the Trustee for any liabilities, costs or expenses of the Trust or the Trustee 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 Trust in connection herewith to any taxing authority. Any such indemnification shall not be payable from the assets of the Trust. The provisions of this indemnity shall run directly to and be enforceable by an injured party subject to the limitations hereof.

ARTICLE V
CONDITIONS TO PURCHASE

Section 5.1 Conditions to Purchase. The obligations of the Purchaser to make its initial purchase of Receivables hereunder shall be subject to Seller delivering to the Purchaser on or before the Effective Date such documents, certificates and resolutions that the Purchaser is required to deliver to the Trustee, any Purchaser Representative, Enhancement Provider or Rating Agency in connection with the amendment and restatement of the Pooling and Servicing Agreement as of the date of this Agreement.

ARTICLE VI
TERMINATION

Section 6.1 Termination by the Seller. So long as no Series is outstanding, the Seller may terminate all of its agreements to sell Receivables hereunder to Purchaser by giving Purchaser and the Trustee not less than 15 days' prior written notice (or such shorter time as is acceptable to the Trustee) of its election not to continue to sell Receivables to Purchaser; provided that such notice shall specify the effective date of such termination.

Section 6.2 Automatic Termination. Unless otherwise agreed to by the Seller and Purchaser in writing, the agreement of Seller to sell Receivables hereunder, and the agreement of the Purchaser to purchase Receivables from Seller hereunder, shall terminate automatically upon the termination of the Trust as provided in Article XII of the Pooling and Servicing Agreement.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Amendments, etc. (a) The provisions of this Agreement may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Purchaser and the Seller (with respect to an amendment) or by the Purchaser (with respect to a waiver or consent by it); provided, that such action shall not, as evidenced by an Opinion of Counsel for the Seller addressed and delivered to the Trustee and each Purchaser Representative, adversely affect in any material respect the interests of any Investor Certificateholder, any Receivables Purchaser or any Enhancement Provider without the prior written consent of such Person; provided, further, that the Rating Agency Condition shall have been satisfied with respect to such amendment.

(b) No failure or delay on the part of the Purchaser, the Seller or any third party beneficiary in exercising any right, power or privilege hereunder or under any other Transaction Document shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 7.2 Protection of Right, Title and Interest to the Purchaser.

(a) The Seller shall cause this Agreement, all certificates of assignment, agreements and documents, and all amendments hereto and thereto and/or all financing statements and continuation statements and any other necessary documents covering the Purchaser's right, title and interest in the Receivables 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 Purchaser hereunder in the Receivables. The Seller shall deliver to the Purchaser and the 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 Seller shall cooperate fully with the Purchaser in connection with the obligations set forth above and shall execute any and all documents reasonably required to fulfill the intent of this subsection 7.2(a).

(b) Within 30 days after the Seller makes any change in its name, identity or corporate structure which would make any financing statement or continuation statement filed in accordance with paragraph (a) above materially misleading within the meaning of Section 9-402(7) of the UCC, the Seller shall give the Purchaser and the Trustee notice of any such change and shall file such financing statements or amendments as may be necessary to continue the perfection of the Purchaser's interest in the Receivables and related property conveyed hereunder and the perfection of the Purchaser's interest in the Receivables and the proceeds thereof as contemplated by Section 1.1 hereof.

(c) The Seller shall give the Purchaser, the Trustee and each Purchaser Representative prompt written notice of any relocation of any office from which it services Receivables or keeps records concerning the Receivables or of its principal executive office and whether, as a result of such relocation, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall file such financing statements or amendments as may be necessary to continue the perfection of the interests in the Receivables and the proceeds thereof. The Seller shall at all times maintain each office from which it services Receivables and its principal executive office within the United States of America.

Section 7.3 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 7.4 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 to, sent by courier at or mailed by registered mail, return receipt requested, (a) in the case of the Seller and the Servicer, to Spirit of America National Bank, c/o Charming Shoppes, Inc., 450 Winks Lane, Bensalem, Pennsylvania 19020, Attention: General Counsel, (b) in the case of the Purchaser, to c/o Charming Shoppes, Inc., 450 Winks Lane, Bensalem, Pennsylvania 19020, Attention: General Counsel, (c) in the case of the 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 Supplement or Receivables Purchase Agreement, or (e) in the case of the Purchaser Representative for a particular Receivables Purchase Series, to the address, if any, specified in the related Receivables Purchase Agreement.

Section 7.5 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.

Section 7.6 Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 4.2, this Agreement may not be assigned by the Seller without the prior written consent of the Purchaser, each Purchaser Representative and the Holders of Investor Certificates evidencing Undivided Trust Interests aggregating not less than 66 2/3% of the Investor Interest of each Certificate Series on a Series by Series basis.

Section 7.7 Further Assurances. The Seller agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Purchaser more fully to effect the purposes of this Agreement, including, without limitation, the execution of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

Section 7.8 Non-petition Covenant. Notwithstanding any prior termination of this Agreement, the Seller shall not, prior to the date which is one year and one day after the last day on which any Investor Certificate shall have been outstanding, acquiesce, petition or otherwise invoke or cause the Trust or the Purchaser to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against the Trust or the Purchaser under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Trust or the Purchaser or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Purchaser or the Trust.

Section 7.9 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Purchaser or the 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 7.10 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 7.11 Third-Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the parties hereto, the Trustee, the Certificateholders, the Receivables Purchasers, the Purchaser Representatives and, to the extent provided in the related Supplement or Receivables Purchase Agreement, any Enhancement Provider named therein, and their respective successors and permitted assigns. Except as otherwise provided in this Agreement, no other Person shall have any right or obligation hereunder.

Section 7.12 Merger and Integration. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

Section 7.13 Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

Section 7.14 Acknowledgment and Consent. (a) The Seller acknowledges that, contemporaneously herewith, Purchaser is Conveying to the Trust all of Purchaser's right, title and interest in, to and under the Receivables and the related property conveyed pursuant hereto, pursuant to Section 2.1 of the Pooling and Servicing Agreement. The Seller hereby consents to the Conveyance to the Trust by Purchaser of all right, title and interest of Purchaser in, to and under this Agreement, the Receivables and the related assets, including (i) the right of Purchaser, at any time, to enforce this Agreement against the Seller and the obligations of the Seller hereunder, (ii) the right to appoint a successor to the Servicer at the times and upon the conditions set forth in the Pooling and Servicing Agreement, and (iii) the right, at any time, to give or withhold any and all consents, requests, notices, directions, approvals, demands, extensions or waivers under or with respect to this Agreement, or the obligations in respect of the Seller thereunder to the same extent as Purchaser may do. Each of the Seller and the Purchaser acknowledges and agrees that (i) under the terms of the Pooling and Servicing Agreement, the Purchaser Representatives and Holders of Investor Certificates may direct the manner in which the Trustee exercises its rights with respect to this Agreement or may exercise such rights themselves, and (ii) the Trustee, the Certificateholders, the Receivables Purchasers, the Purchaser Representatives and, to the extent provided in the related Supplement or Receivables Purchase Agreement, to any Enhancement Provider named therein, are express third party beneficiaries of the rights of the Purchaser arising hereunder and under the other Transaction Documents to which the Seller is a party. The Seller hereby acknowledges and agrees that it has no claim to or interest in either of the Collection Account or any Series Account, except to the extent it is entitled to receive Deferred Originator Payments as provided in the Pooling and Servicing Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SPIRIT OF AMERICA NATIONAL BANK, as Seller

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: President

Address: c/o Charming Shoppes
450 Winks Lane
Bensalem, PA 19022
Attention: Legal Department
Facsimile: (215) 638-6919
Confirmation: (215) 6389-6954

CHARMING SHOPPES RECEIVABLES CORP., as Purchaser

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: President

Address: c/o Charming Shoppes
450 Winks Lane
Bensalem, PA 19022
Attention: Legal Department
Facsimile: (215) 638-6919
Confirmation: (215) 6389-6954

APPENDIX A

DEFINITIONS

This is Appendix A to the Purchase and Sale Agreement dated as of November 25, 1997, between Spirit of America National Bank, as Seller, and Charming Shoppes Receivables Corp., as Purchaser (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement").

1.1. Definitions. As used in the Purchase Agreement, the following terms have the meanings as indicated:

"Additional Assignment" has the meaning set forth in Section 2.4(e) of the Purchase Agreement.

"Dilution Amount" has the meaning specified in Section 3.2 of the Purchase Agreement.

"Existing Assets" means (i) the Exchangeable Seller Certificate, (ii) the Receivables existing on the Effective Date and arising from the Accounts, (iii) all Related Assets with respect to such Receivables, and (iv) all right, title and interest of the Seller (in its capacity as seller but not as servicer) under the Prior PSA.

"Intercompany Balance" has the meaning set forth in Section 3.1(c) of the Purchase Agreement.

"Outstanding Balance" means, at any time with respect to a Receivable, the unpaid amount owed in respect thereof.

"Pooling and Servicing Agreement" means the Second Amended and Restated Pooling and Servicing Agreement dated as of November 25, 1997, among the Purchaser, Spirit of America National Bank, as Servicer, and First Union National Bank, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Purchase Price" has the meaning set forth in Section 3.1 of the Purchase Agreement.

"Purchase Termination Date" means the earlier to occur of (a) the date specified by the Seller pursuant to Section 6.1 of the Purchase Agreement and (b) any event referred to in Section 6.2 of the Purchase Agreement.

"Purchaser" has the meaning set forth in the preamble to the Purchase Agreement.

"Reassignment" has the meaning specified in Section 2.5 of the Purchase Agreement.

"Related Assets" means, with respect to any Receivable, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers, and privileges with respect to such Receivable, and all proceeds of the foregoing.

"Removed Accounts" has the meaning specified in Section 2.5 of the Purchase Agreement.

"Seller" has the meaning set forth in the preamble to the Purchase Agreement.

"Spirit" has the meaning set forth in the preamble to the Purchase Agreement.

1.2. Other Terms. All capitalized terms used but not otherwise defined in the Purchase Agreement shall have the meanings assigned thereto in the Pooling and Servicing Agreement. In addition, the interpretive conventions set forth in Sections 1.2.1, 1.2.2 and 1.2.3 of the Pooling and Servicing Agreement shall apply to the interpretation of the Purchase Agreement.

Exhibit 10.102

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT (this "Amendment") dated as of July 22, 1999, is to the Purchase and Sale Agreement, dated as of November 25, 1997 (the "Purchase Agreement") between SPIRIT OF AMERICA NATIONAL BANK., a national banking association ("Spirit"), as Seller, and CHARMING SHOPPES RECEIVABLES CORP. ("CSRC"), as Purchaser. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned in the Purchase Agreement.

W I T N E S S E T H:

WHEREAS, Spirit and CSRC have entered into the Purchase Agreement pursuant to which Spirit transfers Receivables to CSRC from time to time;

WHEREAS, CSRC is a party to the Pooling and Servicing Agreement pursuant to which CSRC transfers Receivables to the Trust from time to time and Spirit acts as Servicer; and

WHEREAS, Spirit and CSRC desire to amend the Purchase Agreement to modify the calculation of the purchase price paid by CSRC for the Receivables transferred thereunder and to make certain other changes to reflect the assignment of the servicing duties under the Pooling and Servicing Agreement by Spirit to Spirit of America, Inc. ("Spirit, Inc.").

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments. (a) Section 3.1(b) of the Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(b) The purchase price (the "the Purchase Price") for each Receivable (and the Related Assets with respect thereto) Conveyed to the Purchaser after the Effective Date shall equal a specified percentage (the "Specified Percentage") of the Outstanding Balance of such Receivable. Initially, the Specified Percentage will equal 102%. Periodically, the Purchaser and the Seller may change the Specified Percentage to any percentage upon which they agree in writing; provided that (i) any such change to the Specified Percentage shall be based upon changes in historical losses on the Receivables and the Purchaser's costs of funds, and (ii) the Specified Percentage shall never be less than 100%. The Purchaser shall remit the Purchase Price for Receivables (and their Related Assets) Conveyed on each day, plus any deferred Purchase Price for Receivables (other than Existing Assets) Conveyed on any prior day and their Related Assets, to the Seller on a daily basis, to the extent the Purchaser has cash available therefor. The Purchaser will draw on all resources available to it, including Collections allocable to it and amounts available to be drawn under any liquidity facilities, to remit the Purchase Price in full on each day. On each Distribution Date after the Effective Date, the Purchaser and the Seller shall settle as to any remaining Purchase Price or adjustments thereto for Receivables and Related Assets (other than Existing Assets) Conveyed during the related Due Period. Prior to each Distribution Date, the Purchaser and the Seller shall determine (x) the aggregate amount of conveyances made during the related Due Period, (y) the aggregate Purchase Price for Receivables and Related Assets Conveyed during that Due Period, and (z) the aggregate amount of payments in respect of such Purchase Price that have been previously made by the Purchaser.

(c) Any portion of the Purchase Price for Receivables and Related Assets Conveyed during any Due Period that is not paid under subsection (b) above on the day on which such Receivables are Conveyed shall be treated as deferred Purchase Price and shall be payable from time to time as provided in subsection (b). The Purchaser shall pay interest on the deferred Purchase Price outstanding from time to time under this Agreement at a variable rate per annum equal to the rate of interest published in the Wall Street Journal as the "prime rate" as of the last Business Day of the most recent Due Period. Such interest shall be computed on the basis of the actual number of days elapsed and a 365-day year and shall be paid as provided in subsection (b).

For administrative convenience, interest on such deferred Purchase Price and on any loans described in Section 3.3 shall be calculated on the following basis. On each Distribution Date, the Purchaser and the Seller shall determine whether, after giving effect to subsection (b), any deferred Purchase Price is outstanding with respect to Receivables Conveyed during the related (or any earlier) Due Period and their Related Assets and whether there is any loan outstanding from the Purchaser to the Seller. Any such outstanding deferred Purchase Price or outstanding loan is referred to below as an "Intercompany Balance". The Purchaser and Seller will then determine the arithmetic mean of the Intercompany Balances on that and the immediately preceding Distribution Date (or on such Distribution Date and the Effective Date, in the case of the first Distribution Date), treating any deferred Purchase Price as a positive number and any loan as a negative number for purposes of this calculation. If such arithmetic mean is a positive number, then the amount of deferred Purchase Price outstanding on each day during the related Due Period shall be deemed (solely for purposes of calculating interest) to have equaled such positive number (and the amount of loans outstanding on each day during such Due Period shall be deemed to have been zero). Conversely, if such arithmetic mean is a negative number, then the principal amount of the loan outstanding on each day during the related Due Period shall be deemed (solely for purposes of calculating interest) to have equaled the absolute value of such negative number (and the amount of deferred Purchase Price outstanding on each day during such Due Period shall be deemed to have been zero)."

(d) Section 3.2 of the Purchase Agreement is hereby amended by deleting each reference to the phrase "and Deferred Originator Payments" from paragraphs (a) and (b) thereof.

(e) Section 7.14 of the Purchase Agreement is hereby amended by deleting the last sentence thereof in its entirety and substituting the following therefor:

"The Seller hereby acknowledges and agrees that it has no claim to or interest in either of the Collection Account or any Series Account."

SECTION 2. Acknowledgment. Each of Spirit and CSRC hereby acknowledge and agree that from and after the Amendment Date (defined below) (x) Spirit Inc. shall be the Servicer under the Pooling and Servicing Agreement and (y) notwithstanding anything to the contrary set forth in Section 7.4 of the Purchase Agreement, all notices required to be given to the Servicer under the Purchase Agreement shall be sent to Spirit of America, Inc., c/o Charming Shoppes, Inc., 450 Winks Lane, Bensalem, Pennsylvania 19020, Attention: General Counsel.

SECTION 3. Amendment Date. This Amendment shall become effective upon the date (the "Amendment Date") on which (x) Spirit shall have received executed counterpart signatures pages of this Amendment from each of the parties hereto, (y) all conditions to the effectiveness of this Amendment pursuant to Section 7.1 of the Purchase Agreement shall have been satisfied and (z) the First Amendment dated as of the date hereof to the Pooling and Servicing Agreement shall have become effective.

SECTION 4. Governing Law. **THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.**

SECTION 5. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 6. Ratification of the Purchase Agreement and Security Agreement. (a) Each reference in the Purchase Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and references to the Purchase Agreement in any other document, instrument or agreement executed and/or delivered in connection therewith, shall, in each case, mean and be a reference to the Purchase Agreement as amended hereby. Except as otherwise amended by this Amendment, the Purchase Agreement shall continue in full force and effect and is hereby ratified and confirmed.

(b) Spirit hereby confirms that the Security Agreement is and shall continue to be in full force and effect after giving effect to this Amendment, and the issuance of any new Series (including the Certificate Series being issued contemporaneously with the execution hereof) shall not impair or otherwise affect the Security Agreement. The Security Agreement is hereby ratified and confirmed.

SECTION 7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

SPIRIT OF AMERICA NATIONAL BANK

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: Vice President

CHARMING SHOPPES RECEIVABLES CORP.

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

Exhibit 10.103

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS SECOND AMENDMENT (this "Amendment") dated as of November 9, 2000, is to the Purchase and Sale Agreement, dated as of November 25, 1997 and amended by the First Amendment thereto dated as of July 22, 1999 (the "Purchase Agreement") between SPIRIT OF AMERICA NATIONAL BANK., a national banking association ("Spirit"), as Seller, and CHARMING SHOPPES RECEIVABLES CORP. ("CSRC"), as Purchaser. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned in the Purchase Agreement.

W I T N E S S E T H:

WHEREAS, Spirit and CSRC have entered into the Purchase Agreement pursuant to which Spirit transfers Receivables to CSRC from time to time;

WHEREAS, CSRC is a party to the Pooling and Servicing Agreement pursuant to which CSRC transfers Receivables to the Trust from time to time and Spirit acts as Servicer; and

WHEREAS, Spirit and CSRC desire to amend the Purchase Agreement to clarify the intended treatment of the transfers thereunder.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendment. Section 1.1(d) of the Purchase Agreement is hereby amended by adding the following sentence to the beginning of the second paragraph thereof:

> "The parties hereto intend to treat, and hereby agree to so treat, the transfers of Accounts and Related Assets by the Seller to the Purchaser pursuant to this Agreement as sales, and not secured borrowings, for accounting purposes under generally accepted accounting principles in effect in the United States from time to time."

SECTION 2. Amendment Date. This Amendment shall become effective upon the date (the "Amendment Date") on which Spirit shall have received executed counterpart signatures pages of this Amendment from each of the parties hereto.

SECTION 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 4. Ratification of the Purchase Agreement. From and after the Amendment Date, each reference in the Purchase Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and references to the Purchase Agreement in any other document, instrument or agreement executed and/or delivered in connection therewith, shall, in each case, mean and be a reference to the Purchase Agreement as amended hereby. Except as otherwise amended by this Amendment, the Purchase Agreement shall continue in full force and effect and is hereby ratified and confirmed.

SECTION 5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

SPIRIT OF AMERICA NATIONAL BANK

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: Vice President

CHARMING SHOPPES RECEIVABLES CORP.

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

Exhibit 10.104

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS THIRD AMENDMENT (this "Amendment") dated as of May 8, 2001, is to the Purchase and Sale Agreement, dated as of November 25, 1997 and amended by the First Amendment thereto dated as of July 22, 1999 and by the Second Amendment thereto dated as of November 9, 2000 (the "Purchase Agreement") between SPIRIT OF AMERICA NATIONAL BANK, a national banking association ("Spirit"), as Seller, and CHARMING SHOPPES RECEIVABLES CORP. ("CSRC"), as Purchaser. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned in the Purchase Agreement.

W I T N E S S E T H:

WHEREAS, Spirit and CSRC have entered into the Purchase Agreement pursuant to which Spirit transfers Receivables to CSRC from time to time;

WHEREAS, CSRC is a party to the Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997 (as amended by the First Amendment thereto dated as of June 22, 1999, and as amended as of the date hereof, the "Pooling and Servicing Agreement"), among Spirit, CSRC and First Union National Bank, as Trustee (in such capacity, the "Trustee"), pursuant to which CSRC transfers Receivables to the Trust from time to time; and

WHEREAS, Spirit and CSRC desire to amend the Purchase Agreement in certain respects as set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendment. Section 2.5(a) of the Purchase Agreement is hereby amended in its entirety to read in full as set forth below:

"(a) On any day of any Due Period, if so requested by Seller, and if such request is permitted under Section 2.7 of the Pooling and Servicing Agreement, the Purchaser shall require the reassignment to it, which the Purchaser shall reassign to a Person designated by the Seller, of all the Purchaser's and the Trustee's right, title and interest in, to and under the Receivables then existing and thereafter created, all monies due or to become due with respect thereto, all Collections, all Recoveries, rights, remedies, powers and privileges with respect to such Receivables, and all proceeds of the foregoing with respect to the Accounts designated by the Purchaser (the "Removed Accounts"), 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 Seller, (A) cause an Early Amortization Event to occur; or (B) result in the failure of the Purchaser to make any payment specified in the related Supplement or Receivables Purchase Agreement with respect to any Series;

(ii) on or prior to the Removal Date, the Seller shall have delivered to the Purchaser and the Trustee (with a copy to each Purchaser Representative) (A) for execution, a written assignment in substantially the form of Exhibit C (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 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 Seller shall represent and warrant as of each Removal Date that (x)(i) Accounts (or administratively convenient groups of Accounts, such as billing cycles) were chosen for removal randomly or otherwise not on a basis intended to select particular Accounts or groups of Accounts for any reason other than administrative convenience and (ii) no selection procedure was used by the Seller which is materially adverse to the interests of the Investor Certificateholders or any Receivables Purchasers 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;

(iv) the Seller shall have provided to the Purchaser such information, certificates, opinions and other materials as are reasonably necessary to enable the Purchaser to satisfy its obligations under Section 2.7 of the Pooling and Servicing Agreement with respect to such Removed Accounts;

(v) the Seller shall have delivered to the Purchaser, the Trustee, each Purchaser Representative and each Enhancement Provider an Officer's Certificate confirming the items set forth in clauses (i) through (iii) above. The 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 Seller Interest (as defined in the Pooling and Servicing Agreement) shall be greater than or equal to zero; and

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

Upon satisfaction of the above conditions, the Purchaser shall execute and deliver the Reassignment to the Person designated by the Seller, and the Receivables from the Removed Accounts shall no longer be considered Receivables hereunder.

Seller shall pay the Purchaser, for each Receivable arising in the Removed Accounts, a reassignment price equal to the Outstanding Balance of such Receivable. Such payment shall be made in cash in immediately available funds and shall be made by Seller's deposit to the Collection Account no later than the effectiveness of such Reassignments."

SECTION 2. Amendment Date. This Amendment shall become effective upon the date (the "Amendment Date") on which Spirit shall have received executed counterpart signatures pages of this Amendment from each of the parties hereto and on which the Second Amendment to the Pooling and Servicing Agreement shall become effective.

SECTION 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 4. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 5. Ratification of the Purchase Agreement. From and after the Amendment Date, each reference in the Purchase Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and references to the Purchase Agreement in any other document, instrument or agreement executed and/or delivered in connection therewith, shall, in each case, mean and be a reference to the Purchase Agreement as amended hereby. Except as otherwise amended by this Amendment, the Purchase Agreement shall continue in full force and effect and is hereby ratified and confirmed.

SECTION 6. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

SPIRIT OF AMERICA NATIONAL BANK, as Seller

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: President

CHARMING SHOPPES RECEIVABLES CORP., as Purchaser

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

Exhibit 10.105

EXECUTION COPY

CONSENT
Dated as of October 17, 2007
to
PURCHASE AND SALE AGREEMENT
Dated as of November 25, 1997

THIS CONSENT to PURCHASE AND SALE AGREEMENT ("Consent") is entered into as of October 17, 2007 by and between SPIRIT OF AMERICA NATIONAL BANK ("Bank"), a national banking association, as Seller, and CHARMING SHOPPES RECEIVABLES CORP. ("CSRC"), a Delaware corporation, as Purchaser. Each capitalized term used but not defined herein has the meaning ascribed thereto in the Purchase and Sale Agreement, dated as of November 25, 1997 (as amended on July 22, 1999, November 9, 2000 and May 8, 2001, and as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Purchase and Sale Agreement"), by and between Bank and CSRC, or, if not defined therein, in that certain Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997 (as amended on July 22, 1999, May 8, 2001, August 5, 2004 and March 18, 2005, and on the date hereof, the "Pooling and Servicing Agreement") among Spirit of America, Inc., as Servicer, CSRC, as Seller, and U.S. Bank National Association, as Trustee ("Trustee").

PRELIMINARY STATEMENTS

A. Bank wishes to obtain certain consents, and CSRC is willing to extend such waivers and consents on the terms and subject to the conditions set forth in this Consent.

B. In consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

C. The Bank expects to acquire from World Financial Network National Bank ("WFN"), and to convey to CSRC, Receivables and Related Assets which arise under a portfolio of proprietary credit cards used primarily at Lane Bryant® stores (the "Lane Bryant Portfolio") The purchase price paid by the Bank to WFN at the closing is subject to adjustment to take into account differences in account balances between the actual account balances and the closing date estimate thereof, as provided in the Bank's purchase agreement with WFN (the "WFN Agreement"). The parties hereto desire to take such adjustment into account in the purchase price paid by CSRC to the Bank for the Lane Bryant Portfolio.

SECTION 1. Consents in respect of the Purchase and Sale Agreement. Effective as of the date hereof, subject to the satisfaction of the condition precedent set forth in Section 2 below, the Purchase and Sale Agreement is hereby modified pursuant to the following consents:

1.1 The Bank is hereby permitted to make adjustments (the "Lane Bryant Adjustments") to the Purchase Price for the Lane Bryant Portfolio concurrently with the corresponding adjustment under the WFN Purchase Agreement, in an amount equal to any amount payable by Bank to WFN, or by WFN to the Bank with respect to the adjustment to the purchase price for the Lane Bryant Portfolio paid by the Bank to WFN (the "WFN Adjustment").

Promptly upon determination of such WFN Adjustment, CSRC shall pay to the Bank, an amount equal to the WFN Adjustment, if any, payable by the Bank to WFN. On the date of the WFN Adjustment, the Bank shall pay to CSRC an amount equal to the WFN Adjustment, if any, paid by WFN to the Bank.

1.2 On the Distribution Date following any Lane Bryant Adjustment, CSRC and the Bank agree to settle the amount due under such Lane Bryant Adjustment, either from CSRC to the Bank, or from the Bank to CSRC, as applicable, in full in cash.

SECTION 2. Condition Precedent. This Consent shall become effective and be deemed effective as of the date first above written upon the following conditions precedent:

2.1 Delivery of an Opinion of Counsel meeting the requirements of Section 7.1(a) of the Purchase and Sale Agreement; and

2.2 Receipt by the Trustee of fully executed copies of this Consent and that certain Amendment to the Pooling and Servicing Agreement, of even date herewith.

SECTION 3. Reference to and Effect on the Purchase and Sale Agreement.

3.1 Upon the effectiveness of this Consent, each reference in the Purchase and Sale Agreement to "this Agreement," "hereunder," "hereof," "herein," "hereby" or words of like import shall mean and be a reference to the Purchase and Sale Agreement as modified hereby, and each reference to the Purchase and Sale Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Purchase and Sale Agreement shall mean and be a reference to the Purchase and Sale Agreement as modified hereby.

3.2 Except as specifically modified hereby, the Purchase and Sale Agreement and the other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

SECTION 4. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 5. Execution in Counterparts. This Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. A facsimile copy of a signature hereto shall have the same effect as the original thereof.

SECTION 6. Headings. Section headings in this Consent are included herein for convenience of reference only and shall not constitute a part of this Consent for any other purpose.

IN WITNESS WHEREOF, the parties have caused this Consent to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CHARMING SHOPPES RECEIVABLES CORP., as Purchaser

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

SPIRIT OF AMERICA NATIONAL BANK, as Seller

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: President

Exhibit 10.106

EXECUTION COPY

FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FOURTH AMENDMENT (this "Amendment") dated as of October 30, 2009 to the Purchase and Sale Agreement, dated as of November 25, 1997 and amended by the First Amendment thereto dated as of July 22, 1999, by the Second Amendment thereto dated as of November 9, 2000 and by the Third Amendment thereto dated as of May 8, 2001 (the "Purchase Agreement"), is between, (i) solely with respect to the amendments described in Section 3(a) of this Amendment, SPIRIT OF AMERICA NATIONAL BANK, a national banking association ("Spirit") and CHARMING SHOPPES RECEIVABLES CORP. ("CSRC") and (ii) solely with respect to the amendments described in Section 3(b) of this Amendment, WFN CREDIT COMPANY, LLC ("WFN SPV") and WORLD FINANCIAL NETWORK NATIONAL BANK ("WFNNB"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned in the Purchase Agreement.

W I T N E S S E T H:

WHEREAS, Spirit and CSRC have entered into the Purchase Agreement pursuant to which Spirit transfers Receivables to CSRC from time to time;

WHEREAS, CSRC is a party to the Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997 (as amended from time to time, the "Pooling and Servicing Agreement"), among Spirit, CSRC and U.S. Bank National Association, as Trustee (in such capacity, the "Trustee"), pursuant to which CSRC transfers Receivables to the Trust from time to time; and

WHEREAS, the parties hereto desire to amend the Purchase Agreement in certain respects as set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments. (a) The following definitions from Appendix A of the Purchase Agreement are hereby amended and restated in their entirety to read as follows or added and inserted in alphabetical order into Appendix A of the Purchase Agreement, as applicable:

"Purchaser" shall mean WFN Credit Company, LLC, a Delaware corporation, and its permitted successors and assigns.

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

(a) the Seller Interest, *plus*

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

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

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

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

(a) the product of (i) the Seller Interest, multiplied by (ii) the highest required enhancement percentage then in effect for any outstanding Class of Investor Certificates that was rated BBB (or an equivalent rating) by any of Moody's, S&P or Fitch at the time of its issuance, which shall be calculated as the quotient (expressed as a percentage) of (x) the amount of Enhancement (including any cash collateral account, the subordination of other interests in the Receivables) that is available or junior to such Class in covering charged-off Receivables allocated to the related Series, divided by (y) the Initial Investor Interest for the Series of Investor Certificates of which such Class is a part; plus

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

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

"Seller" shall mean World Financial Network National Bank, and its permitted successors and assigns.

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

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

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

"Transfer Date" is defined in Section 1.2(a) of this Agreement.

"WFN SPV" is defined in Section 1.2(a) of this Agreement.

"WFNNB" is defined in Section 1.2(b) of this Agreement.

(b) The definition of "Reassignment" in Appendix A of the Purchase Agreement is hereby deleted in its entirety.

(c) The last paragraph of Section 1.1 of the Purchase Agreement is hereby amended and restated to read as follows:

It is the intention of the parties hereto that the conveyances of the Existing Assets, the Receivables and the other Related Assets by the Seller to the Purchaser as provided in this Section 1.1 be, and be construed as, absolute sales or capital contributions, including for accounting purposes to the extent consistent with generally accepted accounting principles, without recourse except as explicitly provided herein, of the Existing Assets, the Receivables and the other Related Assets by the Seller to the Purchaser. Furthermore, it is not intended that such conveyance be deemed a pledge of the Existing Assets, the Receivables and the other Related Assets by the Seller to the Purchaser to secure a debt or other obligation of the Seller. If, however, notwithstanding the intention of the parties, the conveyance provided for in this Section 1.1 is determined to be a transfer for security, then this Agreement shall also be deemed to be a security agreement and the Seller hereby grants to the Purchaser a security interest in all of the Seller's right, title and interest in and to the Existing Assets, the Receivables and the other Related Assets. Further, to the extent the Seller retains any interest in the Receivables now existing and arising from time to time in the Accounts and the other Related Assets, the Seller hereby grants to the Trustee for the benefit of the Investor Certificateholders, a security interest in the Seller's right, title and interest, whether now owned or hereafter arising, in, to and under the Receivables now existing and arising from time to time in the Accounts and the other Related Assets to secure the performance of all obligations of the Seller under this Agreement, the Pooling and Servicing Agreement and the other Transaction Documents and the rights of each Investor Certificateholder to receive its share of the Series Investor Interest under the applicable Supplement, interest on the Investor Certificates held by it at the rate specified in the Supplement and any other amounts owed to it under the terms of such Supplement and the other Transaction Documents.

(d) The following Section 1.2 is hereby added to the Purchase Agreement:

"Assignment and Assumptions. It is understood and agreed that:

(a) CSRC and WFN Credit Company, LLC ("WFN SPV") will enter into an assignment and assumption agreement, substantially in the form of Exhibit D hereto, under which CSRC will assign to WFN SPV all of CSRC's rights and obligations as Purchaser and WFN SPV will accept and assume such rights and obligations. From and after the date of effectiveness of such assignment and assumption agreement (the "Transfer Date"), (i) except to the extent provided in such agreement with respect to events arising out of its actions or omissions to act as Purchaser occurring before such date, CSRC shall be released from all obligations of the Purchaser, (ii) CSRC shall cease to be a party to this

Agreement; provided that nothing herein shall release CSRC of any liability for any of its actions (or omissions to act) as Purchaser prior to the Transfer Date, and (iii) except as the context shall require, references in this Agreement to Purchaser shall be deemed to be references to WFN SPV.

(b) Effective as of the Transfer Date, Spirit and World Financial Network National Bank ("WFNNB") will enter into an assignment and assumption agreement, substantially in the form of Exhibit E hereto, under which Spirit will assign to WFNNB, all of Spirit's rights and obligations as Seller and WFNNB will acquire and assume such rights and obligations. From and after the Transfer Date, (i) except to the extent provided in such agreement with respect to events arising out of its actions or omissions to act as Seller occurring before the Transfer Date, Spirit shall be released from all obligations of the Seller, (ii) Spirit shall cease to be a party to this Agreement; provided that nothing herein shall relieve Spirit of any liability for any of its actions (or omissions to act) as Seller prior to the Transfer Date, and (iii) except as the context shall require, references in this Agreement to Seller shall be deemed to be references to WFNNB.

(e) Section 2.3(f) of the Purchase Agreement is hereby amended and restated to read as follows:

Except as provided herein (including, without limitation, Section 1.2 hereof) and as provided in the Pooling and Servicing Agreement, the Seller covenants and agrees that it will not Convey the Accounts to any Person prior to the termination of this Agreement and the Pooling and Servicing Agreement.

(f) Section 2.5 of the Purchase Agreement is hereby amended and restated to read as follows:

Section 2.5 Removal of Accounts. Purchaser may remove Accounts from the Trust in accordance with Section 2.7 of the Pooling and Servicing Agreement. On each day on which Accounts are removed from the Trust pursuant to Section 2.7 of the Pooling and Servicing Agreement, the Seller and the Purchaser may, but shall not be required to, by mutual agreement, remove Accounts from the operation of this Agreement (the "Removed Accounts"). The Seller agrees to provide to Purchaser such information, certificates, financing statement, opinions and other materials as are reasonably necessary to enable the Purchaser to satisfy its obligations under Section 2.7 of the Pooling and Servicing Agreement with respect to the removal of Accounts.

(g) Sections 3.1(b) and (c) of the Purchase Agreement are hereby amended and restated to read as follows:

(b) The "Purchase Price" for the Receivables (including Receivables in Additional Accounts) to be conveyed to Purchaser under this Agreement that come into existence on or after the Transfer Date shall be payable on each Business Day on which such Receivables are conveyed by Seller to Purchaser in an amount equal to 100% of the Principal Receivables so conveyed, adjusted from time to time with respect to Principal Receivables originated hereafter to reflect such factors as Seller and Purchaser mutually agree will result in a Purchase Price determined to approximate the fair market value of such Principal Receivables. If and to the extent that Purchaser shall not have funds available to pay Seller the Purchase Price for the Receivables transferred on any day, an amount equal to the portion of the Purchase Price for such Receivables for which Purchaser shall not have funds shall be deemed to be a borrowing by Purchaser from Seller under the Subordinated Note in the amount of such deficiency; provided that no borrowing may be made under the Subordinated Note if, after giving effect to such borrowing, Purchaser Tangible Equity would be less than Required Purchaser Tangible Equity; and provided, further, that Seller may, in its discretion, contribute Receivables on any Business Day and the Purchase Price of such Receivables shall be deemed to be a capital contribution from Seller to Purchaser. Seller is hereby authorized by Purchaser to endorse on the schedule attached to the Subordinated Note (or a continuation of such schedule attached thereto and made a part thereof) an appropriate notation evidencing the date and amount of each borrowing thereunder, as well as the date and amount of each payment made with respect thereto; provided that the failure of any Person to make such a notation shall not affect any obligations of Purchaser thereunder.

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

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

(ii) The outstanding principal amount of the Subordinated Note shall bear interest at a fixed rate per annum agreed upon by Seller and Purchaser from time to time from the Transfer Date, calculated based on a 360-day year consistently of twelve thirty-day months (such rate as in effect from time to time, the "Subordinated Note Rate"). Interest on the Subordinated Note shall be payable on the 15th day of each calendar month falling after the Transfer Date, or if the 15th is not a Business Day, the next succeeding Business Day (each such date, an "Interest Payment Date"). If on any Interest Payment Date, the amount of funds available to pay interest on the Subordinated Note is insufficient to pay any amount

due under the Subordinated Note, then interest shall be payable only to the extent funds are available thereof. All interest in the Subordinated Note that is not paid when due pursuant to this paragraph shall be payable on the next Interest Payment Date on which funds are available therefor and all such unpaid interest shall accrue interest at the Subordinated Note Rate until paid in full.

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

(h) Schedule I and Schedule II to this Amendment are hereby added to the Purchase Agreement as Exhibit D and Exhibit E respectively, thereto.

(i) Schedule III to this Amendment is hereby added to the Purchase Agreement as Exhibit F thereto.

(j) Exhibit C of the Purchase Agreement is hereby deleted in its entirety and marked as "[reserved]".

(k) Clauses (a) and (b) of Section 7.4 of the Purchase Agreement are hereby amended and restated as follows:

(a) in the case of the Seller and the Servicer, to World Financial Network National Bank, 3100 Easton Square Place, Columbus, OH 43219, Attention: General Counsel, (b) in the case of the Purchaser, to WFN Credit Company, LLC, 3100 Easton Square Place, #3108, Columbus, Ohio 43219.

SECTION 2. Change of Address and Waiver of Notice. Effective as of the Transfer Date, pursuant to Section 2.3(j) of the Purchase Agreement, WFNNB, as Seller, hereby designates the following additional addresses as location of records concerning the Receivables:

3100 Easton Square Place
Columbus, OH 43219
Attention: President

With a copy (which shall not constitute notice) to:

World Financial Network National Bank
3100 Easton Square Place
Columbus, OH 43219
Attention: General Counsel

The Trustee hereby waives the requirement of 30 days notice of such change of address.

SECTION 3. Amendment Date.

(a) The amendments set forth in clauses (d), (e) and (h) of Section 1 shall become effective on the date when all of the following shall have occurred: (i) the Trustee receives executed counterpart signatures pages of this Amendment from Spirit and CSRC and (ii) an Opinion of Counsel of CSRC pursuant to Section 7.1(a) of the Purchase Agreement has been delivered to the Trustee.

(b) Immediately following the effectiveness of the amendments described in Section 3(a) of this Amendment, the amendments set forth in clauses (a) through (c), (f), (g) and (i) through (k) of Section 1 shall become effective when the Trustee receives counterparts of this Amendment executed by WFNNB and WFN SPV.

SECTION 4. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 5. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 6. Ratification of the Purchase Agreement. From and after the Amendment Date, each reference in the Purchase Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import, and references to the Purchase Agreement in any other document, instrument or agreement executed and/or delivered in connection therewith, shall, in each case, mean and be a reference to the Purchase Agreement as amended hereby. Except as otherwise amended by this Amendment, the Purchase Agreement shall continue in full force and effect and is hereby ratified and confirmed.

SECTION 7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

Solely with respect to the amendments described in Section 3(a) of this Amendment:

SPIRIT OF AMERICA NATIONAL BANK

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: Chairman of the Board

CHARMING SHOPPES RECEIVABLES CORP.

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: President

Solely with respect to the amendments described in Section 3(b) of this Amendment:

WFN CREDIT COMPANY, LLC

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

WORLD FINANCIAL NETWORK NATIONAL BANK

By: /s/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

Acknowledged and agreed with respect to Section 2 of this Amendment:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

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

EXHIBIT F

SUBORDINATED NOTE

FOR VALUE RECEIVED, the undersigned, a Delaware limited liability company ("Purchaser"), hereby unconditionally promises to pay to the order of WORLD FINANCIAL NETWORK NATIONAL BANK ("WFN") in lawful money of the United States of America in immediately available funds on the Subordinated Note Maturity Date, the aggregate unpaid amount (as shown in the records of Seller or, at the Seller's option, on the schedule attached hereto and any continuation thereof) of all borrowings made by Purchaser from Seller to fund the acquisition of Receivables in connection with the transactions contemplated by the Purchase and Sale Agreement, dated as of November 25, 1997 (as amended and supplemented from time to time, the "Purchase Agreement"), among Purchaser and Seller. Purchaser may at its option prepay this Note in whole or in part at any time and from time to time; provided that in no event shall the holder hereof have any right to demand any payment of principal hereunder prior to the Subordinated Note Maturity Date.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Purchase Agreement.

The undersigned further agrees to pay interest from the date hereof on the unpaid principal amount hereof from time to time at the rate and at the times specified in the Purchase Agreement. Interest shall be payable in arrears on each Interest Payment Date and upon final payment of the unpaid principal amount hereof.

This Note is subordinate and junior in right and time of payment to all "Senior Debt" of Purchaser, which is any Indebtedness of Purchaser and all renewals, extensions, refinancings and refundings thereof, except any such Indebtedness that expressly provides that it is not senior or superior in right of payment hereto. "Indebtedness" is any indebtedness, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereto) and guarantees of any of the foregoing, whether or not any such indebtedness would appear as a liability on a balance sheet of Purchaser prepared on a consolidated basis in accordance with generally accepted accounting principles.

All scheduled payments of principal and interest in respect of Senior Debt must be paid before this Note shall be payable, and all scheduled payments of principal and interest on this Note shall be payable only to the extent that Purchaser, after paying all its accounts payable and other expenses and obligations, has the funds to make such payments. Purchaser agrees, and the holder hereof by accepting this Note agrees, to the subordination provisions herein contained.

Upon prior written notice to Purchaser, the holder hereof may sell, pledge, assign or otherwise transfer this Note; *provided*, that prior to such sale, pledge, assignment or transfer, the Rating Agency Condition is satisfied.

This Note shall be governed by and construed in accordance with the laws of the State of New York.

The holder of this Note, by its acceptance hereof, hereby covenants and agrees that it will not at any time institute against Purchaser any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

IN WITNESS WHEREOF, Purchaser has caused this Subordinated Note to be duly executed as of the day and year first above written.

WFN CREDIT COMPANY, LLC

By: _____

Name:

Title:

Exhibit 10.107

CHARMING SHOPPES RECEIVABLES CORP.

Seller

SPIRIT OF AMERICA NATIONAL BANK

Servicer

and

FIRST UNION NATIONAL BANK

Trustee

Charming Shoppes Master Trust

SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

Dated as of November 25, 1997

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SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT, dated as of November 25, 1997, by and between Charming Shoppes Receivables Corp., a Delaware corporation, as Seller, Spirit of America National Bank, a national banking association, as Servicer, and First Union National Bank, a national banking association, as Trustee.

WHEREAS, Spirit of America National Bank, as seller and servicer, and the Trustee are parties to that certain Pooling and Servicing Agreement dated as of December 24, 1992, as amended and restated as of May 4, 1994, and as amended by Amendment No. 1, dated as of December 22, 1995, and Amendment No. 2, dated as of March 22, 1996 (the "Prior PSA"); and

WHEREAS, the parties desire to amend and restate in its entirety the Prior PSA in order to, among other things, provide for the substitution of Charming Shoppes Receivables Corp. for Spirit of America National Bank, as Seller;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the Prior PSA is hereby amended and restated in its entirety as follows and each party agrees as follows for the benefit of the other parties, the Certificateholders, any Receivables Purchasers and any Enhancement Provider (to the extent provided herein and in any Supplement or Receivables Purchase Agreement):

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Whenever used in this Agreement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as the feminine and neuter genders of such terms:

"Account" shall mean each Spirit of America National Bank revolving credit card account, including, without limitation, accounts which have been written off as uncollectible, issued to an Obligor pursuant to a Cardholder Agreement between the Originator and any Person, which account is an Eligible Account on the Initial Cut Off Date (or, in the case of Additional Accounts, as of the applicable Addition Cut Off Date), and which is identified by account number, Obligor name, Obligor address and Receivable balance as of the Cut Off Date (or, in the case of Additional Accounts, as of the applicable Addition Cut Off Date) in each computer file or microfiche list delivered to the Trustee by the Servicer pursuant to Section 2.1 or 2.6. 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 Information" shall have the meaning specified in subsection 2.2(b).

"Accumulation Period" shall mean, with respect to any Series, if applicable, a period following the Revolving Period, which shall be the accumulation or other period in which Collections of Principal Receivables are accumulated in an account for the benefit of the Investor Certificateholders or Receivables Purchasers of such Series, in each case as defined for such Series in the related Supplement or Receivables Purchase Agreement.

"Addition Cut Off Date" shall mean, with respect to Additional Accounts the Receivables of which are Conveyed to the Trust on any Addition Date, the date, which shall be not less than 3, nor more than 20, days prior to the applicable Addition Date, specified by the Seller in the related Addition Notice in accordance with subsection 2.6(d)(i).

"Addition Date" shall mean each date as of which Additional Accounts will be included as Accounts pursuant to Section 2.6.

"Addition Notice" shall have the meaning specified in subsection 2.6(d)(i).

"Addition Notice Date" shall have the meaning specified in subsection 2.6(d)(i).

"Additional Account" shall mean each revolving credit card account established pursuant to a Cardholder Agreement, which account is designated pursuant to Section 2.6 to be included as an Account and is identified in a computer file, microfiche or written list delivered to the Trustee by the Servicer pursuant to Sections 2.1 and 2.6.

"Additional Assignment" shall have the meaning specified in the Purchase Agreement.

"Adjusted Investor Interest" shall mean with respect to any Certificate Series, the meaning provided in the related Supplement.

"Administrative Servicer" shall mean, initially, Alliance Data 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" shall mean the Credit Processing Agreement effective as of July 8, 1988, as amended from time to time, between Fashion Service Corp. and the Administrative Servicer and assigned by Fashion Service Corp. to Spirit of America National Bank, and all agreements, instruments and documents attached thereto or delivered in connection therewith, as any of the same may from time to time be hereafter amended, supplemented, or otherwise modified in accordance with the terms thereof.

"Affiliate" of any Person shall mean any other Person controlling, controlled by or under common control with such Person.

"Aggregate Addition Limit" shall have the meaning specified in subsection 2.6(c).

"Aggregate Investor/Purchaser Interest" shall mean, as of any date of determination, the aggregate amount of the sum of the Investor Interests of all Certificate Series issued and outstanding on such date of determination, the sum of the Enhancement Invested Amounts, if any, for all outstanding Series on such date of determination, and the sum of the Receivables Purchase Interests of all Receivables Purchase Series outstanding on such date of determination.

"Aggregate Minimum Seller Interest" shall mean, as of any date of determination, the greater of (i) the sum of the Minimum Seller Interests of all Series and (ii) the product of 2% and the aggregate amount of Principal Receivables on such date of determination.

"Agreement" shall mean this Second Amended and Restated Pooling and Servicing Agreement and all amendments hereof, including any Supplement.

"Alliance Data" means Alliance Data Services, Inc., a Delaware corporation, and its successors.

"Allocated Interchange" means Interchange arising out of transactions in each Account on or after the Addition Cut-Off Date for such Account.

"Amortization Period", with respect to any Series, shall have the meaning specified in the related Supplement, and with respect to any Receivables Purchase Series, shall have the meaning specified in the related Receivables Purchase Agreement.

"Applicants" shall have the meaning specified in Section 6.7.

"Appointment Day" shall have the meaning specified in subsection 9.2(a).

"Approved Rating" shall mean a rating of P-1 by Moody's and a rating of A-1+ by Standard & Poor's.

"Assignment" shall have the meaning specified in subsection 2.6(d)(ii).

"Authorized Newspaper" shall mean a newspaper of general circulation in the Borough of Manhattan, The City of New York, printed in the English language (and with respect to any Certificate Series, if and so long as the Investor Certificates of such Series 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, whether or not published on Saturdays, Sundays or holidays.

"Automatic Additional Account" shall mean each revolving credit card account established pursuant to a Credit Card Agreement, which account is designated pursuant to Section 2.6(c) to be included as an Account and is identified in a computer file, microfiche or written list delivered to the Trustee by the Servicer pursuant to Sections 2.1 and 2.6.

"Bank Portfolio" shall mean the revolving credit card accounts acquired by the Seller.

"Bearer Certificate" shall have the meaning specified in Section 6.1.

"Benefit Plan" shall have the meaning specified in subsection 6.3(c).

"BIF" shall mean the Bank Insurance Fund administered by the FDIC.

"Book-Entry Certificates" shall mean certificates evidencing a beneficial interest in the Investor Certificates, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 6.10; provided, that after the occurrence of a condition whereupon book-entry registration and transfer are no longer authorized and Definitive Certificates are to be issued to the Certificate Owners, such certificates shall no longer be "Book-Entry Certificates."

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in New York, New York, Philadelphia, Pennsylvania, or Milford, Ohio (and, with respect to any Series, any additional city or state specified in the related Supplement or Receivables Purchase Agreement), are authorized or obligated by law, executive order or governmental decree to be closed.

"Cardholder Agreement" shall mean 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" shall mean 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" shall mean Cedel S.A.

"Certificate" shall mean any one of the Investor Certificates of any Certificate Series or the Exchangeable Seller Certificate.

"Certificateholder" or "Holder" shall mean the Person in whose name a Certificate is registered in the Certificate Register and, if applicable, the holder of any Bearer Certificate or Coupon, as the case may be.

"Certificate Interest" shall mean interest payable in respect of the Investor Certificates of any Certificate Series pursuant to the Supplement for such Certificate Series.

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

"Certificate Principal" shall mean principal payable in respect of the Investor Certificates of any Certificate Series pursuant to the Supplement for such Certificate Series.

"Certificate Rate" shall mean, with respect to any Series of Certificates, the percentage (or formula on the basis of which such rate shall be determined) stated in the related Supplement.

"Certificate Register" shall mean the register maintained pursuant to Section 6.3, providing for the registration of the Certificates and transfers and exchanges thereof.

"Certificate Series" shall mean any series of Investor Certificates.

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

"Clearing Agency Participant" shall mean a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency or Foreign Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency or Foreign Clearing Agency.

"Closing Date" shall mean, with respect to any Certificate Series, the date of issuance of such Series of Certificates, as specified in the related Supplement, or, with respect to any Receivables Purchase Series, the date of the initial Conveyance of the related Receivables Purchase Interest, as specified in the related Receivables Purchase Agreement.

"Co-Branded Program" means a program of the Originator to originate charges on a general purpose credit card under the Visa or MasterCard system, which credit card will be co-branded with Fashion Bug, as specified in the Cardholder Guidelines.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection" shall mean any payment by or on behalf of Obligors received by the Originator, Seller, Servicer or 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 Insurance Proceeds and other amounts constituting Recoveries generally, but shall exclude Insurance Proceeds and other amounts constituting Recoveries of Receivables to the extent the aggregate 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 Seller 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, Seller, 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" shall have the meaning specified in subsection 4.2(a).

"Convey" shall mean to transfer, reassign, assign, set over and otherwise convey.

"Conveyance" shall mean the act of Conveying property.

"Corporate Trust Office" shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Agreement is located at 123 South Broad Street, M.B.O., 18th Floor, Philadelphia, PA 19109, Attention: Corporate Trust Administration.

"Coupon" shall have the meaning specified in Section 6.1.

"Cut Off Date" shall mean the Initial Cut Off Date and any Addition Cut Off Date.

"Cycle" shall mean each monthly billing cycle for an Account, as determined by the Seller in accordance with its normal practice.

"Debtor Relief Laws" shall mean the Bankruptcy Code of the United States of America 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).

"Defeasance" shall have the meaning specified in subsection 12.5(a).

"Defeased Series" shall have the meaning specified in subsection 12.5(a).

"Deferred Originator Payments" means, with respect to any Due Period, the excess of (x) the aggregate Seller Allocations, over (y) the Seller Required Return.

"Definitive Certificate" shall have the meaning specified in Section 6.10.

"Definitive Euro-Certificate" shall have the meaning specified in Section 6.13.

"Depository" shall have the meaning specified in Section 6.10.

"Depository Agreement" shall mean, with respect to each Certificate Series, the agreement, if any, among the Seller, the Trustee and the Clearing Agency, or as otherwise provided in the related Supplement.

"Depository Bank" means any of the banks holding one or more Initial Depository Accounts.

"Depository Bank Agreement" shall mean an agreement from the Servicer to any Depository Bank.

"Determination Date" shall mean the second Business Day preceding each Distribution Date.

"Dilution Amount" shall have, with respect to any Due Period, the meaning specified in subsection 4.3(d).

"Discount Option Date" shall mean each date on which a Discount Percentage designated by the Seller pursuant to Section 2.10 takes effect.

"Discount Option Receivables" shall have the meaning specified in Section 2.10. The aggregate amount of Discount Option Receivables on any date occurring on or after the Discount Option Date shall equal the sum of (a) the aggregate Discount Option Receivables at the end of the prior date (which amount, prior to the Discount Option Date, shall be zero) plus (b) any new Discount Option Receivables created on such date minus (c) any Discount Option Receivable Collections received on such date. Discount Option Receivables created on any date shall mean the product of the amount of any Principal Receivables created on such date (without giving effect to the proviso in the definition of Principal Receivables) and the Discount Percentage.

"Discount Option Receivable Collections" shall mean on any date occurring in any Due Period succeeding the Due Period in which the Discount Option Date occurs, the product of (a) a fraction the numerator of which is the Discount Option Receivables and the denominator of which is the sum of the Principal Receivables and the Discount Option Receivables in each case (for both the numerator and the denominator) at the end of the preceding Due Period and (b) Collections of Principal Receivables on such date (without giving effect to the proviso in the definition of Principal Receivables).

"Discount Percentage" shall mean the percentages, if any, designated by the Seller pursuant to Section 2.10.

"Distribution Date" shall mean the fifteenth day of each month, or if such day is not a Business Day, the next succeeding Business Day; provided, that the initial Distribution Date for any Series shall be set forth in the related Supplement or Receivables Purchase Agreement. Notwithstanding the foregoing, in the event a Total Systems Failure exists on any Distribution Date, the date of such Distribution Date shall mean the fourth Business Day after the date on which the Seller or the Servicer delivers the monthly report in the form of Exhibit C; provided, that in no event shall a Distribution Date be postponed more than 10 Business Days due to a Total Systems Failure.

"Dollars", "$" or "U.S. $" shall mean United States dollars.

"Due Period" shall mean, initially, the period from the close of business on March 28, 1994 to the close of business on the last day of the last Cycle for the month of April, 1994, and thereafter, the period from the close of business on the last day of the prior Due Period to the close of business on the last day of the last Cycle for the following month.

"Early Amortization Event" shall mean, with respect to each Series, a Trust Early Amortization Event or a Series Early Amortization Event.

"Effective Date" shall mean November 25, 1997.

"Eligible Account" shall mean, as of the Initial Cut Off Date (or, with respect to Additional Accounts as of the relevant Addition Cut Off Date), each Account:

1.1.1 which is payable in Dollars;

1.1.2 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 an Account originated in a Specified Program other than the Private Label Program shall be an Eligible Account only if the Rating Agency Condition has been satisfied with respect thereto;

1.1.3 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;

1.1.4 the Obligor on which has provided, as its most recent billing address, an address which is located in 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, 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 any two consecutive Due Periods; provided, further, that the Receivables of any such Account shall not be treated as Receivables for purposes of calculating the Seller Interest, the Aggregate Minimum Seller Interest or Minimum Aggregate Principal Receivables or the Investor/Purchaser Percentage of any Series;

1.1.5 which the Originator has not charged off in its customary and usual manner for charging off such Accounts as of the Initial Cut Off Date (or with respect to Additional Accounts, as of the relevant Addition Cut Off Date); and

1.1.6 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 as of such date of creation.

"Eligible Receivable" shall mean 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 Seller or the Trust had good and marketable title thereto, free and clear of all Liens arising under or through the Originator, the Seller or any of their Affiliates;

(d) 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

(e) which constitutes an "account" or a "general intangible" under Article 9 of the UCC as then in effect in any applicable jurisdiction.

"Enhancement" shall mean, with respect to any Series, the cash collateral account, letter of credit, surety bond, guaranteed rate agreement, maturity guaranty facility, tax protection agreement, interest rate swap or any other contract or agreement for the benefit of the Investor Certificateholders or the Receivables Purchasers of such Series (including any subordinated interest and any subordination of one Series to another), as designated in the applicable Supplement or Receivables Purchase Agreement.

"Enhancement Invested Amount" shall have the meaning, if applicable with respect to any Certificate Series, specified in the related Supplement.

"Enhancement Provider" shall mean, with respect to any Series, the Person or Persons, if any, designated as such in the related Supplement or Receivables Purchase Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Euroclear Operator" shall mean Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System.

"Excess Funding Account" shall have the meaning specified in subsection 4.3(e).

"Excess Funding Amount" shall mean the amount on deposit in the Excess Funding Account.

"Exchange" shall mean the procedure described under Section 6.9.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Exchange Date" shall have the meaning, with respect to any Certificate Series issued pursuant to an Exchange, specified in subsection 6.9(b).

"Exchange Notice" shall have the meaning, with respect to any Certificate Series issued pursuant to an Exchange, specified in subsection 6.9(b).

"Exchangeable Seller Certificate" shall mean the certificate or certificates executed and authenticated by the Trustee, substantially in the form of Exhibit A and exchangeable as provided in Section 6.9.

"Extended Trust Termination Date" shall have the meaning specified in subsection 12.1(a).

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor.

"Finance Charge Receivables" shall mean (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 fees payable with respect to the "Fashion Bug Gold Club" 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 Seller by notice to the 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; provided, however, that after the Discount Option Date, Finance Charge Receivables on any date of determination thereafter shall mean Finance Charge Receivables as otherwise determined pursuant to this definition plus the amount of any Discount Option Receivables.

"Finance Charge Shortfalls" shall have the meaning specified in subsection 4.3(g).

"Foreign Clearing Agency" shall mean CEDEL and the Euroclear Operator.

"Global Certificate" shall have the meaning specified in Section 6.13.

"Governmental Authority" shall mean the United States of America, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Group" shall mean, with respect to any Certificate Series, the group of Certificate Series, if any, in which the related Supplement specifies such Series is to be included.

"Holder of the Exchangeable Seller Certificate" shall mean Charming Shoppes Receivables Corp., a Delaware corporation, and its successors and assigns.

"Ineligible Receivable" shall have the meaning specified in subsection 2.4(d)(iii).

"Initial Closing Date" shall mean December 24, 1992.

"Initial Cut off Date" shall mean the close of business of the Seller on November 28, 1992.

"Initial Depository Account" shall mean an account established by the Originator for the purpose of collecting payments made by Obligors, as specified in writing by the Seller to the Trustee and each Purchaser Representative; provided, that each of the Originator and the Seller shall have assigned all of its right, title and interest in such account to the Trustee; provided, further, that the establishment of such account shall be agreed to by the Trustee and each Purchaser Representative; provided, further, that upon the occurrence of a Servicer Default and the appointment of a Successor Servicer pursuant to Article X, Initial Depository Account shall mean an account established by such Successor Servicer for the purpose of collecting payments made by Obligors as shall be agreed to by such Successor Servicer, the Trustee and each Purchaser Representative.

"Initial Investor Interest" shall mean, with respect to any Certificate Series, the amount specified as such in the related Supplement.

"Insolvency Event" shall have the meaning specified in Section 9.2(a).

"Insurance Proceeds" shall mean any amounts recovered by the 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.

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended from time to time.

"Investor Certificate" shall mean any one of the certificates including the Bearer Certificates, the Registered Certificates or any Global Certificates executed and authenticated by the Trustee substantially in the form of the investor certificate attached to the related Supplement evidencing an Undivided Trust Interest, other than the Exchangeable Seller Certificate.

"Investor Certificateholder" shall mean the holder of record of an Investor Certificate.

"Investor Exchange" shall have the meaning specified in subsection 6.9(b).

"Investor Interest" of any Certificate Series shall have the meaning specified in the related Supplement.

"Investor Monthly Servicing Fee" for any Certificate Series, shall have the meaning specified in the related Supplement.

"Investor/Purchaser Percentage" with respect to Collections of Principal Receivables, Collections of Finance Charge Receivables or Loss Amounts, for any Certificate Series or Receivables Purchase Series, shall have the meaning specified in the related Supplement or Receivables Purchase Agreement.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, participation or equity interest deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the UCC (other than any such financing statement filed for informational purposes only) or comparable law of any jurisdiction to evidence any of the foregoing; provided, that any Conveyance of any Receivables Purchase Interest pursuant to a Receivables Purchase Agreement, any issuance of an Undivided Trust Interest pursuant to any Supplement, any assignment pursuant to Section 8.2 hereof, and any Lien created by or in connection with this Agreement or the Purchase Agreement shall not be deemed to 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 Series Supplement.

"Manager" shall mean the lead manager, manager or co-manager or person performing a similar function with respect to an offering of Definitive Euro-Certificates.

"Minimum Aggregate Principal Receivables," (x) on the last Business Day of any Due Period occurring prior to the payment in full of all Certificate Series outstanding prior to the Closing Date, shall equal the sum of the aggregate Series Investor Interests for all Certificate Series, and the aggregate Receivables Purchase Interests for all Receivables Purchase Series, issued and outstanding on such date, and (y) thereafter, shall equal zero.

"Minimum Seller Interest", with respect to any Series, shall have the meaning specified in the related Supplement or Receivables Purchase Agreement.

"Monthly Period" shall mean 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" shall have the meaning specified in Section 3.2.

"Moody's" shall mean Moody's Investors Service, Inc.

"Obligor" shall mean, 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" shall mean a certificate signed by any Vice President or more senior officer of the Originator, Seller or Servicer, as applicable.

"Opinion of Counsel" shall mean 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 Trustee, and in the case of an opinion to be delivered to the Originator, Seller, any Enhancement Provider or any Purchaser Representative, reasonably acceptable to the Originator, Seller, such Enhancement Provider or such Purchaser Representative.

"Original Pooling and Servicing Agreement" shall have the meaning specified in the preamble to this Agreement.

"Originator" shall mean Spirit of America National Bank, a national banking association.

"Paired Series" shall mean one Series that, in its Supplement, is designated as the "Paired Series" for another Series, it being understood that the Series Investor Interest of the Paired Series will increase as the Series Investor Interest of the other Series is reduced; 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" shall mean any paying agent appointed pursuant to Section 6.6 and shall initially be the Trustee.

"Permitted Investments" shall mean, unless otherwise provided in the Supplement or the Receivables Purchase Agreement with respect to any Series, book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence any of the following:

(i) direct obligations of, and obligations fully guaranteed by, the United States of America or any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America;

(ii) (A) 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 Trustee or any agent of the 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 and Purchaser Representative or (B) any other demand or time deposit or certificate of deposit which is fully insured by the Federal Deposit Insurance Corporation;

(iii) repurchase obligations with respect to (A) any security described in clause (i) above or (B) 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 (ii)(A) above;

(iv) short-term 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, 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 Trust to exceed 10% of amounts held in the Collection Account;

(v) commercial paper having an Approved Rating at the time of such investment or pledge as security; or

(vi) any other investments approved in writing by each Rating Agency and each Purchaser Representative.

"Person" shall mean any legal person, including any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, governmental entity or other entity of similar nature.

"Pool Factor", as such term is used in any Supplement, shall mean a number carried out to seven decimals representing the ratio of the applicable Investor Interest as of the last Business Day of the preceding Due Period (determined after taking into account any reduction in the Investor Interest that will occur on the following Distribution Date) to the applicable Initial Investor Interest.

"Pool Index File" shall mean 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."

"Principal Receivables" shall mean (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; provided, however, that after the Discount Option Date, Principal Receivables on any date of determination thereafter shall mean Principal Receivables as otherwise determined pursuant to this definition minus the amount of any Discount Option Receivables. 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 Seller is unable to transfer to the Trust as provided in Sections 2.1 and 2.6 shall not be included in calculating the aggregate amount of Principal Receivables.

"Principal Sharing Series" shall mean a Certificate Series that, pursuant to the Supplement therefor, is entitled to receive Shared Principal Collections.

"Principal Shortfalls" shall have the meaning specified in subsection 4.3(f).

"Principal Terms", with respect to any Certificate Series issued pursuant to an Exchange, shall have the meaning specified in subsection 6.9(c), and with respect to any Receivables Purchase Series, shall have the meaning specified in Section 6.18.

"Prior PSA" shall have the meaning specified in the recitals hereto.

"Private Holder" shall mean each holder of a right to receive interest or principal in respect of any direct or indirect interest in the Trust, including any financial instrument or contract the value of which is determined in whole or part by reference to the Trust (including the Trust's assets, income of the Trust or distributions made by the Trust), excluding any interest in the Trust represented by any Series, Class of Certificates, Receivables Purchase Interest, or any other interests as to which the Seller has received an Opinion of Counsel to the effect that such Series, Class, Receivables Purchase Interest or other interest will be treated as debt or otherwise not as an equity interest in either the Trust or the Receivables for federal income tax purposes (unless such interest is convertible or exchangeable into an interest in the Trust or the Trust's income or such interest provides for payment of equivalent value). Notwithstanding the immediately preceding sentence, "Private Holder" shall also include any other Person that the Seller determines is 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 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 or a grantor trust under the Internal Revenue Code shall be treated as a Private Holder unless excepted with the consent of the Seller (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 Trust to become a publicly traded partnership treated as a corporation). Notwithstanding anything to the contrary herein, each Person designated as a "Private Holder" in any Supplement or Receivables Purchase Agreement shall be considered to be a Private Holder.

"Private Label Program" means the Originator's program of originating private label credit card receivables primarily from sales at Fashion Bug and Fashion Bug Plus stores, as specified in the Cardholder Guidelines.

"Purchase Agreement" shall mean the Purchase and Sale Agreement, dated as of November 25, 1997 between the Seller and the Originator, as amended or otherwise modified from time to time.

"Purchaser Representative" shall have the meaning specified in Section 1.3.

"Qualified Depository Institution" shall mean the 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 deposit insurance provided by BIF or SAIF, the short-term deposits of which have an Approved Rating.

"Quarterly Period" shall have the meaning specified in Section 2.6(c).

"Rating Agency" shall mean, with respect to any Certificate Series, the rating agency or agencies, if any, selected by the Seller to rate the Investor Certificates of such Certificate Series.

"Rating Agency Condition" shall mean, with respect to any action, that each Rating Agency shall have notified the Seller, the Servicer and the Trustee in writing that such action will not result in a reduction or withdrawal of its rating on any Investor Certificates.

"Reassignment" shall have the meaning specified in subsection 2.7(b)(ii).

"Reassignment Date" shall have the meaning specified in subsection 2.4(e).

"Receivables" shall mean Principal Receivables and Finance Charge Receivables; provided, that upon the reassignment by the Trustee to the Seller of Receivables pursuant to Section 2.4 or upon the removal of Receivables from the Trust pursuant to Section 2.7, such Conveyed Receivables, as of the date of such reassignment or removal, shall no longer be treated as Receivables.

"Receivables Purchase Agreement", shall mean each agreement between the Trust and one or more Persons providing for the Conveyance by the Trust to such Person or Persons of undivided ownership interests in Receivables, including, without limitation, any "Receivables Purchase Agreement" or "Parallel Purchase Commitment".

"Receivables Purchase Date", with respect to any Receivables Purchase Series, shall have the meaning specified in Section 6.17.

"Receivables Purchase Interest" of any Receivables Purchase Series shall have the meaning specified in the related Receivables Purchase Agreement.

"Receivables Purchase Notice", with respect to any Receivables Purchase Series, shall have the meaning specified in Section 6.17.

"Receivables Purchase Series" shall mean the Series created pursuant to any Receivables Purchase Agreement.

"Receivables Purchase Series Interest" shall have, with respect to any Receivables Purchase Series, the meaning specified in the related Receivables Purchase Agreement.

"Receivables Purchaser" shall mean any Person acquiring (or entering into a commitment to acquire) an undivided percentage ownership interest in Receivables pursuant to any Receivables Purchase Agreement.

"Receivables Purchaser Monthly Servicing Fee" for any Receivables Purchase Series, shall have the meaning specified in the related Receivables Purchase Agreement.

"Record Date" shall mean, with respect to any Distribution Date, the last calendar day of the preceding calendar month.

"Recoveries" shall mean all amounts received (net of out-of-pocket costs of collection) with respect to Receivables previously charged off as uncollectible and all Insurance Proceeds.

"Registered Certificates" shall have the meaning specified in Section 6.1.

"Removal Cut Off Date" shall mean, with respect to Receivables in certain designated Removed Accounts, the date, which shall be not less than 3 nor more than 20 days prior to the applicable Removal Date, specified as such in the computer file or microfiche or written list required to be delivered by the Seller pursuant to subsection 2.7(b)(ii)(B).

"Removal Date" shall mean the date on which Receivables in certain designated Removed Accounts will be reassigned by the Trustee to an entity designated by the Seller.

"Removal Notice Date" shall have the meaning specified in subsection 2.7(a).

"Removed Accounts" shall have the meaning specified in subsection 2.7(a).

"Renumbered Account" shall mean 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 Trustee pursuant to subsection 2.1, 2.6(d)(ii) or 2.7(b)(ii)(B) as an Account which has been renumbered.

"Required Designation Date" shall have the meaning specified in subsection 2.6(a).

"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" shall mean any officer within the Corporate Trust Office (or any successor group of the Trustee), including any Vice President, any Assistant Secretary or any other officer of the Trustee customarily performing functions similar to those performed by any person who at the time shall be an above-designated officer and also, with respect to a subject, a particular officer to whom any corporate trust matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Revolving Period" shall have, with respect to any Series, the meaning specified in the related Supplement or Receivables Purchase Agreement.

"SAIF" shall mean the Savings Association Insurance Fund administered by the FDIC.

"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 Obligations" shall have the meaning set forth in the Security Agreement.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Security Agreement" means the security interest letter agreement, dated as of the date hereof between the Originator and the Trustee.

"Seller" shall mean Charming Shoppes Receivables Corp., a Delaware corporation.

"Seller Allocations" shall mean, with respect to any Due Period, amounts required to be allocated to the Exchangeable Seller Certificate (without giving effect to any required recharacterization of such allocations as Deferred Originator Payments) in respect of Finance Charge Receivables pursuant to subsections 4.3(c), 4.3(e) or 4.3(g).

"Seller Exchange" shall have the meaning specified in subsection 6.9(b).

"Seller Interest" shall mean at any time the aggregate amount of Principal Receivables in the Trust plus the amounts on deposit in the Excess Funding Account minus the Aggregate Investor/Purchaser Interest.

"Seller Monthly Servicing Fee" shall mean, with respect to any Due Period, an amount equal to one-twelfth of the product of 2% and the Seller Interest as of the last day of the preceding Due Period.

"Seller Percentage" shall mean, on any date of determination, when used with respect to Principal Receivables and Finance Charge Receivables, a percentage equal to 100% minus the aggregate Investor/Purchaser Percentages for all Series with respect to such categories of Receivables.

"Seller Required Return" means, with respect to any Due Period, an amount equal to the sum of (i) the Loss Amount for such Due Period, plus (ii) one twelfth of the product of (x) 10%, times (y) the amount of the Seller's capital, as would be shown on the Seller's balance sheet at the opening of business on the first day of such Due Period.

"Series" shall mean a Certificate Series or a Receivables Purchase Series.

"Series Account" shall mean, with respect to any Series, any account or accounts established pursuant to the related Supplement or Receivables Purchase Agreement for the benefit of such Series.

"Series Dilution Amount" shall mean, for any Series with respect to any Due Period, an amount equal to the product of the Series Percentage for such Series for such Due Period and the Dilution Amount for such Due Period.

"Series Early Amortization Event" shall mean, with respect to any Series, each "Early Amortization Event" or "Series Early Amortization Event" specified in the related Supplement or Receivables Purchase Agreement.

"Series Investor Interest", with respect to any Certificate Series, shall have the meaning specified in the related Supplement.

"Series Percentage" shall mean, for any Series with respect to any Due Period, the percentage equivalent of a fraction, the numerator of which is the Series Investor Interest or the Receivables Purchase Series Interest, as the case may be, 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 and the Receivables Purchase Series Interests for all outstanding Series, in each case as of the last day of the immediately preceding Due Period.

"Series Servicing Fee Percentage" shall mean, with respect to any Series, the amount specified in the related Supplement or Receivables Purchase Agreement.

"Series Termination Date" shall mean, with respect to any Series, the date specified in the related Supplement or Receivables Purchase Agreement.

"Servicer" shall mean initially Spirit of America National Bank, a national banking association, and its permitted successors and assigns and thereafter any Person appointed Successor Servicer as herein provided.

"Servicer Default" shall have the meaning specified in Section 10.1.

"Servicer Termination Notice" shall have the meaning specified in Section 10.1.

"Servicing Officer" shall mean any officer of the Servicer involved in, or responsible for, the administration and servicing of the Receivables whose name appears on a list of servicing officers furnished to the Trustee by the Servicer, as such list may from time to time be amended.

"Shared Excess Finance Charge Collections" shall have the meaning specified in subsection 4.3(g).

"Shared Principal Collections" shall have the meaning specified in subsection 4.3(f).

"Specified Programs" 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.

"Standard & Poor's" shall mean Standard & Poor's.

"Store" shall mean a retail location of any Affiliate of the Originator.

"Store Account" shall mean a deposit account established by a Store for the purpose of collecting Store Payments.

"Store Payment" shall mean 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" shall mean any Certificate or Receivables Purchase Interest with respect to which the Seller shall not have received an Opinion of Counsel to the effect that such Certificate or Receivables Purchase Interest will be treated as debt for Federal income tax purposes.

"Successor Servicer" shall have the meaning specified in subsection 10.2(a).

"Supplement" shall mean, with respect to any Certificate Series, a supplement to this Agreement complying with the terms of Section 6.9 of this Agreement, executed in conjunction with any issuance of any Series of Certificates, and all amendments and supplements thereto.

"Tax Opinion" shall mean, with respect to any action, an Opinion of Counsel to the effect that, for Federal income tax purposes, such action will not adversely affect the federal income tax characterization of Investor Certificates of any outstanding Certificate Series.

"Total Systems Failure" means, in respect of any Distribution Date, a total failure of the computer system (including but not limited to off-site backup systems) of the Servicer or the Administrative Servicer which contain records relating to the Receivables, the effect of which would make it impossible or impracticable for the Servicer or the Administrative Servicer to perform the acts required to be performed hereunder on or in anticipation of such Distribution Date.

"Transaction Documents" shall mean this Agreement, the Purchase Agreement, each Assignment, each Additional Assignment, the Security Agreement, each Supplement, each Receivables Purchase Agreement, each Investor Certificate, each agreement to purchase Investor Certificates, and each other agreement designated as a Transaction Document in any Supplement or Receivables Purchase Agreement.

"Transfer Agent and Registrar" shall have the meaning specified in Section 6.3 and shall initially be the Trustee.

"Trust" shall mean the Charming Shoppes Master Trust created by the Prior PSA and this Agreement (formerly known as the Spirit of America Master Trust), the corpus of which shall consist of the Receivables now existing or hereafter created, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies powers and privileges with respect to such Receivables, all rights, remedies, powers and privileges of the Seller under the Purchase Agreement, such funds as from time to time are deposited in the Collection Account and any Series Account and the rights to any Enhancement with respect to any Series, and all proceeds of the foregoing; provided, that the corpus of the Trust shall not include any undivided percentage ownership interest in Receivables to the extent Conveyed by the Trust pursuant to any Receivables Purchase Agreement; provided further, that any Series Account or Enhancement shall be held by the Trust for the benefit of the related Series.

"Trust Early Amortization Event" shall have the meaning specified in Section 9.1.

"Trust Extension" shall have the meaning specified in subsection 12.1(a).

"Trust Termination Date" shall mean the earlier of (a) the date of the termination of the Trust pursuant to subsection 9.2(b), (b) (i) unless a Trust Extension shall have occurred, the day after the Distribution Date following the date on which funds shall have been deposited in the applicable Series Accounts (A) for the payment of Investor Certificateholders of each Certificate Series then issued and outstanding sufficient to pay in full the Investor Interest and, if applicable, the Enhancement Invested Amount of each such Certificate Series (including any unreimbursed Loss Amounts allocated to such Certificate Series to the extent such amounts are required to be reimbursed pursuant to the related Supplement) plus accrued interest at the applicable Certificate Rate through the date specified in the related Supplement with respect to each such Certificate Series plus all fees and expenses of the Trustee, the Servicer, any Enhancement Provider and any

other Person as specified therein and (B) for the repayment of the Receivables Purchase Interest of each Receivables Purchase Series then outstanding sufficient to pay in full the Receivables Purchase Interest of each such Receivables Purchase Series (including any unreimbursed Loss Amounts allocated to such Receivables Purchase Series to the extent such amounts may be reimbursed pursuant to the related Receivables Purchase Agreement) plus accrued interest at the applicable rate through the date specified in the related Receivables Purchase Agreement with respect to each such Receivables Purchase Series plus all fees and expenses of the Trustee, the Servicer, any Enhancement Provider and any other Person as specified therein; and (ii) if a Trust Extension shall have occurred, the Extended Trust Termination Date, and (c) December 24, 2007.

"Trustee" shall mean First Union National Bank, a national banking association, in its capacity as trustee on behalf of the Trust, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee appointed as herein provided.

"UCC" shall mean the Uniform Commercial Code, as amended from time to time, as in effect in the Commonwealth of Pennsylvania, the State of Ohio, the State of New York, and any other state where the filing of a financing statement is required or advisable to perfect an interest in the Receivables and the proceeds thereof, or in any other specified jurisdiction.

"Unaffiliated Retailer Program" means a credit card program of the Originator to allow holders of its private label Fashion Bug credit card to use the card at certain unaffiliated retail locations, as specified in the Cardholder Guidelines.

"Undivided Trust Interest" shall mean the undivided interest in the Trust evidenced by a Certificate.

"U.S. Person" or "United States Person" shall mean a citizen or resident of the United States, a corporation, partnership or other entity 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.

"Yield Change" shall have the meaning specified in subsection 2.5(c).

Section 1.2 Other Definitional Provisions.

1.2.1 All terms defined in this Agreement or any Supplement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

1.2.2 As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in Section 1.1, and accounting terms partially defined in Section 1.1 to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles or regulatory accounting principles, as applicable. To the extent that the definitions of accounting terms herein are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained herein shall control.

1.2.3 The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and Section, subsection, Schedule and Exhibit references contained in this Agreement are references to Sections, subsections, Schedules and Exhibits in or to this Agreement, unless otherwise specified. The Monthly Servicer Report, the form of which is attached as Exhibit C to this Agreement, shall be in substantially the form of Exhibit C, with such additional information with respect to any Series as shall be specified in the related Supplement or Receivables Purchase Agreement, and such changes as the Servicer may determine to be necessary or desirable; provided, however, that no such change shall serve to exclude information required by the Agreement, any Supplement or any Receivables Purchase Agreement. The Servicer shall, upon making such determination, deliver to the Trustee an Officer’s Certificate to which shall be annexed the form of the related Exhibit, as so changed. Upon the delivery of such Officer’s Certificate to the Trustee, the related Exhibit, as so changed, shall for all purposes of this Agreement constitute such Exhibit. The Trustee may conclusively rely upon such Officer’s Certificate in determining whether the related Exhibit, as changed, conforms to the requirements of this Agreement.

Section 1.3 Purchaser Representatives. Receivables Purchasers of any Receivables Purchase Series, pursuant to the related Receivables Purchase Agreement, shall appoint a purchaser representative (each, a “Purchaser Representative”) who shall have the right to vote, or to give or receive any request, demand, authorization, direction, notice, consent or waiver, hereunder on behalf of all of the Receivables Purchasers of the related Receivables Purchase Series, all to the extent set forth in this Agreement and in the related Receivables Purchase Agreement.

ARTICLE II

CONVEYANCE OF RECEIVABLES;
ISSUANCE OF CERTIFICATES

Section 2.1 Conveyance of Receivables. The Seller does hereby Convey to the Trust without recourse (except as expressly provided herein), all of its right, title and interest 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 Trust, 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.

In connection with such Conveyance, the Seller 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 Receivables now existing and hereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect the Conveyance of the Receivables

to the Trust and the first priority nature of the Trustee's interest in the Receivables, and to deliver a file-stamped copy of such financing statement or continuation statement or other evidence of such filing (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 Trustee, as soon as practicable after receipt thereof by the Seller. The foregoing Conveyance shall be made to the Trust for the benefit of the Certificateholders, any Receivables Purchasers and any Enhancement Providers (to the extent set forth in the related Supplement or Receivables Purchase Agreement) and each reference in this Agreement to such Conveyance shall be construed accordingly.

In connection with such Conveyance, the Servicer agrees, on behalf of the Seller, as an expense of the Servicer, paid out of the Seller's Monthly Servicing Fee, on or prior to the Initial Closing Date, (i) to indicate in the Pool Index File maintained in its computer files that Receivables created in connection with the Accounts have been Conveyed to the Trust pursuant to this Agreement, and (ii) to deliver to the Trustee a computer file or microfiche or written list containing a true and complete list of all such Accounts, identified by account number, Obligor name and Obligor address and setting forth the Receivable balance as of _____. Such file or list shall be marked as Schedule 1 to this Agreement, delivered to the Trustee as confidential and proprietary, and is hereby incorporated into and made a part of this Agreement. The Servicer further agrees not to alter the file designation referenced in clause (i) of this paragraph with respect to any Account during the term of this Agreement unless and until such Account becomes a Removed Account.

The parties intend that if, and to the extent that, such Conveyance is not deemed to be a sale, the Seller shall be deemed hereunder to have granted to the Trust a first priority perfected security interest (to secure the Secured Obligations) in all of the Seller's right, title and interest in, to and under the Receivables now existing and hereafter created and arising from time to time in connection with the Accounts until the termination of the Trust, 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.

Pursuant to the request of the Seller, the Trustee shall cause Certificates in authorized denominations evidencing the entire interest in the Trust to be duly authenticated and delivered to or upon the order of the Seller pursuant to Section 6.2.

By executing and delivering this Agreement and the Purchase Agreement, the parties do not intend to cancel, release or in any way impair any conveyance made by the Originator to the Trustee under the Prior PSA. Without limiting the foregoing, the parties hereto acknowledge and agree as follows:

(i) Any Conveyance by the Originator to the Seller of assets hereunder or under any other Transaction Document shall be subject to any rights in such assets granted by the Originator to the Trustee pursuant to the Prior PSA.

(ii) The trust created by and maintained under the Prior PSA shall continue to exist and be maintained under this Agreement.

(iii) All series of certificates or purchased interests issued under the Prior PSA shall constitute Series issued and outstanding under this Agreement, and any supplement or receivables purchase agreement executed in connection with such series shall constitute a Supplement or Receivables Purchase Agreement (as applicable) executed hereunder.

(iv) All references to the Prior PSA in any other instruments or documents shall be deemed to constitute references to this Agreement. All references in such instruments or documents to the Originator in its capacity as the seller of receivables and related assets under the Prior PSA shall be deemed to include reference to the Seller in such capacity hereunder.

(v) The Seller hereby assumes and agrees to perform all obligations of Spirit of America National Bank, in its capacity as seller (but not as servicer) under or in connection with the Prior PSA (as amended and restated by this Agreement) and any supplements to the Prior PSA.

(vi) To the extent this Agreement requires that certain actions are to be taken as of the Initial Cut Off Date or another date prior to the date of this Agreement, the Originator's execution of such action under the Prior PSA shall constitute satisfaction of such requirement.

Section 2.2 Acceptance by Trustee.

(a) The Trustee hereby acknowledges its acceptance, on behalf of the Trust, of all right, title and interest previously held by the Seller in and to the Receivables now existing and hereafter created from time to time and arising in connection with the Accounts until the termination of the Trust, 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 rights, remedies, powers and privileges under the Purchase Agreement, and all proceeds of the foregoing, and declares that it shall maintain such right, title and interest, upon the Trust herein set forth, for the benefit of all Certificateholders, any Receivables Purchasers and any Enhancement Providers (to the extent set forth in the related Supplement or Receivables Purchase Agreement). The Trustee further acknowledges that, on or prior to the Initial Closing Date, it has received from the Servicer (on behalf of the Seller) 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 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 Trustee pursuant to Sections 2.1, 2.6 and 2.7 ("Account Information") except as is required in connection with the performance of its duties hereunder or in enforcing the rights of the Certificateholders and Receivables Purchasers or to a Successor Servicer appointed pursuant to Section 10.2 or as mandated pursuant to any Requirement of Law applicable to the Trustee. The

Trustee agrees to take such measures as shall be reasonably requested by the Seller to protect and maintain the security and confidentiality of such information, and, in connection therewith, shall allow the Seller to inspect the Trustee's security and confidentiality arrangements from time to time during normal business hours. In the event that the Trustee is required by law to disclose any Account Information, the Trustee shall provide the Seller with prompt written notice, unless such notice is prohibited by law, of any such request or requirement so that the Seller may request a protective order or other appropriate remedy. The Trustee shall use its best efforts to provide the Seller with written notice no later than five days prior to any disclosure pursuant to this subsection 2.2(b).

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

Section 2.3 Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Trust as of the Initial Closing Date and as of the Effective Date:

(a) Organization and Good Standing. The Seller is a corporation duly organized and validly existing under the laws of the State of Delaware and has full corporate 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 and to execute and deliver to the Trustee the Certificates pursuant hereto.

(b) Due Qualification. The Seller is duly qualified to do business and is in good standing (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 Seller required under applicable law.

(c) Due Authorization. The execution and delivery by the Seller of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions provided for in this Agreement and each other Transaction Document to which the Seller is a party have been duly authorized by the Seller by all necessary corporate 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 Seller.

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

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

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

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

(h) All Consents Required. All appraisals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery of this Agreement, the Certificates and each other Transaction Document to which the Seller is a party, the performance of the transactions contemplated hereunder and thereunder and the fulfillment of the terms hereof and thereof have been obtained.

(i) Eligibility of Accounts. As of the Initial Cut Off Date (or in the case of an Additional Account, the applicable Addition Cut Off Date), each Account was an Eligible Account and no selection procedures adverse to the Investor Certificateholders or Receivables Purchasers have been employed by the Seller in selecting the Accounts from among the Eligible Accounts in the Bank Portfolio.

(j) Originator's Deposit Accounts. As of the Initial Closing Date and as of the Effective Date, deposits in Originator's deposit accounts were insured to the limits provided by law by BIF.

The representations and warranties set forth in this Section 2.3 shall survive the transfer and assignment of the respective Receivables to the Trust and the termination of the rights and obligations of the Servicer pursuant to Section 10.1. The Seller hereby represents and warrants to the Trust, with respect to any Series, as of its Closing Date, unless otherwise specified in the related Supplement or Receivables Purchase Agreement, that the representations and warranties of the Seller set forth in this Section 2.3 are true and correct as of such date.

Section 2.4 Representations and Warranties of the Seller Relating to the Receivables; Notice of Breach.

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

The Seller hereby represents and warrants to the Trust as of the Initial Closing Date and as of the Effective Date, and with respect to any Additional Accounts, as of the related Addition Date:

(i) This Agreement constitutes either (A) a valid sale to the Trust of all right, title and interest of the Seller 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 Trust, 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 Trust free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates, or (B) a grant of a security interest (as defined in the UCC as in effect in any applicable jurisdiction) in such property to the Trust, which is enforceable with respect to the Receivables now existing and hereafter created and arising from time to time in connection with the Accounts until the termination of the Trust, 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 Trust 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 Trust shall have a first priority perfected security interest in such property (subject to Section 9-306 of the UCC as in effect in any applicable jurisdiction). Neither the Seller nor any Person claiming through or under the Seller shall have any claim to or interest in the Collection Account or any Series Account, except for the Seller'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 Supplement or any Receivables Purchase Agreement), the rights of the Originator to be paid Deferred Originator Payments as specified herein and, to the extent that this Agreement constitutes the grant of a security interest in such property, except for the interest of the Seller in such property as a debtor for purposes of the UCC as in effect in any applicable jurisdiction.

(ii) Each Receivable is an Eligible Receivable.

(iii) Each Receivable then existing has been Conveyed to the Trust free and clear of any Lien of any Person claiming through or under the Seller, the Originator, or any of their Affiliates and in compliance, in all material respects, with all Requirements of Law applicable to the Seller.

(iv) With respect to each 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 Seller in connection with the Conveyance of such Receivable to the Trust 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, the Seller shall be deemed to represent and warrant to the Trust that (A) each Receivable created on such day is an Eligible Receivable, (B) each Receivable created on such day has been Conveyed to the Trust in compliance, in all material respects, with all Requirements of Law applicable to the Seller, (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 Seller in connection with the Conveyance of such Receivable to the Trust 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 Initial Cut Off Date, and, with respect to Additional Accounts, as of the related Addition Cut Off Date, Schedule 1 to this Agreement and the related computer file or microfiche or written list referred to in subsection 2.6(d)(ii), is an accurate and complete listing in all material respects of all the 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 the Initial Cut Off Date or such applicable Addition Cut Off Date, and as of the Initial Cut Off Date, the aggregate amount of Receivables in all the Accounts was $45,431,401 of which $45,431,401 were Principal Receivables.

(b) Survival. The representations and warranties set forth in this Section 2.4 shall survive the Conveyance of any of the respective Receivables to the Trust.

(c) Notice of Breach. Upon discovery by the Seller, the Servicer or the Trustee of a breach of any of the representations and warranties set forth in Section 2.3 or 2.4, the party discovering such breach shall give prompt written notice to the other parties hereto, each Purchaser Representative and each Enhancement Provider as soon as practicable and in any event within three Business Days following such discovery.

(d) Transfer of Ineligible Receivables.

(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), 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 (d) of the definition of Eligible Receivable, and any of the

following three conditions is met: (A) as a result of such breach or event such Receivable is charged off as uncollectible or the Trust's rights in, to or under such Receivable or its proceeds are impaired or the proceeds of such Receivable are not available for any reason to the Trust free and clear of any Lien; (B) the Lien upon the subject Receivable (1) arises in favor of the United States of America or any State or any agency or instrumentality thereof and involves taxes or liens arising under Title IV of ERISA or (2) has been consented to by the Originator or the Seller; or (C) the unsecured short term debt rating of the Originator is not at least P-1 by Moody's and the Lien upon the subject Receivable ranks prior to the Lien created pursuant to this Agreement; then, upon the earlier to occur of the discovery of such breach or event by the Seller or the Servicer or receipt by the Seller of written notice of such breach or event given by the Trustee, each such Receivable shall be automatically removed from the Trust on the terms and conditions set forth in subsection 2.4(d)(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 Certificateholders or Receivables Purchasers of any Series or the Enhancement Provider, the Seller 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 or event as set forth in clause (d)(i) above, and as a result of such breach the Receivable becomes charged off or the Trust'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 Trust free and clear of any Lien, then, upon the expiration of 60 days from the earlier to occur of the discovery of any such event by either the Seller or the Servicer, or receipt by the Seller of written notice of any such event given by the Trustee or any Purchaser Representative, each such Receivable shall be removed from the Trust on the terms and conditions set forth in subsection 2.4(d)(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(d)(i) or (ii) above require removal of a Receivable, the Seller 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 Trust and to decrease the Seller Interest 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/Purchaser Percentage, the Seller Percentage or the Seller Interest. In the event that the exclusion of an Ineligible Receivable from the calculation of the Seller Interest would cause the Seller Interest to be reduced below the Aggregate Minimum Seller Interest, the Seller 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

(except that the portion of such amount allocable to any Receivables Purchase Series shall be deposited in the Collection Account for the benefit of such Receivables Purchase Series) in immediately available funds in an amount equal to the amount by which the Seller Interest would be reduced below the Aggregate Minimum Seller Interest. Upon the reassignment to the Seller of an Ineligible Receivable, the Trust shall automatically and without further action be deemed to Convey to the Seller, without recourse, representation or warranty, all the right, title and interest of the Trust 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 Trustee shall execute such documents and instruments of transfer or assignment, including a written assignment in substantially the form of Exhibit E-2, and take other actions as shall reasonably be requested by the Seller to evidence the Conveyance of such Ineligible Receivable pursuant to this subsection 2.4(d)(iii). The obligation of the Seller set forth in this subsection 2.4(d)(iii), or the automatic removal of such Receivable from the Trust, 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 Certificateholders or Receivables Purchasers or the Trustee on behalf of Certificateholders or Receivables Purchasers, except as otherwise specified in any Supplement or Receivables Purchase Agreement.

(e) Reassignment of Trust Portfolio. 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, either (i) the Trustee or the Holders of Investor Certificates evidencing Undivided Trust Interests aggregating more than 50% of the aggregate Investor Interests of all Certificate Series or (ii) any Purchaser Representative, by notice then given in writing to the Seller (and to the Trustee and the Servicer, if given by the Investor Certificateholders or any Purchaser Representative) may direct the Seller to accept reassignment of an amount of Principal Receivables (as specified below) within 60 days of such notice and the Seller 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 Trustee shall promptly notify each Purchaser Representative of any such notice of reassignment, and each Purchaser Representative may, by notice to the Seller and the Trustee, designate the Series it represents as participating in such reassignment. The Seller 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 Supplement or Receivables Purchase Agreement, for distribution to the Investor Certificateholders pursuant to Article XII or the Receivables Purchasers pursuant to the related

Receivables Purchase Agreement or any Enhancement Provider pursuant to the applicable 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 Supplement or Receivables Purchase Agreement, shall be equal to (a) in the case of any Certificate Series, (i) the Investor Interest 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 Certificateholders 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 Investor Certificates and, if applicable, the Enhancement Invested Amount of such Series at the applicable Certificate Rate through such last day, less the amount, if any, previously allocated for payment of interest to the Certificateholders of such Series on the related Distribution Date in the Due Period in which the Reassignment Date occurs, and (b) in the case of any Receivables Purchase Series, all principal and accrued interest on such Receivables Purchase Series through such Reassignment Date and all accrued and unpaid fees and expenses and unreimbursed Loss Amounts under the related Receivables Purchase Agreement. Payment of the reassignment deposit amount with respect to each Series and all other amounts in the applicable Series Account in respect of the preceding Due Period shall be considered a prepayment in full of the interest in the Receivables represented by such Series. On the Distribution Date on which such amount has been deposited in full into the applicable Series Account, Receivables with an aggregate principal balance equal to the aggregate Investor Interests and Receivables Purchase Interests of all Series with respect to which a notice directing reassignment has been given and all monies due or to become due with respect thereto, all Collections, all Recoveries, and all proceeds of such Receivables be released to the Seller after payment of all amounts otherwise due hereunder on or prior to such dates and the Trustee shall execute and deliver such instruments of transfer or assignment, in each case without recourse, representation or warranty, as shall be prepared by and as are reasonably requested by the Seller to vest in the Seller, all right, title and interest of the Trust in and to the Receivables then existing and thereafter created in the related Accounts, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges with respect to such Receivables, and all proceeds of the foregoing. If the Trustee, the Investor Certificateholders or the Purchaser Representatives give notice directing the Seller to accept reassignment as provided above, the obligation of the Seller to accept reassignment of the Receivables and pay the reassignment deposit amount pursuant to this subsection 2.4(e) shall constitute the sole remedy respecting a breach of the representations and warranties contained in subsections 2.3(d) and 2.4(a)(i) available to the Investor Certificateholders, the Trustee on behalf of the Investor Certificateholders or the Receivables Purchasers.

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

(a) Receivables to be Accounts. The Seller will take no action to cause any Receivable to be evidenced by any instrument (as defined in the UCC as in effect in any applicable jurisdiction). Each Receivable shall be payable pursuant to a contract which does not create a Lien on any goods purchased thereunder. The Seller 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 Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Receivable, whether now existing or hereafter created, or any interest therein; the Seller will promptly notify the Trustee of the existence of any Lien on any Receivable; and the Seller shall defend the right, title and interest of the Trust in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under the Seller or the Originator; provided, however, that nothing in this subsection 2.5(b) shall prevent or be deemed to prohibit the Seller from suffering to exist upon any of the Receivables any Liens for municipal and other local taxes if such taxes shall not at the time be due and payable or if the Seller or the Originator, 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.

(c) Cardholder Agreements and Cardholder Guidelines. The Seller 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 Trust, the Certificateholders, any Enhancement Provider or any Receivables Purchasers. The Seller 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 collectibility of the Receivables; provided, however, that the Seller may not permit the Originator to change the required minimum monthly payment or periodic finance charge (collectively, a "Yield Change") unless, after five Business Days' prior written notice to the Rating Agency of a Yield Change, the Rating Agency shall have provided written notice to the Seller that the Rating Agency Condition shall be satisfied or unless such Yield Change is mandated by applicable law.

(d) Account Allocations. In the event that the Seller is unable for any reason to transfer Receivables to the Trust in accordance with the provisions of this Agreement (including, without limitation, by reason of the application of the provisions of Section 9.1(a) or 9.1(b) or by an order by any federal or state governmental agency having regulatory authority over the Seller or any court of competent jurisdiction that the Seller not transfer any additional Principal Receivables to the Trust) then, in any such event, (A) the Seller agrees to allocate and pay to the Trust, 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 Seller's inability to transfer such Receivables (up to an aggregate amount equal to the amount of Principal Receivables in the Trust on such date); (B) the Seller agrees to have such amounts applied as Collections in accordance with Article IV; 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 Seller's inability to transfer Receivables to the Trust) that are charged off as uncollectible in accordance with this Agreement shall continue to be allocated in accordance with Article IV, and all amounts that would have

constituted Principal Receivables but for the Seller's inability to transfer Receivables to the Trust shall be deemed to be Principal Receivables for the purpose of calculating (i) the applicable Investor/Purchaser Percentage with respect to any Series and (ii) the Aggregate Investor/Purchaser Interest thereunder. If the Seller is unable pursuant to any Requirement of Law to allocate Collections as described above, the Seller 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 IV. The parties hereto agree that Finance Charge Receivables, whenever created, accrued in respect of Principal Receivables that have been conveyed to the Trust, or that would have been conveyed to the Trust but for the above described inability to transfer such Receivables, shall continue to be a part of the Trust notwithstanding any cessation of the transfer of additional Principal Receivables to the Trust and Collections with respect thereto shall continue to be allocated and paid in accordance with Article IV.

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

(f) Conveyance of Accounts. The Seller covenants and agrees that it will not Convey the Accounts to any person prior to the termination of this Agreement pursuant to Article XII.

(g) Notice of Adverse Claims. The Seller shall notify the Trustee, each Purchaser Representative and each Enhancement Provider after becoming aware of any Lien on any Receivable.

(h) Information Provided to Rating Agencies. The Seller will use its best efforts to cause all information provided to any Rating Agency pursuant to this Agreement or in connection with any action required or permitted to be taken under this Agreement to be complete and accurate in all material respects.

(i) Notice of Certain Events. The Seller shall notify the Trustee, each Rating Agency and each Purchaser Representative 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. The Seller will keep its principal place of business and chief executive office and the office where it keeps its records concerning the Receivables at the address of the Seller set forth under its name on the signature page to the Agreement or, upon 30 days' prior written notice to the Trustee and each Purchaser Representative, at any other locations in jurisdictions where all actions reasonably requested by the Trustee and any Purchaser Representative to protect and perfect the interest in the Receivables have been taken and completed. The Seller 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) Amendments to Purchase Agreement. The Seller shall make no amendment to the Purchase Agreement that would adversely affect in any material respect the interests of the Investor Certificateholders, any Receivables Purchaser or any Enhancement Provider. Promptly after the execution of any amendment to the Purchase Agreement, the Seller shall furnish a copy thereof to the Trustee and each Purchaser Representative.

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

(i)(a) observe the corporate procedures required by its certificate of incorporation, its by-laws and the corporate law of the State of Delaware, including, without limitation, holding separate director and shareholder meetings from those of any other Person and otherwise ensuring at all times that it is maintained as a separate corporate entity from any other Person and (b) not amend or modify any provision of its Certificate of Incorporation or by-laws unless the Rating Agency Condition shall have been satisfied with respect to such amendment or modification;

(ii)(a) ensure that its Board of Directors duly authorizes all of its corporate 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 stockholders and Board of Directors, and (c) where necessary, obtain proper authorization from its directors or stockholders, as appropriate, for corporate action;

(iii) 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 corporate 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 corporate 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 corporate 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 Incorporation;

(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) select and at all times maintain as its Independent Director (as defined in the Seller's Certificate of Incorporation) a Person who meets the following qualifications (which qualifications are in addition to those set forth in the its Certificate of Incorporation): the Independent Director shall have (a) prior experience as an independent director for a corporation whose charter documents require the unanimous written consent of all independent directors thereof before such corporation could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy, and (b) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities.

(m) Enforcement of Purchase Agreement. The Seller covenants and agrees that it will perform all of its obligations under the Purchase Agreement in all material respects and, if requested by the Trustee, enforce (for the benefit of the Trust) the obligations of the Originator under the Purchase Agreement.

Section 2.6 Addition of Accounts.

(a) Required Additions. If, either (i) the average of the Seller Interest over any 30 day period ending on the last day of the Due Period is less than the Aggregate Minimum Seller Interest or (ii) on the last Business Day of any Due Period occurring on or prior to the Series Termination Date of any Certificate Series outstanding prior to the Effective Date , the aggregate amount of Principal Receivables is less than the Minimum Aggregate Principal Receivables on such date, the Seller shall on or prior to the close of business on the 10th Business Day following the last Business Day of such Due Period (the "Required Designation Date"), unless the Seller Interest exceeds the Aggregate Minimum Seller Interest or the aggregate amount of Principal Receivables exceeds the Minimum Aggregate Principal Receivables, as the case may be, in either case as of the close of business on any day after the last Business Day of such Due Period

and prior to the Required Designation Date, designate additional Eligible Accounts to be included as Accounts as of the Required Designation Date ("Additional Accounts") or any earlier date in a sufficient amount such that after giving effect to such addition, the Seller Interest as of the close of business on the Addition Date is at least equal to the Aggregate Minimum Seller Interest on such date and the aggregate amount of Principal Receivables equals or exceeds the Minimum Aggregate Principal Receivables 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 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 this Agreement; provided further, that any such failure which has not been timely cured will nevertheless result in the occurrence of a Series Early Amortization Event with respect to each Series for which, pursuant to the Supplement therefor, a failure by the Seller to convey Receivables in Additional Accounts to the Trust by the day on which it is required to convey such Receivables constitutes a "Series Early Amortization Event" (as defined in such Supplement).

(b) Permitted Additions. The Seller may from time to time, at its sole discretion, subject to the conditions specified in paragraph (c) or (d) below, as the case may be, designate additional Eligible Accounts to be included as Accounts in either case as of the applicable Addition Date.

(c) Automatic Additional Accounts. (i) The Seller may from time to time, at its sole discretion, subject to and in compliance with the limitations specified in clause (ii) below and the applicable conditions specified in paragraph (d) below, designate Eligible Accounts to be included as Accounts as of the applicable Addition Date.

(ii) Unless each Rating Agency otherwise consents, the Receivables in such Automatic Additional Accounts plus the Receivables in Additional Accounts added pursuant to Section 2.6(a), without satisfaction of the Rating Agency Condition described under Section 2.6(d)(vi), shall not exceed during any of the three consecutive Monthly Periods commencing in January, April, July and October of each calendar year, commencing in July 1994 (each, a "Quarterly Period"), the amount of Receivables equal to 10% of the Receivables as of the first day of the calendar year during which such Quarterly Period commences (or the Addition Date occurring on May 4, 1994, in the case of 1994) and during each 12 month period ending as of the most recent Addition Date shall not exceed the amount of Receivables equal to 15% of the Receivables as of the first day of such 12 month period (collectively, the "Aggregate Addition Limit"). Additionally, the conditions set forth in Section 2(d)(ii), 2(d)(vii) and 2(d)(viii) shall only be required to be delivered on the last day of any Due Period in which Receivables have been conveyed to the Trust pursuant to this Section 2.6(c). Following the addition of any such Automatic Additional Accounts and any Additional Accounts made pursuant to Section 2.6(a), the Servicer shall provide information (x) to Moody's with respect to such Additional Accounts not later than the last Business Day of the month following the Quarterly Period in which such addition occurs in the form approved from time to time by Moody's and the Servicer and (y) 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 Seller 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) (provided, however, that the conditions set forth in clauses (i) and (vi) shall not apply to Additional Accounts which are governed by Section 2.6(c)):

(i) on or before the tenth Business Day prior to the Addition Date with respect to additions pursuant to subsection 2.6(a) and subsection 2.6(b) (the "Addition Notice Date"), the Seller shall give the Trustee, the Servicer, the Rating Agencies, each Purchaser Representative and each Enhancement Provider written notice that such Additional Accounts will be included, which notice (the "Addition Notice") shall specify the approximate aggregate amount of the Receivables to be Conveyed and the applicable Addition Cut Off Date;

(ii) on or before the Addition Date, the Seller shall have delivered to the Trustee a written assignment in substantially the form of Exhibit B (the "Assignment"), with a copy to each Purchaser Representative, 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 Trust and, within five Business Days thereafter, the Servicer (on behalf of the Seller) shall have delivered to the Trustee a computer file or microfiche or written list containing a true and complete list of all Additional Accounts, identified by account 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 Seller shall represent and warrant that no selection procedures believed by the Seller to be materially adverse to the interests of the Investor Certificateholders or any Receivables Purchasers were utilized in selecting the Additional Accounts from the available Eligible Accounts from the Bank Portfolio and that as of the Addition Date, the Seller is not insolvent;

(iv) the Seller shall represent and warrant that, as of the Addition Date, the Assignment constitutes either (x) a valid sale to the Trust of all right, title and interest of the Seller in and to the Receivables then existing and thereafter created from time to time in the Additional Accounts until the termination of the Trust, 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 Trust free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates, or (y) a grant of a security interest (as defined in the UCC as in effect in any applicable jurisdiction) in such property to the Trust, 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, and all

proceeds of the foregoing, upon the Conveyance of such Receivables to the Trust, 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 Trust, 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 the Assignment constitutes the grant of a security interest to the Trust 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 Trust, 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 Trust shall have a first priority perfected security interest in such property (subject to Section 9-306 of the UCC as in effect in any applicable jurisdiction), free and clear of any Lien of any Person claiming through or under the Seller or any of its Affiliates;

(v) the Seller shall represent and warrant that each Additional 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;

(vi) if any Certificate Series is outstanding, the Seller shall have received written evidence that the Rating Agency Condition has been satisfied, and if no Certificate Series shall be outstanding, the Seller shall have received the written consent of each Purchaser Representative;

(vii) the Seller shall deliver to the Trustee and each Purchaser Representative an Officer's Certificate substantially in the form of Schedule 2 to Exhibit B confirming the items set forth in clauses (iii), (iv) and (v) above; and

(viii) the Seller shall deliver an opinion of Counsel to the Trustee, the Rating Agencies, each Purchaser Representative and each Enhancement Provider with respect to the Receivables substantially in the form of Exhibit D and such opinion shall be of an independent, nationally recognized law firm; 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 Trust hereunder if such addition would be prohibited by or inconsistent with the terms of any Supplement or Receivables Purchase Agreement.

Section 2.7 Removal of Accounts.

(a) Subject to the conditions set forth below, the Seller may, but shall not be obligated to, designate Accounts the Receivables of which will be removed from the Trust ("Removed Accounts"); provided, however, that the Seller 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 Trust to the Seller (the "Removal Date"), the Seller shall give the Trustee, the Servicer, each Purchaser Representative and each Enhancement Provider written notice that the Receivables from such Removed Accounts are to be removed from the Trust and reassigned to it.

(b) The Seller 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 Seller, (A) cause an Early Amortization Event to occur; or (B) result in the failure to make any payment specified in the related Supplement or Receivables Purchase Agreement with respect to any Series;

(ii) on or prior to the Removal Date, the Seller shall have delivered to the Trustee (with a copy to each Purchaser Representative) (A) for execution, a written assignment in substantially the form of Exhibit E-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 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 Seller shall represent and warrant that no selection procedures believed by the Seller to be materially adverse to the interests of the Investor Certificateholders or any Receivables Purchasers or any Enhancement Provider were utilized in selecting the Removed Accounts to be removed from the Trust;

(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 Seller shall have received written evidence that the Rating Agency Condition has been satisfied;

(v) the Seller shall have delivered to the Trustee, each Purchaser Representative and each Enhancement Provider an Officer's Certificate confirming the items set forth in clauses (i) through (iii) above. The 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; and

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

Upon satisfaction of the above conditions, the Trustee shall execute and deliver the Reassignment to the Seller (with a copy to each Purchaser Representative), and the Receivables from the Removed Accounts shall no longer constitute a part of the Trust.

(c) No Account shall be removed from the Trust hereunder if such removal would be prohibited by or inconsistent with the terms of any Supplement or Receivables Purchase Agreement.

Section 2.8 Trustee May Perform. If the Seller fails to perform any of its agreements or obligations under this Agreement, the Trustee 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 Seller as provided in Section 11.5.

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 Trust, the Trustee, or any Purchaser Representative, Certificateholder, Certificate Owner, Receivables Purchaser or Enhancement Provider of any obligation of the Originator, the Seller 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.

Section 2.10 Discount Option.

(a) The Seller shall have the option to designate at any time and from time to time a percentage or percentages from 0% to 4%, which may be a fixed percentage or a variable percentage based on a formula, but in no event greater than 4% (the "Discount Percentage"), of all or any specified portion of Principal Receivables created after the Discount Option Date to be treated as Finance Charge Receivables ("Discount Option Receivables"). The Seller shall provide to the Servicer, the Trustee, each Purchaser Representative, each Enhancement Provider and each Rating Agency 30 days prior written notice of the Discount Option Date, and such designation shall become effective on the Discount Option Date (i) unless such designation in the reasonable belief of the Seller would cause an Early Amortization Event with respect to any Series to occur, or an event which, with notice or lapse of time or both, would constitute an Early Amortization Event with respect to any Series and (ii) only if the Rating Agency Condition shall have been satisfied with respect to such designation.

(b) After the Discount Option Date, the Seller shall treat Discount Option Receivable Collections as Collections of Finance Charge Receivables for the purposes of this Agreement until such time as the Seller shall designate upon 30 days prior written notice to the Servicer, the Trustee, each Purchaser Representative, each Enhancement Provider and each Rating Agency.

ARTICLE III

ADMINISTRATION AND SERVICING OF RECEIVABLES

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

(a) Spirit of America National Bank agrees to act as the Servicer under this Agreement. The Investor Certificateholders of each Certificate Series, by their acceptance of the related Certificates, and the Receivables Purchasers, by their purchase of a Receivables Purchase Interest, consent to Spirit of America National Bank acting as Servicer hereunder.

(b) 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 10.1, the Servicer is hereby authorized and empowered (i) to make deposits to and withdrawals from, and to instruct the Trustee 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 Trustee to make withdrawals and payments from, any Series Account, in accordance with the related Supplement or Receivables Purchase Agreement, (iii) to instruct the Trustee in writing, as set forth in this Agreement, (iv) to execute and deliver, on behalf of the Trust for the benefit of the Certificateholders and any Receivables Purchasers, 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 Trust as may be necessary or advisable to comply with any federal or state securities or reporting requirements. The Trustee agrees that it shall promptly follow the instructions of the Servicer to withdraw funds from the Collection Account or any Series Account (unless, with respect to any portion of such funds allocable to any Receivables Purchase Series, such instruction is contrary to the instructions of the Purchaser Representative for such Receivables Purchase Series who is entitled to instruct the Trustee in such matter pursuant to the related Receivables Purchase Agreement) and to take any action required under this Agreement, any Supplement or any Receivables Purchase Agreement. The Trustee shall execute at the Servicer's written request such documents prepared by the Seller and acceptable to the Trustee 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 prior to the termination of the Trust pursuant to Section 12.1 (with respect to each Due Period, the "Monthly Servicing Fee") which shall equal the sum of (i) the Seller Monthly Servicing Fee (payable only out of Collections allocable to the Seller Interest), (ii) the aggregate amount of all Investor Monthly Servicing Fees as specified in each Supplement (payable only to the extent set forth in the related Supplement) and (iii) the aggregate amount of all Receivables Purchaser Monthly Servicing Fees specified in each Receivables Purchase Agreement (payable only to the extent set forth in the related Receivables Purchase Agreement).

The Servicer's expenses include the amounts due to the Trustee pursuant to Section 11.5 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 Trust, any Purchaser Representative, any Enhancement Provider, the Investor Certificateholders, the Certificate Owners or any Receivables Purchasers, 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. Spirit of America National Bank, 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 Trustee has relied in accepting the Receivables in trust:

(a) Organization and Good Standing. The Servicer is a national banking association duly organized and validly existing under the laws of the United States of America and has full corporate power, authority and legal right to own its properties and conduct its credit card 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 not required to qualify nor register as a foreign corporation 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. 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 in accordance with its terms, except as enforceability may be limited by Debtor Relief Laws.

(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 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 Supplement, any Receivables Purchase Agreement, 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 Supplement, any Receivables Purchase Agreement, 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 Supplement, any Receivables Purchase Agreement, 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 Investor Certificateholders, any Receivables Purchasers 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.

(i) Protection of Certificateholders', Enhancement Providers' and Receivables Purchasers' Rights. The Servicer shall take no action which, nor omit to take any action the omission of which, would impair the rights of Investor Certificateholders or Receivables

Purchasers 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 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" (as defined in the UCC).

(k) Total Systems Failure. The Servicer shall promptly notify the Trustee, each Purchaser Representative and each Enhancement Provider of any Total Systems Failure and shall advise the Trustee and each Purchaser Representative 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 Trustee, each Purchaser Representative and each Enhancement Provider such periodic status reports and other information relating to such Total Systems Failure as the Trustee, any Purchaser Representative and each Enhancement Provider may reasonably request and (ii) promptly notify the Trustee and each Purchaser Representative and each Enhancement Provider 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 Trustee, each Purchaser Representative and each Enhancement Provider when a Total Systems Failure has been remedied.

(l) Change in Payment Instructions to Obligors. The Servicer will not add or terminate any Depository Bank, or make any change in its instructions to Obligors regarding the method by which payments are to be made in respect of Receivables, unless the Trustee, each Purchaser Representative and each Enhancement Provider shall have received notice of such addition, termination or change and copies of Depository Bank Agreements with each new Depository Bank, duly executed by the Originator, assigned to the Seller and duly acknowledged by such Depository Bank, or such other notice or acknowledgments as the Trustee, each Purchaser Representative or each Enhancement Provider may reasonably request. The names and addresses of all the Depository Banks, together with the account numbers of the Initial Depository Accounts of the Servicer at such Depository Banks, are specified in Schedule II hereto (or at such other Depository Banks and/or with such other Initial Depository Accounts as have been notified to the Trustee and each Purchaser Representative in accordance with this subsection.)

Section 3.4 Reports and Records for the Trustee.

(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 Trustee and each Purchaser Representative, 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 Supplement or Receivables Purchase Agreement with respect to any Series, on each Determination Date, the Servicer shall forward to the Trustee, the Paying Agent, any Enhancement Provider, the Rating Agencies and each Purchaser Representative a certificate of a Servicing Officer in the form of Exhibit C (which includes the Schedule thereto specified as such in any Supplement or Receivables Purchase Agreement) 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 IV during the preceding Due Period, (iii) the aggregate amount of Collections of Finance Charge Receivables processed by the Servicer pursuant to Article IV 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 Supplements; (vi) amounts drawn on any Enhancement; (vii) amounts to be paid to an Enhancement Provider; (viii) the sum of all amounts payable to the Investor Certificateholders of each Certificate Series on the succeeding Distribution Date in respect of Certificate Principal and Certificate Interest, (ix) the sum of all amounts payable to the Receivables Purchasers of each Receivables Purchase Series on the succeeding Distribution Date in respect of Receivables Purchase Interests and accrued interest thereon and (x) such other matters as are set forth in Exhibit C.

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), the Servicer will deliver to the Trustee, each Purchaser Representative and each Enhancement Provider an Officer's Certificate substantially in the form of Exhibit F 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 Investor Certificateholder or any Receivables Purchaser by a request in writing to the Trustee addressed to the Corporate Trust Office, or as set forth in any Supplement or Receivables Purchase Agreement.

Section 3.6 Annual Independent Accountants' Servicing Report. (a) On or before May 30 of each calendar year, beginning with May 30, 1994, the Servicer shall cause a firm of nationally recognized independent certified public accountants (who may also render other services to the Servicer, the Seller or the Originator) to furnish a report to the Trustee, each Purchaser Representative and each Enhancement Provider, to the effect that such firm has made a study and evaluation, in accordance with the procedures specified in Exhibit G, of the Servicer's internal accounting controls relative to the servicing of Accounts under this Agreement, any Supplement and any Receivables Purchase Agreement for the prior calendar year, and that, on the basis of such study and evaluation, such firm is of the opinion (assuming

the accuracy of any reports generated by the Servicer's third party agents) that the system of internal accounting controls in effect on the date set forth in such report, relating to servicing procedures performed by the Servicer, taken as a whole, was sufficient for the prevention and detection of errors and irregularities in amounts that would be material to the financial statements of Charming Shoppes, Inc. or the assets of the Trust and that such servicing was conducted in compliance with this Agreement during the period covered by such report, except for such exceptions, errors or irregularities as such firm shall believe to be immaterial to the financial statements of Charming Shoppes, Inc. or immaterial to the assets of the Trust and such other exceptions, errors or irregularities as shall be set forth in such report. The Servicer shall investigate and correct such material exceptions, errors or irregularities at its own expense. A copy of such report may be obtained by any Investor Certificateholder or Receivables Purchaser by a request in writing to the Trustee addressed to the Corporate Trust Office or as set forth in any Supplement or Receivables Purchase Agreement.

(b) On or before May 30 of each calendar year, beginning with May 30, 1994, the Servicer shall cause a firm of nationally recognized independent certified Public accountants (who may also render other services to the Servicer, the Seller or the Originator) to furnish a report to the Trustee, each Purchaser Representative and each Enhancement Provider, prepared using generally accepted auditing standards, to the effect that such firm has compared the mathematical calculations of each amount set forth in the 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. A copy of such report may be obtained by any Investor Certificateholder or Receivables Purchaser by a request in writing to the Trustee addressed to the Corporate Trust Office or as set forth in any Supplement or Receivables Purchase Agreement.

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

Section 3.8 Notices to the Seller. In the event that Spirit of America National Bank is no longer acting as Servicer, any Successor Servicer appointed pursuant to Section 10.2 shall deliver or make available to the Seller each certificate and report required to be prepared, forwarded or delivered thereafter pursuant to Sections 3.4, 3.5 and 3.6.

ARTICLE IV

RIGHTS OF CERTIFICATEHOLDERS AND RECEIVABLES PURCHASERS AND ALLOCATION AND APPLICATION OF COLLECTIONS

Section 4.1 Rights of Certificateholders and Receivables Purchasers. (a) Each Certificate Series shall represent an undivided interest in the Trust, including the benefits of any Enhancement issued with respect to the related Certificate Series and the right to receive the Collections and other amounts at the times and in the amounts specified in this Article IV to be deposited in the Collection Account or the Excess Funding Account or to be paid to the Investor Certificateholders of such Certificate Series; provided, however, that the aggregate interest represented by such Certificate Series at any time in the Principal Receivables shall not exceed an amount equal to the Investor Interest at such time. The Exchangeable Seller Certificate shall represent the remaining undivided interest in the Trust (provided, that the Trust shall not include any undivided percentage ownership interest in Receivables to the extent sold by the Trust pursuant to any Receivables Purchase Agreement), including the right to receive the Collections and other amounts at the times and in the amounts specified in this Article IV to be paid to the Holder of the Exchangeable Seller Certificate; provided, however, that the aggregate interest represented by such Exchangeable Seller Certificate at any time in the Principal Receivables shall not exceed the Seller Interest at such time and such Exchangeable Seller Certificate shall not represent any interest in the Collection Account or the Excess Funding Account, except as provided in this Agreement, or the benefits of any Enhancement issued with respect to any Certificate Series, except as set forth in the related Supplement.

(b) Each Receivables Purchase Interest shall represent undivided interests in the Receivables, including the benefits of any Enhancement issued with respect to such Receivables Purchase Interest and the right to receive the Collections and other amounts at the times and in the amounts specified in this Article IV to be deposited in the Collection Account or to be paid to the Receivables Purchasers of such Receivables Purchase Interest; provided, however, that the aggregate interest represented by such Receivables Purchase Interest at any time in the Principal Receivables shall not exceed an amount equal to the Receivables Purchase Interest at such time.

Section 4.2 Establishment of Accounts.

(a) The Collection Account. The Servicer, for the benefit of the Certificateholders and any Receivables Purchasers, shall establish and maintain, with an office or branch of a Qualified Depository Institution, in the name of the Trustee and on behalf of the Trust, a segregated account (the "Collection Account") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Certificateholders, any Receivables Purchasers and any Enhancement Provider. The Trustee, for the ratable benefit of the Investor Certificateholders in accordance with their Investor Interests, the Receivables Purchasers, to the

extent of their undivided interest in the Receivables, the Holder of the Exchangeable Seller Certificate (to the extent of the Seller Interest), the Originator (to the extent of the Originator Deferred Payments) and any Enhancement Provider to the extent of any Enhancement Invested Amount, shall possess all right, title and interest in all funds on deposit from time to time in the Collection Account and in all proceeds thereof. The Collection Account shall be under the sole dominion and control of the Trustee for the ratable benefit of the Investor Certificateholders, the Receivables Purchasers, the Holder of the Exchangeable Seller Certificate and any Enhancement Provider to the extent of any Enhancement Invested Amount, as set forth above. Except as expressly provided in this Agreement, the Servicer 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 for any amount owed to it by the Trustee, the Trust, the Seller, the Originator, or any Certificateholder, Receivables Purchaser, Purchaser Representative or Enhancement Provider. Upon the occurrence of an Early Amortization Event with respect to any Series, Collections shall be withdrawn from the Initial Depository Accounts and deposited in the Collection Account as specified in Section 4.3(a). Pursuant to authority granted to it hereunder, the Servicer shall have the power to instruct the Trustee or such Qualified Depository Institution to withdraw funds from the Collection Account for the purpose of carrying out the Servicer's duties hereunder; provided, that upon the occurrence of an Early Amortization Event with respect to any Receivables Purchase Series, if so authorized pursuant to the related Receivables Purchase Agreement for such Receivables Purchase Series, the related Purchaser Representative shall have the power to instruct the Trustee or such Qualified Depository Institution (to the extent of the undivided interest of the related Receivables Purchase Series in the Receivables and Collections thereof) to withdraw funds from the Collection Account as authorized pursuant to such Receivables Purchase Agreement.

(b) Series Accounts. Any Supplement or Receivables Purchase Agreement may provide for additional accounts ("Series Accounts") for the purpose of allocation and distribution of amounts allocated hereunder for the related Series.

(c) Administration of the Collection Account. Funds on deposit in the Collection Account shall at all times be invested in Permitted Investments. Any such investment shall mature and such funds shall be available for withdrawal on or prior to the next following Distribution Date; provided, that if, upon the occurrence of an Early Amortization Event with respect to any Receivables Purchase Series, the Purchaser Representative is authorized pursuant to the related Receivables Purchase Agreement for such Receivables Purchase Series to direct the Trustee to withdraw funds from the Collection Account prior to the next succeeding Distribution Date, the portion of such amounts in the Collection Account allocable to such Series must be invested in investments which mature on or prior to such day upon which such withdrawal of funds is authorized. Subject to the conditions set forth herein, the Servicer shall have the authority to instruct the Trustee with respect to the investment of such funds. At the end of each month, all interest and earnings (net of losses and investment expenses) on funds on deposit in the Collection Account shall be treated as Collections of Finance Charge Receivables.

Section 4.3 Collections and Allocations.

(a) Collections. The Seller and the Servicer hereby agree: (i) (A) to cause all Collections which may be sent by Obligors by mail to be delivered to the Administrative Servicer; (B) to cause the Administrative Servicer to deposit all such Collections into the Initial Depository Account within two Business Days of receipt by the Administrative Servicer; and (C) upon the occurrence of an Early Amortization Event with respect to any Series, to cause all such payments to be deposited into the Collection Account within two Business Days of deposit of such payment into the Initial Depository Account; and (ii) (A) to cause all Store Payments to be deposited in the related Store Account; (B) to cause all such Store Payments to be deposited into the Initial Depository Account within two Business Days of deposit of such payments into a Store Account; and (C) upon the occurrence of an Early Amortization Event with respect to any Series, to cause all such Store Payments to be deposited into the Collection Account within two Business Days of deposit of such Store Payments into the Initial Depository Account. Notwithstanding the foregoing, unless the certificates of deposit, short-term deposits or commercial paper or the long-term unsecured debt obligations (other than any obligation whose rating is based on collateral or on the credit of a Person other than the Servicer) of the Servicer shall have a credit rating from Moody's and Standard & Poor's of P-1 and A-1+ (or, from and after the Series Termination Date for all Certificate Series outstanding prior to the Effective Date, A-1), respectively, in the case of the certificates of deposit, short-term deposits or commercial paper, or a rating from Moody's of at least Aa3 and from Standard & Poor's of at least AA- in the case of the long term unsecured debt obligations, all amounts deposited into the Initial Depository Account on any Business Day shall on the same Business Day be withdrawn from the Initial Depository Account and deposited into the Collection Account.

The Servicer hereby agrees not to deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Collection Account or the Initial Depository Account cash or cash proceeds other than Collections of Receivables. The Seller and Servicer agree to 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 an interest in the Receivables arising in such Account has been sold pursuant to this Agreement and any Receivables Purchase Agreements and 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 an interest in such Receivable has not been sold.

(b) Series Allocations. The Servicer shall allocate Collections of Principal Receivables, Collections of Finance Charge Receivables and Loss Amounts to each Certificate Series, each Receivables Purchase Series and to the Holder of the Exchangeable Seller Certificate, based on the Investor/Purchaser Percentage for each such Series and the Seller Percentage for the Exchangeable Seller Certificate, in accordance with this Article IV and shall withdraw the required amounts from the Collection Account or the Initial Depository Account or the Excess Funding Account to pay such amounts in accordance with this Article IV and any Supplement or Receivables Purchase Agreement. The Servicer shall make such deposits or payments on the date indicated therein by wire transfer or as otherwise provided in the related Supplement or Receivables Purchase Agreement with respect to any Series.

(c) Allocations for the Exchangeable Seller Certificate. Throughout the existence of the Trust, unless otherwise stated in any Supplement or any Receivables Purchase Agreement, the Servicer shall allocate to the Holder of the Exchangeable Seller Certificate an amount equal to the sum of (i) the product of (A) the Seller Percentage and (B) the aggregate amount of such Collections allocated to Principal Receivables and Finance Charge Receivables, respectively, in respect of each Due Period, and (ii) any additional amounts out of the Aggregate Investor/Purchaser Interest allocated to the "Seller Interest" pursuant to any Supplement or Receivables Purchase Agreement; provided that such allocation shall be subject to subsection 4.3(h). Unless otherwise stated in any Supplement or Receivables Purchase Agreement, the Servicer need not deposit this amount or any other amounts so allocated to the Exchangeable Seller Certificate or the Deferred Originator Payments pursuant to any Supplement or Receivables Purchase Agreement into the Collection Account and shall pay such amounts as collected to the Holder of the Exchangeable Seller Certificate or the Originator (as applicable); provided, however, the Servicer shall be entitled to deduct from such amounts and retain an amount equal to the unpaid portion of any Seller 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 to each Series based upon the Series Percentage for such Series. The Series Dilution Amount for each Receivables Purchase Series will be provided for in the related Receivables Purchase Agreement.

Unless otherwise provided in the related Supplement, on the last day of each Due Period, the aggregate amount of Principal Receivables used to calculate the Seller Interest will be reduced by an amount equal to the sum of the Series Dilution Amounts for each outstanding Certificate Series for such Due Period. If such reduction would cause the Seller Interest to be less than the Aggregate Minimum Seller Interest, the Seller shall promptly, but in no event later than 10 Business Days after such last day, either (i) make a deposit in the Excess Funding Account in immediately available funds in an amount equal to the amount by which the Seller Interest would be reduced below the Aggregate Minimum Seller Interest, (ii) Convey Receivables arising in Additional Accounts to the Trust, and/or (iii) instruct the Servicer to deposit (or cause to be deposited) all or a portion of the Seller Allocations in the Excess Funding Account, such that upon such deposit and/or Conveyance the Seller Interest shall be greater than the Aggregate Minimum Seller Interest.

(e) Excess Funding Account. The Servicer, for the benefit of the Investor Certificateholders, shall establish and maintain in the name of the Trustee, on behalf of the Trust, a segregated trust account with a Qualified Depository Institution bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Investor Certificateholders (the "Excess Funding Account"). The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Excess Funding Account and in all

proceeds thereof. The Excess Funding Account shall be under the sole dominion and control of the Trustee for the benefit of the Investor Certificateholders. Except as expressly provided in this Agreement, 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 Excess Funding Account for any amount owed to it by the Trustee, the Trust, any Certificateholder, any Receivables Purchaser or any Enhancement Provider. If, at any time, the institution holding the Excess Funding Account ceases to be a Qualified Depository Institution, the Trustee upon notice by Servicer (or the Servicer on its behalf) shall promptly establish a new Excess Funding Account with a Qualified Depository Institution meeting the conditions specified above, transfer any cash or any investments to such new Excess Funding Account and from the date such new Excess Funding Account is established, it shall be the "Excess Funding Account."

Funds on deposit in the Excess Funding Account shall at the direction of the Servicer be invested by the Trustee in Permitted Investments selected by the Servicer. All such Permitted Investments shall be held by the Trustee for the benefit of the Investor Certificateholders. The Trustee shall maintain for the benefit of the Investor Certificateholders possession of the negotiable instruments or securities, if any, evidencing such Permitted Investments. Funds on deposit in the Excess Funding Account on any date (after giving effect to any withdrawals from the Excess Funding Account on such date) will be invested in Permitted Investments that will mature so that funds will be available at the close of business on the Distribution Date following such date. On each Determination Date, the Servicer shall instruct the Trustee to withdraw on the related Distribution Date from the Excess Funding Account and deposit in the Collection Account all interest and other investment earnings (net of losses and investment expenses) on funds on deposit in the Excess Funding Account, for application as Collections of Finance Charge Receivables (allocable to the Certificates Series pro rata based on the Investor/Purchaser Percentage of each Certificate Series until paid in full) with respect to the prior Due Period. Interest (including reinvested interest) and other investment income and earnings on funds on deposit in the Excess Funding Account shall not be considered part of the Excess Funding Amount for purposes of this Agreement. On any Determination Date on which no Certificate Series is in an Accumulation Period or Amortization Period, the Servicer shall determine the amount by which the Seller Interest exceeds the Aggregate Minimum Seller Interest on such date and shall instruct the Trustee to withdraw such amount from the Excess Funding Account on the related Distribution Date and pay such amount to the Holder of the Exchangeable Seller Certificate; provided that such allocation shall be subject to subsection 4.3(h). On any Determination Date on which one or more Certificate Series is in an Accumulation Period or Amortization Period, the Servicer shall determine the aggregate amount of Principal Shortfalls, if any, with respect to each such Certificate Series that is a Principal Sharing Series (after giving effect to the allocation and payment provisions in the Supplement with respect to each such Certificate Series), and the Servicer shall instruct the Trustee to withdraw such amount (up to the Excess Funding Amount) from the Excess Funding Account on the succeeding Distribution Date and allocate such amount among each such Certificate Series as Shared Principal Collections as specified in each related Supplement.

(f) Shared Principal Collections. On each Distribution Date, (i) the Servicer shall allocate Shared Principal Collections to each Principal Sharing Series in a Group, pro rata, in

proportion to the Principal Shortfalls, if any, with respect to each such Series and (ii) the Servicer shall withdraw from the Collection Account or the Excess Funding Account and pay to the Holder of the Exchangeable Seller Certificate an amount equal to the excess, if any, of (x) the aggregate amount for all such Series of Collections of Principal Receivables that the related Supplements or this Agreement specify are to be treated as "Shared Principal Collections" for such Distribution Date over (y) the aggregate amount for all such Series that the related Supplements specify are "Principal Shortfalls" for such Distribution Date; provided, however, that such amounts shall be paid to the Holder of the Exchangeable Seller Certificate only if the Seller Interest for such Determination Date (determined after giving effect to any Principal Receivables transferred to the Trust on such date) exceeds the Aggregate Minimum Seller Interest; and provided further that, if on any Distribution Date the Seller Interest is less than or equal to the Aggregate Minimum Seller Interest, the Servicer will not distribute to the Holder of the Exchangeable Seller Certificate any Shared Principal Collections then on deposit in the Collection Account that otherwise would be distributed to such Holder, but shall deposit such funds in the Excess Funding Account.

(g) Shared Excess Finance Charge Collections. On each Distribution Date, (i) the Servicer shall allocate Shared Excess Finance Charge Collections with respect to the Certificate Series in a Group to each Certificate Series in such Group, pro rata, in proportion to the Finance Charge Shortfalls, if any, with respect to each such Certificate Series and (ii) the Servicer shall withdraw (or shall instruct the Trustee to withdraw) from the Collection Account and pay to the Holder of the Exchangeable Seller Certificate an amount equal to the excess, if any, of (x) the aggregate amount for all outstanding Certificate Series in a Group of the amounts that the related Supplements specify are to be treated as "Shared Excess Finance Charge Collections" for such Distribution Date over (y) the aggregate amount for all outstanding Certificate Series in such Group that the related Supplements specify are "Finance Charge Shortfalls" for such Distribution Date; provided, however, that such payment shall be subject to subsection 4.3(h); and provided further that the sharing of Shared Excess Finance Charge Collections among Certificate Series in a Group will continue only until such time, if any, at which the Seller shall deliver to the Trustee an Officer's Certificate to the effect that, in the reasonable belief of the Seller or its counsel, the continued sharing of Shared Excess Finance Charge Collections among Certificate Series in any Group would have adverse regulatory implications with respect to the Originator. Following the delivery by the Seller of such an Officer's Certificate to the Trustee there will not be any further sharing of such Shared Excess Finance Charge Collections among Certificate Series in any Group.

(h) Deferred Originator Payments. If the aggregate Seller Allocations for any Due Period (less any portion of such Seller Allocations deposited in the Excess Funding Account) exceed the Seller Required Return, such excess shall (notwithstanding subsections 4.3(c), 4.3(e) and 4.3(g)) instead constitute Deferred Originator Payments and be allocated and paid by the Servicer to the Originator.

ARTICLE V

DISTRIBUTIONS AND REPORTS TO RECEIVABLES

PURCHASERS AND CERTIFICATEHOLDERS

Distributions shall be made to, and reports shall be provided to, Certificateholders and Receivables Purchasers of each Series as set forth in the applicable Supplement or Receivables Purchase Agreement.

ARTICLE VI

THE CERTIFICATES AND RECEIVABLES PURCHASE INTERESTS

Section 6.1 Certificates. The Investor Certificates of each Certificate Series may be issued, (i) if not issued to a United States Person and such Certificate Series otherwise meets the requirements specified in Treas. Reg. §5f.163-1, in bearer form ("Bearer Certificates") with attached interest coupons and any other applicable coupon (collectively, the "Coupons") or (ii) in fully registered form ("Registered Certificates") and shall be substantially in the form of the exhibits with respect thereto attached to the related Supplement. The Exchangeable Seller Certificate shall be substantially in the form of Exhibit A. The Investor Certificates and the Exchangeable Seller Certificate shall, upon issue pursuant hereto or to Section 6.9 or Section 6.10, be executed and delivered by the Seller to the Trustee for authentication and redelivery as provided in Sections 2.1 and 6.2. Any Investor Certificate shall be issuable in a minimum denomination of $1,000 and integral multiples thereof, unless otherwise specified in any Supplement, and shall be issued upon original issuance in an aggregate original principal amount equal to the Initial Investor Interest for the related Certificate Series. The Exchangeable Seller Certificate shall be initially issued as a single certificate to the Seller. Each Certificate shall be executed by manual or facsimile signature on behalf of the Trustee by a duly authorized signatory. Certificates bearing the manual or facsimile signature of the individual who was, at the time when such signature was affixed, authorized to sign on behalf of the Trustee shall not be rendered invalid, notwithstanding that such individual has ceased to be so authorized prior to the authentication and delivery of such Certificates or does not hold such office at the date of such Certificates. No Certificate shall be entitled to any benefit under this Agreement, or be valid for any purpose, unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein, executed by or on behalf of the Trustee by the manual signature of a duly authorized signatory, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder. All Certificates shall be dated the date of their authentication, except that Bearer Certificates shall be dated the related Closing Date.

Section 6.2 Authentication of Certificates. The Trustee shall authenticate and deliver any Series of Investor Certificates, upon the written order of the Seller, to such Person as shall be designated by the Seller, against payment to the Seller of the applicable Initial Investor Interest (net of any discount). Upon the receipt of such payment and the issuance of the Investor Certificates, such Investor Certificates shall be fully paid and non-assessable. The Trustee shall authenticate and deliver the Exchangeable Seller Certificate to the Seller simultaneously with the initial Conveyance to the Trust of Receivables. Upon an Exchange as provided in Section 6.9 and the satisfaction of certain other conditions specified therein, the Trustee shall authenticate

and deliver the Investor Certificates of additional Certificate Series (with the designation provided in the related Supplement), upon the order of the Seller, to the persons designated in such Supplement. Upon the order of the Seller, the Certificates of any Certificate Series shall be duly authenticated by or on behalf of the Trustee, in authorized denominations equal to (in the aggregate) the Initial Investor Interest of such Certificate Series. If specified in the related Supplement for any Certificate Series, the Trustee shall authenticate Book-Entry Certificates that are issued upon original issuance thereof, upon the written order of the Seller, to a Clearing Agency or its nominee as provided in Section 6.10 against payment of the purchase price thereof. If specified in the related Supplement for a Certificate Series, the Trustee shall authenticate and deliver outside the United States the Global Certificate that is issued upon original issuance thereof.

Section 6.3 Registration of Transfer and Exchange of Certificates.

(a) The Trustee shall cause to be kept at the office or agency to be maintained by a transfer agent and registrar (the "Transfer Agent and Registrar"), in accordance with the provisions of Section 11.16, a register (the "Certificate Register") in which, subject to such reasonable regulations as it may prescribe, the Transfer Agent and Registrar shall provide for the registration of the Investor Certificates of each Certificate Series (unless otherwise provided in the related Supplement) and of transfers and exchanges of the Investor Certificates as herein provided. First Union National Bank, is hereby initially appointed Transfer Agent and Registrar for the purposes of registering the Investor Certificates and transfers and exchanges of the Investor Certificates as herein provided. Any reference in this Agreement to the Transfer Agent and Registrar shall include any co-transfer agent and co-registrar including, if and so long as any Series is listed on the Luxembourg Stock Exchange and such exchange shall so require, a co-transfer agent and co-registrar in Luxembourg, unless the context otherwise requires. The Trustee shall be permitted to resign as Transfer Agent and Registrar upon 30 days' written notice to the Servicer. In the event that the Trustee shall no longer be the Transfer Agent and Registrar, the Trustee shall appoint a successor Transfer Agent and Registrar.

The Trustee may revoke such appointment, or any subsequent appointment, and remove the Transfer Agent and Registrar if the Trustee determines in its sole discretion that the Transfer Agent and Registrar has failed to perform its obligations under this Agreement in any material respect. The Transfer Agent and Registrar shall be permitted to resign as Transfer Agent and Registrar upon 30 days' notice to the Seller, the Servicer, the Trustee and each Purchaser Representative; provided, that such resignation shall not be effective and the Transfer Agent and Registrar shall continue to perform its duties as Transfer Agent and Registrar until the Trustee has appointed a successor Transfer Agent and Registrar reasonably acceptable to the Seller.

Upon surrender for registration of transfer of any Certificate at any office or agency of the Transfer Agent and Registrar, the Trustee shall execute, authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates in authorized denominations of like aggregate Undivided Trust Interests. Registered Certificates, including Registered Certificates received in exchange for Bearer Certificates, may not be exchanged for Bearer Certificates. At the option of the Holder of a Bearer Certificate, subject to applicable

laws and regulations, Bearer Certificates may be exchanged for other Bearer Certificates or Registered Certificates (of the same Certificate Series) of authorized denominations of like aggregate Undivided Trust Interests, upon surrender of the Bearer Certificates to be exchanged at an office or agency of the Transfer Agent and Registrar located outside the United States. Each Bearer Certificate surrendered pursuant to this Section shall have attached thereto all unmatured Coupons; provided, that any Bearer Certificate, so surrendered after the close of business on the Record Date preceding the relevant payment date after the expected final payment date need not have attached the Coupon relating to such payment date (in each case as specified in the related Supplement).

At the option of an Investor Certificateholder, Registered Certificates may be exchanged for other Registered Certificates of the same Certificate Series in authorized denominations of like aggregate Undivided Trust Interests in the Trust, upon surrender of the Registered Certificates to be exchanged at any office or agency of the Transfer Agent and Registrar maintained for such purpose.

Whenever any Investor Certificates of any Certificate Series are so surrendered for exchange, the Seller shall execute, and the Trustee shall authenticate and (unless the Transfer Agent and Registrar is different than the Trustee, in which case the Transfer Agent and Registrar shall) deliver (in the case of Bearer Certificates, outside the United States), the Investor Certificates of such Certificate Series which the Certificateholder making the exchange is entitled to receive. Every Investor Certificate presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in a form satisfactory to the Trustee and the Transfer Agent and Registrar duly executed by the Certificateholder thereof or his attorney-in-fact duly authorized in writing.

The preceding provisions of this Section 6.3 notwithstanding, the Trustee or the Transfer Agent and Registrar, as the case may be, shall not be required to register the transfer of or exchange any Investor Certificate of any Certificate Series for a period of 15 days preceding the due date for any payment with respect to the Investor Certificates of such Certificate Series.

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

All Investor Certificates (together with any Coupons) surrendered for registration of transfer and exchange shall be canceled by the Transfer Agent and Registrar and disposed of in a manner satisfactory to the Trustee. The Trustee shall cancel and destroy any Global Certificate upon its exchange in full for Definitive Euro-Certificates and shall deliver a certificate of destruction to the Seller. Such certificate shall also state that a certificate or certificates of a Foreign Clearing Agency to the effect referred to in Section 6.13 was received with respect to each portion of the Global Certificate exchanged for Definitive Euro-Certificates.

The Seller shall execute and deliver to the Trustee or the Transfer Agent and Registrar, as applicable, Bearer Certificates and Registered Certificates in such amounts and at such times as are necessary to enable the Trustee to fulfill its responsibilities under this Agreement and the Certificates.

(b) Except as provided in Section 6.9 or in any Supplement, in no event shall the Exchangeable Seller Certificate or any interest therein be transferred hereunder, in whole or in part to a person other than the Seller or an Affiliate of the Seller, unless the Seller shall have consented in writing to such transfer and unless the Trustee shall have received a Tax Opinion.

(c)(i) Registration of transfer of Investor Certificates containing a legend substantially to the effect set forth on Exhibit H-1 shall be effected only if such transfer (x) is made pursuant to an effective registration statement under the Securities Act, or is exempt from the registration requirements under the Securities Act, and (y) is made to a Person which is not an employee benefit plan, trust or account, including an individual retirement account, that is subject to ERISA or that is described in Section 4975(e)(1) of the Code or an entity whose underlying assets include plan assets by reason of a plan's investment in such entity (a "Benefit Plan"). In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the Securities Act, the transferor or the transferee shall deliver, at its expense, to the Seller, the Servicer and the Trustee, an investment letter from the transferee, substantially in the form of the investment and ERISA representation letter attached hereto as Exhibit H-2, and no registration of transfer shall be made until such letter is so delivered.

Investor Certificates issued upon registration or transfer of, or Investor Certificates issued in exchange for, Investor Certificates bearing the legend referred to above shall also bear such legend unless the Seller, the Servicer, the Trustee and the Transfer Agent and Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever an Investor Certificate containing the legend referred to above is presented to the Transfer Agent and Registrar for registration of transfer, the Transfer Agent and Registrar shall promptly seek instructions from the Servicer regarding such transfer and shall be entitled to receive instructions signed by a Servicing Officer prior to registering any such transfer. The Seller hereby agrees to indemnify the Transfer Agent and Registrar and the Trustee and to hold each of them harmless against any loss, liability or expense incurred without gross negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause (i).

(ii) Registration or transfer of Investor Certificates containing a legend to the effect set forth in Exhibit H-3 shall be effected only if such transfer is made to a Person which is not a Benefit Plan. By accepting and holding any such Investor Certificate, an Investor Certificateholder shall be deemed to have represented and warranted that it is not a Benefit Plan. By acquiring any interest in a Book-Entry Certificate which contains such legend, a Certificate Owner shall be deemed to have represented and warranted that it is not a Benefit Plan.

(iii) if so requested by the Seller, the Trustee will make available to any prospective purchaser of Investor Certificates who so requests, a copy of a letter provided to the Trustee by or on behalf of the Seller relating to the transferability of any Series to a Benefit Plan.

(d) The Transfer Agent and Registrar shall maintain at its expense in the Borough of Manhattan, the City of New York and, if and so long as any Certificate Series is listed on the Luxembourg Stock Exchange, Luxembourg shall maintain at Seller's expense (and subject to this Section 6.3, if specified in the related Supplement for any Certificate Series, any other city designated in such Supplement) an office or offices or an agency or agencies where Investor Certificates of such Certificate Series may be surrendered for registration of transfer or exchange (except that Bearer Certificates may not be surrendered for exchange at any such office or agency in the U.S.).

(e) Nothwithstanding anything to the contrary in this Section 6.3, Seller shall not execute, and (if given prior written notice by the Servicer of the inability of the Seller to execute any Subject Instrument by operation of this clause (e)) the Transfer Agent and Registrar shall not register the transfer of, any Subject Instrument if after giving effect to the execution or transfer of such Subject Instrument, there would be more than 100 Private Holders. 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 Internal Revenue 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 Internal Revenue Code and any proposed, temporary or final treasury regulation thereunder, including a market wherein interests in the 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 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 Seller, 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 6.4 Mutilated, Destroyed, or Stolen Certificates. If (a) any mutilated Certificate (together, in the case of Bearer Certificates, with all unmatured Coupons (if any) appertaining thereto) is surrendered to the Transfer Agent and Registrar, or the Transfer Agent and Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Transfer Agent and Registrar and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Trustee that such Certificate has been acquired by a bona fide purchaser, the Seller shall execute and the Trustee shall authenticate and (unless the Transfer Agent and Registrar is different from the Trustee, in which case the Transfer Agent and Registrar shall) deliver (in

compliance with applicable law, and in the case of Bearer Certificates, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like tenor and aggregate Undivided Trust Interest. In connection with the issuance of any new Certificate under this Section 6.4, the Trustee or the Transfer Agent and Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Transfer Agent and Registrar) connected therewith. Any duplicate Certificate issued pursuant to this Section 6.4 shall constitute complete and indefeasible evidence of ownership in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

Section 6.5 Persons Deemed Owners. Prior to due presentation of a Registered Certificate for registration of transfer, the Trustee, the Paying Agent, the Transfer Agent and Registrar and any agent of any of them may treat the Person in whose name any Registered Certificate is registered as the owner of such Registered Certificate for the purpose of receiving distributions pursuant to any Supplement and for all other purposes whatsoever, and treat the bearer of a Bearer Certificate or Coupon as the owner of such Bearer Certificate or Coupon for the purpose of receiving distributions pursuant to the terms of the applicable Supplement and for all purposes whatsoever; and in any such case neither the Trustee, the Paying Agent, the Transfer Agent and Registrar nor any agent of any of them shall be affected by any notice to the contrary; provided, however, for purposes of voting or the giving of any request, demand, authorization, direction, notice, consent or waiver hereunder, Investor Certificates owned by the Originator, the Seller, the Servicer or any Affiliate thereof shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Investor Certificates which a Responsible Officer in the Corporate Trust Office of the Trustee knows to be so owned shall be so disregarded. Investor Certificates so owned that have been pledged in good faith shall not be disregarded as outstanding, if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Investor Certificates and that the pledgee is not the Originator, the Seller, the Servicer or an Affiliate thereof.

Section 6.6 Appointment of Paying Agent.

(a) The Paying Agent shall make distributions to Investor Certificateholders from the appropriate account or accounts maintained for the benefit of Investor Certificateholders as specified in any 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 Trustee. The Trustee (or the Servicer if the Trustee is the Paying Agent) may revoke such power and remove the Paying Agent, if the Trustee (or the Servicer if the Trustee is the Paying Agent) determines in its sole discretion that the Paying Agent shall have failed to perform its obligations under this Agreement in any material respect or for other good cause. The Paying Agent shall initially be the Trustee and any co-paying agent chosen by the Seller and acceptable to the Trustee, including, if and so long as any Certificate Series is listed on the Luxembourg Stock Exchange and such exchange so requires, a co-paying agent in Luxembourg or another Western European city. The Trustee shall

be permitted to resign as Paying Agent upon 30 days' written notice to the Servicer. In the event that the Trustee shall no longer be the Paying Agent, the Trustee shall appoint a successor to act as Paying Agent who shall be acceptable to the Seller and the Trustee. The provisions of Sections 11.1, 11.2 and 11.3 shall apply to the Trustee also in its role as Paying Agent, for so long as the Trustee shall act as Paying Agent. Any reference in this Agreement to the Paying Agent shall include any co-paying agent unless the context requires otherwise.

(b) The Trustee shall cause the Paying Agent (other than itself) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent will hold all sums, if any, held by it for payment to the Investor Certificateholders in trust for the benefit of the Investor Certificateholders entitled thereto until such sums shall be paid to such Investor Certificateholders, and shall agree, and if the Trustee is the Paying Agent it hereby agrees, that it shall comply with all requirements of the Code regarding the withholding by the Trustee of payments in respect of federal income taxes due from Certificate Owners (consistent with the treatment of the Investor Certificates as debt instruments for federal income tax purposes).

Section 6.7 Access to List of Certificateholders' and Receivables Purchasers' Names and Addresses. The Trustee shall furnish or cause to be furnished by the Transfer Agent and Registrar to the Servicer or the Paying Agent, within five Business Days after receipt by the Trustee of a request therefor from the Servicer or the Paying Agent, respectively, in writing, a list in such form as the Servicer or the Paying Agent may reasonably require, of the names and addresses of the Registered Certificateholders and Receivables Purchasers as of the most recent Record Date. Unless otherwise provided in the related Supplement or Receivables Purchase Agreement, Holders of Investor Certificates evidencing Undivided Trust Interests aggregating not less than 10% of the Undivided Trust Interest of any Certificate Series or Receivables Purchasers whose Receivables Purchase Interest evidences not less than 10% of the Receivables Purchase Interest of any Receivables Purchase Series or any Purchaser Representative (the "Applicants") may apply in writing to the Trustee, and if such application states that the Applicants desire to communicate with other Investor Certificateholders of any Certificate Series and other Receivables Purchasers of any Receivables Purchase Series with respect to their rights under this Agreement and is accompanied by a copy of the communication which such Applicants propose to transmit, then the Trustee, after having been adequately indemnified by such Applicants for its costs and expenses, shall afford or shall cause the Transfer Agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Registered Certificateholders or Receivables Purchasers of such Series or all outstanding Series, as applicable, held by the Trustee and shall give the Servicer notice that such request has been made, within five Business Days after the receipt of such application. The Trustee shall keep in as current a form as is reasonably practicable the most recent list available to it of Certificateholders and Receivables Purchasers. Every Registered Certificateholder, by receiving and holding a Registered Certificate, and every Receivables Purchaser, by its purchase of a Receivables Purchase Interest, agrees with the Trustee that neither the Trustee, the Transfer Agent and Registrar, nor any of their respective agents shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Registered Certificateholders or the Receivables Purchasers hereunder, regardless of the source from which such information was obtained.

Section 6.8 Authenticating Agent.

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

(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 paper or any further act on the part of the Trustee or such authenticating agent.

(c) An authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Seller. The Trustee may at any time terminate the agency of an authenticating agent by giving notice of termination to such authenticating agent and to the Seller. 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 the Trustee or the Seller, the Trustee promptly may appoint a successor authenticating agent. Any successor authenticating agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an authenticating agent. No successor authenticating agent shall be appointed unless acceptable to the Trustee and the Seller.

(d) The Trustee agrees to pay each authenticating agent from time to time reasonable compensation for its services under this Section 6.8, and the Trustee shall be entitled to be reimbursed and the Servicer shall reimburse the Trustee for such reasonable payments actually made, subject to the provisions of Section 11.5.

(e) The provisions of Sections 11.1, 11.2 and 11.3 shall be applicable to any authenticating agent.

(f) Pursuant to an appointment made under this Section 6.8, the Certificates may have endorsed thereon, in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication in substantially the following form:

This is one of the certificates described in the Pooling and Servicing Agreement.

as Authenticating Agent
for the Trustee,

By: _____
Authorized Officer

Section 6.9 Tender of Exchangeable Seller Certificate.

(a) Upon any Exchange (as defined below) the Trustee shall issue to the Holder of the Exchangeable Seller Certificate under Section 6.1, for execution and redelivery to the Trustee for authentication under Section 6.2, one or more new Series of Investor Certificates. Any such Series of Investor Certificates shall be substantially in the form specified in the related Supplement and shall bear, upon its face, the designation for the Certificate Series to which it belongs, as selected by the Seller. Except as specified in any Supplement for a related Certificate Series, all Investor Certificates of any Certificate Series shall rank pari passu and be equally and ratably entitled as provided herein to the benefits hereof (except that the Enhancement and any Series Accounts provided for any Certificate Series shall not be available for any other Certificate Series) without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Agreement and the related Supplement.

(b) The Holder of the Exchangeable Seller Certificate may tender the Exchangeable Seller Certificate to the Trustee in exchange for (i) one or more newly issued Series of Investor Certificates and (ii) a reissued Exchangeable Seller Certificate (any such tender, a "Seller Exchange"). In addition, to the extent permitted for any Series of Investor Certificates as specified in the related Supplement, the Investor Certificateholders of such Certificate Series may tender their Investor Certificates and the Holder of the Exchangeable Seller Certificate may tender the Exchangeable Seller Certificate to the Trustee pursuant to the terms and conditions set forth in such Supplement in exchange for (i) one or more newly issued Series of Investor Certificates and (ii) a reissued Exchangeable Seller Certificate (an "Investor Exchange"). The Seller Exchange and Investor Exchange are referred to collectively herein as an "Exchange." The Holder of the Exchangeable Seller Certificate may perform an Exchange by notifying the Trustee in writing at least five days in advance (an "Exchange Notice") of the date upon which the Exchange is to occur (an "Exchange Date"). Any Exchange Notice shall state the designation of any Certificate Series to be issued on the Exchange Date and, with respect to each such Certificate Series: (a) its Initial Investor Interest (or the method for calculating such Initial Investor Interest), which at any time may not be greater than the current principal amount of the Exchangeable Seller Certificate at such time, (b) its Certificate Rate (or the method for allocating interest payments or other cash flows to such Certificate Series), if any, and (c) the Enhancement Provider, if any, with respect to such Certificate Series. The Seller shall also notify each Purchaser Representative of an Exchange in writing at least five days in advance of the date upon which the Exchange is to occur specifying the Exchange Date, the designation of any Certificate Series to be issued on the Exchange Date and the Initial Investor Interest (or the method for calculating such Initial Investor Interest) of such Certificate Series. On the Exchange Date, the Trustee shall authenticate and deliver any such Series of Investor Certificates only upon delivery

to it of the following: (a) a Supplement satisfying the criteria set forth in subsection 6.9(c) executed by the Seller and specifying the Principal Terms of such Certificate Series, (b) the applicable Enhancement, if any, (c) the agreement, if any, pursuant to which the Enhancement Provider agrees to provide the Enhancement, if any, (d) written confirmation that the Rating Agency Condition has been satisfied with respect to the Exchange, (e) an Officer's Certificate of the Seller, a copy of which shall be delivered to each Purchaser Representative, that on the Exchange Date, after giving effect to the Exchange, the Seller Interest will be at least equal to the Aggregate Minimum Seller Interest and the aggregate amount of Principal Receivables will be at least equal to the Minimum Aggregate Principal Receivables, and (f) the existing Exchangeable Seller Certificate or applicable Investor Certificates, as the case may be. If any Certificate Series or Receivables Purchase Series is outstanding, it is a condition to the issuance of any newly created Series of Investor Certificates that the Trustee and (if any such outstanding Certificate Series is rated) each Rating Agency shall have received an Opinion of Counsel that, (i) the issuance of such new Series of Investor Certificates will not cause the Trust to be treated as an association (or publicly traded partnership) taxable as a corporation and (ii) the issuance of the newly issued Series of Investor Certificates will not adversely affect the federal income tax characterization of any outstanding Investor Certificates or Receivables Purchase Interests. Upon satisfaction of such conditions, the Trustee shall cancel the existing Exchangeable Seller Certificate or applicable Investor Certificates, as the case may be, and issue, as provided above, such Series of Investor Certificates and a new Exchangeable Seller Certificate, dated the Exchange Date. There is no limit to the number of Exchanges that may be performed under this Agreement.

(c) In conjunction with an Exchange, the parties hereto shall execute a Supplement, which shall specify the relevant terms with respect to any newly issued Series of Investor Certificates, which may include without limitation: (i) its name or designation, (ii) an Initial Investor Interest and Series Investor Interest or the method of calculating the Initial Investor Interest or the Series Investor Interest, as the case may be, (iii) the Certificate Rate (or formula for the determination thereof), (iv) the Closing Date, (v) the rating agency or agencies rating such Certificate Series, (vi) the interest payment date or dates and the date or dates from which interest shall accrue, (vii) the name of the Clearing Agency, if any, (viii) the method of allocating Collections with respect to Principal Receivables, Finance Charge Receivables and Loss Amounts for such Certificate Series and the method by which the principal amount of Investor Certificates of such Certificate Series shall amortize or accrete, (ix) the names of any accounts to be used by such Certificate Series and the terms governing the operation of any such accounts, (x) the Investor Monthly Servicing Fee, (xi) the Minimum Seller Interest (if any), (xii) the Enhancement Provider, if applicable, and the terms of any Enhancement with respect to such Certificate Series, (xiii) the base rate applicable to such Certificate Series, (xiv) the terms on which the Certificates of such Series may be repurchased or remarketed to other investors, (xv) the Series Termination Date, (xvi) any deposit into any account provided for such Certificate Series, (xvii) the priority of such Certificate Series with respect to any other Series, (xviii) the rights, if any, of the Holder of the Exchangeable Seller Certificate that have been transferred to the holders of such Certificate Series, (xix) the Pool Factor, (xx) the Minimum Aggregate Principal Receivables, (xxi) whether such Certificate Series will be part of a Group, and (xxii) any other relevant terms (including whether or not such Certificate Series will be

pledged as collateral for the issuance of any other securities, including commercial paper) (all such terms, the "Principal Terms" of such Certificate Series). The terms of such Supplement may modify or amend the terms of this Agreement solely as applied to such new Certificate Series.

Section 6.10 Book-Entry Certificates. Unless otherwise provided in any related Supplement, the Investor Certificates, upon original issuance, shall be issued in the form of typewritten Certificates representing Book-Entry Certificates, to be delivered to the depository specified in such Supplement (the "Depository") which shall be the Clearing Agency by or on behalf of such Certificate Series. The Investor Certificates of each Certificate Series shall, unless otherwise provided in the related Supplement, initially be registered on the Certificate Register in the name of the nominee of the Clearing Agency. No Certificate Owner shall receive a definitive certificate representing such Certificate Owner's interest in the related Series of Investor Certificates, except as provided in Section 6.12. Unless and until definitive, fully registered Investor Certificates of any Certificate Series ("Definitive Certificates") have been issued to Certificate Owners pursuant to Section 6.12:

(i) the provisions of this Section 6.10 shall be in full force and effect with respect to each such Certificate Series;

(ii) the Seller, the Servicer, the Paying Agent, the Transfer Agent and Registrar and the Trustee may deal with the Clearing Agency and the Clearing Agency Participants for all purposes (including the making of distributions on the Investor Certificates of each such Certificate Series) as the authorized representatives of the Certificate Owners;

(iii) to the extent that the provisions of this Section 6.10 conflict with any other provisions of this Agreement, the provisions of this Section 6.10 shall control with respect to each such Certificate Series; and

(iv) the rights of Certificate Owners of each such Certificate Series shall be exercised only through the Clearing Agency and the applicable Clearing Agency Participants and shall be limited to those established by law and agreements between such Certificate Owners and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Depository Agreement applicable to a Certificate Series, unless and until Definitive Certificates of such Certificate Series are issued pursuant to Section 6.12, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the Investor Certificates to such Clearing Agency Participants.

Section 6.11 Notices to Clearing Agency. Whenever notice or other communication to the Certificateholders is required under this Agreement, unless and until Definitive Certificates shall have been issued to Certificate Owners pursuant to Section 6.12, the Trustee shall give all such notices and communications specified herein to be given to Holders of the Investor Certificates to the Clearing Agency for distribution to Holders of Investor Certificates.

Section 6.12 Definitive Certificates. If (i) (A) the Seller advises the Trustee in writing that the Clearing Agency for any Certificate Series is no longer willing or able to discharge properly its responsibilities under the applicable Depository Agreement, and (B) the Trustee or the Seller is unable to locate a qualified successor, (ii) the Seller, at its option, advises the Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency with respect to any Certificate Series or (iii) after the occurrence of a Servicer Default, Certificate Owners of a Certificate Series representing beneficial interests aggregating more than 66-2/3% of the Investor Interest of such Certificate Series advise the Trustee and the applicable Clearing Agency through the applicable Clearing Agency Participants in writing that the continuation of a book-entry system through the applicable Clearing Agency is no longer in the best interests of the Certificate Owners, the Trustee shall notify all Certificate Owners of such Certificate Series, through the applicable Clearing Agency Participants, of the occurrence of any such event and of the availability of Definitive Certificates to Certificate Owners of such Certificate Series requesting the same. Upon surrender to the Trustee of the Investor Certificates of such Certificate Series by the applicable Clearing Agency, accompanied by registration instructions from the applicable Clearing Agency for registration, the Trustee shall issue the Definitive Certificates of such Certificate Series. Neither the Seller nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Certificates of such Certificate Series, all references herein to obligations imposed upon or to be performed by the applicable Clearing Agency shall cease and the functions relating to registration, transfers and payment contained in Article VI hereof shall be performed by the Trustee, to the extent applicable with respect to such Definitive Certificates, and the Trustee shall recognize the Holders of the Definitive Certificates of such Certificate Series as Certificateholders of such Certificate Series hereunder.

Section 6.13 Global Certificate; Exchange Date.

(a) If specified in the related Supplement for any Series, the Investor Certificates for such Series will initially be issued in the form of a single temporary global Certificate (the "Global Certificate") in bearer form, without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the related Supplement. The Global Certificate will be executed by the Seller and authenticated by the Trustee upon the same conditions, in substantially the same manner and with the same effect as the Definitive Certificates. The Global Certificate may be exchanged as described below for Bearer or Registered Certificates in definitive form (the "Definitive Euro-Certificates").

(b) The Manager shall, upon its determination of the date of completion of the distribution of the Investor Certificates of such Series, so advise the Trustee, the Seller, the Depositaries, and each Foreign Clearing Agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Seller will execute and deliver to the Trustee at its designated agent outside the United States definitive Bearer Certificates in an aggregate principal amount equal to the entire aggregate principal amount of such Series. All Bearer Certificates so issued and delivered will have Coupons attached. The Global Certificate may be exchanged for

an equal aggregate principal amount of Definitive Euro-Certificates only on or after the Exchange Date. An investor that is a U.S. Person may exchange the portion of the Global Certificate beneficially owned by it only for an equal aggregate principal amount of Registered Certificates bearing the applicable legend set forth in the form of Registered Certificates attached to the related Supplement and having a minimum denomination of $500,000, which may be in temporary form if the Seller so elects. The Seller may waive the $500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Definitive Euro-Certificates in accordance with this paragraph, the Seller shall cause the Trustee to authenticate and deliver the Definitive Euro-Certificates to the Holder (x) outside the United States, in the case of Bearer Certificates, and (y) according to the instructions of the Holder, in the case of Registered Certificates, but in either case only upon presentation to the Trustee of a written statement substantially in the form of Exhibit I-1 with respect to the Global Certificate or portion thereof being exchanged, Signed by a Foreign Clearing Agency and dated on the Exchange Date or a subsequent date, to the effect that it has received in writing or by tested telex a certification substantially in the form of (i) in the case of beneficial ownership of the Global Certificate or a portion thereof being exchanged by a United States investor pursuant to the second preceding sentence, the certificate in the form of Exhibit I-2 signed by the Manager which sold the relevant Certificates or (ii) in all other cases, the certificate in the form of Exhibit I-3, the certificate referred to in this clause (ii) being dated on the earlier of the first actual payment of interest in respect of such Certificates and the date of the delivery of such Certificate in definitive form. Upon receipt of such certification, the Trustee shall cause the Global Certificate to be endorsed in accordance with paragraph (d) below. Any exchange as provided in this Section shall be made free of charge to the Holders and the beneficial owners of the Global Certificate and to the beneficial owners of the Definitive Euro-Certificates issued in exchange, except that a person receiving Definitive Euro-Certificates must bear the cost of insurance, postage, transportation and the like in the event that such person does not receive such Definitive Euro-Certificates in person at the offices of a Foreign Clearing Agency.

(c) The delivery to the Trustee by a Foreign Clearing Agency of any written statement referred to above may be relied upon by the Seller and the Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Clearing Agency pursuant to the terms of this Agreement.

(d) Upon any such exchange of all or a portion of the Global Certificate for a Definitive Euro-Certificate or Certificates, such Global Certificate shall be endorsed by or on behalf of the Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Definitive Euro-Certificates. Until so exchanged in full, such Global Certificate shall in all respects be entitled to the same benefits under this Agreement as Definitive Euro-Certificates authenticated and delivered hereunder except that the beneficial owners of such Global Certificate shall not be entitled to receive payments of interest on the Certificates until they have exchanged their beneficial interests in such Global Certificate for Definitive Euro-Certificates.

Section 6.14 Meetings of Certificateholders.

(a) If at the time any Bearer Certificates are issued and outstanding with respect to any Series to which any meeting described below relates, the Servicer or the Trustee may at any time call a meeting of Investor Certificateholders of any Certificate Series or of all Certificate Series, to be held at such time and at such place as the Servicer or the Trustee, as the case may be, shall determine, for the purpose of approving a modification of or amendment to, or obtaining a waiver of any covenant or condition set forth in, this Agreement, any Supplement or the Investor Certificates or of taking any other action permitted to be taken by Investor Certificateholders hereunder or under any Supplement. Notice of any meeting of Investor Certificateholders, setting forth the time and place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given in accordance with Section 13.6, the first mailing and publication to be not less than 20 nor more than 180 days prior to the date fixed for the meeting. To be entitled to vote at any meeting of Investor Certificateholders a person shall be (i) a Holder of one or more Investor Certificates of the applicable Certificate Series or (ii) a person appointed by an instrument in writing as proxy by the Holder of one or more such Investor Certificates. The only persons who shall be entitled to be present or to speak at any meeting of Investor Certificateholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Originator, the Seller, the Servicer, the Trustee and the Enhancement Provider and their respective counsel.

(b) At a meeting of Investor Certificateholders, persons entitled to vote Investor Certificates evidencing a majority of the aggregate unpaid principal amount of the applicable Certificate Series or all outstanding Certificate Series, as the case may be, shall constitute a quorum. No business shall be transacted in the absence of a quorum, unless a quorum is present when the meeting is called to order. In the absence of a quorum at any such meeting, the meeting may be adjourned for a period of not less than 10 days; in the absence of a quorum at any such meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days; at the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote Investor Certificates evidencing at least 25% of the aggregate unpaid principal amount of the applicable Certificate Series or all outstanding Certificate Series, as the case may be, shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. Notice of the reconvening of any adjourned meeting shall be given as provided above except that such notice must be given not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage of the aggregate principal amount of the outstanding applicable Investor Certificates which shall constitute a quorum.

(c) Any Investor Certificateholder who has executed an instrument in writing appointing a person as proxy shall be deemed to be present for the purposes of determining a quorum and be deemed to have voted; provided that such Investor Certificateholder shall be considered as present or voting only with respect to the matters covered by such instrument in writing. Subject to the provisions of Section 13.1, any resolution passed or decision taken at any meeting of Investor Certificateholders duly held in accordance with this Section shall be binding on all Investor Certificateholders whether or not present or represented at the meeting.

(d) The holding of Bearer Certificates shall be proved by the production of such Bearer Certificates or by a certificate, satisfactory to the Servicer, executed by any bank, trust company or recognized securities dealer, wherever situated, satisfactory to the Servicer. Each such certificate shall be dated and shall state that on the date thereof a Bearer Certificate bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Certificates specified therein. The holding by the Person named in any such certificate of any Bearer Certificate specified therein shall be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (i) another certificate bearing a later date issued in respect of the same Bearer Certificate shall be produced, (ii) the Bearer Certificate specified in such certificate shall be produced by some other Person or (iii) the Bearer Certificate specified in such certificate shall have ceased to be outstanding. The appointment of any proxy shall be proved by having the signature of the Person executing the proxy guaranteed by any bank, trust company or recognized securities dealer satisfactory to the Trustee.

(e) The Trustee shall appoint a temporary chairman of the meeting. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of Investor Certificates evidencing a majority of the aggregate unpaid principal amount of Investor Certificates of the applicable Certificate Series or all outstanding Certificate Series, as the case may be, represented at the meeting. No vote shall be cast or counted at any meeting in respect of any Investor Certificate challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote except as an Investor Certificateholder or proxy. Any meeting of Investor Certificateholders duly called at which a quorum is present may be adjourned from time to time, and the meeting may be held as so adjourned without further notice.

(f) The vote upon any resolution submitted to any meeting of Investor Certificateholders shall be by written ballot on which shall be subscribed the signatures of Investor Certificateholders or proxies and on which shall be inscribed the serial number or numbers of the Investor Certificates held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Investor Certificateholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published as provided above. The record shall be signed and verified by the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Servicer and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 6.15 Uncertificated Classes. Notwithstanding anything to the contrary contained in this Article VI or in Article XII, unless otherwise specified in any Supplement, any provisions contained in this Article VI and in Article XII relating to the registration, form, execution, authentication, delivery, presentation, cancellation and surrender of Certificates shall not be applicable to any uncertificated Certificates.

Section 6.16 Conveyance of Receivables Purchase Interests by the Trust. (a) Pursuant to the terms of a Receivables Purchase Agreement, the Trustee, on behalf of the Trust, from time to time may sell Receivables Purchase Interests to one or more Receivables Purchasers (or to a Purchaser Representative for the account of such Receivables Purchaser or Purchasers). Pursuant to a Receivables Purchase Agreement, Collections allocated to Receivables Purchase Interests may be reinvested and such Receivables Purchase Interests may be recomputed, each from time to time as provided therein. No owner of a Receivables Purchase Interest shall have a claim to Collections allocated to another Series (unless otherwise agreed to by such other Series) and each Receivables Purchase Interest shall be equally and ratably entitled as provided herein to the benefits of this Agreement without preference, priority or distinction, all in accordance with the terms and provisions of this Agreement and the applicable Receivables Purchase Agreement.

(b) The Trustee shall pay to the Trust all amounts received from Receivables Purchasers with respect to such Receivables Purchase Interests sold from time to time.

Section 6.17 Notice of Receivables Purchase Series. The Trustee, on behalf of the Trust, at the direction of the Servicer, may enter into a Receivables Purchase Agreement if the Servicer notifies the Trustee in writing at least five days in advance (a "Receivables Purchase Notice") of the date upon which the initial Conveyance of Receivables Purchase Interests pursuant to the applicable Receivables Purchase Agreement shall occur (a "Receivables Purchase Date"). Any Receivables Purchase Notice shall state the designation of any Receivables Purchase Series to be issued on the Receivables Purchase Date and, with respect to each such Receivables Purchase Series: (a) its initial Receivables Purchase Interest (or the method for calculating such initial Receivables Purchase Interest), (b) the applicable interest rate (or the method for allocating interest payments or other cash flows to such Receivables Purchase Series), if any, and (c) the Enhancement Provider, if any, with respect to such Receivables Purchase Series. The Servicer shall also notify each Purchaser Representative of such Conveyance in writing at least five days in advance of the date upon which such Conveyance is to occur specifying the designation of any Receivables Purchase Series to be created on the Receivables Purchase Date and the initial Receivables Purchase Interest (or the method for calculating such initial Receivables Purchase Interest) of such Receivables Purchase Series. On the Receivables Purchase Date, the Trustee shall execute and deliver any such Receivables Purchase Agreement only upon delivery to it of the following: (a) a Receivables Purchase Agreement satisfying the criteria set forth in subsection 6.18 executed by the Seller and specifying the Principal Terms of such Receivables Purchase Series, (b) the applicable Enhancement, if any, (c) the agreement, if any, pursuant to which the Enhancement Provider agrees to provide the Enhancement, if any, (d) written confirmation that the Rating Agency Condition shall have been satisfied with respect to such Conveyance of Receivables Purchase Interests, (e) an Officer's Certificate of the Seller, a copy of which shall be delivered to the Trustee and each Purchaser Representative, that on the

Receivables Purchase Date, after giving effect to the Conveyance of Receivables Purchase Interests, the Seller Interest would be at least equal to the Aggregate Minimum Seller Interest and the aggregate amount of Principal Receivables will be at least equal to the Minimum Aggregate Principal Receivables, and (f) if any Certificate Series are outstanding, a Tax Opinion addressed to the Trustee and each Rating Agency, dated the Exchange Date, with respect to such Conveyance of Receivables Purchase Interests. If any Certificate Series or Receivables Purchase Series is outstanding, it is a condition to the creation of any Receivables Purchase Series that the Trustee and (if any such outstanding Series is rated) each Rating Agency shall have received an Opinion of Counsel that (i) the issuance of such Receivables Purchase Series will not cause the Trust to be treated as an association (or publicly traded partnership) taxable as a corporation and (ii) the creation of such Receivables Purchase Series will not adversely affect the federal income tax characterization of any outstanding Investor Certificates or Receivables Purchase Interests.

Section 6.18 Principal Terms of Receivables Purchase Series. In conjunction with a sale of Receivables Purchase Interests, the parties thereto shall execute a Receivables Purchase Agreement, which shall specify the relevant terms with respect to any newly created Receivables Purchase Series, which may include without limitation: (i) its name or designation, (ii) an initial Receivables Purchase Interest or the method of calculating the initial Receivables Purchase Interest, (iii) the applicable interest rate (or formula for the determination thereof), (iv) the Closing Date, (v) the interest payment date or dates and the date or dates from which interest shall accrue, (vi) the method of allocating Collections with respect to Principal Receivables and Finance Charge Receivables for such Receivables Purchase Series, (vii) the method by which the principal amount of the Receivables Purchase Interest shall amortize or accrete, (viii) the names of any accounts to be used by such Receivables Purchase Series and the terms governing the operation of any such accounts, (ix) the Minimum Seller Interest (if any), (x) the Series Termination Date, (xi) the terms of any Enhancement with respect to such Receivables Purchase Series, (xii) the Enhancement Provider, if applicable, (xiii) the terms on which the Receivables Purchase Interests may be repurchased, and (xiv) any other relevant terms of such Receivables Purchase Series (all such terms, the "Principal Terms" of such Receivables Purchase Series). The terms of such Receivables Purchase Agreement may modify or amend the terms of this Agreement solely as applied to such new Receivables Purchase Series.

ARTICLE VII

OTHER MATTERS RELATING TO THE SELLER

Section 7.1 Liability of the Seller. The Seller shall be liable hereunder only to the extent of the obligations specifically undertaken by it in its capacity as the Seller.

Section 7.2 Merger or Consolidation of, or Assumption of the Obligations of, the Seller.

(a) The Seller 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 Seller is merged or the Person that acquires by conveyance or transfer the properties and assets of Seller substantially as an entirety shall be, if Seller 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 Section 2.5(l) and shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the performance of every covenant and obligation of the Seller, as applicable hereunder and shall benefit from all the rights granted to the Seller, as applicable hereunder. To the extent that any right, covenant or obligation of the Seller, 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 Seller shall have delivered to the Trustee an Officer's Certificate signed by a Vice President (or any more senior officer) of the Seller stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section 7.2 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; and

(iii) the Rating Agency Condition is satisfied with respect to such consolidation, merger, conveyance or transfer.

(b) The obligations of the Seller hereunder shall not be assignable nor shall any Person succeed to the obligations of the Seller hereunder except for mergers, consolidations, assumptions, conveyances or transfers in accordance with the provisions of the foregoing paragraph.

Section 7.3 Limitation on Liability. The directors, officers, employees or agents of the Seller shall not be under any liability to the Trust, the Trustee, the Certificateholders, the Certificate Owners, the Receivables Purchasers, any Purchaser Representative, 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 Supplement and any Receivables Purchase Agreement and the issuance of the Certificates; provided, however, that this provision shall not protect the officers, directors, employees, or agents of the Seller 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 Seller and any director, officer, employee or agent 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.

Section 7.4 Indemnification. The Seller shall indemnify and hold harmless the Trust and the 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, omissions or alleged acts or omissions arising out of or based upon the arrangement created by this Agreement, any

Supplement or any Receivables Purchase Agreement arising out of any third-party action, claim, suit or proceeding, 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, as though this Agreement, such Supplement or such Receivables Purchase Agreement created a partnership under the New York Uniform Partnership Act in which the Seller is a general partner; provided, however, that the Seller shall not indemnify the Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, gross negligence, or willful misconduct by the Trustee; provided, further, that the Seller shall not indemnify the Trust or the Trustee for any liabilities, costs or expenses with respect to any action taken by the Trustee at the request of the Investor Certificateholders or Receivables Purchasers; and provided, further, that the Seller shall not indemnify the Trust or the Trustee for any liabilities, costs or expenses of the Trust or the Trustee 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 Trust in connection herewith to any taxing authority. Any such indemnification shall not be payable from the assets of the Trust. The provisions of this indemnity shall run directly to and be enforceable by an injured party subject to the limitations hereof.

ARTICLE VIII

OTHER MATTERS RELATING TO THE SERVICER

Section 8.1 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 8.2 Merger or Consolidation of, or Assumption of the Obligations of, the Servicer. 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 shall be a state or national banking or savings association or other entity which is not subject to the bankruptcy laws of the United States of America and, if the Servicer is not the surviving entity, shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Trustee and each Purchaser Representative in form satisfactory to the Trustee and each Purchaser Representative, 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 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 Trustee and each Purchaser Representative an Officer's Certificate of the Servicer, upon which the Trustee may

conclusively rely, that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section 8.2 and that all conditions precedent herein provided for relating to such transaction have been complied with and an Opinion of Counsel, upon which the Trustee may conclusively rely, that such supplemental agreement is legal, valid and binding with respect to the Servicer;

(iii) the Servicer shall have given at least 10 Business Days' prior notice to the Rating Agencies, the Trustee and each Purchaser Representative of such consolidation, merger, conveyance or transfer;

(iv) the Rating Agency Condition shall have been satisfied with respect to such assignment and succession; and

(v) if the Person described in clause (i) is not an Affiliate of the Servicer, the Trustee and each Purchaser Representative shall have consented in writing to such consolidation, merger, conveyance or transfer.

Section 8.3 Limitation on Liability. The directors, officers, employees or agents of the Servicer shall not be under any liability to the Trust, the Trustee, the Certificateholders, the Receivables Purchasers, 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 Supplement and any Receivables Purchase Agreement, and the issuance of the Certificates; 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 willful misconduct, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Except as provided in Section 8.4 with respect to the Trust and the Trustee, its officers, directors, employees and agents, and except as provided in any Supplement or Receivables Purchase Agreement with respect to the related Series, the Servicer shall not be under any liability to the Trust, the Trustee, its officers, directors, employees and agents, the Certificateholders, the Receivables Purchasers, any Enhancement Provider, 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 Supplement or any Receivables Purchase Agreement; 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 Supplement or Receivables Purchase Agreement. 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 8.4 Servicer Indemnification of the Trust and the Trustee. The Servicer shall indemnify and hold harmless the Trust and the 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 with respect to activities of the Trust or the Trustee pursuant to this Agreement, any Supplement or any Receivables Purchase Agreement, 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 Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, gross negligence, or willful misconduct by the Trustee; provided, further, that with respect to any action taken by the Trustee at the request of the Investor Certificateholders, Receivables Purchasers or any Purchaser Representative 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 Trust; and provided, further, that the Servicer shall not indemnify the Trust or the Trustee for any liabilities, costs or expenses of the Trust 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 Trust in connection herewith to any taxing authority. Any such indemnification shall not be payable from the assets of the Trust. The provisions of this indemnity shall run directly to and be enforceable by an injured party subject to the limitations hereof.

Section 8.5 The Servicer Not to Resign. The Servicer shall not resign from the obligations and duties hereby imposed on it except 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. Any such determination permitting the resignation of the Servicer shall be evidenced as to clause (i) above by an Opinion of Counsel to such effect delivered to the Trustee and each Purchaser Representative. No such resignation shall become effective until the Trustee or a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 10.2 hereof. The Trustee shall give prompt notice to each Rating Agency, Purchaser Representative and Enhancement Provider upon the appointment of a Successor Servicer. If the Trustee is unable within 120 days of the date of such determination to appoint a Successor Servicer, the Trustee shall serve as Successor Servicer hereunder.

Section 8.6 Access to Certain Documentation and Information Regarding the Receivables. Subject to the terms of any Supplement or Receivables Purchase Agreement, the Servicer shall provide to the Trustee, each Purchaser Representative and each Enhancement Provider access to the documentation regarding the Accounts and the Receivables in such cases where the Trustee, any Purchaser Representative, or any Enhancement Provider is required in connection with the enforcement of the rights of the Investor Certificateholders, the Receivables Purchasers, or any Enhancement Provider, 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 and Administrative Servicer's normal business hours (but, with respect to the Administrative Servicer, only to the extent of the Servicer's access to such documentation pursuant to the Administrative Servicer Agreement), (iii) subject to the Servicer's

normal security and confidentiality procedures and (iv) at offices designated by the Servicer. Nothing in this Section 8.6 shall derogate from the obligation of the Originator, the Seller, the Trustee, the Servicer, any Purchaser Representative or any Enhancement Provider 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 8.6 as a result of such obligations shall not constitute a breach of this Section 8.6.

Section 8.7 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 8.5 hereof. The Seller, the Trustee and the Purchaser Representatives hereby acknowledge and consent to the continuation of Alliance Data as the Administrative Servicer pursuant to the terms and conditions set forth in the Administrative Servicer Agreement. The Seller 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 on behalf of the Seller, subject to any requirement in any Supplement or Receivables Purchase Agreement. The Seller shall give at least five Business Days' prior notice to the Rating Agencies and each Enhancement Provider of any such appointment.

Section 8.8 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 Trust 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.

ARTICLE IX

EARLY AMORTIZATION EVENTS

Section 9.1 Early Amortization Events. If any one of the following events (each, a "Trust Early Amortization Event") shall occur:

(a) the Seller, the Originator or Charming Shoppes, Inc. 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 the Seller, the Originator or Charming Shoppes, Inc.; or the Seller, the Originator or Charming Shoppes, Inc. 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 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;

(b) the Originator shall become unable for any reason to Convey Receivables to the Seller pursuant to the Purchase Agreement; or the Seller shall become unable for any reason to Convey Receivables to the Trust in accordance with the provisions of this Agreement; or

(c) the Seller or the Trust shall become subject to regulation by the Securities and Exchange Commission as an "investment company" within the meaning of the Investment Company Act;

then an Early Amortization Event with respect to all Series shall occur without any notice or other action on the part of the Trustee, the Investor Certificateholders or the Receivables Purchasers immediately upon the occurrence of such event.

Section 9.2 Additional Rights Upon the Occurrence of Certain Events.

(a) Upon the occurrence of any event described in Section 9.1(a) with respect to the Originator or the Seller (an "Insolvency Event"), the Seller shall on the day of such Insolvency Event (the "Appointment Day") immediately cease to transfer Principal Receivables to the Trust and shall promptly give notice to the Trustee, the Rating Agencies, each Enhancement Provider and each Purchaser Representative of such Insolvency Event. Notwithstanding any cessation of the Conveyance to the Trust of additional Principal Receivables, Finance Charge Receivables, whenever created, accrued in respect of Principal Receivables which have been Conveyed to the Trust shall continue to be a part of the Trust, and Collections with respect thereto shall continue to be allocated and paid in accordance with Article IV, any Supplement and any Receivables Purchase Agreement. Within 15 days of the Appointment Day, the Trustee shall (i) publish a notice in an Authorized Newspaper that an Insolvency Event has occurred and that the Trustee intends to sell, dispose of or otherwise liquidate the Receivables in a commercially reasonable manner and (ii) send written notice to each Investor Certificateholder, each Purchaser Representative and Enhancement Provider, if applicable, describing the provisions of this Section 9.2 and requesting instructions from such Investor Certificateholders, Enhancement Providers and Purchaser Representatives. Unless within 90 days from the day notice pursuant to clause (i) above is first published, the Trustee shall have received written instructions from (A) Holders of Investor Certificates evidencing more than 50% of the Investor Interest of each Certificate Series, (B) in the case of any Certificate Series with respect to which there is an Enhancement Invested Amount, the applicable Enhancement Provider, and (C) each Purchaser Representative to the effect that such Investor Certificateholders, Enhancement Provider, if applicable, and such Purchaser Representatives disapprove of the liquidation of the Receivables and wish to continue having Principal Receivables Conveyed to the Trust as before such Insolvency Event, the Trustee shall use its best efforts to sell, dispose of or otherwise liquidate the Receivables in a commercially reasonable manner and on commercially reasonable terms and to maximize the proceeds of such disposition or other liquidation of the Receivables, which shall include the solicitation of competitive bids. The Trustee may obtain a prior determination from any such conservator, receiver or liquidator that the terms and manner of any proposed sale, disposition or liquidation are commercially reasonable. The provisions of Sections 9.1 and 9.2 shall not be deemed to be mutually exclusive.

(b) The proceeds from the sale, disposition or liquidation of the Receivables pursuant to subsection (a) above shall be treated as Collections on the Receivables and shall be allocated and deposited in accordance with the provisions of Article IV, any Supplement and any Receivables Purchase Agreement; provided that the Trustee shall determine conclusively in its sole discretion the amount of such proceeds which are allocable to Finance Charge Receivables and the amount of such proceeds which are allocable to Principal Receivables. Unless the Trustee receives written instructions from Investor Certificateholders, Enhancement Providers and Purchaser Representatives as provided in subsection 9.2(a) above, on the day following the last Distribution Date in the Due Period during which such proceeds are distributed to the Investor Certificateholders of each Certificate Series and the Receivables Purchasers of each Receivables Purchase Series, the Trust shall terminate.

(c) The Trustee may appoint an agent or agents to assist with its responsibilities pursuant to this Article IX with respect to competitive bids.

ARTICLE X

SERVICER DEFAULTS

Section 10.1 Servicer Defaults. If any one of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to make any payment, transfer or deposit or to give instructions or notice to the Trustee pursuant to Article IV or to instruct the Trustee to make any required drawing, withdrawal, or payment under any Enhancement, in each case, within one Business Day after the date of the receipt by the Servicer of written notice from the Trustee or any Purchaser Representative 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 Supplement or any Receivables Purchase Agreement;

(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 Supplement or any Receivables Purchase Agreement, which has a material adverse effect on (i) the Servicer's ability to collect the Receivables or otherwise perform its obligations under the Agreement, any Supplement or any Receivables Purchase Agreement or (ii) the collectibility or value of the Receivables, and which continues unremedied for a period of 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 Trustee, a Purchaser Representative or an Enhancement Provider, or to the Servicer and the Trustee by Holders of Investor Certificates evidencing not less than 25% of the Investor Interest of any Certificate Series, or an Enhancement Provider and such material adverse effect continues for such period; or the Servicer shall delegate its duties under this Agreement, except as permitted by Section 8.7;

(c) any representation, warranty or certification made by the Servicer in this Agreement, any Supplement or any Receivables Purchase Agreement or in any certificate delivered pursuant to this Agreement, any Supplement or any Receivables Purchase Agreement 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 the Agreement, any Supplement or any Receivables Purchase Agreement or (ii) the collectibility or value of the Receivables, and which continues to be incorrect in any material respect for a period of 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 Trustee, a Purchaser Representative, or an Enhancement Provider or to the Servicer and the Trustee by the Holders of Investor Certificates evidencing not less than 25% of the Investor Interest of any Certificate Series or an Enhancement Provider 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 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 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 Trustee, or the Holders of Investor Certificates evidencing Undivided Trust Interests and Purchaser Representatives of Receivables Purchase Series aggregating more than 66-2/3% of the Aggregate Investor/Purchaser Interest, by notice then given in writing to the Servicer, and each Purchaser Representative (and to the Trustee if given by the Investor Certificateholders or the Purchaser Representatives) (a "Servicer Termination Notice"), may terminate all of the rights and obligations of the Servicer as Servicer under this Agreement. The Trustee shall promptly notify any Enhancement Provider of any such Servicer Default.

After receipt by the Servicer of such Servicer Termination Notice, and on the date that a Successor Servicer shall have been appointed by the Trustee pursuant to Section 10.2, all authority and power of the Servicer under this Agreement shall pass to and be vested in a Successor Servicer; and, without limitation, the 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 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 Trust. 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 10.1 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 10.1(a), for a cumulative period of ten Business Days, or under subsection 10.1(b) or (c), for a cumulative period of sixty 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 Trustee, any Enhancement Provider, the Seller, and each Purchaser Representative 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 10.2 Trustee to Act; Appointment of Successor.

(a) On and after the occurrence of a Servicer Default pursuant to Section 10.1 or a resignation of the Servicer pursuant to Section 8.5, the Servicer shall continue to perform all servicing functions under this Agreement until the date of the appointment of a Successor Servicer hereunder. The Trustee shall notify each Rating Agency of such removal of the Servicer. The Trustee shall, as promptly as possible after the giving of a Servicer Termination Notice appoint a successor servicer (the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Trustee. Purchaser Representatives for each Receivables Purchase Series and each Enhancement Provider, if any, must consent in writing to any Successor Servicer. The Trustee may obtain bids from any potential successor servicer. Any Successor Servicer shall not be an Affiliate of any Purchaser Representative so long as any Certificate Series is outstanding. If (i) the Trustee is unable to

obtain any bids from any potential successor servicer, or if no such bid is acceptable to Purchaser Representatives representing each Receivable Purchase Series, and (ii) the Servicer delivers to the Trustee an Officer's Certificate to the effect that it cannot in good faith cure the Servicer Default which gave rise to a transfer of servicing, and if the Trustee is legally unable to act as Successor Servicer, then the Trustee shall notify each Investor Certificateholder, each Purchaser Representative and any Enhancement Provider of the proposed sale of the Receivables and shall provide each Receivables Purchaser and Enhancement Provider an opportunity to bid on the Receivables and shall offer the Seller the right of first refusal to purchase the Receivables on terms equivalent to the best purchase offer as determined by the Trustee, but in no event less than an amount equal to the Aggregate Investor/Purchaser Interest an the date of such purchase (including, with respect to any Series, any unreimbursed Loss Amounts allocated to such Series to the extent such amounts are required to be reimbursed pursuant to the related Supplement or Receivables Purchase Agreement) plus all interest accrued but unpaid on all of the outstanding Investor Certificates at the applicable Certificate Rate, all interest accrued but unpaid with respect to all outstanding Receivables Purchase Interests at the applicable rate, and all fees and expenses under any Supplement or any Receivables Purchase Agreement due but unpaid through the date of such purchase; provided, however, that if the short-term deposits or long-term unsecured debt obligations of the Seller (or if neither such deposits nor such obligations of the Seller are rated by Moody's, if Moody's is a Rating Agency with respect to any Certificate Series outstanding, then of the holding company of the Seller so long as such holding company shall be Charming Shoppes, Inc.) are not rated at the time of such purchase at least P-3 or Baa-3, respectively, by Moody's, if Moody's is a Rating Agency with respect to any Certificate Series outstanding, no such purchase by the Seller shall occur unless the Seller shall deliver an Opinion of Counsel reasonably acceptable to the Trustee that such purchase would not constitute a fraudulent conveyance of the Seller. The proceeds of such sale shall be deposited in the Collection Account or any Series Account, as provided in the related Supplement or Receivables Purchase Agreement, for distribution to the Investor Certificateholders of each outstanding Certificate Series and the Receivables Purchasers of each outstanding Receivables Purchase Series, pursuant to Section 12.3 of this Agreement. Notwithstanding the above, the Trustee may petition a court of competent jurisdiction to appoint as the Successor Servicer hereunder any established financial institution having, 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 requirements, a net worth of not less than $50,000,000, and whose regular business includes the servicing of credit card receivables.

(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 Supplement, Receivables Purchase Agreement and Enhancement.

(c) In connection with such appointment and assumption, the Trustee 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 Exchangeable Seller Certificate agrees that if the Servicer is terminated hereunder, it will agree to deposit a portion of the Collections in respect of Finance Charge Receivables that it is entitled to receive pursuant to Article IV to pay its share of the compensation of the Successor Servicer.

(d) All authority and power granted to the Successor Servicer under this Agreement shall automatically cease and terminate upon termination of the Trust pursuant to Section 12.1 and shall pass to and be vested in the Seller and, without limitation, the Seller 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 Seller 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 Seller in such electronic form as the Seller may reasonably request and shall transfer all other records, correspondence and documents to the Seller in the manner and at such times as the Seller shall reasonably request. To the extent that compliance with this Section 10.2 shall require the Successor Servicer to disclose to the Seller information of any kind which the Successor Servicer deems to be confidential, the Seller shall be required to enter into such customary licensing and confidentiality agreements as the Successor Servicer shall deem necessary to protect its interests.

Section 10.3 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 Trustee, each Purchaser Representative, each Rating Agency and each Enhancement Provider. Upon any termination or appointment of a Successor Servicer pursuant to this Article X, the Trustee shall give prompt written notice thereof to each Purchaser Representative, each Rating Agency and each Enhancement Provider.

Section 10.4 Waiver of Past Defaults. The Holders of Investor Certificates evidencing Undivided Trust Interests aggregating not less than 66-2/3% of the Investor Interest of any Certificate Series outstanding, or any Purchaser Representative for any Receivables Purchase Series, adversely affected by a default by the Servicer or the Seller 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 Article IV 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 Article IV. Upon any such waiver of a past default, such default shall cease to exist, and any default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XI

THE TRUSTEE

Section 11.1 Duties of Trustee.

(a) The Trustee, prior to the occurrence of any Servicer Default of which it has actual knowledge and after the curing of all Servicer Defaults which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, each Supplement and each Receivables Purchase Agreement. If a Responsible Officer has received written notice that a Servicer Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Subject to subsection 11.1(a), no provision of this Agreement shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own negligent failure to act or its own willful misconduct; provided, however, that:

(i) the Trustee shall not be personally liable for an error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(ii) the Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of Holders of Investor Certificates evidencing Undivided Trust Interests aggregating more than 50% of the Investor Interest of any Certificate Series or any Purchaser Representative, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee in relation to the related Series, under this Agreement, any Supplement or any Receivables Purchase Agreement; and

(iii) the Trustee shall not be charged with knowledge of any failure by the Servicer referred to in Section 10.1 unless a Responsible Officer of the Trustee obtains actual knowledge of such failure or the Trustee receives written notice of such failure from the Servicer or any Holders of Investor Certificates evidencing Undivided Trust Interests aggregating not less than 10% of the Investor Interest of any Certificate Series adversely affected thereby, any Purchaser Representative or any Enhancement Provider.

(c) The Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties under this Agreement, any Supplement or any Receivables Purchase Agreement, or in the exercise of any of its rights or powers, unless adequate indemnity against such risk or liability is reasonably assured and provided to it, and none of the provisions contained in this Agreement shall in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of the Servicer under this Agreement, any Supplement or any Receivables Purchase Agreement except during such time, if any, as the Trustee shall be the successor to, and be vested with the rights, duties, powers and privileges of, the Servicer in accordance with the terms of this Agreement, any Supplement or any Receivables Purchase Agreement.

(d) Except for actions expressly authorized by this Agreement and not prohibited by any Supplement or any Receivables Purchase Agreement, the Trustee shall take no action reasonably likely to impair the interests of the Trust in any Receivable now existing or hereafter created or to impair the value of any Receivable now existing or hereafter created.

(e) Except as expressly provided in this Agreement and each Supplement and Receivables Purchase Agreement, the Trustee shall have no power to vary the corpus of the Trust including, without limitation, the power to (i) accept any substitute obligation for a Receivable initially assigned to the Trust under Section 2.1 or 2.6 hereof, (ii) add any other investment, obligation or security to the Trust, except for an addition permitted under Section 2.6, (iii) withdraw from the Trust any Receivables, except for a withdrawal permitted under Section 2.7, 9.2, 10.2, 12.1 or 12.2 or Article IV or subsections 2.4(d) or 2.4(e), or (iv) Convey any interest in Receivables, except pursuant to a Receivables Purchase Agreement.

(f) In the event that the Paying Agent or the Transfer Agent and Registrar shall fail to perform any obligation, duty or agreement in the manner or on the day required to be performed by the Paying Agent or the Transfer Agent and Registrar, as the case may be, under this Agreement, the Trustee shall be obligated promptly to perform such obligation, duty or agreement in the manner so required.

(g) If the Seller has agreed to transfer any of its credit card receivables (other than the Receivables) to another Person, upon the written request of the Seller, and 10 Business Days' notice to each Purchaser Representative, the Trustee shall enter into such intercreditor agreements with the transferee of such receivables as are customary and necessary to identify separately the rights, if any, of the Trust and such other Person in the Seller's credit card receivables, and shall provide to each Purchaser Representative a copy of each such intercreditor agreement; provided, that the Trustee shall not be required to enter into any intercreditor agreement which could adversely affect the interests of the Certificateholders, the Receivables Purchasers, or any Enhancement Provider, and, upon the request of the Trustee, any Purchaser Representative or any Enhancement Provider, the Seller shall deliver to it an Opinion of Counsel (with a copy to each Purchaser Representative) on any matters relating to such intercreditor agreement, reasonably requested by the Trustee, any Purchaser Representative or any Enhancement Provider.

(h) The Trustee shall notify each Purchaser Representative and Enhancement Provider of any Early Amortization Event of which a Responsible Officer has actual knowledge, promptly upon obtaining such knowledge.

Section 11.2 Certain Matters Affecting the Trustee. Except as otherwise provided in Section 11.1 or in any Supplement or Receivables Purchase Agreement:

(a) the Trustee may conclusively rely on and shall be protected in acting, or in refraining from acting, in accord with any written assignment of Receivables in Additional

Accounts, the initial report, the Monthly Servicer Report, the annual Servicer's certificate, the monthly payment instructions, the monthly Certificateholder's statement, any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented to it pursuant to this Agreement by the proper party or parties; provided, that if Spirit of America National Bank is not the Servicer at the time the Trustee receives any such paper or document, the Trustee shall provide a copy of such document to the Seller;

(b) the Trustee may consult with counsel, and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such Opinion of Counsel;

(c) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, any Supplement, any Receivables Purchase Agreement or any Enhancement, or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any of the Investor Certificateholders or any Purchaser Representative unless such Investor Certificateholders or Purchaser Representative shall have offered and provided to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby; nothing contained herein shall, however, relieve the Trustee of the obligations, upon the occurrence of any Servicer Default (which has not been cured), to exercise such of the rights and powers vested in it by this Agreement, any Supplement or any Receivables Purchase Agreement, and to use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of its own affairs;

(d) the Trustee shall not be personally liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement, any Supplement or any Receivables Purchase Agreement;

(e) the Trustee shall not be bound to make any investigation into the facts of matters stated in any written assignment of Receivables in Additional Accounts, the initial report, the Monthly Servicer Report, the annual Servicer's certificate, the monthly payment instructions and notification to the Trustee, the monthly Certificateholder's statement, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing so to do by Holders of Investor Certificates evidencing Undivided Trust Interests aggregating more than 50% of the Investor Interest, any Purchaser Representative or Enhancement Provider for any Series, in each case that could be adversely affected thereby if the Trustee does not perform such acts;

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian to the extent not otherwise prohibited by any Supplement or Receivables Purchase Agreement, and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent, attorney or custodian appointed with reasonable care by it hereunder; and

(g) except as may be required by subsection 11.1(a), the Trustee shall not be required to make any initial or periodic examination of any documents or records related to the Receivables or the Accounts for the purpose of establishing the presence or absence of defects or the compliance by the Seller with its representations and warranties or for any other purpose.

Section 11.3 Trustee Not Liable for Recitals in Certificates. The Trustee assumes no responsibility for the correctness of the recitals contained herein and in the Certificates (other than the certificate of authentication on the Certificates). Except as set forth in Section 11.15, the Trustee makes no representations as to the validity or sufficiency of this Agreement or of the Certificates (other than the certificate of authentication on the Certificates) or of any Receivable or related document. The Trustee in its individual capacity shall not be accountable for the use or application by the Seller of any of the Certificates or of the proceeds of such Certificates, or for the use or application of any funds paid to the Seller in respect of the Receivables or deposited in or withdrawn from the Collection Account, the Excess Funding Account or any Series Account (or any other account hereafter established to effectuate the transactions contemplated by the terms of this Agreement) by the Servicer.

Section 11.4 Trustee May Own Certificates and Purchase Receivables. The Trustee in its individual or any other capacity may become the owner or pledgee of Investor Certificates, or may purchase Receivables Purchase Interests, with the same rights as it would have if it were not the Trustee.

Section 11.5 The Servicer to Pay Trustee's Fees and Expenses. The Servicer covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the Trust hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Servicer shall pay or reimburse the 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 Trustee in accordance with any of the provisions of this Agreement 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 Trustee is appointed Successor Servicer pursuant to Section 10.2, the provisions of this Section 11.5 shall not apply to expenses, disbursements and advances made or incurred by the Trustee in its capacity as Successor Servicer.

The obligations of the Servicer under this Section 11.5 shall survive the termination of the Trust and the resignation or removal of the Trustee.

Section 11.6 Eligibility Requirements for Trustee. The Trustee hereunder (or, alternatively, a Person which is the direct or indirect parent corporation of the Trustee) shall at all times be a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers, having a long-term unsecured debt rating of at least Baa3 by Moody's and BBB- by Standard &

Poor's, having, 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 and subject to supervision or examination by federal or state authority and, prior to its appointment hereunder, must be acceptable to each Purchaser Representative. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section 11.6, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 11.6, the Trustee shall resign immediately in the manner and with the effect specified in Section 11.7.

Section 11.7 Resignation or Removal of Trustee.

(a) The Trustee may at any time resign and be discharged from the Trust hereby created by giving written notice thereof to the Seller, the Servicer, each Enhancement Provider, the Rating Agencies and each Purchaser Representative. Upon receiving such notice of resignation, the Servicer shall promptly appoint a successor trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. Any successor Trustee shall not be an Affiliate of any Purchaser Representative so long as any Certificate Series is outstanding. The Servicer shall deliver a copy of such instrument to each Purchaser Representative. Any such appointment shall be subject to the prior written consent of each Purchaser Representative. If no successor trustee shall have been so appointed and have accepted within 30 days after the giving of such notice of resignation, the resigning Trustee, upon notice to the Seller, the Servicer and each Purchaser Representative, may petition any court of competent jurisdiction for the appointment of a successor trustee.

(b) If at any time the Trustee shall cease to be eligible in accordance with the provisions of Section 11.6 hereof and shall fail to resign after written request therefor by the Seller, the Servicer or any Purchaser Representative, or if at any time the Trustee shall be legally unable to act, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Seller, the Servicer or any Purchaser Representative may, but shall not be required to, upon 10 days' prior written notice to the others, remove the Trustee and then the Servicer shall promptly appoint a successor trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. Any successor Trustee shall not be an Affiliate of any Purchaser Representative so long as any Certificate Series is outstanding. The Servicer shall deliver a copy of such instrument to each Purchaser Representative. Any such appointment shall be subject to the prior written consent of the Servicer, each Purchaser Representative and each Enhancement Provider.

(c) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 11.7 shall not become effective until acceptance of appointment by the successor trustee as provided in Section 11.8 hereof and any liability of the Trustee arising hereunder shall survive such appointment of a successor trustee.

Section 11.8 Successor Trustee.

(a) Any successor trustee appointed as provided in Section 11.7 hereof shall execute, acknowledge and deliver to the Seller, the Servicer, each Purchaser Representative and its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with the like effect as if originally named as Trustee herein. The predecessor Trustee shall deliver to the successor trustee all documents and statements held by it hereunder, and the Seller and the predecessor Trustee shall execute and deliver such instruments requested by any Purchaser Representative or otherwise required or contemplated hereunder or under any Supplement or Receivables Purchase Agreement and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor trustee all such rights, powers, duties and obligations. Thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder and under each Supplement and Receivables Purchase Agreement, with like effect as if originally named as Trustee herein and therein.

(b) No successor trustee shall accept appointment as provided in this Section 11.8 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 11.6 hereof.

(c) Upon acceptance of appointment by a successor trustee as provided in this Section 11.8, such successor trustee shall mail notice of such succession hereunder to each Purchaser Representative, Rating Agency and Enhancement Provider and to all Investor Certificateholders at their addresses as shown in the Certificate Register.

Section 11.9 Merger or Consolidation of Trustee. Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be eligible under the provisions of Section 11.6 hereof without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 11.10 Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Agreement, any Supplement or any Receivables Purchase Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust may at the time be located, the Trustee shall

have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust, and to vest in such Person or Persons, in such capacity and for the benefit of the Investor Certificateholders, such title to the Trust, or any part thereof, and, subject to the other provisions of this Section 11.10, such powers, duties, obligations, rights and trusts as the 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 11.6 and no notice to Certificateholders, Receivables Purchasers or any Purchaser Representatives of the appointment of any co-trustee or separate trustee shall be required under Section 11.8 hereof.

(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 the Trustee shall be conferred or imposed upon and exercised or performed by the 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 the Trustee joining in such act), except to the extent that under any laws of any jurisdiction in which any particular act or acts are to be performed (whether as Trustee hereunder or as successor to the Servicer hereunder), the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this Article XI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee and a copy thereof given to the Servicer and each Purchaser Representative.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee as its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect to this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 11.11 Tax Return. In the event the Trust shall be required to file tax returns, the Trustee, as soon as practicable after it is made aware of such requirement, shall prepare or cause to be prepared any tax returns required to be filed by the Trust and, to the extent possible, shall file such returns at least five days before such returns are due to be filed. The Trustee is hereby authorized to sign any such return on behalf of the Trust. The Servicer shall also prepare or cause to be prepared all tax information required by law to be distributed to Certificateholders or Receivables Purchasers and shall deliver such information to the Trustee and each Purchaser Representative at least five days prior to the date it is required by law to be distributed to Certificateholders or Receivables Purchasers. The Servicer, upon request, shall furnish the Trustee with all such information known to the Servicer as may be reasonably required in connection with the preparation of all tax returns of the Trust. In no event shall the Trustee or the Servicer be liable for any liabilities, costs or expenses of the Trust, the Investor Certificateholders, the Certificate Owners or the Receivables Purchasers arising under any tax law, including without limitation federal, state, local or foreign income or excise taxes or any other tax imposed on or measured by income (or any interest or penalty with respect thereto or arising from a failure to comply therewith).

Section 11.12 Trustee May Enforce Claims without Possession of Certificates. All rights of action and claims under this Agreement or any Series may be prosecuted and enforced by the Trustee without the possession of any of the Certificates or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee or agent. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of any Series in respect of which such judgment has been obtained.

Section 11.13 Suits for Enforcement. (a) If a Servicer Default shall occur and be continuing, the Trustee, in its discretion may, for the equal and ratable benefit of the Investor Certificateholders (in accordance with their Investor Interests) and the Receivables Purchasers (to the extent of their undivided interest in the Receivables), subject to the provisions of Sections 10.1 and 11.14, proceed to protect and enforce its rights and the rights of the Investor Certificateholders and Certificate Owners of any Certificate Series and the Receivables Purchasers of any Receivables Purchase Series under this Agreement or any Supplement or Receivables Purchase Agreement by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Agreement or any Supplement or Receivables Purchase Agreement, or in aid of the execution of any power granted in this Agreement or any Supplement or Receivables Purchase Agreement, or for the enforcement of any other legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee, the Investor Certificateholders or Certificate Owners of any Certificate Series or the Receivables Purchasers of any Receivables Purchase Series.

(b) If the FDIC, the RTC or any equivalent governmental agency or instrumentality or any designee of any of them shall have been appointed as receiver, conservator, assignee, trustee in bankruptcy or reorganization, liquidator, sequestrator or custodian with respect to the Originator or any other Person shall have been appointed as receiver, conservator, assignee, trustee in bankruptcy or reorganization, liquidator, sequestrator or custodian with respect to the Seller (either with respect to the Originator or the Seller, a "Receiver"), the Trustee shall, irrespective of whether the principal of any Series of Certificates or Receivables Purchase Interests shall then be due and payable:

(i) unless prohibited by applicable law or regulation or unless under FIRREA or other applicable law, the Receiver is required to participate in the process as a defendant or otherwise, promptly take or cause to be taken any and all necessary or advisable commercially reasonable action as a secured creditor on behalf of the Certificateholders, any Receivables Purchasers or any Enhancement Provider to recover, repossess, collect or liquidate the Receivables or any other assets of the Trust on a "self-help" basis or otherwise and exercise any rights or remedies of a secured party under the applicable UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Certificateholders, the Receivables Purchasers and any Enhancement Provider;

(ii) promptly, and in any case within any applicable claims bar period specified under FIRREA or other applicable law, file and prove a claim or claims under FIRREA or otherwise, by filing proofs of claim, protective proofs of claim or otherwise, for the whole amount of unpaid principal and interest in respect of the Certificates and the Receivables Purchase Interests and/or the whole amount due any Enhancement Provider and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Certificateholders, the Receivables Purchasers and any Enhancement Providers allowed in any judicial, administrative, corporate or other proceedings relating to the Originator, the Seller or either of their creditors or property, including any actions relating to the preservation of deficiency claims or for the protection against loss of any claim in the event the Trustee's or the Certificateholders', the Receivables Purchasers', or any Enhancement Provider's status as secured creditors are successfully challenged; and

(iii) collect and receive any moneys or other property payable or deliverable on any such claims and distribute all amounts with respect to the claims of the Certificateholders, the Receivables Purchasers and any Enhancement Provider to the Certificateholders, the Receivables Purchasers and any Enhancement Provider, as applicable.

(c) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Certificateholder, Certificate Owner or Receivables Purchaser any plan of reorganization, arrangement, adjustment or composition affecting any interests in the Receivables or the rights of any owner thereof, or to authorize the

Trustee to vote in respect of the claim of any Certificateholder, Certificate Owner or Receivables Purchaser in any such proceeding.

Section 11.14 Rights of Purchaser Representatives and Investor Certificateholders to Direct Trustee. (a) The Purchaser Representatives (or, with respect to any remedy, trust or power that does not relate to all Receivables Purchase Series, the Purchaser Representatives for all Receivables Purchase Series to which such remedy, trust or power relates) and Holders of Investor Certificates evidencing Undivided Trust Interests aggregating more than 50% of the aggregate Investor Interests (or with respect to any remedy, trust or power that does not relate to all Series, 50% of the aggregate Investor Interest of the Investor Certificates of all Certificate Series to which such remedy, trust or power relates) shall have the right to direct the Trustee (i) with respect to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, and (ii) to exercise any right, remedy or power provided to Investor Certificateholders of a Certificate Series pursuant to the related Supplement or Receivables Purchasers of a Receivables Purchase Series (or their Purchaser Representative) pursuant to the related Receivables Purchase Agreement, and the Trustee shall so act; provided, however, that, subject to Section 11.1, the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel determines that the action so directed may not lawfully be taken, or if the Trustee in good faith shall, by a Responsible Officer or Responsible Officers of the Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability or be unduly prejudicial to the rights of Investor Certificateholders or Receivables Purchasers not parties to such direction; and provided, further, that nothing in this Agreement shall impair the right of the Trustee to take any action deemed proper by the Trustee and which is not inconsistent with such direction of the Purchaser Representatives or such Holders of Investor Certificates.

(b) In connection with any action taken by the Trustee pursuant to instructions given in accordance with paragraph (a) above, any legal counsel retained by the Trustee shall be acceptable to each Series and the Trustee shall notify promptly each Purchaser Representative of such action. In addition, any Purchaser Representative may, at its own cost, elect to participate in such action along with the Trustee, which participation may include retaining separate counsel.

Section 11.15 Representations and Warranties of the Trustee. The Trustee, in its individual capacity, represents and warrants that:

(i) the Trustee is a national banking association authorized to engage in the business of banking under the laws of the United States of America;

(ii) the Trustee has full power, authority and right to execute, deliver and perform this Agreement, and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement; and

(iii) this Agreement has been duly executed and delivered by the Trustee.

Section 11.16 Maintenance of Office or Agency. The Trustee shall maintain at its expense in New York, New York or Philadelphia, Pennsylvania an office or offices, or agency or agencies, where notices and demands to or upon the Trustee in respect of the Certificates and this Agreement may be served. The Trustee initially appoints First Union National Bank, 123 South Broad Street, Philadelphia, Pennsylvania 19109, as its office for such purposes. The Trustee shall give prompt written notice to the Servicer, Certificateholders, each Purchaser Representative and each Enhancement Provider of any change in the location of the Certificate Register or any such office or agency.

ARTICLE XII

TERMINATION

Section 12.1 Termination of Trust.

(a) The Trust and the respective obligations and responsibilities of the Seller, the Servicer and the Trustee created hereby (other than the obligation of the Trustee to make payments to Receivables Purchasers and Certificateholders as hereinafter set forth) shall terminate, except with respect to the duties described in Sections 7.4, 8.4 and 11.5 and subsection 12.3(b), on the Trust Termination Date; provided, however, that the Trust shall not terminate on the date specified in clause (b)(i) of the definition of "Trust Termination Date" if each of the Servicer and the Holder of the Exchangeable Seller Certificate notify the Trustee in writing, not later than 5 Business Days preceding such date, that they desire that the Trust not terminate on such date, which notice (such notice, a "Trust Extension") shall specify the date on which the Trust shall terminate (such date, the "Extended Trust Termination Date"); provided, however, that the Extended Trust Termination Date shall be not later than December 24, 2007. The Servicer and the Holder of the Exchangeable Seller Certificate may, on any date following the Trust Extension, so long as no Certificate Series is outstanding and no Receivables Purchase Interests are outstanding, deliver a notice in writing to the Trustee changing the Extended Trust Termination Date.

(b) In the event that (i) the Trust has not terminated by the last Distribution Date occurring in the second month preceding the Trust Termination Date, and (ii) (A) the Investor Interest and, if applicable, the Enhancement Invested Amount of any Certificate Series or the Receivables Purchase Interest of any Receivables Purchase Series (after giving effect to all transfers, withdrawals, deposits and drawings to occur on such date and the payment of principal on any Series of Certificates or with respect to any Receivables Purchase Interest to be made on the related Distribution Date during such month pursuant to Article IV, any Supplement or any Receivables Purchase Agreement) are greater than zero or (B) Loss Amounts allocated to any Series to the extent such amounts can be reimbursed pursuant to the related Supplement or Receivables Purchase Agreement remain unreimbursed, or (C) any party to a Supplement or Receivables Purchase Agreement is owed accrued interest, fees or expenses, the Servicer shall sell within 30 days after such Distribution Date all the Receivables. The proceeds of any sale shall be treated as Collections on the Receivables and shall be allocated and deposited in accordance with Article IV, each Supplement and each Receivables Purchase Agreement;

provided, however, that the Trustee shall determine conclusively in its sole discretion the amount of such proceeds which are allocable to Finance Charge Receivables and the amount of such proceeds which are allocable to Principal Receivables. During such thirty day period, the Servicer shall continue to collect payments on the Receivables and allocate and deposit such payments in accordance with the provisions of Article IV.

(c) All principal, interest, fees and expenses with respect to any Series shall be due and payable no later than the applicable Series Termination Date. Unless otherwise provided in a Supplement or Receivables Purchase Agreement, in the event that the Investor Interest and, if applicable, the Enhancement Invested Amount of any Certificate Series, or any Receivables Purchase Interest is greater than zero on its Series Termination Date (after giving effect to all transfers, withdrawals, deposits and drawings to occur on such date and the payment of principal, interest and fees to be made on such Series on such date), the Trustee will sell or cause to be sold, and pay the proceeds to all Certificateholders of such Certificate Series or Receivables Purchasers of such Receivables Purchase Interest all pro rata in final payment of all principal of and accrued interest on such Series, and all accrued and unpaid fees and expenses and unreimbursed Loss Amounts (to the extent such amounts can be reimbursed pursuant to the related Supplement or Receivables Purchase Agreement) under the related Supplement or Receivables Purchase Agreement, an amount of Principal Receivables and the related Finance Charge Receivables (or interests therein) up to 110% of the sum of the Investor Interest and the Enhancement Invested Amount, if any, or the Receivables Purchase Interest of such Series at the close of business on such date; provided, that such amount shall include any unreimbursed Loss Amounts payable to such Certificateholders or Receivables Purchasers to the extent such amounts can be reimbursed pursuant to the related Supplement or Receivables Purchase Agreement. The Seller shall be permitted to purchase such Receivables in such case and shall have a right of first refusal with respect thereto. Any proceeds of such sale in excess of such principal, interest, fees and expenses and unreimbursed Loss Amounts paid, shall be paid to the Holder of the Exchangeable Seller Certificate. Upon such Series Termination Date with respect to the applicable Series, final payment of all amounts allocable to any Investor Certificates or, if applicable, Enhancement Invested Amounts of such Certificate Series or Receivables Purchase Interests of such Receivables Purchasers shall be made in the manner provided in Section 12.3.

Section 12.2 Optional Purchase.

(a) If so provided in any Supplement or any Receivables Purchase Agreement, the Seller 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 Supplement or Receivables Purchase Agreement by depositing into the Collection Account or the applicable Series Account, not later than such Distribution Date, for application in accordance with Section 12.3 (in the case of a Certificate Series) or as provided in such Receivables Purchase Agreement, the amount specified in such Supplement or Receivables Purchase Agreement.

(b) The amount deposited pursuant to subsection 12.2(a) shall be paid on the related Distribution Date to the Investor Certificateholders of the related Certificate Series pursuant to Section 12.3 or Receivables Purchasers of the related Receivables Purchase Series. All

Certificates of a Certificate Series which are to be redeemed by the Trust pursuant to subsection 12.2(a) shall be canceled by the Transfer Agent and Registrar and be disposed of in a manner satisfactory to the Trustee and the Seller. The Investor Interest of each Certificate Series which is redeemed by the Trust pursuant to subsection 12.2(a), and the Receivables Purchase Interests which are repurchased by the Trust pursuant to subsection 12.2(a), shall, for the purposes of the definition of "Seller Interest," be deemed to be equal to zero on the Distribution Date following the making of the deposit, and the Seller Interest shall thereupon be deemed to have been increased by the Investor Interest of such Certificate Series or the repurchased Receivables Purchase Interest.

Section 12.3 Final Payment with Respect to Any Certificate Series.

(a) Written notice of any termination, specifying the Distribution Date upon which the Investor Certificateholders of any Certificate Series may surrender their Certificates for payment of the final distribution with respect to such Certificate Series and cancellation, shall be given (subject to at least two Business Days' prior notice from the Servicer to the Trustee) by the Trustee to Investor Certificateholders of such Certificate Series mailed not later than the fifth day of the month of such final distribution (or in the manner provided by the Supplement relating to such Certificate Series) specifying (i) the Distribution Date (which shall be the Distribution Date in the month (x) in which the deposit is made pursuant to subsection 2.4(e), 9.2(b), 10.2(a), or 12.2(a) of this Agreement or such other section as may be specified in the related Supplement, or (y) in which the related Series Termination Date occurs) upon which final payment of such Investor Certificates will be made upon presentation and surrender of such Investor Certificates 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 the Investor Certificates at the office or offices therein specified. The Trustee shall give such notice to the Transfer Agent and Registrar and the Paying Agent at the time such notice is given to such Investor Certificateholders.

(b) Notwithstanding the termination of the Trust pursuant to subsection 12.1(a) or the occurrence of the Series Termination Date with respect to any Certificate Series, all funds then on deposit in the Collection Account, the Excess Funding Account or any Series Account applicable to the related Certificate Series shall continue to be held in trust for the benefit of the Investor Certificateholders of the related Certificate Series, and the Paying Agent or the Trustee shall pay such funds to the Certificateholders of the related Certificate Series upon surrender of their Certificates. In the event that all of the Investor Certificateholders of any Certificate Series shall not surrender their Certificates for cancellation within six months after the date specified in the above-mentioned written notice, the Trustee shall give a second written notice to the remaining Investor Certificateholders of such Certificate Series upon receipt of the appropriate records from the Transfer Agent and Registrar to surrender their Certificates for cancellation and receive the final distribution with respect thereto. The Trustee and the Paying Agent shall pay to the Seller upon written request any funds held by them for the payment of principal or interest which remains unclaimed for two years. After payment to the Seller, Investor Certificateholders entitled to the such funds may seek recovery only from the Seller as general creditors unless an applicable abandoned property law designates another Person.

(c) All Certificates surrendered for payment of the final distribution with respect to such Certificates and cancellation shall be canceled by the Transfer Agent and Registrar and be disposed of in a manner satisfactory to the Trustee and the Seller.

Section 12.4 Termination of Rights of Holder of Exchangeable Seller Certificate. Upon the termination of the Trust pursuant to Section 12.1, and after payment of all amounts due hereunder on or prior to such termination and the surrender of the Exchangeable Seller Certificate, the Trustee shall execute a written reconveyance substantially in the form of Exhibit J pursuant to which it shall reconvey to the Holder of the Exchangeable Seller Certificate (without recourse, representation or warranty) all right, title and interest of the Trust in the Receivables, whether then existing or thereafter created, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies, powers and privileges of the Trust with respect to the Receivables, all rights, remedies, powers and privileges of the Trust under the Purchase Agreement and all proceeds of the foregoing, except for amounts held by the Trustee pursuant to subsection 12.3(b). The Trustee shall execute and deliver such instruments of transfer and assignment, in each case without recourse, as shall be reasonably requested by the Holder of the Exchangeable Seller Certificate to vest in such Holder all right, title and interest which the Trust had in the Receivables.

Section 12.5 Defeasance. Notwithstanding anything to the contrary in this Agreement or any Supplement:

(a) The Seller and any Affiliate of Seller that is a Holder of the Exchangeable Seller Certificate may at Seller's option be discharged from its obligations hereunder with respect to any Certificate Series or all outstanding Certificate Series (the "Defeased Series") on the date the applicable conditions set forth in subsection 12.5(c) are satisfied (a "Defeasance"); provided, however, that the following rights, obligations, powers, duties and immunities shall survive with respect to the Defeased Series until otherwise terminated or discharged hereunder: (i) the rights of the Holders of Investor Certificates of the Defeased Series to receive, solely from the trust fund provided for in subsection 12.5(c), payments in respect of principal of and interest on such Investor Certificates when such payments are due; (ii) the right of any Enhancement Provider to the repayment of any amount due to it under the applicable Enhancement and Supplement, including interest thereon; (iii) the Seller's obligations with respect to such Certificates under Sections 6.3 and 6.4; (iv) the rights, powers, trusts, duties, and immunities of the Trustee, the Paying Agent and the Registrar hereunder; and (v) this Section 12.5.

(b) Subject to Section 12.5(c), the Seller at its option may cause Collections allocated to the Defeased Series and available to purchase Principal Receivables to be applied to purchase Permitted Investments rather than Principal Receivables.

(c) The following shall be the conditions to Defeasance under subsection 12.5(a):

(i) The Seller irrevocably shall have deposited or caused to be deposited with the Trustee (such deposit to be made from other than the Seller's or any Affiliate of the Seller's funds), under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust for making the payments described

below, (A) Dollars in an amount, or (B) Permitted Investments which through the scheduled payment of principal and interest in respect thereof will provide, not later than the due date of payment thereon, money in an amount, or (C) a combination thereof, in each case sufficient to pay and discharge, and which shall be applied by the Trustee to pay and discharge, all remaining scheduled interest and principal payments on all outstanding Investor Certificates of the Defeased Series on the dates scheduled for such payments in this Agreement and the applicable Supplements and all amounts owing to the Enhancement Providers with respect to the Defeased Series;

(ii) prior to its first exercise of its right pursuant to this Section 12.5 with respect to a Defeased Series to substitute money or Permitted Investments for Receivables, if any Series of Investor Certificates are outstanding that were characterized as debt at the time of their issuance, the Seller shall have delivered to the Trustee a Tax Opinion with respect to such deposit and termination of obligations and (in any case) an Opinion of Counsel to the effect that such deposit and termination of obligations will not result in the Trust being required to register as an "investment company" within the meaning of the Investment Company Act;

(iii) the Seller shall have delivered to the Trustee and any Enhancement Provider an Officer's Certificate of the Seller stating the Seller reasonably believes that such deposit and termination of obligations will not, based on the facts known to such officer at the time of such certification, then cause an Early Amortization Event with respect to any Series or any event that, with the giving of notice or the lapse of time, would result in the occurrence of an Early Amortization Event with respect to any Series; and (iv) the Rating Agency Condition shall have been satisfied and the Seller shall have delivered copies of such written notice to the Servicer and the Trustee.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 13.1 Amendment.

(a) This Agreement or any Supplement may be amended in writing from time to time by the Servicer, the Seller, the Holder of the Exchangeable Seller Certificate and the Trustee upon 10 Business Days' notice to each Purchaser Representative (along with a copy of the form of the proposed amendment), without the consent of any Purchaser Representative, Investor Certificateholder or Receivables Purchaser; provided, that such action shall not, as evidenced by an Opinion of Counsel for the Seller addressed and delivered to the Trustee and each Purchaser Representative, adversely affect in any material respect the interests of any Investor Certificateholder, any Receivables Purchaser or any Enhancement Provider; provided, further, that the Rating Agency Condition shall have been satisfied with respect to such amendment.

In addition, from and after the Series Termination Date for all Certificate Series outstanding prior to the Effective Date, the Pooling Agreement or any Supplement may also be amended in writing from time to time by the Servicer, the Seller, the Holder of the Exchangeable Seller Certificate and the Trustee upon 10 Business Days' notice to each Purchaser Representative (along with a copy of the form of the proposed amendment), without the consent of any Purchaser Representative, Investor Certificateholder, or Receivables Purchaser if the Seller shall have provided the Trustee with: (i) an Opinion of Counsel to the effect that such amendment or modification would (A) permit the Trust or a relevant portion thereof to be treated as a "financial asset securitization investment trust" and (B)(1) would not cause the Trust to be classified, for Federal income tax purposes, as an association (or publicly traded partnership) taxable as a corporation and (2) would not cause or constitute an event in which gain or loss would be recognized by any Investor Holder; (ii) a certificate that such amendment or modification would not materially and adversely affect any Investor Certificateholder, Receivables Purchaser or any Enhancement Provider; provided that no such amendment shall be deemed effective without the Trustee's consent, if the Trustee's rights, duties and obligations hereunder are thereby modified; and (iii) evidence of satisfaction of the Rating Agency Condition.

(b) This Agreement or any Supplement may also be amended in writing from time to time by the Servicer, the Seller, the Holder of the Exchangeable Seller Certificate and the Trustee upon 10 Business Days' notice to each Purchaser Representative (along with a copy of the form of the proposed amendment), with the consent of each Purchaser Representative, and the Holders of Investor Certificates evidencing Undivided Trust Interests aggregating not less than 66 2/3% of the Investor Interest, 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 any Supplement or modifying in any manner the rights of Investor Certificateholders or Receivables Purchasers of any outstanding Series; provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, distributions that are required to be made on any Investor Certificates of any such Certificate Series without the consent of each Investor Certificateholder of such Certificate Series affected thereby, (ii) change the definition of or the manner of calculating the Investor Interest, the Loss Amount or the Investor/Purchaser Percentage without the consent of each Investor Certificateholder of all Certificate Series adversely affected thereby, or (iii) reduce the aforesaid percentage required to consent to any such amendment, without the consent of each Investor Certificateholder of each Certificate Series adversely affected thereby. Any amendment to be effected pursuant to this Article XIII shall be deemed to affect adversely all outstanding Series, other than any Series with respect to which such action shall not, as evidenced by an Opinion of Counsel as described in Section 13.1(a), adversely affect in any material respect the interests of such Series. The Trustee may, but shall not be obligated to, enter into any such Amendment which affects the Trustee's rights, duties or immunities under this Agreement or otherwise.

(c) Notwithstanding anything in this Section 13.1 to the contrary, the Supplement with respect to any Certificate Series may be amended on the terms and in accordance with the procedures provided in such Supplement and the Receivables Purchase Agreement with respect to any Receivables Purchase Series may be amended on the terms and in accordance with the procedures provided in such Receivables Purchase Agreement.

(d) Promptly after the execution of any amendment to this Agreement or any Supplement, the Servicer shall furnish notification of the substance of such amendment to each Purchaser Representative, each Investor Certificateholder of each Certificate Series adversely affected thereby, each Enhancement Provider, and each Rating Agency and a copy of such amendment to each Purchaser Representative.

(e) It shall not be necessary for the consent of Investor Certificateholders or Receivables Purchasers under this Section 13.1 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 Investor Certificateholders or Receivables Purchasers shall be subject to such reasonable requirements as the Trustee may prescribe.

(f) Any Supplement executed and delivered pursuant to Section 6.9, any Receivables Purchase Agreement executed and delivered pursuant to Section 6.18, and any amendment to Schedule 1 in connection the addition to or removal of Receivables from the Trust 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 13.1(a) and (b).

(g) In connection with any amendment, the Trustee may request an Opinion of Counsel from the Seller or Servicer to the effect that the amendment complies with all requirements of this Agreement.

Section 13.2 Protection of Right, Title and Interest to Trust.

(a) The Servicer shall cause this Agreement, each Supplement, each Receivables Purchase Agreement, and all certificates of assignment, agreements and documents, and all amendments hereto and thereto and/or all financing statements and continuation statements and any other necessary documents covering the Trust's and the Certificateholders' right, title and interest to the property comprising the Trust and the Receivables Purchasers' right, title and interest in the Receivables 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 Certificateholders or the Trust, as the case may be, hereunder to all property comprising the Trust, and the right, title and interest of the Receivables Purchasers hereunder to the Receivables. The Servicer shall deliver to the Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above (with a copy thereof to each Purchaser Representative), as soon as available following such recording, registration or filing. The Seller 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 13.2(a).

(b) Within 30 days after the Seller or the Trustee makes any change in its name, identity or corporate structure which would make any financing statement or continuation statement filed in accordance with paragraph (a) above, any Supplement or any Receivables Purchase Agreement materially misleading within the meaning of Section 9-402(7) of the UCC, the Seller or the Trustee, as applicable, shall give the Trustee or the Seller, as applicable, any

Enhancement Provider and the Purchaser Representatives notice of any such change and shall file such financing statements or amendments as may be necessary to continue the perfection of the Trust's interest in the property comprising the Trust and the perfection of the Receivables Purchasers' interest in the Receivables and the proceeds thereof as contemplated by Section 2.1 hereof.

(c) Each of the Seller and the Servicer shall give the Trustee and each Purchaser Representative prompt written notice of any relocation of any office from which it services Receivables or keeps records concerning the Receivables or of its principal executive office and whether, as a result of such relocation, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall file such financing statements or amendments as may be necessary to continue the perfection of the interests in the Receivables and the proceeds thereof. Each of the Seller and the Servicer shall at all times maintain each office from which it services Receivables and its principal executive office within the United States of America.

(d) The Servicer will deliver to the Trustee, each Enhancement Provider and each Purchaser Representative on or before March 31 of each year, beginning with March 31, 1995 an Opinion of Counsel, substantially in the form of Exhibit K.

Section 13.3 Limitation on Rights of Certificateholders.

(a) The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust, nor shall such death or incapacity entitle such Certificateholders or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

(b) Except as set forth in this Agreement or any Supplement, no Certificateholder shall have any right to vote or in any manner otherwise control the operation and management of the Trust, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Certificates, be construed so as to constitute the Certificateholders from time to time as partners or members of an association, nor shall any Certificateholder be under any liability to any third person by reason of any action taken by the parties to this Agreement or any Supplement pursuant to any provision hereof or thereof.

(c) No Investor Certificateholder shall have any right by virtue of any provisions of this Agreement or any Supplement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement or any Supplement, unless such Investor Certificateholder previously shall have made, and unless the Holders of Investor Certificates evidencing more than 50% of the aggregate unpaid principal amount of all Certificates (or, with respect to any such action, suit or proceeding that does not relate to all Series, 50% of the aggregate unpaid principal amount of all Series to which such action, suit or proceeding relates), shall have made, a request in writing to the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or

thereby, and the Trustee, for 30 days after such request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding; it being understood and intended, and being expressly covenanted by each Investor Certificateholder with every other Certificateholder, Receivables Purchaser and the Trustee, that no one or more Investor Certificateholders shall have the right in any manner whatever by virtue or by availing itself or themselves of any provisions of this Agreement or any Supplement to affect, disturb or prejudice the rights of any other Investor Certificateholders or Receivables Purchasers, or to obtain or seek to obtain priority over or preference to any other such Investor Certificateholders or Receivables Purchaser, or to enforce any right under this Agreement or any Supplement, except in the manner herein provided and for the equal, ratable and common benefit of all Investor Certificateholders and Receivables Purchasers except as otherwise expressly provided in this Agreement or any Supplement with respect to any Enhancement applicable to any Certificate Series or Receivables Purchase Series. For the protection and enforcement of the provisions of this Section 13.3, each and every Certificateholder, Receivables Purchaser and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 13.4 Limitation on Rights of Receivables Purchasers and Purchaser Representatives. (a) Except as expressly provided in this Agreement, neither any Receivables Purchaser nor any Purchaser Representative shall have any right to vote, or in any manner otherwise control the operation and management of the Trust.

(b) The Receivables Purchasers and any Purchaser Representative shall not have the right to institute any suit, action or proceeding in equity or at law against the Servicer or the Seller for the enforcement of this Agreement or any Receivables Purchase Agreement, except to the extent that such Receivables Purchase Agreement creates independent and nonduplicative rights against the Seller or the Servicer, unless any Purchaser Representative previously shall have (i) made a request in writing to the Trustee to institute such action, suit or proceeding and (ii) offered and provided to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred by it in compliance with such request, and the Trustee, shall either have refused to institute any such suit, action or proceeding or, for 15 days after such request and offer of security or indemnity, shall have neglected to institute any such action, suit or proceeding.

(c) It is understood and intended, and upon the purchase of each Receivables Purchase Interest the related Purchaser Representative and the related Receivables Purchaser shall be deemed to have expressly covenanted and agreed with every other Receivables Purchaser and Investor Certificateholder and the Trustee, that the Receivable Purchase Interests and the Investor Interests shall rank pari passu among one another and amongst themselves (except for any Enhancement that may apply to only the Receivables Purchasers or any Series of Investor Certificates) and that neither such Purchaser Representative nor any Receivables Purchaser shall have any right hereunder or under a Receivables Purchase Agreement (i) to surrender, waive, impair, disturb or prejudice the rights of the holders of any other of the Receivables Purchase Interests or the Investor Certificates, (ii) to obtain or seek to obtain priority over or preference to any other such Receivables Purchaser or Investor Certificateholder or (iii) to enforce any right under this Agreement or any Receivables Purchase Agreement against

the Servicer or the Seller, except in the manner herein provided and for the equal, ratable and common benefit of all Receivables Purchasers and Investor Certificateholders, except as otherwise expressly provided in this Agreement and except for any direct rights against the Seller or Servicer that any Receivables Purchaser may have under the Receivables Purchase Agreement. For the protection and enforcement of the provisions of this section, each and every Receivables Purchaser and Investor Certificateholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 13.5 GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 13.6 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 to, sent by courier at or mailed by registered mail, return receipt requested, (a) in the case of the Seller, to Charming Shoppes Receivables Corp., c/o Charming Shoppes, Inc., 450 Winks Lane, Bensalem, Pennsylvania 19020, Attention: General Counsel, (b) in the case of the Servicer, to Spirit of America National Bank, c/o Charming Shoppes, Inc., 450 Winks Lane, Bensalem, Pennsylvania 19020, Attention: General Counsel, (c) in the case of the 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 Supplement or Receivables Purchase Agreement, (e) in the case of the Rating Agency for a particular Series, to the address, if any, specified in the related Supplement or Receivables Purchase Series or (f) in the case of the Purchaser Representative for a particular Receivables Purchase Series, to the address, if any, specified in the related Receivables Purchase Agreement. Unless otherwise provided with respect to any Certificate Series in the related Supplement, any notice required or permitted to be mailed to a Certificateholder shall be given by first class mail, postage prepaid, at the address of such Certificateholder as shown in the Certificate Register or, with respect to any notice required or permitted to be provided to Holders of Bearer Certificates, by publication in the manner provided in the related Supplement. If and so long as any Series is listed on the Luxembourg Stock Exchange and such exchange shall so require, any notice to Investor Certificateholders shall be published in an authorized newspaper of general circulation in Luxembourg within the time period prescribed in this Agreement. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Certificateholder receives such notice.

Section 13.7 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such 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 Certificates or rights of the Certificateholders thereof or of the Receivables Purchasers hereunder.

Section 13.8 Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 8.2, this Agreement may not be assigned by the Seller or the Servicer without the prior written consent of each Purchaser Representative and the Holders of Investor Certificates evidencing Undivided Trust Interests aggregating not less than 66 2/3% of the Investor Interest of each Certificate Series on a Series by Series basis.

Section 13.9 Certificates Non-Assessable and Fully Paid. It is the intention of the parties to this Agreement that the Certificateholders shall not be personally liable for obligations of the Trust, that the Undivided Trust Interests represented by the Certificates shall be non-assessable for any losses or expenses of the Trust or for any reason whatsoever, and that Certificates upon authentication thereof by the Trustee pursuant to Sections 2.1 and 6.2 are and shall be deemed fully paid.

Section 13.10 Further Assurances. The Seller and the Servicer agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Trustee and any Purchaser Representative more fully to effect the purposes of this Agreement, including, without limitation, the execution of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

Section 13.11 Non-petition Covenant. Notwithstanding any prior termination of this Agreement, the Servicer, the Enhancement Provider, any Holder of the Exchangeable Seller Certificate, the Trustee, each Purchaser Representative and (with respect to the Trust only) the Seller, shall not, prior to the date which is one year and one day after the last day on which any Investor Certificate shall have been outstanding, acquiesce, petition or otherwise invoke or cause the Trust or the Seller to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against the Trust or the Seller under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Trust or the Seller or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Trust or the Seller.

Section 13.12 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Trustee, any Enhancement Provider, any Purchaser Representative, the Investor Certificateholders or the Receivables Purchasers, 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 13.13 Counterparts. This Agreement may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 13.14 Third-Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the parties hereto, the Certificateholders, the Receivables Purchasers, the Purchaser Representatives and, to the extent provided in the related Supplement or Receivables Purchase Agreement, to any Enhancement Provider named therein, and their respective successors and permitted assigns. Except as otherwise provided in this Article XIII, no other Person shall have any right or obligation hereunder.

Section 13.15 Actions by Certificateholders. (a) Whenever in this Agreement a provision is made that an action may be taken or a notice, demand or instructions given by Investor Certificateholders, such action, notice or instruction may be taken or given by any Investor Certificateholder, unless such provision requires a specific percentage of Investor Certificateholders. (b) Any request, demand, authorization, direction, notice, consent, waiver or other act by a Certificateholder shall bind such Certificateholder and every subsequent holder of such Certificate issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by the Trustee or the Servicer in reliance thereon, whether or not notation of such action is made upon such Certificate.

Section 13.16 Rule 144A Information. For so long as any of the Investor Certificates of any Certificate Series are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of the Seller, the Servicer, the Trustee and the Enhancement Provider for such Certificate Series agree to cooperate with each other to provide to any Investor Certificateholders of such Certificate Series and to any prospective purchaser of Certificates designated by such an Investor Certificateholder upon the request of such Investor Certificateholder or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the condition set forth in Rule 144A(d)(4) under the Securities Act.

Section 13.17 Merger and Integration. Except as specifically stated otherwise herein, this Agreement, together with each Supplement and Receivables Purchase 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 13.18 Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

Section 13.19 Inconsistent Provisions. To the extent that any provision in any Supplement or any Receivables Purchase Agreement or in any certificate or document delivered in connection with any Supplement or any Receivables Purchase Agreement is inconsistent with any provision under this Agreement, or in any circumstance in which it is unclear whether such Supplement or Receivables Purchase Agreement or this Agreement shall control, the provisions contained in such Supplement or Receivables Purchase Agreement (or such certificate or other document) shall control with respect to the related Series.

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

CHARMING SHOPPES RECEIVABLES CORP., as Seller

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: President

Address:	c/o Charming Shoppes 450 Winks Lane Bensalem, PA 19020
Attention:	Legal Department
Facsimile:	(215) 638-6919
Confirmation:	(215) 638-6954

SPIRIT OF AMERICA NATIONAL BANK, Servicer

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: President

Address:	c/o Charming Shoppes 450 Winks Lane Bensalem, PA 19020
Attention:	Legal Department
Facsimile:	(215) 638-6919
Confirmation:	(215) 638-6954

FIRST UNION NATIONAL BANK, Trustee

By: /s/ George Rayzis
Name: George Rayzis
Title: Vice President

Address:	123 South Broad Street Philadelphia, Pennsylvania 19109
Attention:	Corporate Trust Department
Facsimile:	(215) 985-7290
Confirmation:	(215) 985-7321

EXHIBIT A

FORM OF EXCHANGEABLE SELLER CERTIFICATE

No. 1 One Unit

CHARMING SHOPPES MASTER TRUST
ASSET BACKED CERTIFICATE

THIS CERTIFICATE WAS ISSUED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE ACT), AND MAY BE SOLD ONLY PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE ACT OR AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT. IN ADDITION, THE TRANSFER OF THIS CERTIFICATE IS SUBJECT TO RESTRICTIONS SET FORTH IN THE POOLING AND SERVICING AGREEMENT REFERRED TO HEREIN. A COPY OF THE POOLING AND SERVICING AGREEMENT WILL BE FURNISHED TO THE HOLDER OF THIS CERTIFICATE BY THE TRUSTEE UPON WRITTEN REQUEST.

This Certificate represents an
undivided interest in the
Charming Shoppes Master Trust

Evidencing an undivided interest in a Trust, the corpus of which consists of a portfolio of receivables now existing or hereafter created under selected revolving credit card accounts generated or acquired by Spirit of America National Bank and conveyed to Charming Shoppes Receivables Corp. and other assets and interests constituting the Trust under the Pooling and Servicing Agreement described below.

(Not an interest in or an obligation of Charming Shoppes Receivables Corp., Spirit of America National Bank, Charming Shoppes, Inc. or any Affiliate thereof.)

This certifies that Charming Shoppes Receivables Corp. is the registered owner of an undivided interest in a trust (the “Trust”), the corpus of which consists of a portfolio of receivables (the “Receivables”) now existing or hereafter created under selected credit card accounts (the “Accounts”) originated by Spirit of America National Bank (the “Originator”), a national banking association, that have been conveyed to Charming Shoppes Receivables Corp. (the “Seller”), a Delaware corporation, all monies due or to become due with respect thereto, all Collections, all Recoveries, certain rights against the Originator with respect thereto, such funds as from time to time are deposited in the Collection Account and any Series Account and the rights to any Enhancement with respect to any Series and all proceeds of the foregoing; provided, that the corpus of the Trust shall not include any undivided percentage ownership interest in Receivables to the extent Conveyed by the Trust pursuant to any Receivables Purchase Agreement; such corpus more fully described pursuant to the Second Amended and Restated

Pooling and Servicing Agreement dated as of November 25, 1997 (the "Pooling and Servicing Agreement") between Charming Shoppes Receivables Corp., Seller, Spirit of America National Bank, Servicer, and First Union National Bank, Trustee. A summary of certain of the pertinent provisions of the Pooling and Servicing Agreement is set forth herein below. Such summary shall in all cases be subject to the terms set forth in the Pooling and Servicing Agreement.

To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Pooling and Servicing Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Pooling and Servicing Agreement, to which Pooling and Servicing Agreement, as amended from time to time, the Holder by virtue of the acceptance hereof assents and by which the Holder is bound.

This Certificate has not been registered or qualified under the Securities Act of 1933, as amended, or any state securities law. No sale, transfer or other disposition of this Certificate shall be permitted other than in accordance with the provisions of Section 6.3 or 6.9 of the Pooling and Servicing Agreement.

This Certificate is the Exchangeable Seller Certificate (the "Certificate"), which represents an undivided interest in the Trust, including the right to receive the Collections and other amounts at the times and in the amounts specified in the Pooling and Servicing Agreement to be paid to the Holder of the Exchangeable Seller Certificate. The aggregate interest represented by this Certificate at any time in the Principal Receivables in the Trust shall not exceed the Seller Interest at such time. In addition to this Certificate, (i) Series of Investor Certificates may be issued to investors pursuant to one or more Supplements to the Pooling and Servicing Agreement, each of which will represent an undivided interest in the Trust, to the extent set forth in the Pooling and Servicing Agreement and the related Supplement and (ii) Receivables Purchase Interests may be sold by the Trust to one or more Receivables Purchasers pursuant to one or more Receivables Purchase Agreements, each of which interests shall represent an undivided interest in the Receivables, Collections with respect thereto and other items, to the extent set forth in the Pooling and Servicing Agreement and the related Receivables Purchase Agreement. This Certificate shall not represent any interest in any Series Accounts or any Enhancement, except to the extent provided in the Pooling and Servicing Agreement or the related Supplement or Receivables Purchase Agreement. The Seller Interest shall be the amount defined as such in the Pooling and Servicing Agreement.

This Certificate does not represent an obligation of, or any interest in, the Originator, the Seller or the Servicer, and neither the Certificates nor the Accounts or Receivables are insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. This Certificate is limited in right of payment to certain Collections respecting the Receivables, all as more specifically set forth hereinabove and in the Pooling and Servicing Agreement.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Pooling and Servicing Agreement, or be valid for any purpose.

IN WITNESS WHEREOF, the Seller has caused this Certificate to be duly executed under its official seal.

By: _____

[SEAL]

Attested to:

By: _____
Date: _____, 1997

Form of Trustee's Certificate of Authentication

CERTIFICATE OF AUTHENTICATION

This is the Exchangeable Seller Certificate referred to in the within-mentioned Pooling and Servicing Agreement.

FIRST UNION NATIONAL BANK, Trustee

By: _____
Authorized Officer

Exhibit 10.108

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

THIS FIRST AMENDMENT dated as of July 22, 1999 to the SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT (as defined below), (this "Amendment"), is among Charming Shoppes Receivables Corp., as Seller and as Holder of the Exchangeable Seller Certificate, Spirit of America National Bank (the "Bank"), as servicer under the Prior Pooling Agreement (in such capacity, the "Prior Servicer") and as Originator, Spirit of America, Inc. ("Spirit Inc."), as Servicer and First Union National Bank, as Trustee. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Pooling Agreement (defined below).

PRELIMINARY STATEMENTS

A. Seller, Prior Servicer and Trustee are parties to that certain Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997 (the "Prior Pooling Agreement").

B. Seller, Prior Servicer and Trustee desire to amend the Prior Pooling Agreement in certain respects as set forth herein.

C. The parties to this Amendment desire to appoint Spirit Inc. as Servicer to replace the Bank as Servicer and Spirit Inc. desires to accept such appointment.

D. Originator desires to assign, for good and valuable consideration, rights to receive amounts otherwise allocable to the Holder of the Exchangeable Seller Certificate that constitute Deferred Originator Payments, as defined in the Prior Pooling Agreement (such amounts, the "Deferred Amounts"), and Holder of the Exchangeable Seller Certificate desires to accept such assignment and agrees to pay good and valuable consideration therefor.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendment. The Prior Pooling Agreement is hereby amended in its entirety to read as set forth in Annex A hereto (the Prior Pooling Agreement as amended hereby, the "Pooling Agreement"). Without limiting the foregoing, Spirit Inc. is hereby appointed Servicer under the Pooling Agreement, and agrees to assume all obligations of the Bank as Servicer. The Bank is hereby released from such obligations and all liabilities in connection therewith, other than any such liabilities incurred by the Bank, in its capacity as the Prior Servicer, prior to the Effective Date.

SECTION 2. Assignment of Deferred Originator Payments.

2.01 Assignment. In exchange for good and valuable consideration, Originator hereby assigns all of its rights to receive Deferred Amounts to the Holder of the Exchangeable Seller Certificate, and Originator hereby instructs Servicer and the Trustee, and each of the Servicer and the Trustee hereby agree that any Deferred Amounts which may become payable at or after the Effective Date shall be allocated to the Holder of the Exchangeable Seller Certificate as provided in Section 4.3(c) of the Pooling Agreement.

2.02 Consideration. As consideration for the right to receive such Deferred Originator Payments described in Subsection 2.01 above, the Seller, as Holder of the Exchangeable Seller Certificate, agrees to pay to Originator $5,170,122.00 on the Effective Date.

SECTION 3. Representations and Warranties. Each of the Seller and the Servicer hereby represents and warrants that (i) the representations and warranties made by it set forth in the Pooling Agreement, after giving effect to this Amendment, are correct on and as of the Effective Date (defined below) as though made on and as of the Effective Date and shall be deemed to have been made on such Effective Date and (ii) no event has occurred and is continuing, or would result from the execution of this Amendment, which constitutes a Trust Early Amortization Event.

SECTION 4. Effectiveness. This Amendment shall become effective on the date on which the Trustee shall have received the following (such date, the "Effective Date"):

(a) a copy of this Amendment duly executed by each of the parties hereto;

(b) a Certificate of the Secretary or Assistant Secretary of each of the Seller, the Prior Servicer and the Servicer certifying that attached thereto is a copy of the Resolutions of the Board of Directors of the Seller, the Prior Servicer or the Servicer, as applicable, approving this Amendment and affirming that the Articles of Incorporation, By-Laws and/or incumbency certificate of the Seller or the Prior Servicer, as applicable, delivered pursuant to the Prior Pooling Agreement have not been amended or rescinded, and remain in full force and effect, and in the case of the Servicer, affirming that the Articles of Incorporation, By-Laws, and incumbency certificate of the Servicer attached thereto are true and genuine copies of such documents in full force and effect;

(c) an Opinion of Counsel of the Seller, the Prior Servicer and the Servicer in form and substance reasonably acceptable to the Trustee;

(d) the consent of each Investor Certificateholder of each Certificate Series outstanding on the Effective Date and each Purchaser Representative of each Receivables Purchase Series outstanding on the Effective Date; and

(e) such other approvals, opinions or documents as the Trustee may reasonably request.

SECTION 5. Miscellaneous. This Amendment may be executed in any number of counterparts, and by the different parties on separate counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York. Any reference to the Pooling Agreement from and after the date hereof shall be deemed to refer to the Pooling Agreement as amended hereby, unless otherwise expressly stated. The Pooling Agreement, as amended hereby, remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date and year first written.

CHARMING SHOPPES RECEIVABLES CORP.,
as Seller and Holder of the Exchangeable Seller Certificate

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

SPIRIT OF AMERICA NATIONAL BANK,
as Prior Servicer and Originator

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: Vice President

SPIRIT OF AMERICA, INC.,
as Servicer

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: President

FIRST UNION NATIONAL BANK,
as Trustee

By: /s/ George Rayzis
Name: George Rayzis
Title: Vice President

Exhibit 10.109

SECOND AMENDMENT TO SECOND AMENDED AND RESTATED
POOLING AND SERVICING AGREEMENT

THIS SECOND AMENDMENT dated as of May 8, 2001 to the SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT (as defined below), (this "Amendment"), is among Charming Shoppes Receivables Corp., as Seller ("Seller"), Spirit of America, Inc., as Servicer ("Servicer"), and First Union National Bank, as Trustee ("Trustee"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Existing Agreement (defined below).

W I T N E S S E T H

WHEREAS, Seller, Servicer and Trustee are parties to that certain Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997 (as amended July 22, 1999, the "Existing Agreement").

WHEREAS, Seller, Servicer and Trustee desire to amend the Existing Agreement in certain respects as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendment. (a) Section 1.1 of the Existing Agreement is hereby amended by adding the following definition in appropriate alphabetical order:

"QSPE" shall mean 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.

(b) Clause (vi) of the definition of "Permitted Investment" set forth in Section 1.1 of the Existing Agreement is hereby amended by adding the following proviso immediately prior to the period at the end thereof:

"; and provided, further, such investment would not cause the Trust to fail to be a QSPE".

(c) Section 2.7(b) of the Existing Agreement is hereby amended in its entirety to read in full as set forth below:

"(b) The Seller 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 Seller, (A) cause an Early Amortization Event to occur; or (B) result in the failure to make any payment specified in the related Supplement or Receivables Purchase Agreement with respect to any Series;

(ii) on or prior to the Removal Date, the Seller shall have delivered to the Trustee (with a copy to each Purchaser Representative) (A) for execution, a written assignment in substantially the form of Exhibit E-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 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 Seller shall represent and warrant as of each Removal Date that (x)(i) Accounts (or administratively convenient groups of Accounts, such as billing cycles) were chosen for removal randomly or otherwise not on a basis intended to select particular Accounts or groups of Accounts for any reason other than administrative convenience and (ii) no selection procedure was used by the Seller which is materially adverse to the interests of the Investor Certificateholders or any Receivables Purchasers 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;

(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 Seller shall have received written evidence that the Rating Agency Condition has been satisfied;

(v) the Seller shall have delivered to the Trustee, each Purchaser Representative and each Enhancement Provider an Officer's Certificate confirming the items set forth in clauses (i) through (iii) above. The 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 Seller Interest 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 Trustee shall execute and deliver the Reassignment to the Seller (with a copy to each Purchaser Representative), and the Receivables from the Removed Accounts shall no longer constitute a part of the Trust."

(d) Section 12.1(c) of the Existing Agreement is hereby amended by deleting the third sentence thereof in its entirety.

(e) Section 12.5(c) of the Existing Agreement is hereby amended by adding the phrase "from Collections" immediately after the phrase "deposited or caused to be deposited" in the first sentence in clause (i) thereof.

(f) Section 13.1 of the Existing Agreement is hereby amended as follows:

(i) paragraph (a) of Section 13.1 is hereby amended by inserting the following proviso immediately prior to the period at the end thereof:

"; and provided, further, such amendment would not cause the Trust to fail to be a QSPE".

(ii) paragraph (c) of Section 13.1 is hereby amended by inserting the following sentence at the end thereof:

"No Supplement or Receivables Purchase Agreement shall be amended, if the effect of such amendment would be to cause the Trust to fail to be a QSPE, without the consent of Holders or Receivables Purchasers, as applicable, specified in such Supplement or Receivables Purchase Agreement for amendments that require consent."

SECTION 2. Effectiveness. The amendments set forth in Section 1 shall become effective on the date when the Servicer receives counterparts of this Amendment executed by each of the parties hereto and each other condition precedent specified in Section 13.1 to the effectiveness of any amendment to the Existing Agreement shall have been satisfied.

SECTION 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 4. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 5. Ratification of the Existing Agreement. From and after the date hereof, each reference in the Existing Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and references to the Existing Agreement in any other document, instrument or agreement executed and/or delivered in connection therewith, shall, in each case, mean and be a reference to the Existing Agreement as amended hereby. Except as otherwise amended by this Amendment, the Existing Agreement shall continue in full force and effect and is hereby ratified and confirmed.

SECTION 6. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date and year first written.

CHARMING SHOPPES RECEIVABLES CORP.,
as Seller

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

SPIRIT OF AMERICA, INC.,
as Servicer

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

FIRST UNION NATIONAL BANK,
as Trustee

By: /s/ George J. Rayzis
Name: George J. Rayzis
Title: Vice President

Exhibit 10.110

EXECUTION COPY

FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED
POOLING AND SERVICING AGREEMENT

THIS FOURTH AMENDMENT dated as of August 5, 2004 to the SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT (as defined below), (this "Amendment"), is among Charming Shoppes Receivables Corp., as Seller ("Seller"), Spirit of America, Inc., as Servicer ("Servicer"), and Wachovia Bank, National Association (f/k/a First Union National Bank), as Trustee ("Trustee"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Existing Agreement (defined below).

W I T N E S S E T H

WHEREAS, Seller, Servicer and Trustee are parties to that certain Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997 (as amended on July 22, 1999 and May 8, 2001, the "Existing Agreement"); and

WHEREAS, Seller, Servicer and Trustee desire to amend the Existing Agreement in certain respects as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendments. (a) Section 1.1 of the Existing Agreement is hereby amended as follows:

(i) by deleting the definition of "Due Period" in its entirety and substituting the following therefor:

""Due Period" shall mean, with respect to any Distribution Date, the immediately preceding calendar month, unless otherwise defined with respect to any Certificate Series in the related Supplement; provided, however, that the initial Due Period with respect to any Certificate Series will commence on the Closing Date with respect to such Certificate Series and shall end on the last day of the calendar month preceding the first Distribution Date with respect to such Certificate Series."; and

(ii) by deleting the definition of "Required Addition Event" and substituting the following therefor:

""Required Addition Event" means, as of any Business Day, the Seller Interest is less than the Aggregate Minimum Seller Interest."

(b) Section 2.6(a) of the Existing Agreement is amended by deleting the first sentence thereof and substituting the following sentence therefor:

"If, a Required Addition Event occurs, the Seller 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 Seller Interest exceeds the Aggregate Minimum Seller Interest 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 ("Additional Accounts") or any earlier date in a sufficient amount such that after giving effect to such addition, the Seller Interest as of the close of business on the Addition Date is at least equal to the Aggregate Minimum Seller Interest on such date.".

(c) Section 4.3(c) of the Existing Agreement is amended by adding the following proviso immediately following the existing proviso to the first sentence of such section:

"; and provided, further, that, if the Seller Interest (determined after giving effect to any transfer of Principal Receivables to the Trust on such day) is less than the Aggregate Minimum Seller Interest, the Servicer shall not allocate to the Holder of the Exchangeable Seller Certificate any such amounts that would otherwise be allocated to the Holder of the Exchangeable Seller Certificate, but shall instead deposit such funds to the Excess Funding Account".

(d) Section 4.3(d) of the Existing Agreement is amended by deleting the second and third sentences of such section and substituting the following therefor:

"If any such reduction causes the Seller Interest to be less than the Aggregate Minimum Seller Interest, the Seller 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 pursuant to Section 2.6(a), the deposit of Collections to the Excess Funding Account pursuant to Section 4.3(c) or 4.3(f) or otherwise), so that the Seller Interest is at least equal to the Aggregate Minimum Seller Interest on the date such deposit would otherwise be required to be made. If the Seller 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."

SECTION 2. Effectiveness. The amendment set forth in Section 1 shall become effective on the date when the Servicer receives counterparts of this Amendment executed by each of the parties hereto and each other condition precedent specified in Section 13.1 of the Existing Agreement to the effectiveness of any amendment to the Existing Agreement shall have been satisfied.

SECTION 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 4. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 5. Ratification of the Existing Agreement. From and after the date hereof, each reference in the Existing Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import, and references to the Existing Agreement in any other document, instrument or agreement executed and/or delivered in connection therewith, shall, in each case, mean and be a reference to the Existing Agreement as amended hereby. Except as otherwise amended by this Amendment, the Existing Agreement shall continue in full force and effect and is hereby ratified and confirmed.

SECTION 6. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date and year first written.

CHARMING SHOPPES RECEIVABLES CORP.,
Seller

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

SPIRIT OF AMERICA, INC.
Servicer

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as the Trustee for
CHARMING SHOPPES MASTER TRUST

By: /s/ George J. Rayzis
Name: George J. Rayzis
Title: Vice President

Exhibit 10.111

CHARMING SHOPPES RECEIVABLES CORP.

Seller

SPIRIT OF AMERICA, INC.

Servicer

and

WACHOVIA BANK, NATIONAL ASSOCIATION

Trustee

Charming Shoppes Master Trust

AMENDMENT

Dated as of March 18, 2005

to

SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

Dated as of November 25, 1997

(as amended on July 22, 1999, May 8, 2001 and August 5, 2004)

THIS AMENDMENT, dated as of March 18, 2005 (this "Amendment") is to the Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997, as amended as of July 22, 1999, as of May 8, 2001 and as of August 5, 2004 (the "Agreement") each by and among Charming Shoppes Receivables Corp., as seller (the "Seller"), Spirit of America, Inc., as servicer (the "Servicer"), and Wachovia Bank, National Association, as trustee (the "Trustee"). Any capitalized term not herein defined shall have the meaning assigned to it in the Agreement.

WHEREAS, the Seller, the Servicer and the Trustee desire to amend the Agreement in certain respects as set forth herein;

WHEREAS, an Opinion of Counsel for the Seller has been delivered to the Trustee and each Purchaser Representative pursuant to Section 13.1(a) of the Agreement; and

WHEREAS, each Rating Agency has notified the Seller, the Servicer and the Trustee in writing that the amendment provided herein shall not result in a reduction or withdrawal of the rating of any outstanding Series or Class as to which it is a Rating Agency.

NOW THEREFORE, the Agreement is hereby amended in the following manner:

SECTION 1. Amendment. Section 1.1.4 of the definition of "Eligible Account" in Section 1.1 of the Agreement is hereby amended by adding the following language immediately following the word "Canada" where it appears therein:

", a U.S. Territory or a U.S. military P.O. Box outside the United States"

SECTION 2. Agreement in Full Force and Effect as Amended. In all other respects the Agreement is confirmed and ratified and shall continue in full force and effect. Henceforth, references in the Agreement to "the Agreement," "this Agreement," "hereof," "hereto" or words of similar import shall in each case be deemed to refer to the Agreement as hereby amended.

SECTION 3. Effectiveness. The amendment provided for by this Amendment shall become effective on the date first set forth above; provided that on or prior to such date the Trustee shall have received counterparts of this Amendment, duly executed by the parties hereto.

SECTION 4. Counterparts. This Amendment may be executed in any number of counterparts and by separate parties hereto on separate counterparts, each of which when executed shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument.

SECTION 5. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

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

CHARMING SHOPPES RECEIVABLES CORP.,
Seller

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

SPIRIT OF AMERICA, INC.,
Servicer

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as the Trustee for
CHARMING SHOPPES MASTER TRUST

By: /s/ N.A. Caramanico
Name: N.A. Caramanico
Title: Vice President

Exhibit 10.112

EXECUTION COPY

CHARMING SHOPPES RECEIVABLES CORP.

Seller and Holder of the Exchangeable Seller Certificate

SPIRIT OF AMERICA, INC.

Servicer

and

U.S. BANK NATIONAL ASSOCIATION

Trustee

Charming Shoppes Master Trust

AMENDMENT

Dated as of October 17, 2007

to

SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

Dated as of November 25, 1997

(as amended on July 22, 1999, May 8, 2001, August 5, 2004 and March 18, 2005)

THIS AMENDMENT, dated as of October 17, 2007 (this "Amendment") is to the Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997, as amended as of July 22, 1999, as of May 8, 2001, as of August 5, 2004 and as of March 18, 2005 (the "Agreement") each by and among Charming Shoppes Receivables Corp., as seller (the "Seller") and as Holder of the Exchangeable Seller Certificate, Spirit of America, Inc., as servicer (the "Servicer"), and U.S. Bank National Association, as trustee (the "Trustee"). Any capitalized term not herein defined shall have the meaning assigned to it in the Agreement.

WHEREAS, the Seller, the Holder of the Exchangeable Seller Certificate, the Servicer and the Trustee desire to amend the Agreement in certain respects as set forth herein;

WHEREAS, notice of this amendment and a copy of the form of this Amendment has been given to each Purchaser Representative at least ten Business Days prior to the date hereof;

WHEREAS, an Opinion of Counsel for the Seller has been delivered to the Trustee and each Purchaser Representative pursuant to Section 13.1(a) of the Agreement;

WHEREAS, each Rating Agency has notified the Seller, the Servicer and the Trustee in writing that the amendment provided herein shall not result in a reduction or withdrawal of the rating of any outstanding Series or Class as to which it is a Rating Agency;

NOW THEREFORE, the Agreement is hereby amended in the following manner:

SECTION 1. Amendments.

(a) Section 1.1 of the Agreement is hereby amended as follows:

(i) by adding the following definitions in the appropriate alphabetical order:

"Acquired Portfolio" shall mean a portfolio of Accounts acquired by the Originator after September 1, 2007 from any Person (or group of affiliated Persons) that is not, as of September 1, 2007, an Affiliate of Charming Shoppes, Inc.

"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.

"Co-Brand Percentage" shall mean, at any time, 10% or such higher percentage as the Servicer shall have designated in a written notice to the Trustee; provided that Standard & Poor's shall have notified the Seller or the Servicer in writing that increasing such percentage will not result in a reduction or withdrawal of its rating on any outstanding Investor Certificates and the Servicer shall have provided a copy of such notice to the Trustee.

(ii) by deleting the definition of "Co-Branded Program" in its entirety and substituting the following therefor:

"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.

(iii) by deleting the definition of "Corporate Trust Office" in its entirety and substituting the following therefor:

"Corporate Trust Office" shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office as of October 17, 2007 is located at EP-MN-WS3D, 60 Livingston Avenue, St. Paul, Minnesota 55107, Attention: Structured Finance/Charming Shoppes Series 2007-1.

(iv) by deleting Section 1.1.2 of the definition of "Eligible Account" in its entirety and substituting the following therefor:

1.1.2 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:

(A) 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 Trust the Rating Agency Condition has been satisfied with respect to the inclusion of Accounts from such Specified Program;

(B) if Standard & Poor's has rated any outstanding Series, an Account originated in a Co-Branded Program shall be an Eligible Account only if, at the time such Account is designated as an Additional Account and after giving effect to such designation, the aggregate amount of Principal Receivables arising in Accounts generated under a Co-Branded Program as of the related Addition Cut-Off Date does not exceed the Co-Brand Percentage of the aggregate Principal Receivables in all Accounts, as of the last day of the most recent Due Period; and

(C) 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 Trust the Rating Agency Condition has been satisfied with respect to the inclusion of Accounts from such Acquired Portfolio.

(v) by deleting Section 1.1.4 of the definition of "Eligible Account" in its entirety and substituting the following therefor:

1.1.4 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 Seller Interest, the Aggregate Minimum Seller Interest or Minimum Aggregate Principal Receivables or the Investor/Purchaser Percentage of any Series;

(vi) by (A) deleting the word "or" at the end of clause (v) of the definition of "Permitted Investments," (B) renumbering clause (vi) of such definition to be clause (vii) thereof, and (C) adding the following new clause (vi) to such definition:

(vi) 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 Trustee or any of its Affiliates is investment manager or advisor); or

(vii) by deleting the definition of "Private Label Program" in its entirety and substituting the following therefor:

"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.

(viii) by deleting the definition of "Unaffiliated Retailer Program" in its entirety and substituting the following therefor:

"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.

(b) Section 2.7(b) of the Agreement is hereby amended as follows:

(i) by deleting clause (iii) thereof and substituting the following therefor:

(iii) the Seller shall represent and warrant as of each Removal Date that (x)(i) Accounts were chosen for removal randomly and (ii) no selection procedure was used by the Seller which is materially adverse to the interests of the Investor Certificateholders or any Receivables Purchasers 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;

(ii) by adding the following at the end of such section:

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) Section 13.1(b) of the Agreement is hereby amended to add the following after the end of the first sentence thereof:

Notwithstanding the foregoing, no amendment described in this Section 13.1(b) shall become effective if it would cause the Trust to fail to be a QSPE unless the Holders of Investor Certificates evidencing Undivided Trust Interests aggregating not less than 66 2/3 of the Investor Interest of each outstanding Series have expressly agreed (which agreement may be in the form of an amendment to this Agreement) that the Trust need not be a QSPE.

(d) Section 13.1 of the Agreement is hereby amended to add the following new clause (h) after clause (g) thereof:

(h) The Trustee shall be entitled to conclusively rely on the Servicer's determination that an amendment described in this Section 13 will not cause the Trust to fail to be a QSPE, which determination shall be evidenced by the Servicer's execution of such amendment.

SECTION 2. Consent to Execution of the Consent to Purchase and Sale Agreement. The parties hereto consent to the execution of that certain Consent to Purchase and Sale Agreement, of even date herewith, in the form attached hereto as Exhibit A.

SECTION 3. Agreement in Full Force and Effect as Amended. In all other respects the Agreement is confirmed and ratified and shall continue in full force and effect. Henceforth, references in the Agreement to "the Agreement," "this Agreement," "hereof," "hereto" or words of similar import shall in each case be deemed to refer to the Agreement as hereby amended.

SECTION 4. Effectiveness. The amendment provided for by this Amendment shall become effective on the date first set forth above; provided that on or prior to such date the Trustee shall have received counterparts of this Amendment, duly executed by the parties hereto.

SECTION 5. Counterparts. This Amendment may be executed in any number of counterparts and by separate parties hereto on separate counterparts, each of which when executed shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

IN WITNESS WHEREOF, the Seller, the Holder of the Exchangeable Seller Certificate, the Servicer and the Trustee have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

CHARMING SHOPPES RECEIVABLES CORP.,
Seller and Holder of the Exchangeable Seller Certificate

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

SPIRIT OF AMERICA, INC.,
Servicer

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
not in its individual capacity but solely as the Trustee for
CHARMING SHOPPES MASTER TRUST

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

The undersigned hereby consent to the above Amendment to Second Amended and Restated Pooling and Servicing Agreement:

CLIPPER RECEIVABLES COMPANY, LLC, as Class C Holder and as Class D-1 Holder for the Series 2004-1

By: /s/ R. Douglas Donaldson
Name: R. Douglas Donaldson
Title: Treasurer

STATE STREET GLOBAL MARKETS, LLC, as successor to State Street Capital Corporation, as Administrator for Clipper Receivables Company, LLC

By: /s/ Thomas Loughlin
Name: Thomas Loughlin
Title: Vice President

BARCLAYS BANK PLC,
as Administrator for Sheffield Capital Corporation under the Series 2004-VFC

By: /s/ Joseph Lau
Name: Joseph Lau
Title: Director

Exhibit 10.113

EXECUTION COPY

SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED
POOLING AND SERVICING AGREEMENT

THIS SIXTH AMENDMENT dated as of October 30, 2009 to the SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT (as defined below) (this "Amendment"), is among (i) U.S. Bank National Association, as Trustee ("Trustee"), (ii) solely with respect to the amendments described in Section 3(a) of this Amendment, Charming Shoppes Receivables Corp. ("CSRC") and Spirit of America, Inc. ("SOAI") and (iii) solely with respect to the amendments described in Section 3(b) of this Amendment, World Financial Network National Bank ("WFNNB") and WFN Credit Company, LLC ("WFN SPV"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Existing Agreement (defined below).

W I T N E S S E T H

WHEREAS, CSRC, SOAI and Trustee are parties to that certain Second Amended and Restated Pooling and Servicing Agreement, dated as of November 25, 1997 (as amended heretofore from time to time, the "Existing Agreement"); and

WHEREAS, the parties hereto desire to amend the Existing Agreement and the Supplements related to the Series 2004-1 Certificates and the Series 2007-1 Certificates (respectively, the "Series 2004-1 Supplement" and "Series 2007-1 Supplement") in certain respects as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendments to the Existing Agreement. (a) The following definitions from Section 1.1 of the Existing Agreement are hereby amended and restated in their entirety to read as follows or added and inserted in alphabetical order into Section 1.1 of the Existing Agreement, as applicable:

"Account" shall mean a revolving credit card account originated by or acquired by an Originator, in each case including, without limitation, accounts which have been written off as uncollectible, issued to an Obligor pursuant to a Cardholder Agreement between the Originator (or the Originator's permitted successors and assigns) and any Person, which account is an Eligible Account on the Initial Cut Off Date (or, in the case of Additional Accounts, as of the applicable Addition Cut Off Date), and which is identified by account number, Obligor name, Obligor address and Receivable balance as of the Cut Off Date (or, in the case of Additional Accounts, as of the applicable Addition Cut Off Date) in each computer file or microfiche list delivered to the Trustee by the Servicer pursuant to Section 2.1 or 2.6. 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.

"Acquired Portfolio" shall mean a portfolio of Accounts acquired by the Originator after September 1, 2007 from any Person (or group of affiliated Persons) that is not, (i) with respect to portfolios acquired prior to the Transfer Date, as of September 1, 2007, an Affiliate of Charming Shoppes, Inc. and (ii) with respect to portfolios acquired on or after the Transfer Date, as of the date of acquisition, an Affiliate of WFNNB.

"Administrative Servicer" means ADS Alliance Data Systems, Inc., a Delaware corporation, and its successors and assigns.

"Administrative Servicer Agreement" means the Service Agreement, between WFNNB and the Administrative Servicer, dated as of May 15, 2008, as such agreement may be amended, supplemented or otherwise modified from time to time.

"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.

"Cardholder Guidelines" shall mean, at any time, the policies and procedures of the applicable Originator (and its permitted successors and assigns) 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.

"Originator" shall mean, as applicable, Spirit of America National Bank, a national banking association, or WFNNB and their permitted successors and assigns.

"Seller" shall mean WFN Credit Company, LLC, a Delaware corporation, and its permitted successors and assigns.

"Store" shall mean a retail location of any Affiliate of Charming Shoppes , Inc. or WFNNB.

"Transfer Date" has the meaning set forth in Section 8.9.

"Trust" shall mean the World Financial Network Credit Card Master Trust II created by the Prior PSA and this Agreement (formerly known as the Charming Shoppes Master Trust), the corpus of which shall consist of the Receivables now existing or hereafter created, all monies due or to become due with respect thereto, all Collections, all Recoveries, all rights, remedies powers and privileges with respect to such Receivables, all rights, remedies, powers and privileges of the Seller under the Purchase Agreement, such funds as from time to time are deposited in the Collection Account and any Series Account and the rights to any Enhancement with respect to any Series, and all proceeds of the foregoing; provided, that the corpus of the Trust shall not include any undivided percentage ownership interest in Receivables to the extent Conveyed by the Trust pursuant to any Receivables Purchase Agreement; provided further, that any Series Account or Enhancement shall be held by the Trust for the benefit of the related Series.

"WFN SPV" has the meaning set forth in Section 7.5.

"WFNNB" has the meaning set forth in Section 3.5.

(b) The word "Trust" is hereby deleted and replaced with the phrase "Trust and Trustee, for the benefit of the Trust," where such word first appears in each of the first paragraph and the fourth paragraph of Section 2.1 of the Existing Agreement.

(c) Amendments to Section 2.5 of the Existing Agreement.

(i) Clause (a) of Section 2.5(l)(i) is hereby amended in its entirety to read as follows:

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

(ii) Clause (x) of Section 2.5(l) of the Existing Agreement is hereby amended in its entirety to read as follows:

(x) select and at all times maintain as its Independent Director (as defined in the Seller's limited liability company agreement) a Person who meets the following qualifications (which qualifications are in addition to those set forth in its limited liability company agreement): the Independent Director shall have (a) prior experience as an independent director for an entity whose charter or organizational documents require the unanimous written consent of all independent directors thereof before such entity could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy, and (b) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities.

(d) Amendments to Section 3.5 of the Existing Agreement.

The following new paragraph is inserted following Section 3.5 of the Existing Agreement:

Notwithstanding the provisions of the preceding paragraph, on the Transfer Date, SOAI, as the Servicer, shall deliver to the Trustee, each Purchaser Representative and each Enhancement Provider an Officer's Certificate in the form described in the preceding paragraph with respect to the period from January 1, 2009 to the Transfer Date, upon which delivery SOAI's obligations under this Section 3.5 shall cease. For the avoidance of doubt, World Financial Network National Bank ("WFNNB") shall deliver the Officer's Certificate required under this Section 3.5 with respect to the period from the Transfer Date through the calendar year ending December 31, 2009, in connection with WFNNB's assumption of servicing duties on the Transfer Date under Section 8.9 hereof.

(e) The following Section 7.5 is hereby added to the Existing Agreement:

Assignment of Seller's Duties. It is understood and agreed that effective as of the Transfer Date, CSRC and WFN Credit Company, LLC ("WFN SPV") will enter into an assignment and assumption agreement, substantially in the form of Exhibit L hereto, under which CSRC will assign to WFN SPV all of CSRC's rights and obligations as Seller (which rights and obligations constitute substantially all of CSRC's property and assets) and WFN SPV will accept and assume such rights and obligations. From and after the Transfer Date, (i) except to the extent provided in such agreement with respect to events arising out of its actions or omissions to act as Seller occurring before the Transfer Date, CSRC shall be released from all obligations of the Seller, (ii) CSRC shall cease to be a party to this Agreement; provided that nothing herein shall release CSRC of any liability for any of its actions (or omissions to act) as Seller prior to the Transfer Date, and (iii) subject to the foregoing clauses (i) and (ii) and except as the context shall require, references in this Agreement and the other Transaction Documents to Seller or to Charming Shoppes Receivables Corp., in its capacity as Seller, shall be deemed to be references to WFN SPV in such capacity.

(f) The following Section 8.9 is hereby added to the Existing Agreement:

Section 8.9. Assignment of Servicing Duties. It is understood and agreed that SOAI and WFNNB will enter into an assignment and assumption agreement, substantially in the form of Exhibit M hereto, under which SOAI will assign to WFNNB, all of SOAI's rights and obligations as Servicer (which rights and obligations constitute substantially all of SOAI's property and assets), and WFNNB will acquire and assume such rights and obligations. From and after the date of effectiveness of such assignment and assumption agreements (the "Transfer Date"), (i) except to the extent provided in such agreement with

respect to its actions or omissions to act as Servicer occurring before the Transfer Date, SOAI shall be released from all obligations of the Servicer, (ii) SOAI shall cease to be a party to this Agreement; provided that nothing herein shall relieve SOAI of any liability for any of its actions (or omissions to act) as Servicer prior to the Transfer Date, and (iii) subject to the foregoing clauses (i) and (ii) and except as the context shall require, references in this Agreement and the other Transaction Documents to the Servicer or to Spirit of America, Inc., in its capacity as Servicer, shall be deemed to be references to WFNNB in such capacity.

(g) Section 13.11 of the Existing Agreement is hereby amended by adding the words ", any Investor Certificateholder" following the words "Purchaser Representative" where they appear in such section.

(h) The following Section 13.20 is hereby added to the Existing Agreement:

Section 13.20. Subordination. Each Certificateholder by accepting an Investor Certificate acknowledges and agrees that such Investor Certificate represents an obligation of the Trust and does not represent an interest in any assets of the Seller (including by virtue of any deficiency claim in respect of obligations not paid or otherwise satisfied from the corpus of the Trust and proceeds thereof). In furtherance of and not in derogation of the foregoing, to the extent the Seller enters into other securitization transactions, each Certificateholder by accepting a Certificate acknowledges and agrees that it shall have no right, title or interest in or to any assets (or interest therein) conveyed or purported to be conveyed by the Seller 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 subsection, any Certificateholder either (i) asserts an interest or claim to, or benefit from, Other Assets, whether asserted against or through the Seller or any other Person owned by the Seller, 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 the Seller or any other Person owned by the Seller, then each Certificateholder by accepting a Certificate 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 the Seller 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 the Seller or any other Person owned by the Seller), 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 Certificateholder further acknowledges and agrees that no adequate remedy at law exists for a breach of this Section 13.20 and the terms of this Section 13.20 may be enforced by an action for specific performance.

(i) Schedule I to this Amendment is hereby added to the Existing Agreement as Exhibit L thereto.

(j) Schedule II to this Amendment is hereby added to the Existing Agreement as Exhibit M thereto.

(k) Exhibit A to the Existing Agreement is hereby replaced in its entirety by Schedule III attached hereto.

SECTION 2. Change of Address and Waiver of Notice under the Existing Agreement. Following the effectiveness of the amendment described in Section 1 hereof, pursuant to Section 2.5(j) of the Existing Agreement, WFN SPV, as Seller, and WFNNB, as Servicer, hereby designate the following additional addresses as location of records concerning the Receivables:

If to WFN SPV, to:

WFN Credit Company, LLC
3100 Easton Square Place, #3108
Columbus, Ohio 43219

With a copy (which shall not constitute notice) to:

World Financial Network National Bank
3100 Easton Square Place
Columbus, OH 43219
Attention: General Counsel

If to WFNNB, to:

3100 Easton Square Place
Columbus, OH 43219
Attention: President

With a copy (which shall not constitute notice) to:

World Financial Network National Bank
3100 Easton Square Place
Columbus, OH 43219
Attention: General Counsel

The Trustee hereby waives the requirement of 30 days notice of such change of address.

SECTION 3. Amendments to Series 2004-1 Supplement. Section 16(a) of the Series 2004-1 Supplement is hereby amended by adding the words "the Seller, Affiliates thereof or" after the word "except" where such word appears in the third paragraph of such section.

SECTION 4. Amendments to Series 2007-1 Supplement. Section 16(a) of the Series 2007-1 Supplement is hereby amended by adding the words "the Seller, Affiliates thereof or" after the word "except" where such word appears in the third paragraph of such section.

SECTION 5. Effectiveness.

(a) The amendments set forth in clauses (e), (f), (i) and (j) of Section 1, Section 3 and Section 4 shall become effective on the date when all of the following shall have occurred: (i) the Trustee receives counterparts of this Amendment executed by the Trustee, SOAI and CSRC, (ii) the assignment and assumption agreements described in clauses (i) and (j) of Section 1 hereof become effective, (iii) each other condition precedent specified in Section 13.1 of the Existing Agreement and any other conditions precedent to the amendments set forth in Section 1 specified in any other Transaction Document to the effectiveness of any amendment to the Existing Agreement shall have been satisfied.

(b) Immediately following the effectiveness of the amendments described in Section 3(a) of this Amendment, the amendments set forth in clauses (a) through (d), (g), (h) and (k) of Section 1 and Section 2 shall become effective when the Trustee receives counterparts of this Amendment executed by WFNNB and WFN SPV.

SECTION 6. Governing Law. THIS AMENDMENT 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 7. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 8. Ratification of the Existing Agreement. From and after the date hereof, each reference in the Existing Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and references to the Existing Agreement in any other document, instrument or agreement executed and/or delivered in connection therewith, shall, in each case, mean and be a reference to the Existing Agreement as amended hereby. Except as otherwise amended by this Amendment, the Existing Agreement shall continue in full force and effect and is hereby ratified and confirmed.

SECTION 9. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date and year first written.

Solely with respect to the amendments described in Section 5(a) of this Amendment:

CHARMING SHOPPES RECEIVABLES CORP.

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: President

SPIRIT OF AMERICA, INC.

By: /s/ Eric M. Specter
Name: Eric M. Specter
Title: President

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

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

Solely with respect to the amendments described in Section 5(b) of this Amendment:

WFN CREDIT COMPANY, LLC

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

WORLD FINANCIAL NETWORK NATIONAL BANK

By: /s/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

EXHIBIT A
FORM OF EXCHANGEABLE SELLER CERTIFICATE

No. 1 One Unit

WORLD FINANCIAL NETWORK CREDIT CARD MASTER TRUST II
ASSET BACKED CERTIFICATE

THIS CERTIFICATE WAS ISSUED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE ACT), AND MAY BE SOLD ONLY PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE ACT OR AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT. IN ADDITION, THE TRANSFER OF THIS CERTIFICATE IS SUBJECT TO RESTRICTIONS SET FORTH IN THE POOLING AND SERVICING AGREEMENT REFERRED TO HEREIN. A COPY OF THE POOLING AND SERVICING AGREEMENT WILL BE FURNISHED TO THE HOLDER OF THIS CERTIFICATE BY THE TRUSTEE UPON WRITTEN REQUEST.

This Certificate represents an
undivided interest in the
World Financial Network Credit Card Master Trust II

Evidencing an undivided interest in a Trust, the corpus of which consists of a portfolio of receivables now existing or hereafter created under selected revolving credit card accounts originated or acquired by World Financial Network National Bank and conveyed to WFN Credit Company, LLC and other assets and interests constituting the Trust under the Pooling and Servicing Agreement described below.

(Not an interest in or an obligation of WFN Credit Company, LLC, World Financial Network National Bank or any Affiliate thereof.)

This certifies that WFN Credit Company, LLC is the registered owner of an undivided interest in a trust (the “Trust”), the corpus of which consists of a portfolio of receivables (the “Receivables”) now existing or hereafter created under selected credit card accounts (the “Accounts”) originated or acquired by World Financial Network National Bank (the “Originator”), a national banking association, that have been conveyed to WFN Credit Company, LLC (the “Seller”), a Delaware corporation, all monies due or to become due with respect thereto, all Collections, all Recoveries, certain rights against the Originator with respect thereto, such funds as from time to time are deposited in the Collection Account and any Series Account and the rights to any Enhancement with respect to any Series and all proceeds of the foregoing; provided, that the corpus of the Trust shall not include any undivided percentage ownership interest in Receivables to the extent Conveyed by the Trust pursuant to any Receivables Purchase Agreement; such corpus more fully described pursuant to the Second Amended and Restated Pooling and Servicing Agreement dated as of November 25, 1997 (as amended, the “Pooling and Servicing Agreement”) between WFN Credit Company, LLC, as Seller, World Financial Network National Bank, as Servicer, and U.S. Bank National Association, as Trustee. A summary of certain of the pertinent provisions of the Pooling and Servicing Agreement is set forth herein below. Such summary shall in all cases be subject to the terms set forth in the Pooling and Servicing Agreement.

To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Pooling and Servicing Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Pooling and Servicing Agreement, to which Pooling and Servicing Agreement, as amended from time to time, the Holder by virtue of the acceptance hereof assents and by which the Holder is bound.

This Certificate has not been registered or qualified under the Securities Act of 1933, as amended, or any state securities law. No sale, transfer or other disposition of this Certificate shall be permitted other than in accordance with the provisions of Section 6.3 or 6.9 of the Pooling and Servicing Agreement.

This Certificate is the Exchangeable Seller Certificate (the "Certificate"), which represents an undivided interest in the Trust, including the right to receive the Collections and other amounts at the times and in the amounts specified in the Pooling and Servicing Agreement to be paid to the Holder of the Exchangeable Seller Certificate. The aggregate interest represented by this Certificate at any time in the Principal Receivables in the Trust shall not exceed the Seller Interest at such time. In addition to this Certificate, (i) Series of Investor Certificates may be issued to investors pursuant to one or more Supplements to the Pooling and Servicing Agreement, each of which will represent an undivided interest in the Trust, to the extent set forth in the Pooling and Servicing Agreement and the related Supplement and (ii) Receivables Purchase Interests may be sold by the Trust to one or more Receivables Purchasers pursuant to one or more Receivables Purchase Agreements, each of which interests shall represent an undivided interest in the Receivables, Collections with respect thereto and other items, to the extent set forth in the Pooling and Servicing Agreement and the related Receivables Purchase Agreement. This Certificate shall not represent any interest in any Series Accounts or any Enhancement, except to the extent provided in the Pooling and Servicing Agreement or the related Supplement or Receivables Purchase Agreement. The Seller Interest shall be the amount defined as such in the Pooling and Servicing Agreement.

This Certificate does not represent an obligation of, or any interest in, the Originator, the Seller or the Servicer, and neither the Certificates nor the Accounts or Receivables are insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. This Certificate is limited in right of payment to certain Collections respecting the Receivables, all as more specifically set forth hereinabove and in the Pooling and Servicing Agreement.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Pooling and Servicing Agreement, or be valid for any purpose.

IN WITNESS WHEREOF, the Seller has caused this Certificate to be duly executed under its official seal.

By: _____

[SEAL]

Attested to:

By: _____

Date: _____ , _____

Exhibit 10.122

EXECUTION COPY

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST

Issuer

And

BNY MIDWEST TRUST COMPANY

Indenture Trustee

Series 2006-A INDENTURE SUPPLEMENT

Dated as of April 28, 2006

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SERIES 2006-A INDENTURE SUPPLEMENT, dated as of April 28, 2006 (the "Indenture Supplement"), between WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST, a statutory trust organized and existing under the laws of the State of Delaware (herein, the "Issuer" or the "Trust"), and BNY MIDWEST TRUST COMPANY, a trust company organized and existing under the laws of the State of Illinois, not in its individual capacity, but solely as indenture trustee (herein, together with its successors in the trusts thereunder as provided in the Master Indenture referred to below, the "Indenture Trustee") under the Master Indenture, dated as of August 1, 2001, between the Issuer and the Indenture Trustee, as amended by Omnibus Amendment, dated as of March 31, 2003, among the Transferor, the Issuer, World Financial Network National Bank, individually and as Servicer, World Financial Network Credit Card Master Trust, BNY Midwest Trust Company, as trustee of World Financial Network Credit Card Master Trust and as Indenture Trustee, and as further amended by Supplemental Indenture No. 1, dated as of August 13, 2003, between the Issuer and the Indenture Trustee (as amended, the "Indenture", and, together with this Indenture Supplement, the "Agreement").

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 to the Indenture.

ARTICLE I.

Creation of the Series 2006-A Notes

Section 1.1 Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Indenture and this Indenture Supplement to be known as "World Financial Network Credit Card Master Note Trust, Series 2006-A" or the "Series 2006-A Notes." The Series 2006-A Notes shall be issued in four Classes, known as the "Class A Series 2006-A Floating Rate Asset Backed Notes," the "Class M Series 2006-A Floating Rate Asset Backed Notes," the "Class B Series 2006-A Floating Rate Asset Backed Notes," and the "Class C Series 2006-A Floating Rate Asset Backed Notes."

(b) Series 2006-A shall be included in Group One and shall be a Principal Sharing Series. Series 2006-A shall be an Excess Allocation Series with respect to Group One only.

ARTICLE II.

Definitions

Section 2.1 Definitions.

(a) Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and the masculine as well as the feminine and neuter genders of such terms.

"Accumulation Shortfall" means (a) for the first Distribution Date during the Controlled Accumulation Period, zero; and (b) thereafter, for any Distribution Date during the Controlled Accumulation Period, the excess, if any, of the Controlled Deposit Amount for the previous Distribution Date over the amount deposited into the Principal Accumulation Account pursuant to subsection 4.4(c)(i) for the previous Distribution Date.

"Additional Interest" means, for any Distribution Date, Class A Additional Interest, Class M Additional Interest, Class B Additional Interest and Class C Additional Interest for such Distribution Date.

"Additional Minimum Transferor Amount" means (a) as of any date of determination falling in November, December and January of each calendar year, the product of (i) 2% and (ii) the sum of (A) the Aggregate Principal Receivables and (B) if such date of determination occurs prior to the Certificate Trust Termination Date, the amount on deposit in the Excess Funding Account and (b) as of any date of determination falling in any other month, zero; provided that the amount specified in clause (a) shall be without duplication with the amount specified as the "Additional Minimum Transferor Amount" in any future supplement to the Pooling and Servicing Agreement that specifies such an amount and indicates that such amount is without duplication of the amount specified in clause (a) and in the Indenture Supplement relating to the Series 2002-A Notes, Series 2002-VFN Notes, Series 2003-A Notes, Series 2004-A Notes, Series 2004-B Notes or Series 2004-C Notes (or in any future Indenture Supplement that specifies such an amount and indicates that such amount is without duplication of the amount specified in clause (a)). The Additional Minimum Transferor Amount is specified pursuant to Section 8.7 of this Indenture Supplement as an additional amount to be considered part of the Minimum Transferor Amount.

"Adjusted Initial Collateral Amount" means, as of any date of determination, the Initial Collateral Amount, *plus* (ii) the aggregate amount of funds released from the Pre-Funding Account pursuant to Section 4.18(d) on or prior to such date of determination.

"Aggregate Investor Default Amount" means, as to any Monthly Period, the sum of the Investor Default Amounts in respect of such Monthly Period.

"Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction:

(a) the numerator of which shall be equal to:

(i) (x) for Principal Collections for any Monthly Period during the Revolving Period following the Monthly Period in which the Series 2004-B Allocation Percentage is reduced to zero and (y) for Finance Charge Collections and Default Amounts at any time, the Collateral Amount at the end of the last day of the prior Monthly Period (or, in the case of the Monthly Period in which the Closing Date occurs, on the Closing Date), less any reductions to be made to the Collateral Amount on account of principal payments or deposits to the Principal Accumulation Account to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated;

(ii) for Principal Collections during the Early Amortization Period and the Controlled Accumulation Period, in each case for any Monthly Period following the Monthly Period in which the Series 2004-B Allocation Percentage is reduced to zero, the Collateral Amount at the end of the last day of the Revolving Period; or

(iii) for Principal Collections for any Monthly Period for which the Series 2004-B Allocation Percentage is greater than zero, the Initial Collateral Amount; and

(b) the denominator of which shall be the greater of (x) the Aggregate Principal Receivables determined as of the close of business on the last day of the prior Monthly Period and (y) the sum of the numerators used to calculate the allocation percentages for allocations with respect to Finance Charge Collections, Principal Collections or Default Amounts, as applicable, for all outstanding Series and all outstanding Series under (and as defined in) the Pooling and Servicing Agreement (other than any Series represented by the Collateral Certificate) on such date of determination provided, that if one or more Reset Dates occur in a Monthly Period, the Allocation Percentage for the portion of the Monthly Period falling on and after such Reset Date and prior to any subsequent Reset Date will be recalculated for such period as of the close of business on the subject Reset Date.

"Available Cash Collateral Amount" means with respect to any Transfer Date, an amount equal to the lesser of (a) the amount on deposit in the Cash Collateral Account (before giving effect to any deposit to, or withdrawal from, the Cash Collateral Account made or to be made with respect to such date) and (b) the Required Cash Collateral Amount for such Transfer Date.

"Available Finance Charge Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Finance Charge Collections for such Monthly Period, *plus* (b) the Excess Finance Charge Collections allocated to Series 2006-A for such Monthly Period, *plus* (c) Principal Accumulation Investment Proceeds, if any, with respect to the related Transfer Date, *plus* (d) interest and earnings on funds on deposit in the Reserve Account, Cash Collateral Account, the Pre-Funding Account and Spread Account which will be deposited into the Finance Charge Account on the related Transfer Date to be treated as Available Finance Charge Collections pursuant to subsections 4.10(b), 4.11(b), 4.12(b) and 4.18(c), respectively, *plus* (e) amounts, if any, to be withdrawn from the Reserve Account which will be deposited into the Finance Charge Account on the related Transfer Date to be treated as Available Finance Charge Collections pursuant to subsection 4.10(d), *plus* (f) any Net Swap Receipts for the related Distribution Date.

"Available Funding Period Reserve Amount" means, on any date, the amount on deposit in the Funding Period Reserve Account (after taking into account any interest and investment earnings retained in the Funding Period Reserve Account pursuant to Section 4.19(b) on such date).

"Available Principal Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Principal Collections for such Monthly Period, *minus* (b) the amount of Reallocated Principal Collections with respect to such Monthly Period which pursuant to

Section 4.6 are required to be applied on the related Distribution Date, *plus* (c) any Shared Principal Collections with respect to other Principal Sharing Series (including any amounts on deposit in the Excess Funding Account that are allocated to Series 2006-A for application as Shared Principal Collections), *plus* (d) the aggregate amount to be treated as Available Principal Collections pursuant to subsections 4.4(a)(vi) and (vii) for the related Distribution Date.

"Available Reserve Account Amount" means, for any Transfer Date, the lesser of (a) the amount on deposit in the Reserve Account (after taking into account any interest and earnings retained in the Reserve Account pursuant to subsection 4.10(b) on such date, but before giving effect to any deposit made or to be made pursuant to subsection 4.4(a)(x) to the Reserve Account on such date) and (b) the Required Reserve Account Amount.

"Available Spread Account Amount" means, for any Transfer Date, an amount equal to the lesser of (a) the amount on deposit in the Spread Account (before giving effect to any deposit to, or withdrawal from, the Spread Account made or to be made with respect to such date) and (b) the Required Spread Account Amount, in each case on such Transfer Date.

"Base Rate" means, (a) for any Monthly Period during the Funding Period, the Trust Base Rate and (b) for any other Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is equal to the sum of (a) the Monthly Interest, (b) the Net Swap Payments and (c) the Noteholder Servicing Fee, each with respect to the related Distribution Date, and the denominator of which is the Collateral Amount plus amounts on deposit in the Principal Accumulation Account, each as of the close of business on the last day of such Monthly Period.

"Benefit Plan" means an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" within the meaning of Section 4975(e)(1) of the Code or an entity whose underlying assets include "plan assets" of any of the foregoing by reason of an employee benefit plan's or plan's investment in such entity.

"Cash Collateral Account" is defined in Section 4.11(a).

"Class A Additional Interest" is defined in subsection 4.2(a).

"Class A Counterparty" means Royal Bank of Canada or the counterparty under any interest rate swap with respect to the Class A Notes obtained pursuant to Section 4.17.

"Class A Deficiency Amount" is defined in subsection 4.2(a).

"Class A Margin" means a per annum rate of 0.13%.

"Class A Monthly Interest" is defined in subsection 4.2(a).

"Class A Net Interest Obligation" means, for any Distribution Date: (a) if there are Class A Net Swap Payments due on that Distribution Date, the sum of the Class A Net Swap Payments and the Class A Monthly Interest for that Distribution Date; (b) if there are Class A Net Swap Receipts due on that Distribution Date, the result of the Class A Monthly Interest for that Distribution Date, *minus* the Class A Net Swap Receipts for that Distribution Date; and (c) if the Class A Swap has terminated for any reason, the Class A Monthly Interest for that Distribution Date.

"Class A Net Swap Payment" means, with respect to any Distribution Date, any net amount payable by the Issuer under the Class A Swap as a result of LIBOR being less than the Class A Swap Rate. For the avoidance of doubt, Class A Net Swap Payments do not include early termination payments or payment of breakage or other miscellaneous costs.

"Class A Net Swap Receipt" means, with respect to any Distribution Date, any net amount payable by the Class A Counterparty as a result of LIBOR being greater than the Class A Swap Rate. For the avoidance of doubt, Class A Net Swap Receipts do not include early termination payments.

"Class A Note Initial Principal Balance" means $395,000,000.

"Class A Note Interest Rate" means a per annum rate equal to the Class A Margin, plus LIBOR as determined on the LIBOR Determination Date for the applicable Distribution Period.

"Class A Note Principal Balance" means, on any date of determination, an amount equal to (a) the Class A Note Initial Principal Balance, *minus* (b) the aggregate amount of principal payments made to the Class A Noteholders on or prior to such date.

"Class A Noteholder" means the Person in whose name a Class A Note is registered in the Note Register.

"Class A Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1, A-2 or A-3.

"Class A Required Amount" means, for any Distribution Date, an amount equal to the excess of the amounts described in subsection 4.4(a)(i) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 4.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 4.11(c).

"Class A Swap" means an interest rate swap agreement with respect to the Class A Notes between the Trust and the Class A Counterparty substantially in the form of Exhibit G-1 to this Indenture Supplement, or such other form as shall have satisfied the Rating Agency Condition.

"Class A Swap Rate" means, with respect to any Distribution Date, the fixed rate per annum indicated on Schedule I to the ISDA confirmation for the Class A Swap for the period end date falling on such Distribution Date.

"Class B Additional Interest" is defined in subsection 4.2(c).

"Class B Counterparty" means Royal Bank of Canada or the counterparty under any interest rate swap with respect to the Class B Notes obtained pursuant to Section 4.17.

"Class B Deficiency Amount" is defined in subsection 4.2(c).

"Class B Margin" means a per annum rate of 0.35%.

"Class B Monthly Interest" is defined in subsection 4.2(c).

"Class B Net Interest Obligation" means, for any Distribution Date: (a) if there are Class B Net Swap Payments due on that Distribution Date, the sum of the Class B Net Swap Payments and the Class B Monthly Interest for that Distribution Date; (b) if there are Class B Net Swap Receipts due on that Distribution Date, the result of the Class B Monthly Interest for that Distribution Date, *minus* the Class B Net Swap Receipts for that Distribution Date; and (c) if the Class B Swap has terminated for any reason, the Class B Monthly Interest for that Distribution Date.

"Class B Net Swap Payment" means, with respect to any Distribution Date, any net amount payable by the Issuer under the Class B Swap as a result of LIBOR being less than the Class B Swap Rate. For the avoidance of doubt, Class B Net Swap Payments do not include early termination payments or payment of breakage or other miscellaneous costs.

"Class B Net Swap Receipt" means, with respect to any Distribution Date, any net amount payable by the Class B Counterparty as a result of LIBOR being greater than the Class B Swap Rate. For the avoidance of doubt, Class B Net Swap Receipts do not include early termination payments.

"Class B Note Initial Principal Balance" means $23,750,000.

"Class B Note Interest Rate" means a per annum rate equal to the Class B Margin, plus LIBOR as determined on the LIBOR Determination Date for the applicable Distribution Period.

"Class B Note Principal Balance" means, on any date of determination, an amount equal to (a) the Class B Note Initial Principal Balance, *minus* (b) the aggregate amount of principal payments made to the Class B Noteholders on or prior to such date.

"Class B Noteholder" means the Person in whose name a Class B Note is registered in the Note Register.

"Class B Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1, A-2 or A-3.

"Class B Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in subsection 4.4(a)(iii) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 4.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 4.11(c).

"Class B Swap" means an interest rate swap agreement between the Trust and the Class B Counterparty substantially in the form of Exhibit G-3 to this Indenture Supplement, or such other form as shall have satisfied the Rating Agency Condition.

"Class B Swap Rate" means, with respect to any Distribution Date, the fixed rate per annum indicated on Schedule I to the ISDA confirmation for the Class B Swap for the period end date falling on such Distribution Date.

"Class C Additional Interest" is defined in subsection 4.2(d).

"Class C Counterparty" means Royal Bank of Canada or the counterparty under any interest rate swap with respect to the Class C Notes obtained pursuant to Section 4.17.

"Class C Deficiency Amount" is defined in subsection 4.2(d).

"Class C Monthly Interest" is defined in subsection 4.2(d).

"Class C Net Interest Obligation" means, for any Distribution Date: (a) if there are Class C Net Swap Payments due on that Distribution Date, the sum of the Class C Net Swap Payments and the Class C Monthly Interest for that Distribution Date; (b) if there are Class C Net Swap Receipts due on that Distribution Date, the result of the Class C Monthly Interest for that Distribution Date, *minus* the Class C Net Swap Receipts for that Distribution Date; and (c) if the Class C Swap has terminated for any reason, the Class C Monthly Interest for that Distribution Date.

"Class C Net Swap Payment" means, with respect to any Distribution Date, any net amount payable by the Issuer under the Class C Swap as a result of LIBOR being less than the Class C Swap Rate. For the avoidance of doubt, Class C Net Swap Payments do not include early termination payments or payment of breakage or other miscellaneous costs.

"Class C Net Swap Receipt" means, with respect to any Distribution Date, any net amount payable by the Class C Counterparty as a result of LIBOR being greater than the Class C Swap Rate. For the avoidance of doubt, Class C Net Swap Receipts do not include early termination payments.

"Class C Note Initial Principal Balance" means $62,500,000.

"Class C Note Purchase Agreement" means the Purchase Agreement, dated as of April 24, 2006, between WFN, the Transferor and the initial purchaser of the Class C Notes.

"Class C Note Interest Rate" means the rate specified in the Class C Note Purchase Agreement; provided that such rate shall not exceed a per annum rate of 0.60% in excess of LIBOR as determined on the LIBOR Determination Date for the applicable Distribution Period.

"Class C Note Principal Balance" means, on any date of determination, an amount equal to (a) the Class C Note Initial Principal Balance, *minus* (b) the aggregate amount of principal payments made to the Class C Noteholders on or prior to such date.

"Class C Noteholder" means the Person in whose name a Class C Note is registered in the Note Register.

"Class C Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-4.

"Class C Swap" means, an interest rate swap agreement, with respect to the Class C Notes between the Trust and the Class C Counterparty substantially in the form of Exhibit G-4 to this Indenture Supplement, or other form as shall have satisfied the Rating Agency Condition.

"Class C Swap Rate" means, with respect to any Distribution Date, the fixed rate per annum indicated on Schedule I to the ISDA confirmation for the Class C Swap for the period end date falling on such Distribution Date.

"Class C Swap Required Amount" means, for any Distribution Date, an amount equal to the excess of the Class C Net Swap Payment for such Distribution Date over the sum of (a) Available Finance Charge Collections applied to pay such Class C Net Swap Payment pursuant to subsection 4.4(a)(v)(B), (b) any amount withdrawn from the Cash Collateral Account and applied to pay such Class C Net Swap Payment pursuant to subsection 4.11(c) and (c) any amount withdrawn from the Spread Account and applied to pay such Class C Net Swap Payment pursuant to subsection 4.12(c).

"Class M Additional Interest" is defined in subsection 4.2(b).

"Class M Counterparty" means Royal Bank of Canada or the counterparty under any interest rate swap with respect to the Class M Notes obtained pursuant to Section 4.17.

"Class M Deficiency Amount" is defined in subsection 4.2(b).

"Class M Margin" means a per annum rate of 0.21%.

"Class M Monthly Interest" is defined in subsection 4.2(b).

"Class M Net Interest Obligation" means, for any Distribution Date: (a) if there are Class M Net Swap Payments due on that Distribution Date, the sum of the Class M Net Swap Payments and the Class M Monthly Interest for that Distribution Date; (b) if there are Class M Net Swap Receipts due on that Distribution Date, the result of the Class M Monthly Interest for that Distribution Date, *minus* the Class M Net Swap Receipts for that Distribution Date; and (c) if the Class M Swap has terminated for any reason, the Class M Monthly Interest for that Distribution Date.

"Class M Net Swap Payment" means, with respect to any Distribution Date, any net amount payable by the Issuer under the Class M Swap as a result of LIBOR being less than the Class M Swap Rate. For the avoidance of doubt, Class M Net Swap Payments do not include early termination payments or payment of breakage or other miscellaneous costs.

"Class M Net Swap Receipt" means, with respect to any Distribution Date, any net amount payable by the Class M Counterparty as a result of LIBOR being greater than the Class M Swap Rate. For the avoidance of doubt, Class M Net Swap Receipts do not include early termination payments.

"Class M Note Initial Principal Balance" means $18,750,000.

"Class M Note Interest Rate" means a per annum rate equal to the Class M Margin, plus LIBOR as determined on the LIBOR Determination Date for the applicable Distribution Period.

"Class M Note Principal Balance" means, on any date of determination, an amount equal to (a) the Class M Note Initial Principal Balance, *minus* (b) the aggregate amount of principal payments made to the Class M Noteholders on or prior to such date.

"Class M Noteholder" means the Person in whose name a Class M Note is registered in the Note Register.

"Class M Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1, A-2 or A-3.

"Class M Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in subsection 4.4(a)(ii) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 4.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 4.11(c).

"Class M Swap" means an interest rate swap agreement between the Trust and the Class M Counterparty substantially in the form of Exhibit G-2 to this Indenture Supplement, or such other form as shall have satisfied the Rating Agency Condition.

"Class M Swap Rate" means, with respect to any Distribution Date, the fixed rate per annum indicated on Schedule I to the ISDA confirmation for the Class M Swap for the period end date falling on such Distribution Date.

"Closing Date" means April 28, 2006.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral Amount" means, as of any date of determination, an amount equal to the result of (a) $500,000,000, *minus* (b) the Pre-Funded Amount on such date of determination (after giving effect to any withdrawal from the Pre-Funding Account on such date of determination), *minus* (c) the amount of principal previously paid to the Series 2006-A Noteholders (other than any principal payments made from funds on deposit in the Spread Account), *minus* (d) the balance on deposit in the Principal Accumulation Account, *minus* (e) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursements of such amounts pursuant to subsection 4.4(a)(vii) prior to such date; provided, that, the Collateral Amount will not be less than zero.

"Controlled Accumulation Amount" means, for any Transfer Date with respect to the Controlled Accumulation Period, $41,666,667; provided, however, that if the Controlled Accumulation Period Length is determined to be less than 12 months pursuant to Section 4.14, the Controlled Accumulation Amount shall be equal to (i) the Note Principal Balance *divided by* (ii) the Controlled Accumulation Period Length; provided, further, that the Controlled Accumulation Amount for any Distribution Date shall not exceed the Note Principal Balance minus any amount already on deposit in the Principal Accumulation Account on such Transfer Date.

"Controlled Accumulation Period" means, unless an Early Amortization Event shall have occurred prior thereto, the period commencing at the opening of business on April 1, 2012 or such later date as is determined in accordance with Sections 4.14, and ending on the first to occur of (a) the commencement of the Early Amortization Period and (b) the Series Termination Date.

"Controlled Accumulation Period Length" is defined in subsection 4.14.

"Controlled Deposit Amount" means, for any Transfer Date with respect to the Controlled Accumulation Period, an amount equal to the sum of the Controlled Accumulation Amount for such Transfer Date and any existing Accumulation Shortfall.

"Counterparty" means the Class A Counterparty, the Class M Counterparty, the Class B Counterparty or the Class C Counterparty.

"Covered Amount" means an amount, determined as of each Transfer Date for any Distribution Period, equal to the sum of (a) the product of (i) the Class A Net Interest Obligation *times* (ii) a fraction, (A) the numerator of which is equal to the aggregate amount on deposit in the Principal Accumulation Account, up to the Class A Note Principal Balance as of the Record Date preceding such Transfer Date, and (B) the denominator of which is equal to the Class A Note Principal Balance as of the Record Date preceding such Transfer Date, *plus* (b) the product of (i) the Class M Net Interest Obligation *times* (ii) a fraction (A) the numerator of which is equal to the aggregate amount on deposit in the Principal Accumulation Account in excess of the Class A Note Principal Balance as of the Record Date preceding such Transfer Date, up to the Class M Note Principal Balance as of the Record Date preceding such Transfer Date, and (B) the denominator of which is equal to the Class M Note Principal Balance as of the Record Date preceding such Transfer Date, *plus* (c) the product of (i) the Class B Net Interest Obligation *times* (ii) a fraction (A) the numerator of which is equal to the aggregate amount on deposit in the Principal Accumulation Account in excess of the sum of the Class A Note Principal Balance and the Class M Note Principal Balance as of the Record Date preceding such Transfer Date, up to the Class B Note Principal Balance as of the Record Date preceding such Transfer Date, and (B) the denominator of which is equal to the Class B Note Principal Balance as of the Record Date preceding such Transfer Date, *plus* (d) the product of (i) the Class C Net Interest Obligation *times* (ii) a fraction (A) the numerator of which is equal to the aggregate amount on deposit in the Principal Accumulation Account in excess of the sum of the Class A Note Principal Balance, the Class M Note Principal Balance and the Class B Note Principal Balance, in each case as of the Record Date preceding such Transfer Date, and (B) the denominator of which is equal to the Class C Note Principal Balance as of the Record Date preceding such Transfer Date.

"Default Amount" means, as to any Defaulted Account, the amount of Principal Receivables (other than Ineligible Receivables, unless there is an Insolvency Event with respect to WFN or the Transferor) in such Defaulted Account on the day it became a Defaulted Account.

"Defaulted Account" means an Account in which there are Defaulted Receivables.

"Depository" means The Depository Trust Company, as initial Depository, or any successor Clearing Agency appointed by the Issuer.

"Designated Maturity" means, for any LIBOR Determination Date, one month; provided that LIBOR for the initial Distribution Period will be determined by straight-line interpolation (based on the actual number of days in the initial Distribution Period) between two rates determined in accordance with the definition of LIBOR, one of which will be determined for a Designated Maturity of one month and the other of which will be determined for a Designated Maturity of two months.

"Dilution" means any downward adjustment made by Servicer in the amount of any Receivable (a) because of a rebate, refund or billing error to an accountholder, (b) because such Receivable was created in respect of merchandise which was refused or returned by an accountholder or because such Receivable is an Excess Fraud Receivable or (c) for any other reason other than receiving Collections therefor or charging off such amount as uncollectible.

"Distribution Account" is defined in subsection 4.9(a).

"Distribution Date" means June 15, 2006 and the 15th day of each calendar month thereafter, or if such 15th day is not a Business Day, the next succeeding Business Day.

"Distribution Period" means, for any Distribution Date, the period from and including the Distribution Date immediately preceding such Distribution Date (or, in the case of the first Distribution Date, from and including the Closing Date) to but excluding such Distribution Date.

"Early Amortization Period" means the period commencing on the date on which a Trust Early Amortization Event or a Series 2006-A Early Amortization Event is deemed to occur and ending on the Series Termination Date.

"Eligible Investments" is defined in Annex A to the Indenture; provided that solely for purposes of Section 4.12(b), references to the "highest investment category" of S&P shall mean A-2 and of Moody's shall mean P-2; and provided, further, that Eligible Investments shall include a guaranteed investment contract provided by a Person having a long-term debt rating of not less than Aa3 by Moody's, AA- by S&P and AA- by Fitch, or a Person having a short-term debt rating of not less than P-1 by Moody's, A-1+ by S&P and F-1 by Fitch.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Excess Spread Percentage" means, for any Monthly Period, a percentage equal to the Portfolio Yield for such Monthly Period, *minus* the Base Rate for such Monthly Period.

"Expected Principal Payment Date" means the April 2013 Distribution Date.

"Finance Charge Account" is defined in Section 4.9(a).

"Finance Charge Collections" means Collections of Finance Charge Receivables.

"Finance Charge Shortfall" is defined in Section 4.7.

"Funding Period" shall mean the period from and including the Closing Date to and including the earliest of (x) the first day on which the Collateral Amount equals the aggregate outstanding principal amount of the Series 2006-A Notes, (y) the commencement of the Early Amortization Period and (z) August 31, 2006.

"Funding Period Draw Amount" shall mean, with respect to each Transfer Date during the Funding Period and the Transfer Date immediately preceding the Funding Period Termination Distribution Date, the lesser of (a) the Available Funding Period Reserve Amount and (b) the Pre-Funding Interest Amount for such Transfer Date.

"Funding Period Reserve Account" shall have the meaning set forth in Section 4.19(a).

"Funding Period Termination Distribution Date" shall mean the first Distribution Date to occur on or after the last day of the Funding Period.

"Group One" means Series 2002-A, Series 2002-VFN, Series 2003-A, Series 2004-A, Series 2004-B, Series 2004-C, Series 2006-A, the outstanding Series under (and as defined in) the Pooling and Servicing Agreement (other than Series represented by the Collateral Certificate) and each other Series hereafter specified in the related Indenture Supplement to be included in Group One.

"Initial Collateral Amount" means $50,000,000.

"Initial Purchaser" is defined in the Purchase Agreement.

"Investment Earnings" means, for any Distribution Date, all interest and earnings on Eligible Investments included in the Spread Account (net of losses and investment expenses) during the period commencing on and including the Distribution Date immediately preceding such Distribution Date and ending on but excluding such Distribution Date.

"Investor Charge-Offs" is defined in Section 4.5.

"Investor Default Amount" means, with respect to any Defaulted Account, an amount equal to the product of (a) the Default Amount and (b) the Allocation Percentage on the day such Account became a Defaulted Account.

"Investor Finance Charge Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Finance Charge Collections (including Net Recoveries treated as Finance Charge Collections) retained or deposited in the Finance Charge Account for Series 2006-A pursuant to subsection 4.1(b)(i) for such Monthly Period.

"Investor Principal Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Principal Collections retained or deposited in the Principal Account for Series 2006-A pursuant to subsection 4.1(b)(ii) for such Monthly Period.

"Investor Uncovered Dilution Amount" means an amount equal to the product of (x) the Series Allocation Percentage for the related Monthly Period (determined on a weighted average basis, if a Reset Date occurs during that Monthly Period), *times* (y) the aggregate Dilutions occurring during that Monthly Period as to which any deposit is required to be made to the Excess Funding Account pursuant to Section 3.9(a) of the Transfer and Servicing Agreement or Section 3.9(a) of the Pooling and Servicing Agreement but has not been made; provided that, if the Transferor Amount is greater than zero at the time the deposit referred to in clause (y) is required to be made, the Investor Uncovered Dilution Amount for such amount to be deposited shall be deemed to be zero.

"LIBOR" means, for any Distribution Period, an interest rate per annum for each Distribution Period determined by the Indenture Trustee in accordance with the provisions of Section 4.16.

"LIBOR Determination Date" means (i) April 26, 2006 for the period from and including the Closing Date through and including June 14, 2006 and (ii) the second London Business Day prior to the commencement of the second and each subsequent Distribution Period.

"London Business Day" means any day on which dealings in deposits in United States dollars are transacted in the London interbank market.

"Minimum Transferor Amount" means (a) prior to the Certificate Trust Termination Date, the "Minimum Transferor Amount" under (and as defined in) the Pooling and Servicing Agreement and (b) on and after the Certificate Trust Termination Date, the "Minimum Transferor Amount" as defined in Annex A to the Indenture.

"Monthly Interest" means, for any Distribution Date, the sum of the Class A Monthly Interest, the Class M Monthly Interest, the Class B Monthly Interest, and the Class C Monthly Interest for such Distribution Date.

"Monthly Period" means the period from and including the first day of the calendar month preceding a related Distribution Date to and including the last day of such calendar month; provided that the Monthly Period related to the June 2006 Distribution Date shall mean the period from and including the Closing Date to and including the last day of May 2006.

"Monthly Principal" is defined in Section 4.3.

"Monthly Principal Reallocation Amount" means, for any Monthly Period, an amount equal to the sum of:

(a) the lower of (i) the Class A Required Amount and (ii) the greater of (A)(x) the product of (I) 21.00% and (II) the Adjusted Initial Collateral Amount, *minus* (y) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the previous Distribution Date) and (B) zero;

(b) the lower of (i) the Class M Required Amount and (ii) the greater of (A)(x) the product of (I) 17.25% and (II) the Adjusted Initial Collateral Amount *minus* (y) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the previous Distribution Date and as required in clause (a) above) and (B) zero; and

(c) the lower of (i) the sum of the Class B Required Amount, the Servicing Fee Required Amount and the Class C Swap Required Amount and (ii) the greater of (A)(x) the product of (I) 12.50% and (II) the Adjusted Initial Collateral Amount *minus* (y) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and unreimbursed Reallocated Principal Collections (as of the previous Distribution Date and as required in clauses (a) and (b) above) and (B) zero.

"Net Interest Obligation" means, for any Distribution Date, the sum of the Class A Net Interest Obligation, the Class M Net Interest Obligation, the Class B Net Interest Obligation and the Class C Net Interest Obligation for such Distribution Date.

"Net Swap Payments" means, with respect to any Distribution Date, collectively, the Class A Net Swap Payment, the Class M Net Swap Payment, the Class B Net Swap Payment and the Class C Net Swap Payment for such Distribution Date.

"Net Swap Receipts" means, collectively, the Class A Net Swap Receipt, the Class M Net Swap Receipt, the Class B Net Swap Receipt and the Class C Net Swap Receipt for such Distribution Date.

"Note Principal Balance" means, on any date of determination, an amount equal to the sum of the Class A Note Principal Balance, the Class M Note Principal Balance, the Class B Note Principal Balance and the Class C Note Principal Balance.

"Noteholder Servicing Fee" is defined in Section 3.1.

"Percentage Allocation" is defined in subsection 4.1(b)(ii)(y).

"Permanent Regulation S Global Notes" is defined in subsection 8.2(c)(ii).

"Portfolio Yield" means, (a) for any Monthly Period during the Funding Period, the Trust Portfolio Yield and (b) for any other Monthly Period, the annualized percentage equivalent of a fraction, (i) the numerator of which is equal to (x) the Available Finance Charge Collections (excluding any Excess Finance Charge Collections), *minus* (y) the Aggregate Investor Default Amount and the Uncovered Dilution Amount for such Monthly Period and (ii) the denominator of which is the Collateral Amount plus amounts on deposit in Principal Accumulation Account, each as of the close of business on the last day of such Monthly Period.

"Pre-Funded Amount" shall mean the amount on deposit in the Pre-Funding Account from time to time, excluding any investment income on funds on deposit therein.

"Pre-Funding Account" shall mean the account established and maintained pursuant to Section 4.18(a).

"Pre-Funding Interest Amount" means, for any Transfer Date during the Funding Period, the excess, if any, of:

(i) the product of

(A) the Net Interest Obligation,

multiplied by

(B) a fraction, the numerator of which is equal to the Pre-Funded Amount on the last day of the second preceding Monthly Period (or with respect to the first Distribution Date, the Closing Date), and the denominator of which is equal to the outstanding principal amount of the Series 2006-A Notes on the last day of the second preceding Monthly Period (or with respect to the first Distribution Date, the Closing Date), over

(ii) the interest and investment earnings on Eligible Investments in the Pre-Funding Account (net of investment losses and expenses) treated as Available Finance Charge Collections pursuant to Section 4.18(c) on such Transfer Date.

"Pre-Funding Release Notice" is defined in Section 4.18(d).

"Pre-Funding Release Period" means the period (a) commencing on (and including) the later of (i) July 1, 2006 and (ii) the first day of the "Controlled Accumulation Period" (as defined in the Series 2004-B Indenture Supplement) for the Series 2004-B Notes and (b) ending on (and including) the last day of the Funding Period.

"Principal Account" is defined in subsection 4.9(a).

"Principal Accumulation Account" is defined in Section 4.9(a).

"Principal Accumulation Account Balance" means, for any date of determination, the principal amount, if any, on deposit in the Principal Accumulation Account on such date of determination.

"Principal Accumulation Investment Proceeds" means, with respect to each Transfer Date, the investment earnings on funds in the Principal Accumulation Account (net of investment expenses and losses) for the period from and including the immediately preceding Transfer Date to but excluding such Transfer Date.

"Principal Collections" means Collections of Principal Receivables.

"Principal Shortfall" is defined in Section 4.8.

"Purchase Agreement" means the Note Purchase Agreement, dated as of April 24, 2006, among World Financial Network National Bank, the Transferor and Barclays Capital, Inc., as representative of the several initial purchasers identified therein.

"QIBs" means "qualified institutional buyers" as defined in Rule 144A under the Securities Act.

"Quarterly Excess Spread Percentage" means (a) with respect to the June 2006 Distribution Date, the Excess Spread Percentage for such Distribution Date, (b) with respect to the July 2006 Distribution Date, the percentage equivalent of a fraction the numerator of which is the sum of (i) the Excess Spread Percentage for the June 2006 Distribution Date and (ii) the Excess Spread Percentage with respect to the July 2006 Distribution Date and the denominator of which is two, (c) with respect to the August 2006 Distribution Date, the percentage equivalent of a fraction the numerator of which is the sum of (i) the Excess Spread Percentage for the June 2006 Distribution Date (ii) the Excess Spread Percentage with respect to the July 2006 Distribution Date and (iii) the Excess Spread Percentage with respect to the August 2006 Distribution Date and the denominator of which is three and (d) with respect to the September 2006 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 such Distribution Date and the immediately preceding two Distribution Dates and the denominator of which is three.

"Rating Agency" means each of Fitch, Moody's and Standard & Poor's.

"Reallocated Principal Collections" means, for any Transfer Date, Investor Principal Collections applied in accordance with Section 4.6 in an amount not to exceed the Monthly Principal Reallocation Amount for the related Monthly Period.

"Reassignment Amount" means, 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 2006-A Noteholders, *plus* (iii) the amount of Additional Interest, if any, for the related Distribution Date and any Additional Interest previously due but not distributed to the Series 2006-A Noteholders on a prior Distribution Date.

"Reference Banks" means four major banks in the London interbank market selected by the Servicer.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Notes" is defined in subsection 8.2(c)(ii).

"Required Cash Collateral Amount" means, for any date of determination, the lesser of (a) (i) with respect to any date of determination during the Funding Period, the sum of (x) $1,750,000; plus (y) 9.25% of the amount of funds withdrawn from the Pre-Funding Account pursuant to Section 4.18(d) on or prior to such date of determination or (ii) with respect to any other date of determination, 3.50% of the Note Principal Balance; and (b) the Note Principal Balance, *minus* the Principal Accumulation Account Balance (after taking into account deposits to the Principal Accumulation Account on such Transfer Date and payments to be made on the related Distribution Date); provided that during an Early Amortization Period, the Required Cash Collateral Amount shall equal the lesser of (i) the amount described in the preceding clause (b)

and (ii) the Required Cash Collateral Amount on the last day of the Revolving Period; and provided, further, that the Transferor may reduce the Required Cash Collateral Amount at any time if the Indenture Trustee has been provided evidence that the Rating Agency Condition has been satisfied.

"Required Draw Amount" is defined in subsection 4.11(c).

"Required Funding Period Reserve Amount" means (a) with respect to any day during the Monthly Period immediately preceding the June 2006 Distribution Date and any day during the Monthly Period immediately preceding the July 2006 Distribution Dates, $1,630,000; (b) with respect to any day during the Monthly Period immediately preceding the August 2006 Distribution Date, an amount equal to the product of (i) the Pre-Funded Amount as of the end of the second Monthly Period preceding such Distribution Date, (ii) the Weighted Average Fixed Rate; and (iii) 29/360; (c) with respect to any day during the Monthly Period immediately preceding the September 2006 Distribution Date, an amount equal to the product of (i) the Pre-Funded Amount as of the end of second Monthly Period preceding such Distribution Date, (ii) the Weighted Average Fixed Rate and (iii) 31/360.

"Required Reserve Account Amount" means, for any Transfer Date on or after the Reserve Account Funding Date, an amount equal to (a) 0.50% of the Note Principal Balance or (b) any other amount designated by the Transferor; provided, however, that if such designation is of a lesser amount, the Transferor shall (i) provide the Servicer and the Indenture Trustee with evidence that the Rating Agency Condition shall have been satisfied and (ii) deliver to the Indenture Trustee a certificate of an Authorized Officer to the effect that, based on the facts known to such officer at such time, in the reasonable belief of the Transferor, such designation will not cause an Early Amortization Event or an event that, after the giving of notice or the lapse of time, would cause an Early Amortization Event to occur with respect to Series 2006-A.

"Required Retained Transferor Percentage" means, for purposes of Series 2006-A, 4%.

"Required Spread Account Amount" means, for any Distribution Date, (a) the product of (i) the Spread Account Percentage in effect on such date and (ii) during (x) the Revolving Period, the Collateral Amount, and (y) thereafter, the Collateral Amount as of the last day of the Revolving Period; provided that after the occurrence of an Event of Default resulting in acceleration of the Series 2006-A Notes, the Required Spread Account Amount shall equal the Note Principal Balance (after taking into account any payments to be made on such Distribution Date); and provided, further, that, except as described in the preceding proviso following the acceleration of the Series 2006-A Notes, in no event will the Required Spread Account Amount exceed the Class C Note Principal Balance (after taking into account any payments to be made on such Distribution Date).

"Reserve Account" is defined in subsection 4.10(a).

"Reserve Account Funding Date" means the Transfer Date designated by the Servicer which occurs not later than (a) the Transfer Date with respect to the Monthly Period which commences 3 months prior to the commencement of the Controlled Accumulation Period (which commencement shall be subject to postponement pursuant to Section 4.14); (b) the first Transfer Date for which the Quarterly Excess Spread Percentage is less than 2%, but in such event the

Reserve Account Funding Date shall not be required to occur earlier than the Transfer Date with respect to the Monthly Period which commences 12 months prior to the commencement of the Controlled Accumulation Period; (c) the first Transfer Date for which the Quarterly Excess Spread Percentage is less than 3%, but in such event the Reserve Account Funding Date shall not be required to occur earlier than the Transfer Date with respect to the Monthly Period which commences 6 months prior to the commencement of the Controlled Accumulation Period; and (d) the first Transfer Date for which the Quarterly Excess Spread Percentage is less than 4%, but in such event the Reserve Account Funding Date shall not be required to occur earlier than the Transfer Date with respect to the Monthly Period which commences 4 months prior to the commencement of the Controlled Accumulation Period; provided, however, that subject to satisfaction of the Rating Agency Condition, the Reserve Account Funding Date may be any date selected by the Servicer.

"Reserve Account Surplus" means, as of any Transfer Date following the Reserve Account Funding Date, the amount, if any, by which the amount on deposit in the Reserve Account exceeds the Required Reserve Account Amount.

"Reserve Draw Amount" means, with respect to each Transfer Date relating to the Controlled Accumulation Period or the first Transfer Date relating to the Early Amortization Period, the amount, if any, by which the Principal Accumulation Investment Proceeds for such Distribution Date are less than the Covered Amount determined as of such Transfer Date.

"Reset Date" means:

(a) each Addition Date and each "Addition Date" (as such term is defined in the Pooling and Servicing Agreement), in each case relating to Supplemental Accounts;

(b) each Removal Date and each "Removal Date" (as such term is defined in the Pooling and Servicing Agreement) on which, if any Series of Notes or any Series under (and as defined in) the Pooling and Servicing Agreement has been paid in full, Principal Receivables equal to the Initial Collateral Amount for that Series are removed from the Receivables Trust;

(c) each date on which there is an increase in the outstanding balance of any Variable Interest or "Variable Interest" (as such term is defined in the Pooling and Servicing Agreement); and

(d) each date on which a new Series, Class or subclass 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.

"Revolving Period" means the period beginning on the Closing Date and ending at the close of business on the day immediately preceding the earlier of the day the Controlled Accumulation Period commences or the day the Early Amortization Period commences.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Global Note" is defined in subsection 8.2(c)(i).

"Series 2004-B Allocation Percentage" means, for any Monthly Period, the "Allocation Percentage" as such term is defined in the Series 2004-B Indenture Supplement for purposes of allocating Principal Collections to Series 2004-B for such Monthly Period.

"Series 2004-B Indenture Supplement" means the Series 2004-B Indenture Supplement to Master Indenture, dated as of September 22, 2004, between the Issuer and the Indenture Trustee.

"Series 2006-A" means the Series of Notes the terms of which are specified in this Indenture Supplement.

"Series 2006-A Early Amortization Event" is defined in Section 6.1.

"Series 2006-A Final Maturity Date" means the February 2017 Distribution Date.

"Series 2006-A Note" means a Class A Note, a Class M Note, a Class B Note or a Class C Note.

"Series 2006-A Noteholder" means a Class A Noteholder, a Class M Noteholder, a Class B Noteholder or a Class C Noteholder.

"Series Account" means, (a) with respect to Series 2006-A, the Finance Charge Account, the Principal Account, the Principal Accumulation Account, the Distribution Account, the Pre-Funding Account, the Cash Collateral Account, the Reserve Account, the Spread Account and the Funding Period Reserve 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 Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction, the numerator of which is the Allocation Percentage for Finance Charge Collections for that Monthly Period and the denominator of which is the sum of the Allocation Percentages for Finance Charge Receivables for all outstanding Series on such date of determination; provided that if one or more Reset Dates occur in a Monthly Period, the Series Allocation Percentage for the portion of the Monthly Period falling on and after each such Reset Date and prior to any subsequent Reset Date will be determined using a denominator which is equal to the sum of the numerators used in determining the Allocation Percentage for Finance Charge Receivables for all outstanding Series as of the close of business on the subject Reset Date.

"Series Servicing Fee Percentage" means 2% *per annum.*

"Series Termination Date" means the earliest to occur of (a) the date on which the Note Principal Balance is paid in full, (b) the date on which the Collateral Amount is reduced to zero and (c) the Series 2006-A Final Maturity Date.

"Servicing Fee Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in subsection 4.4(a)(iv) over the sum of (a) the Available Finance Charge Collections applied to pay such amount pursuant to subsection 4.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 4.11(c).

"Specified Transferor Amount" means, at any time, the Minimum Transferor Amount (including the Additional Minimum Transferor Amount, if any) at that time.

"Spread Account" is defined in subsection 4.12(a).

"Spread Account Deficiency" means the excess, if any, of the Required Spread Account Amount over the Available Spread Account Amount.

"Spread Account Percentage" means, for any Distribution Date, (i) 0.00% if the Quarterly Excess Spread Percentage on such Distribution Date is greater than or equal to 6.0%, (ii) 1.25% if the Quarterly Excess Spread Percentage on such Distribution Date is less than 6.0% and greater than or equal to 5.5%, (iii) 1.50% if the Quarterly Excess Spread Percentage on such Distribution Date is less than 5.5% and greater than or equal 5.0%, (iv) 2.25% if the Quarterly Excess Spread Percentage on such Distribution Date is less than 5.0% and greater than or equal to 4.5%, (v) 2.75% if the Quarterly Excess Spread Percentage on such Distribution Date is less than 4.5% and greater than or equal to 4.0%, (vi) 3.25% if the Quarterly Excess Spread Percentage on such Distribution Date is less than 4.0% and greater than or equal to 3.0%, (vii) 3.75% if the Quarterly Excess Spread Percentage on such Distribution Date is less than 3.0% and greater than or equal to 2.5%, and (viii) 4.25% if the Quarterly Excess Spread Percentage on such Distribution Date is less than 2.5%; provided, that:

(a) if the Spread Account Percentage for a Distribution Date is greater than 1.50%, 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 is equal 1.50%, 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 Distribution Dates;[1]

[1] For example, if the Spread Account Percentage on one Distribution Date were 1.50%, then the Spread Account Percentage for the next Distribution Date could not be less than 1.25%, even if the Quarterly Excess Spread Percentage on such next Distribution Date were greater than or equal to 6.0%

(d) if an Early Amortization Event is deemed to occur with respect to Series 2006-A, the Spread Account Percentage shall be 12.5%; and

(e) the Spread Account Percentage may be decreased by the Transferor with the consent of the Class C Noteholders if the Rating Agency Condition shall have been satisfied with respect to such decrease.

"Target Amount" is defined in subsection 4.1(b)(i).

"Telerate Page 3750" means the display page currently so designated on the Moneyline Telerate Service (or such page as may replace that page in that service for the purpose of displaying comparable rates or prices).

"Temporary Regulation S Global Notes" is defined in Subsection 8.2(c)(ii).

"Trust Base Rate" means, for any Monthly Period, the weighted average for all outstanding Series of Notes issued by the Issuer, excluding Series 2006-A, of the "Base Rates" (as defined for each Series in the related Indenture Supplement), weighted in each case by the outstanding aggregate principal amount of each such Series of Notes as of the last day of such Monthly Period or, in the case of any Series that is a Variable Interest, the average aggregate principal amount of such Series during such Monthly Period; provided that for purposes of the foregoing calculation, the Monthly Period preceding the first Distribution Date shall be deemed to be the May 2006 calendar month.

"Trust Portfolio Yield" means, for any Monthly Period, the weighted average for all outstanding Series of Notes issued by the Issuer, excluding Series 2006-A, of the "Portfolio Yields" (as defined for each Series in the related Indenture Supplement), weighted in each case by the outstanding aggregate principal amount of each such Series of Notes as of the last day of such Monthly Period or, in the case of any Series that is a Variable Interest, the average aggregate principal amount of such Series during such Monthly Period; provided that for purposes of the foregoing calculation, the Monthly Period preceding the first Distribution Date shall be deemed to be the May 2006 calendar month.

"Weighted Average Fixed Rate" means a per annum rate of 5.526%.

(b) Each capitalized term defined herein shall relate to the Series 2006-A Notes and no other Series of Notes issued by the Trust, unless the context otherwise requires. All capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in Annex A to the Master Indenture.

(c) The interpretive rules specified in Section 1.2 of the Master Indenture also apply to this Indenture Supplement. If any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Master Indenture, the terms and provisions of this Indenture Supplement shall be controlling.

ARTICLE III.

Noteholder Servicing Fee

Section 3.1 Servicing Compensation. The share of the Servicing Fee allocable to Series 2006-A for any Transfer Date (the "Noteholder Servicing Fee") shall be equal to one-twelfth of the product of (a) the Series Servicing Fee Percentage and (b) the Collateral Amount as of the last day of the Monthly Period preceding such Transfer Date; provided, however, that with respect to the first Transfer Date, the Noteholder Servicing Fee shall be equal to $94,444.44. The remainder of the Servicing Fee shall be paid by the holders of the Transferor Interest or the noteholders of other Series (as provided in the related Indenture Supplements) and in no event shall the Trust, the Indenture Trustee or the Series 2006-A Noteholders be liable for the share of the Servicing Fee to be paid by the holders of the Transferor Interest or the noteholders of any other Series.

Section 3.2 Representations and Warranties. The parties hereto agree that the representations, warranties and covenants set forth in Schedule I shall be a part of this Indenture Supplement for all purposes.

ARTICLE IV.

Rights of Series 2006-A Noteholders and Allocation and Application of Collections

Section 4.1 Collections and Allocations

(a) Allocations. Finance Charge Collections, Principal Collections and Defaulted Receivables allocated to Series 2006-A pursuant to Article VIII of the Indenture shall be allocated and distributed as set forth in this Article.

(b) Allocations to the Series 2006-A Noteholders. The Servicer shall on the Date of Processing, allocate to the Series 2006-A Noteholders the following amounts as set forth below:

(i) Allocations of Finance Charge Collections. The Servicer shall allocate to the Series 2006-A Noteholders an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate Finance Charge Collections processed on such Date of Processing and shall deposit such amount into the Finance Charge Account, provided that, with respect to each Monthly Period falling in the Revolving Period (and with respect to that portion of each Monthly Period in the Controlled Accumulation Period falling on or after the day on which Collections of Principal Receivables equal to the related Controlled Deposit Amount have been allocated pursuant to Section 4.1(b)(ii) and deposited pursuant to Section 4.1(c)), so long as the Available Cash Collateral Amount is not less than the Required Cash Collateral Amount on such Date of Processing, Collections of Finance Charge Receivables shall be transferred into the Finance Charge Account only until such time as the aggregate amount so deposited equals the sum (the "Target Amount") of (A) the Net Interest Obligation for the related Distribution Date, (B) if WFN is not the Servicer, the Noteholder Servicing Fee (and if WFN is the Servicer, then amounts that otherwise would have been transferred into the Finance

Charge Account pursuant to this clause (B) shall instead be returned to WFN as payment of the Noteholder Servicing Fee), (C) any amount required to be deposited in the Reserve Account, the Spread Account and the Cash Collateral Account on the related Transfer Date and (D) if the Excess Spread Percentage for the preceding Monthly Period was less than 3%, the sum of Investor Default Amounts and any Investor Uncovered Dilution Amounts for the portion of the current the Monthly Period that has elapsed through such Date of Processing; provided further, that, notwithstanding the preceding proviso, if on any Business Day the Servicer determines that the Target Amount for a Monthly Period exceeds the Target Amount for that Monthly Period as previously calculated by Servicer, then (x) Servicer shall (on the same Business Day) inform Transferor of such determination, and (y) within two Business Days of receiving such notice Transferor shall deposit into the Finance Charge Account funds in an amount equal to the amount of Collections of Finance Charge Receivables allocated to the Noteholders for that Monthly Period but not deposited into the Finance Charge Account 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 Monthly Period equals the Target Amount); and provided, further, if on any Transfer Date the Transferor Amount is less than the Specified Transferor Amount after giving effect to all transfers and deposits on that Transfer Date, Transferor shall, on that Transfer Date, deposit into the Principal Account funds in an amount equal to the amounts of Available Finance Charge Collections that are required to be treated as Available Principal Collections pursuant to Section 4.4(a)(vi) and (vii) but are not available from funds in the Finance Charge Account as a result of the operation of second preceding proviso.

With respect to any Monthly Period when deposits of Collections of Finance Charge Receivables into the Finance Charge Account are limited to deposits up to the Target Amount in accordance with clause (i) above, notwithstanding such limitation: (1) "Reallocated Principal Collections" for the related Transfer Date shall be calculated as if the full amount of Finance Charge Collections allocated to the Noteholders during that Monthly Period had been deposited in the Finance Charge Account and applied on such Transfer Date in accordance with Section 4.4(a); and (2) Collections of Finance Charge Receivables released to Transferor pursuant to such Section 4.1(b)(i) shall be deemed, for purposes of all calculations under this Indenture Supplement, to have been retained in the Finance Charge Account and applied to the items specified in Sections 4.4(a) to which such amounts would have been applied (and in the priority in which they would have been applied) had such amounts been available in the Finance Charge Account on such Transfer Date. To avoid doubt, the calculations referred to in the preceding clause (2) include the calculations required by clause (d) of the definition of Collateral Amount and by the definition of Portfolio Yield.

(ii) Allocations of Principal Collections. The Servicer shall allocate to the Series 2006-A Noteholders the following amounts as set forth below:

(x) Allocations During the Revolving Period.

(1) During the Revolving Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing, shall be allocated to the Series 2006-A Noteholders and first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Specified Transferor Amount and third paid to the holders of the Transferor Interest.

(2) With respect to each Monthly Period falling in the Revolving Period, to the extent that Collections of Principal Receivables allocated to the Series 2006-A Noteholders pursuant to this subsection 4.1(b)(ii) are paid to Transferor, Transferor shall make an amount equal to the Reallocated Principal Collections for the related Transfer Date available on that Transfer Date for application in accordance with Section 4.6.

(y) Allocations During the Controlled Accumulation Period. During the Controlled Accumulation Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing (the product for any such date is hereinafter referred to as a "Percentage Allocation") shall be allocated to the Series 2006-A Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that if the sum of such Percentage Allocation and all preceding Percentage Allocations with respect to the same Monthly Period exceeds the Controlled Deposit Amount during the Controlled Accumulation Period for the related Distribution Date, then such excess shall not be treated as a Percentage Allocation and shall be first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Specified Transferor Amount and third paid to the holders of the Transferor Interest.

(z) Allocations During the Early Amortization Period. During the Early Amortization Period, an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing shall be allocated to the Series 2006-A Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that after the date on which an amount of such Principal Collections equal to the Note Principal Balance has been deposited into the Principal Account such amount shall be first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Specified Transferor Amount and third paid to the holders of the Transferor Interest.

(c) 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 Noteholders pursuant to Sections 4.1(a) and (b) with respect to any Monthly Period need not be deposited into the Collection Account or any Series Account prior to the related Transfer Date, and, when so deposited, (x) may be deposited net of any amounts required to be distributed to Transferor and, if WFN is Servicer, Servicer, and (y) shall be deposited into the Finance Charge Account (in the case of Collections of Finance Charge Receivables) and the Principal Account (in the case of Collections of Principal Receivables (not including any Shared Principal Collections allocated to Series 2006-A pursuant to Section 4.15 of the Pooling and Servicing Agreement or Section 8.5 of the Indenture)).

(d) On any date, Servicer may withdraw from the Collection Account or any Series Account any amounts inadvertently deposited in such account that should have not been so deposited.

Section 4.2 Determination of Monthly Interest.

(a) The amount of monthly interest ("Class A Monthly Interest") distributable from the Distribution Account with respect to the Class A Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class A Note Interest Rate in effect with respect to the related Distribution Period and (ii) the Class A Note Principal Balance as of the close of business on the last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class A Note Initial Principal Balance).

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class A Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this Section 4.2(a) as of the prior Distribution Date *over* (y) the amount actually transferred from the Distribution Account for payment of such amount. If the Class A Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class A Deficiency Amount is fully paid, an additional amount ("Class A Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class A Note Interest Rate in effect with respect to the related Distribution Period *plus* 2% per annum and (ii) such Class A Deficiency Amount (or the portion thereof which has not been paid to the Class A Noteholders) shall be payable as provided herein with respect to the Class A Notes. Notwithstanding anything to the contrary herein, Class A Additional Interest shall be payable or distributed to the Class A Noteholders only to the extent permitted by applicable law.

(b) The amount of monthly interest ("Class M Monthly Interest") distributable from the Distribution Account with respect to the Class M Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class M Note Interest Rate in effect with respect to the related Distribution Period and (ii) the Class M Note Principal Balance as of the close of business on the last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class M Note Initial Principal Balance).

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class M Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this Section 4.2(b) as of the prior Distribution Date *over* (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class M Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class M Deficiency Amount is fully paid, an additional amount ("Class M Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class M Note Interest Rate in effect with respect to the related Distribution Period *plus* 2% per annum and (ii) such Class M Deficiency Amount (or the portion thereof which has not been paid to the Class M Noteholders) shall be payable as provided herein with respect to the Class M Notes. Notwithstanding anything to the contrary herein, Class M Additional Interest shall be payable or distributed to the Class M Noteholders only to the extent permitted by applicable law.

(c) The amount of monthly interest ("Class B Monthly Interest") distributable from the Distribution Account with respect to the Class B Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class B Note Interest Rate in effect with respect to the related Distribution Period and (ii) the Class B Note Principal Balance as of the close of business on the last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class B Note Initial Principal Balance).

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class B Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this Section 4.2(c) as of the prior Distribution Date *over* (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class B Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class B Deficiency Amount is fully paid, an additional amount ("Class B Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class B Note Interest Rate in effect with respect to the related Distribution Period *plus* 2% per annum and (ii) such Class B Deficiency Amount (or the portion thereof which has not been paid to the Class B Noteholders) shall be payable as provided herein with respect to the Class B Notes. Notwithstanding anything to the contrary herein, Class B Additional Interest shall be payable or distributed to the Class B Noteholders only to the extent permitted by applicable law.

(d) The amount of monthly interest ("Class C Monthly Interest") distributable from the Distribution Account with respect to the Class C Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class C Note Interest Rate in effect with respect to the related Distribution Period and (ii) the Class C Note Principal Balance as of the close of business on the last day of the preceding Monthly Period (or, with respect to the initial Distribution Date, the Class C Note Initial Principal Balance).

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class C Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this Section 4.2(d) as of the prior Distribution Date *over* (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class C Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class C Deficiency Amount is fully paid, an additional amount ("Class C Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class C Note Interest Rate in effect with respect to the related Distribution Period *plus* 2% per annum and (ii) such Class C Deficiency Amount (or the portion thereof which has not been paid to the Class C Noteholders) shall be payable as provided herein with respect to the Class C Notes. Notwithstanding anything to the contrary herein, Class C Additional Interest shall be payable or distributed to the Class C Noteholders only to the extent permitted by applicable law.

Section 4.3 Determination of Monthly Principal. The amount of monthly principal to be transferred from the Principal Account with respect to the Notes on each Transfer Date (the "Monthly Principal"), beginning with the Transfer Date in the month following the month in which the Controlled Accumulation Period or, if earlier, the Early Amortization Period, begins, shall be equal to the least of (i) the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (ii) for each Transfer Date with respect to the Controlled Accumulation Period, the Controlled Deposit Amount for such Transfer Date, (iii) the Collateral Amount (after taking into account any adjustments to be made on such Distribution Date pursuant to Sections 4.5 and 4.6) prior to any deposit into the Principal Accumulation Account on such Transfer Date, and (iv) the Note Principal Balance, minus any amount already on deposit in the Principal Accumulation Account on such Transfer Date.

Section 4.4 Application of Available Finance Charge Collections and Available Principal Collections. On or before each Transfer Date, the Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit I) to withdraw and the Indenture Trustee, acting in accordance with such instructions, shall withdraw on such Transfer Date or related Distribution Date, as applicable, to the extent of available funds, the amount required to be withdrawn from the Finance Charge Account, the Principal Account, the Principal Accumulation Account and the Distribution Account as follows:

(a) On each Transfer Date, an amount equal to the Available Finance Charge Collections with respect to the related Distribution Date will be distributed or deposited in the following priority:

(i) on a pari passu basis based on the amounts owing to the Class A Noteholders and the Class A Counterparty pursuant to this subsection 4.4(a)(i): (A) an amount equal to Class A Monthly Interest for such Distribution Date, *plus* any Class A Deficiency Amount, *plus* the amount of any Class A Additional Interest for such

Distribution Date, *plus* the amount of any Class A Additional Interest previously due but not distributed to Class A Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account, and (B) any Class A Net Swap Payment for such Distribution Date shall be paid to the Class A Swap Counterparty;

(ii) on a pari passu basis based on the amounts owing to the Class M Noteholders and the Class M Counterparty pursuant to this subsection 4.4(a)(ii): (A) an amount equal to Class M Monthly Interest for such Distribution Date, *plus* any Class M Deficiency Amount, *plus* the amount of any Class M Additional Interest for such Distribution Date, *plus* the amount of any Class M Additional Interest previously due but not distributed to Class M Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account, and (B) any Class M Net Swap Payment for such Distribution Date shall be paid to the Class M Swap Counterparty;

(iii) on a pari passu basis based on the amounts owing to the Class B Noteholders and the Class B Counterparty pursuant to this subsection 4.4(a)(iii): (A) an amount equal to Class B Monthly Interest for such Distribution Date, *plus* any Class B Deficiency Amount, *plus* the amount of any Class B Additional Interest for such Distribution Date, *plus* the amount of any Class B Additional Interest previously due but not distributed to Class B Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account, and (B) any Class B Net Swap Payment for such Distribution Date shall be paid to the Class B Swap Counterparty;

(iv) an amount equal to the Noteholder Servicing Fee for such Transfer Date, *plus* the amount of any Noteholder Servicing Fee previously due but not distributed to the Servicer on a prior Transfer Date, shall be distributed to the Servicer;

(v) on a pari passu basis based on the amounts owing to the Class C Noteholders and the Class C Counterparty pursuant to this subsection 4.4(a)(v): (A) an amount equal to Class C Monthly Interest for such Distribution Date, *plus* any Class C Deficiency Amount, *plus* the amount of any Class C Additional Interest for such Distribution Date, *plus* the amount of any Class C Additional Interest previously due but not distributed to the Class C Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account, and (B) any Class C Net Swap Payment for such Distribution Date shall be paid to the Class C Counterparty;

(vi) an amount equal to the Aggregate Investor Default 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 the Controlled Accumulation Period or the Early Amortization Period, deposited into the Principal Account on the related Transfer Date;

(vii) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this subsection (vii) shall be treated as a portion of Available Principal Collections for such Distribution Date;

(viii) an amount equal to the excess, if any, of the Required Cash Collateral Amount *over* the Available Cash Collateral Amount shall be deposited into the Cash Collateral Account as provided in Section 4.11(b);

(ix) on each Transfer Date during the Funding Period, an amount equal to the excess, if any, of the Required Funding Period Reserve Amount *over* the Available Funding Period Reserve Amount shall be deposited into the Funding Period Reserve Account as provided in Section 4.19(c);

(x) on each Transfer Date from and after the Reserve Account Funding Date, but prior to the date on which the Reserve Account terminates as described in Section 4.10(f), an amount up to the excess, if any, of the Required Reserve Account Amount *over* the Available Reserve Account Amount shall be deposited into the Reserve Account as provided in Section 4.10(a);

(xi) an amount equal to the amounts required to be deposited in the Spread Account pursuant to Section 4.12(f) shall be deposited into the Spread Account as provided in Section 4.12(f);

(xii) on a pari passu basis based on the amounts owing to each Counterparty pursuant to this subsection 4.4(a)(xii): (A) an amount equal to any partial or early termination payments or other additional payments owed to the Class A Counterparty under the Class A Swap shall be paid to the Class A Counterparty, (B) an amount equal to any partial or early termination payments or other additional payments owed to the Class M Counterparty under the Class M Swap shall be paid to the Class M Counterparty, (C) an amount equal to any partial or early termination payments or other additional payments owed to the Class B Counterparty under the Class B Swap shall be paid to the Class B Counterparty and (D) an amount equal to any partial or early termination payments or other additional payments owed to the Class C Counterparty under the Class C Swap shall be paid to the Class C Counterparty;

(xiii) an amount equal to any other payments owed to the Class C Noteholders under the Class C Note Purchase Agreement shall be paid to the Class C Noteholders;

(xiv) 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

(xv) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Distribution Date.

(b) On each Transfer Date with respect to the Revolving Period, an amount equal to the Available Principal Collections for the related Monthly Period shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(c) On each Transfer Date with respect to the Controlled Accumulation Period or the Early Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period shall be distributed or deposited in the following order of priority:

(i) during the Controlled Accumulation Period, an amount equal to the Monthly Principal for such Transfer Date shall be deposited into the Principal Accumulation Account;

(ii) during the Early Amortization Period, an amount equal to the Monthly Principal for such Transfer Date shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class A Noteholders on the related Distribution Date until the Class A Note Principal Balance has been paid in full;

(iii) during the Early Amortization Period, after giving effect to the distribution referred to in clause (ii) above, an amount equal to the Monthly Principal remaining, if any, shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class M Noteholders on the related Distribution Date until the Class M Note Principal Balance has been paid in full;

(iv) during the Early Amortization Period, after giving effect to the distribution referred to in clauses (ii) and (iii) above, an amount equal to the Monthly Principal remaining, if any, shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class B Noteholders on the related Distribution Date until the Class B Note Principal Balance has been paid in full;

(v) during the Early Amortization Period, after giving effect to the distributions referred to in clauses (ii), (iii) and (iv) above, an amount equal to the Monthly Principal remaining, if any, shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class C Noteholders on the related Distribution Date until the Class C Note Principal Balance has been paid in full; and

(vi) in the case of each of the Controlled Accumulation Period and the Early Amortization Period, the balance of such Available Principal Collections remaining after application in accordance with clauses (i) through (v) above shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(d) On each Distribution Date, the Indenture Trustee shall pay in accordance with Section 5.2 to the Class A Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to Section 4.4(a)(i) on the preceding Transfer Date, to the Class M Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to Section 4.4(a)(ii), to the Class B Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to Section 4.4(a)(iii) and to the Class C Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to Section 4.4(a)(v).

(e) On the earlier to occur of (i) the first Transfer Date with respect to the Early Amortization Period and (ii) the Transfer Date immediately preceding the Expected Principal Payment Date, the Indenture Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Principal Accumulation Account and deposit into the Distribution Account amounts necessary to pay first, to the Class A Noteholders, an amount equal to the Class A Note Principal Balance, second, to the Class M Noteholders, an amount equal to the Class M Note Principal Balance, third, to the Class B Noteholders, an amount equal to the Class B Note Principal Balance, and fourth, to the Class C Noteholders, an amount equal to the Class C Note Principal Balance. The Indenture Trustee, acting in accordance with the instructions of the Servicer, shall in accordance with Section 5.2 pay from the Distribution Account to the Class A Noteholders, the Class M Noteholders, the Class B Noteholders and the Class C Noteholders, as applicable, the amounts deposited for the account of such Noteholders into the Distribution Account pursuant to this subsection 4.4(e).

Section 4.5 Investor Charge-Offs. On each Determination Date, the Servicer shall calculate the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for the related Distribution Date. If, on any Distribution Date, the sum of the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for such Distribution Date exceeds the sum of the amount of Available Finance Charge Collections and the amount withdrawn from the Cash Collateral Account allocated with respect thereto pursuant to subsection 4.4(a)(vi) and 4.11(c), respectively, with respect to 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").

Section 4.6 Reallocated Principal Collections. On each Transfer Date, the Servicer shall apply, or shall instruct the Indenture Trustee in writing to apply, Reallocated Principal Collections with respect to that Transfer Date, to fund any deficiency pursuant to and in the priority set forth in subsections 4.4(a)(i), (ii), (iii), (iv) and (v)(B), after giving effect to any withdrawal from the Cash Collateral Account or the Spread Account to cover such payments. On each Transfer Date, the Collateral Amount shall be reduced by the amount of Reallocated Principal Collections for such Transfer Date.

Section 4.7 Excess Finance Charge Collections. Series 2006-A shall be an Excess Allocation Series with respect to Group One only. For this purpose, each outstanding series of certificates issued by World Financial Network Master Trust (other than series represented by the Collateral Certificate) shall be deemed to be a Series in Group One. Subject to Section 8.6 of the Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One for any Transfer Date will be allocated to Series 2006-A in an amount equal to the product of (x) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Distribution Date and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2006-A for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One for such Distribution Date. The "Finance Charge Shortfall" for Series 2006-A 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 subsections 4.4(a)(i) through (xiii) on such Distribution Date *over* (b) the Available Finance Charge Collections with respect to such Distribution Date (excluding any portion thereof attributable to Excess Finance Charge Collections).

Section 4.8 Shared Principal Collections. Subject to Section 4.4 of the Pooling and Servicing Agreement and Section 8.5 of the Indenture, Shared Principal Collections allocable to Series 2006-A on any Transfer Date will be equal to the product of (x) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series for such Transfer Date and (y) a fraction, the numerator of which is the Principal Shortfall for Series 2006-A for such Transfer Date and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series for such Transfer Date. For this purpose, each outstanding series of certificates issued by World Financial Network Master Trust (other than series represented by the Collateral Certificate) shall be deemed to be a Principal Sharing Series. The "Principal Shortfall" for Series 2006-A will be equal to (a) for any Transfer Date with respect to the Revolving Period or the Early Amortization Period, zero, and (b) for any Transfer Date with respect to the Controlled Accumulation Period, the excess, if any, of the Controlled Deposit Amount with respect to such Transfer Date *over* the amount of Available Principal Collections for such Transfer Date (excluding any portion thereof attributable to Shared Principal Collections).

Section 4.9 Certain Series Accounts.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2006-A Noteholders, four segregated trust accounts (the "Finance Charge Account", the "Principal Account", the "Principal Accumulation Account" and the "Distribution Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-A Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Finance Charge Account, the Principal Account, the Principal Accumulation Account and the Distribution Account and in all proceeds thereof. The Finance Charge Account, the Principal Account, the Principal Accumulation Account and the Distribution Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2006-A Noteholders. If at any time the institution holding the Finance Charge Account, the Principal Account, the Principal Accumulation Account and the Distribution Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Finance Charge Account, a new Principal Account, a new Principal Accumulation Account and a new Distribution Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Finance Charge Account, new Principal Account, new Principal Accumulation Account and new Distribution Account. The Indenture Trustee, at the written direction of the Servicer, shall (i) make withdrawals from the Finance Charge Account, the Principal Account, the Principal Accumulation Account and the Distribution Account from time to time, in the amounts and for the purposes set forth in this Indenture Supplement, and (ii) on each Transfer Date (from and after the commencement of the Controlled Accumulation Period) prior to the termination of the Principal Accumulation Account, make deposits into the Principal Accumulation Account in the amounts specified in, and otherwise in accordance with, subsection 4.4(c)(i). Indenture Trustee at all times shall maintain accurate records reflecting each transaction in the Finance Charge Account, the Principal Account, the Principal Accumulation Account and the Distribution Account.

(b) Funds on deposit in the Finance Charge Account, the Principal Account, the Principal Accumulation Account and the Distribution Account, from time to time shall be invested and reinvested at the direction of the Servicer by the Indenture Trustee in Eligible Investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

On each Transfer Date with respect to the Controlled Accumulation Period and on the first Transfer Date with respect to the Early Amortization Period, the Indenture Trustee, acting at the Servicer's direction given on or before such Transfer Date, shall transfer from the Principal Accumulation Account to the Finance Charge Account the Principal Accumulation Investment Proceeds on deposit in the Principal Accumulation Account for application as Available Finance Charge Collections in accordance with Section 4.4.

Principal Accumulation Investment Proceeds (including reinvested interest) shall not be considered part of the amounts on deposit in the Principal Accumulation Account for purposes of this Indenture Supplement.

Section 4.10 Reserve Account.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2006-A Noteholders, a segregated trust account (the "Reserve Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-A Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Reserve Account and in all proceeds thereof. The Reserve Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2006-A Noteholders. If at any time the institution holding the Reserve Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Reserve Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Reserve Account. The Indenture Trustee, at the direction of the Servicer, shall (i) make withdrawals from the Reserve Account from time to time in an amount up to the Available Reserve Account Amount at such time, for the purposes set forth in this Indenture Supplement, and (ii) on each Transfer Date (from and after the Reserve Account Funding Date) prior to termination of the Reserve Account, make a deposit into the Reserve Account in the amount specified in, and otherwise in accordance with, subsection 4.4(a)(x).

(b) Funds on deposit in the Reserve Account shall be invested at the written direction of the Servicer by the Indenture Trustee in Eligible Investments. Funds on deposit in the Reserve Account on any Transfer Date, after giving effect to any withdrawals from the Reserve Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

On each Transfer Date, all interest and earnings (net of losses and investment expenses) accrued since the preceding Transfer Date on funds on deposit in the Reserve Account shall be retained in the Reserve Account (to the extent that the Available Reserve Account Amount is less than the Required Reserve Account Amount) and the balance, if any, shall be deposited into the Finance Charge Account and included in Available Finance Charge Collections for such Transfer Date. For purposes of determining the availability of funds or the balance in the Reserve Account for any reason under this Indenture Supplement, except as otherwise provided in the preceding sentence, investment earnings on such funds shall be deemed not to be available or on deposit.

(c) On or before each Transfer Date with respect to the Controlled Accumulation Period and on or before the first Transfer Date with respect to the Early Amortization Period, the Servicer shall calculate the Reserve Draw Amount; provided, however, that such amount will be reduced to the extent that funds otherwise would be available for deposit in the Reserve Account under Section 4.4(a)(x) with respect to such Transfer Date.

(d) If for any Transfer Date the Reserve Draw Amount is greater than zero, the Reserve Draw Amount, up to the Available Reserve Account Amount, shall be withdrawn from the Reserve Account on such Transfer Date by the Indenture Trustee (acting in accordance with the written instructions of the Servicer) and deposited into the Finance Charge Account for application as Available Finance Charge Collections for such Transfer Date.

(e) If the Reserve Account Surplus on any Transfer Date, after giving effect to all deposits to and withdrawals from the Reserve Account with respect to such Transfer Date, is greater than zero, the Indenture Trustee, acting in accordance with the written instructions of the Servicer, shall withdraw from the Reserve Account an amount equal to such Reserve Account Surplus and (i) deposit such amounts in the Spread Account, to the extent that funds on deposit in the Spread Account are less than the Required Spread Account Amount, and (ii) distribute any such amounts remaining after application pursuant to subsection 4.10(e)(i) to the holders of the Transferor Interest.

(f) Upon the earliest to occur of (i) the termination of the Trust pursuant to Article VIII of the Trust Agreement, (ii) the first Transfer Date relating to the Early Amortization Period and (iii) the Transfer Date immediately preceding the Expected Principal Payment Date, the Indenture Trustee, acting in accordance with the instructions of the Servicer, after the prior payment of all amounts owing to the Series 2006-A Noteholders that are payable from the Reserve Account as provided herein, shall withdraw from the Reserve Account all amounts, if any, on deposit in the Reserve Account and (i) deposit such amounts in the Spread Account, to the extent that funds on deposit in the Spread Account are less than the Required Spread Account Amount, and (ii) distribute any such amounts remaining after application pursuant to subsection 4.10(f)(i) to the holders of the Transferor Interest. The Reserve Account shall thereafter be automatically terminated for purposes of this Indenture Supplement.

Section 4.11 Cash Collateral Account.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2006-A Noteholders, a segregated trust account (the "Cash Collateral Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-A Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Cash Collateral Account and in all proceeds thereof. The Cash Collateral Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2006-A Noteholders. If at any time the institution holding the Cash Collateral Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Cash Collateral Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Cash Collateral Account.

(b) On the Closing Date, Transferor shall deposit $1,750,000 in immediately available funds into the Cash Collateral Account. On each day on which funds are released from the Pre-Funding Account pursuant to Section 4.18(d), funds so released, to the extent available for such purpose, shall be deposited into the Cash Collateral Account up to an amount equal to the amount by which the Required Cash Collateral Amount exceeds the Available Cash Collateral Amount on such date of determination. In addition, if on any Transfer Date, the Available Cash Collateral Amount is less than the Required Cash Collateral Amount then in effect, Available Finance Charge Collections, to the extent available for such purpose, shall be deposited in the Cash Collateral Account pursuant to Section 4.4(a)(viii) up to an amount equal to the amount by which the Required Cash Collateral Amount exceeds the Available Cash Collateral Amount.

Funds on deposit in the Cash Collateral Account shall be invested at the written direction of the Servicer by the Indenture Trustee in Eligible Investments. Funds on deposit in the Cash Collateral Account on any Transfer Date, after giving effect to any withdrawals from the Cash Collateral Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date. On each Transfer Date, all interest and earnings (net of losses and investment expenses) accrued since the preceding Transfer Date on funds on deposit in the Cash Collateral Account shall be retained in the Cash Collateral Account (to the extent that the Available Cash Collateral Account Amount is less than the Required Cash Collateral Account Amount) and the balance, if any, shall be deposited into the Finance Charge Account and included in Available Finance Charge Collections for such Transfer Date. For purposes of determining the availability of funds or the balance in the Cash Collateral Account for any reason under this Indenture Supplement, except as otherwise provided in the preceding sentence, interest and earnings on such funds shall be deemed not to be available or on deposit.

(c) On each Determination Date, Servicer shall calculate the amount (the "Required Draw Amount") by which the sum of the amounts required to be distributed pursuant to Sections 4.4(a)(i) through (vi) with respect to the related Transfer Date exceeds the amount of Available Finance Charge Collections with respect to the related Monthly Period. If the Required Draw Amount for any Transfer Date is greater than zero, Servicer shall give written notice to the Indenture Trustee of such positive Required Draw Amount on the related Determination Date. On the related Transfer Date, the Required Draw Amount, if any, up to the Available Cash Collateral Amount, shall be withdrawn from the Cash Collateral Account and distributed to fund any deficiency pursuant to Section 4.4(a)(i) through (vi) (in the order of priority set forth in Section 4.4(a)).

(d) On (i) any Transfer Date and (ii) the last day of the Funding Period, if after giving effect to all deposits to and withdrawals from the Cash Collateral Account on such date, the amount on deposit in the Cash Collateral Account exceeds the Required Cash Collateral Amount, the Indenture Trustee acting in accordance with the instructions of the Servicer, shall withdraw an amount equal to such excess from the Cash Collateral Account and (i) deposit such amounts in the Spread Account, to the extent that funds on deposit in the Spread Account are less than the Required Spread Account Amount and (ii) distribute such amounts remaining after application pursuant to subsection 4.11(c) to the Transferor.

Section 4.12 Spread Account.

(a) On or prior to the Closing Date, the Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Class C Noteholders and the Transferor, a segregated account (the "Spread Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Class C Noteholders and the Transferor. Except as otherwise provided in this Section 4.12, 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 and the holder of the Transferor Interest. If at any time the institution holding the Spread Account ceases to be an Eligible Institution, the Servicer shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days (or such longer period as to which the Rating Agencies may consent) establish a new Spread Account meeting the conditions specified above with an Eligible Institution and shall transfer any cash or any investments to such new Spread Account. The Indenture Trustee, at the written direction of the Servicer, shall (i) make withdrawals from the Spread Account from time to time in an amount up to the Available Spread Account Amount at such time, for the purposes set forth in this Indenture Supplement, and (ii) on each Transfer Date prior to termination of the Spread Account, make a deposit into the Spread Account in the amount specified in, and otherwise in accordance with, subsection 4.12(f).

(b) Funds on deposit in the Spread Account shall be invested at the written direction of the Servicer by the Indenture Trustee in Eligible Investments. Funds on deposit in the Spread Account on any Transfer Date, after giving effect to any withdrawals from and deposits to the Spread Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

On each Transfer Date (but subject to subsection 4.12(c)), the Investment Earnings, if any, accrued since the preceding Transfer Date on funds on deposit in the Spread Account shall be retained in the Spread Account (to the extent that the Available Spread Account Amount is less than the Required Spread Account Amount) and the balance, if any, shall be deposited into the Finance Charge Account and included in Available Finance Charge Collections for such Transfer Date. For purposes of determining the availability of funds or the balance in the Spread Account for any reason under this Indenture Supplement (subject to subsection 4.12(c)), all Investment Earnings shall be deemed not to be available or on deposit.

(c) If, on any Transfer Date, the aggregate amount of Available Finance Charge Collections and the amount, if any, withdrawn from the Cash Collateral Account available for deposit into the Distribution Account pursuant to subsections 4.4(a)(v) and 4.11(c), respectively, is less than the aggregate amount required to be deposited pursuant to subsection 4.4(a)(v), the Indenture Trustee, at the written direction of the Servicer, shall withdraw from the Spread Account the amount of such deficiency up to the Available Spread Account Amount and, if the Available Spread Account Amount is less than such deficiency, Investment Earnings credited to the Spread Account, and deposit such amount in the Distribution Account to fund any deficiency pursuant to subsection 4.4(a)(v).

(d) On the earlier of Series 2006-A Final Maturity Date and the 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, after applying any funds on deposit in the Spread Account as described in Section 4.12(c), 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 Note Principal Balance (after any payments to be made pursuant to subsection 4.4(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 subsection 5.2(f).

(e) On any day following the occurrence of an Event of Default with respect to Series 2006-A and acceleration of the maturity of the Series 2006-A Notes pursuant to Section 5.3 of the Indenture, Servicer shall withdraw from the Spread Account an amount equal to the Available Spread Account Amount and Indenture Trustee or Servicer shall deposit such amounts 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 5.2, to fund any shortfalls in amounts owed to such Noteholders.

(f) If on any Transfer Date, after giving effect to all withdrawals from the Spread Account, the Available Spread Account Amount is less than the Required Spread Account Amount then in effect, Available Finance Charge Collections, to the extent available, shall be deposited into the Spread Account pursuant to Section 4.4(a)(xi) up to the amount of the Spread Account Deficiency.

(g) If, after giving effect to all deposits to and withdrawals from the Spread Account with respect to any Transfer Date, the amount on deposit in the Spread Account exceeds 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 distribute such amount to the Transferor. On the date on which the Class C Note Principal Balance has been paid in full, after making any payments to the Noteholders required pursuant to subsections 4.12(c), (d) and (e), the Indenture Trustee, at the written direction of Servicer, shall withdraw from the Spread Account all amounts then remaining in the Spread Account and pay such amounts to the holders of the Transferor Interest.

Section 4.13 Investment Instructions. (a) Any investment instructions required to be given to the Indenture Trustee pursuant to the terms hereof must be given to the Indenture Trustee no later than 11:00 a.m., New York City time, on the date such investment is to be made. In the event the Indenture Trustee receives such investment instruction later than such time, the Indenture Trustee may, but shall have no obligation to, make such investment. In the event the Indenture Trustee is unable to make an investment required in an investment instruction received by the Indenture Trustee after 11:00 a.m., New York City time, on such day, such investment shall be made by the Indenture Trustee on the next succeeding Business Day. In no event shall the Indenture Trustee be liable for any investment not made pursuant to investment instructions received after 11:00 a.m., New York City time, on the day such investment is requested to be made.

(b) The Indenture Trustee shall hold such of the Eligible Investments in the Series Accounts as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York and/or Illinois. The Indenture Trustee shall hold such of the Eligible Investments as constitutes investment property through a securities intermediary, which securities intermediary shall agree with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) such securities intermediary shall treat the 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 the 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 the 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 the Indenture Trustee), and (g) such agreement shall be governed by the laws of the State of New York. Terms used in the preceding sentence that are defined in the New York UCC and not otherwise defined herein shall have the meaning set forth in the New York UCC.

Section 4.14 Controlled Accumulation Period. The Controlled Accumulation Period is scheduled to commence at the beginning of business on April 1, 2012; provided that if the Controlled Accumulation Period Length (determined as described below) on any Determination Date on or after the March 2012 Determination Date is less than 12 months, upon written notice to the Indenture Trustee, Transferor and, each Rating Agency, Servicer shall postpone the date on which the Controlled Accumulation Period actually commences so that the number of Monthly Periods in the Controlled Accumulation Period will equal the Controlled Accumulation Period Length; provided that (i) the length of the Controlled Accumulation Period will not be less than one month, (ii) such determination of the Controlled Accumulation Period Length shall be made on each Determination Date on and after the March 2012 Determination Date but prior to the commencement of the Controlled Accumulation Period, and any postponement of the Controlled Accumulation Period shall be subject to the subsequent lengthening of the Controlled Accumulation Period to the Controlled Accumulation Period Length determined on any

subsequent Determination Date, but the Controlled Accumulation Period shall in no event commence prior to the Controlled Accumulation Date, and (iii) notwithstanding any other provision of this Indenture Supplement to the contrary, no postponement of the Controlled Accumulation Period shall be made after an Early Amortization Event shall have occurred and be continuing with respect to any other Series. The "Controlled Accumulation Period Length" will mean a number of whole months such that the amount available for distribution of principal on the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes on the Expected Principal Payment Date is expected to equal or exceed the Note Principal Balance, assuming for this purpose that (1) the payment rate with respect to Principal Collections remains constant at the lowest level of such payment rate during the twelve preceding Monthly Periods (or such lower payment rate as Servicer may select), (2) the total amount of Principal Receivables in the Trust (and the principal amount on deposit in the Excess Funding Account, if any) remains constant at the level on such date of determination, (3) no Early Amortization Event with respect to any Series will subsequently occur and (4) no additional Series (other than any Series being issued on such date of determination) will be subsequently issued; provided that the Servicer may on any Determination Date increase the Controlled Accumulation Period Length calculated as described in the preceding sentence by either 1 month or 2 months. Any notice by Servicer modifying the commencement of the Controlled Accumulation Period pursuant to this Section 4.14 shall specify (i) the Controlled Accumulation Period Length, (ii) the commencement date of the Controlled Accumulation Period and (iii) the Controlled Accumulation Amount with respect to each Monthly Period during the Controlled Accumulation Period. The Servicer shall calculate the Controlled Accumulation Period Length on each Determination Date prior to the March 2012 Determination Date as necessary to determine the Reserve Account Funding Date.

Section 4.15 [RESERVED]

Section 4.16 Determination of LIBOR.

(a) On each LIBOR Determination Date in respect of a Distribution Period, the Indenture Trustee shall determine LIBOR on the basis of the rate for deposits in United States dollars for a period of the Designated Maturity which appears on Telerate Page 3750 as of 11:00 a.m., London time, on such date. If such rate does not appear on Telerate Page 3750, the rate for that Distribution Period Determination Date shall be determined on the basis of the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for a period of the Designated Maturity. The Indenture Trustee shall request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two (2) such quotations are provided, the rate for that Distribution Period shall be the arithmetic mean of the quotations. If fewer than two (2) quotations are provided as requested, the rate for that Distribution Period will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Servicer, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a period of the Designated Maturity.

(b) The Class A Note Interest Rate, the Class M Note Interest Rate, the Class B Note Interest Rate and the Class C Note Interest Rate applicable to the then current and the immediately preceding Distribution Periods may be obtained by telephoning the Indenture Trustee at its corporate trust office at (312) 827-8500 or such other telephone number as shall be designated by the Indenture Trustee for such purpose by prior written notice by the Indenture Trustee to each Series 2006-A Noteholder from time to time.

(c) On each LIBOR Determination Date, the Indenture Trustee shall send to the Servicer by facsimile transmission, notification of LIBOR for the following Distribution Period.

Section 4.17 Swaps.

(a) On or prior to the Closing Date, the Issuer shall enter into a Class A Swap with the Class A Counterparty, a Class M Swap with the Class M Counterparty, the Class B Swap with the Class B Counterparty and a Class C Swap with the Class C Counterparty for the benefit of the Class A Noteholders, the Class M Noteholders, the Class B Noteholders and the Class C Noteholders, respectively. The aggregate notional amount under the Class A Swap shall, at any time, be equal to the Class A Note Principal Balance at such time. The aggregate notional amount under the Class M Swap shall, at any time, be equal to the Class M Note Principal Balance at such time. The aggregate notional amount under the Class B Swap shall, at any time, be equal to the Class B Note Principal Balance at such time. The aggregate notional amount under the Class C Swap shall, at any time, be equal to the Class C Note Principal Balance. Net Swap Receipts payable by the Class A Counterparty, the Class M Counterparty, the Class B Counterparty or the Class C Counterparty shall be deposited by the Indenture Trustee in the Collection Account on the day received and treated as Available Finance Charge Collections. On any Distribution Date when there shall be a Class A Net Swap Payment, such Class A Net Swap Payment shall be paid as provided in subsection 4.4(a)(i). On any Distribution Date when there shall be a Class M Net Swap Payment, such Class M Net Swap Payment shall be paid as provided in subsection 4.4(a)(ii). On any Distribution Date when there shall be a Class B Net Swap Payment, such Class B Net Swap Payment shall be paid as provided in subsection 4.4(a)(iii). On any Distribution Date when there shall be a Class C Net Swap Payment, such Class C Net Swap Payment shall be paid as provided in subsection 4.4(a)(v). On any Distribution Date when there shall be early termination payments or any other miscellaneous payments payable by the Issuer to the Counterparties, such amounts shall be paid as provided in subsection 4.4(a)(xii).

(b) The Servicer may, upon satisfaction of the Rating Agency Condition, and, when required under the terms of the existing Class A Swap, Class M Swap, Class B Swap or Class C Swap, shall obtain a replacement Class A Swap, Class M Swap, Class B Swap or Class C Swap, as applicable.

Section 4.18 Pre-Funding Account.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2006-A Noteholders, a segregated trust account (the "Pre-Funding Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-A Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Pre-Funding Account and in all proceeds thereof. The Pre-Funding Account shall be under the sole dominion and control of the

Indenture Trustee for the benefit of the Series 2006-A Noteholders. If at any time the institution holding the Pre-Funding Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Pre-Funding Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Pre-Funding Account. The Indenture Trustee, at the written direction of the Servicer, shall make withdrawals from the Pre-Funding Account from time to time, in the amounts and for the purposes set forth in this Indenture Supplement. The Indenture Trustee at all times shall maintain accurate records reflecting each transaction in the Pre-Funding Account.

(b) Funds on deposit in the Pre-Funding Account (exclusive of investment earnings on deposit in the Pre-Funding Account), from time to time, shall be invested and reinvested at the direction of the Servicer by the Indenture Trustee in Eligible Investments so that funds will be available for withdrawal on any Business Day.

(c) The Transferor shall deposit a portion of the cash proceeds of the sale of the Series 2006-A Notes in an amount equal to $450,000,000 into the Pre-Funding Account on the Closing Date. On each Transfer Date during the Funding Period and on the Transfer Date immediately preceding the Funding Period Termination Distribution Date, the Indenture Trustee, at the direction of the Servicer, shall withdraw from the Pre-Funding Account and deposit into the Finance Charge Account all interest and earnings on Eligible Investments earned during the preceding Monthly Period (net of losses and investment expenses for the preceding Monthly Period) and shall treat such amount as Available Finance Charge Collections for the related Monthly Period; provided that in the case of the Transfer Date immediately preceding the Funding Period Termination Distribution Date, all interest and earnings, net of losses and investment expenses, for the period beginning on the first day of the preceding Monthly Period and ending on such Transfer Date, shall be treated as Available Finance Charge Collections for the Monthly Period preceding the Funding Period Termination Distribution Date.

(d) On any Business Day during the Pre-Funding Release Period, the Transferor (or the Servicer on behalf of the Transferor) may request funds to be released from the Pre-Funding Account by delivery of a certificate in the form attached as Exhibit H hereto (a "Pre-Funding Release Notice"); provided that (a) the sum of (i) the amount of funds released from Pre-Funding Account on any Business Day during the July 2006 Monthly Period, *plus* (ii) the amount of funds released from the Pre-Funding Account on any prior Business Day during the July 2006 Monthly Period shall not exceed the amount of Principal Collections set aside in Series Accounts on or prior to such Business Day to pay the outstanding principal amount of the Series 2004-B Notes; and (b) the sum of (i) the amount of funds released from Pre-Funding Account on any Business Day during the August 2006 Monthly Period, *plus* (ii) the amount of funds released from the Pre-Funding Account on any prior Business Day during the August 2006 Monthly Period shall not exceed the amount of Principal Collections set aside in Series Accounts on or prior to such Business Day during the August 2006 Monthly Period to pay the outstanding principal amount of the Series 2004-B Notes. Such Pre-Funding Release Notice shall include a representation by the Transferor that the Transferor Amount shall not be less than the Minimum Transferor Amount on such date, after giving effect to the requested withdrawal from the Pre-Funding Account and the increase in the Collateral Amount resulting therefrom in accordance with clause (b) of the definition of "Collateral Amount." During each Monthly Period during the

Pre-Funding Release Period, the Transferor shall be required to deliver one or more Pre-Funding Release Notices during such Monthly Period requesting release of funds from the Pre-Funding Account in an aggregate amount equal to (i) the amount of Principal Collections set aside in Series Accounts to pay the outstanding principal amount of the Series 2004-B Notes during such Monthly Period, plus (ii) in the case of the July 2006 Monthly Period, the amount of Principal Collections set aside in Series Accounts to pay the outstanding principal amount of the Series 2004-B Notes during any prior Monthly Period; provided that the Transferor shall not be required to deliver, and shall not be permitted to deliver, any such Pre-Funding Release Notice if the release of funds from the Pre-Funding Account and related increase in the Collateral Amount would cause the Transferor Amount to be less than the Minimum Transferor Amount after giving effect to such release. The Indenture Trustee, pursuant to directions contained in the Pre-Funding Release Notice, shall apply funds released from the Pre-Funding Account in the following order of priority: (a) to deposit into the Cash Collateral Account an amount equal to the excess, if any, of the Required Cash Collateral Amount (calculated after giving effect to the increase in the Collateral Amount resulting from such release) over the Available Cash Collateral Amount, (b) to deposit into the Funding Period Reserve Account an amount equal to the excess, if any, of the Required Funding Period Reserve Amount over the Available Funding Period Reserve Amount and (c) any remaining amount shall be released to the Transferor.

(e) On the Transfer Date immediately preceding the Funding Period Termination Distribution Date, the Pre-Funded Amount (determined after giving effect to any withdrawal from the Pre-Funding Account in accordance with subsection 4.18(d)) shall be withdrawn from the Pre-Funding Account and transferred to the Distribution Account. On the Funding Period Termination Date, amounts deposited into the Distribution Account pursuant to the preceding sentence shall be distributed to the Class A Noteholders, the Class M Noteholders, the Class B Noteholders and the Class C Noteholders, *pro rata*, based on the initial principal amounts of the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes, respectively. The Pre-Funding Account shall thereafter be automatically terminated for purposes of this Indenture Supplement.

Section 4.19 Funding Period Reserve Account.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2006-A Noteholders, a segregated trust account (the "Funding Period Reserve Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-A Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Funding Period Reserve Account and in all proceeds thereof. The Funding Period Reserve Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2006-A Noteholders. If at any time the institution holding the Funding Period Reserve Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Funding Period Reserve Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Funding Period Reserve Account. The Indenture Trustee, at the written direction of the Servicer, shall make withdrawals from the Funding Period Reserve Account from time to time, in the amounts and for the purposes set forth in this Indenture Supplement. The Indenture Trustee at all times shall maintain accurate records reflecting each transaction in the Funding Period Reserve Account.

(b) Funds on deposit in the Funding Period Reserve Account, from time to time, shall be invested and reinvested at the direction of the Servicer by the Indenture Trustee in Eligible Investments that will mature so that funds will be available for withdrawal on or prior to the following Transfer Date. All interest and earnings on Eligible Investments included in the Funding Period Reserve Account (net of losses and investment expenses) shall be retained in the Funding Period Reserve Account and shall be included in the Available Funding Period Reserve Amount.

(c) On the Closing Date, Transferor shall deposit $1,630,000 in immediately available funds into the Funding Period Reserve Account. On each day on which funds are released from the Pre-Funding Account pursuant to Section 4.18(d), funds so released, to the extent available for such purpose after making any required deposit to the Cash Collateral Account on such day, shall be deposited into the Funding Period Reserve Account in accordance with Section 4.18(d). In addition, if on any Transfer Date, after giving effect to any withdrawal from the Funding Period Reserve Account on such Transfer Date, the Available Funding Period Reserve Amount is less than the Required Funding Period Reserve Amount then in effect, Available Finance Charge Collections, to the extent available for such purpose, shall be deposited in the Funding Period Reserve Account pursuant to Section 4.4(a)(ix) up to an amount equal to the amount by which the Required Funding Period Reserve Amount exceeds the Available Funding Period Reserve Amount.

(d) On each Determination Date preceding a Transfer Date during the Funding Period and on the Determination Date preceding the Transfer Date that is immediately preceding the Funding Period Termination Date, Servicer shall calculate the Funding Period Draw Amount for the related Transfer Date and shall give written notice thereof to the Indenture Trustee on such Determination Date. On the related Transfer Date, the Indenture Trustee shall transfer an amount equal to the Funding Period Draw Amount from the Funding Period Reserve Account to the Finance Charge Account and such amount shall be treated as Available Finance Charge Collections for such Transfer Date.

(e) On the Transfer Date immediately preceding the Funding Period Termination Distribution Date, all amounts in the Funding Period Reserve Account (determined after giving effect to any withdrawal from the Funding Period Reserve Account in accordance with subsection 4.19(d)) shall be withdrawn from the Funding Period Reserve Account and transferred to the Finance Charge Account and shall be treated as Available Finance Charge Collections. The Funding Period Reserve Account shall thereafter be automatically terminated for purposes of this Indenture Supplement.

ARTICLE V.

Delivery of Series 2006-A Notes; Distributions; Reports to Series 2006-A Noteholders

Section 5.1 Delivery and Payment for the Series 2006-A Notes.

The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2006-A Notes in accordance with Section 2.3 of the Indenture. The Indenture Trustee shall deliver the Series 2006-A Notes to or upon the written order of the Trust when so authenticated.

Section 5.2 Distributions.

(a) On each Distribution Date, the Indenture Trustee shall distribute to each Class A Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class A Noteholder's *pro rata* share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class A Noteholders pursuant to this Indenture Supplement.

(b) On each Distribution Date, the Indenture Trustee shall distribute to each Class M Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class M Noteholder's *pro rata* share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class M Noteholders pursuant to this Indenture Supplement.

(c) On each Distribution Date, the Indenture Trustee shall distribute to each Class B Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class B Noteholder's *pro rata* share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class B Noteholders pursuant to this Indenture Supplement.

(d) On each Distribution Date, the Indenture Trustee shall distribute to each Class C Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class C Noteholder's *pro rata* share of the amounts on deposit in the Distribution Account (including amounts withdrawn from the Spread Account (at the times and in the amounts specified in Section 4.12)) that are allocated and available on such Distribution Date and as are payable to the Class C Noteholders pursuant to this Indenture Supplement.

(e) The distributions to be made pursuant to this Section 5.2 are subject to the provisions of Sections 2.6, 6.1 and 7.1 of the Transfer and Servicing Agreement, Section 11.2 of the Indenture and Section 7.1 of this Indenture Supplement.

(f) Except as provided in Section 11.2 of the Indenture with respect to a final distribution, distributions to Series 2006-A Noteholders hereunder shall be made by (i) check mailed to each Series 2006-A Noteholder (at such Noteholder's address as it appears in the Note Register), except that for any Series 2006-A Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made by wire transfer of immediately available funds and (ii) without presentation or surrender of any Series 2006-A Note or the making of any notation thereon.

Section 5.3 Reports and Statements to Series 2006-A Noteholders.

(a) On each Distribution Date, the Indenture Trustee shall forward to each Series 2006-A Noteholder a statement substantially in the form of Exhibit F prepared by the Servicer; provided that the Servicer may amend the form of Exhibit F from time to time, with the prior written consent of the Indenture Trustee and with written notice to the Rating Agencies.

(b) Not later than the second Business Day preceding each Distribution Date, the Servicer shall deliver to the Owner Trustee, the Indenture Trustee and each Rating Agency a statement substantially in the form of Exhibit I prepared by the Servicer; provided that the Servicer may amend the form of Exhibit I from time to time, with the prior written consent of the Indenture Trustee.

(c) A copy of each statement or certificate provided pursuant to paragraph (a) or (b) may be obtained by any Series 2006-A Noteholder by a request in writing to the Servicer.

(d) On or before January 31 of each calendar year, beginning with January 31, 2007, the Indenture Trustee shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2006-A Noteholder, a statement prepared by the Servicer containing the information which is required to be contained in the statement to Series 2006-A Noteholders, as set forth in paragraph (a) above, aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2006-A Noteholder, together with other information as is required to be provided by an issuer of indebtedness under the Code. Such obligation of the Indenture Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer pursuant to any requirements of the Code as from time to time in effect.

(e) Notwithstanding the terms of Section 3.6(b) of the Transfer and Servicing Agreement, each Series 2006-A Noteholder agrees, by purchasing its Note, that the report referred to in that Section need not be delivered to the Indenture Trustee or any Rating Agency unless the Indenture Trustee or the applicable Rating Agency agrees to execute a letter agreement relating to such report in form and substance satisfactory to the accountants delivering the report.

ARTICLE VI.

Series 2006-A Early Amortization Events

Section 6.1 Series 2006-A Early Amortization Events. If any one of the following events shall occur with respect to the Series 2006-A Notes:

(a) failure on the part of Transferor or the “Transferor” under the Pooling and Servicing Agreement (i) to make any payment or deposit required to be made by it by the terms of the Pooling and Servicing Agreement, the Collateral Series Supplement, the Transfer and Servicing Agreement, the Indenture or this Indenture Supplement on or before the date occurring five (5) Business Days after the date such payment or deposit is required to be made therein or herein or (ii) duly to observe or perform in any material respect any other of its covenants or agreements set forth in the Transfer and Servicing Agreement, the Pooling and Servicing

Agreement, the Indenture or this Indenture Supplement, which failure has a material adverse effect on the Series 2006-A Noteholders 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 any Holder of the Series 2006-A Notes;

(b) any representation or warranty made by Transferor or the "Transferor" under the Pooling and Servicing Agreement, in the Transfer and Servicing Agreement or the Pooling and Servicing Agreement or any information contained in a computer file or microfiche list required to be delivered by it pursuant to Section 2.1 or subsection 2.6(c) of the Transfer and Servicing Agreement or Section 2.1 or subsection 2.6(c) of the Pooling and Servicing Agreement shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of sixty (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 any Holder of the Series 2006-A Notes and as a result of which the interests of the Series 2006-A Noteholders are materially and adversely affected for such period; provided, however, that a Series 2006-A Early Amortization Event pursuant to this subsection 6.1(b) 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;

(c) a failure by Transferor or the "Transferor" under the Pooling and Servicing Agreement to convey Receivables in Additional Accounts or Participations to the Receivables Trust within five (5) Business Days after the day on which it is required to convey such Receivables pursuant to subsection 2.6(b) of the Transfer and Servicing Agreement or subsection 2.8(b) of the Pooling and Servicing Agreement, respectively, 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 to occur, so that, after giving effect to that reduction (i) the Transferor Amount is not less than the Minimum Transferor Amount (including the Additional Minimum Transferor Amount, if any) and (ii) the sum of the aggregate amount of Principal Receivables plus amounts on deposit in the Excess Funding Account is not less than the Required Principal Balance;

(d) any Servicer Default or any "Servicer Default" under the Pooling and Servicing Agreement shall occur;

(e) the Portfolio Yield averaged over any three consecutive Monthly Periods is less than the Base Rate averaged over such period;

(f) the Note Principal Balance shall not be paid in full on the Expected Principal Payment Date;

(g) the Class A Counterparty, the Class M Counterparty, the Class B Counterparty or the Class C Counterparty shall fail to pay any net amount payable by such Counterparty under the Class A Swap, the Class M Swap, the Class B Swap or the Class C Swap, as applicable, as a result of LIBOR being greater than the Class A Swap Rate, the Class M Swap Rate, the Class B Swap Rate or the Class C Swap Rate, as applicable, and such failure is not cured within five Business Days;

(h) the Class A Swap shall terminate prior to the earlier of the payment in full of the Class A Notes and the Series Termination Date and the Issuer shall fail to enter into a replacement Class A Swap in accordance with subsection 4.17(b) within five Business Days; the Class M Swap shall terminate prior to the earlier of the payment in full of the Class M Notes and the Series Termination Date and the Issuer shall fail to enter into a replacement Class M Swap in accordance with subsection 4.17(b) within five Business Days; the Class B Swap shall terminate prior to the earlier of the payment in full of the Class B Notes and the Series Termination Date and the Issuer shall fail to enter into a replacement Class B Swap in accordance with subsection 4.17(b) within five Business Days; or the Class C Swap shall terminate prior to the earlier of the payment in full of the Class C Notes and the Series Termination Date and the Issuer shall fail to enter into a replacement Class C Swap in accordance with subsection 4.17(b) within five Business Days;

(i) funds sufficient to pay the outstanding principal amount of the Series 2004-B Notes in full shall not have been accumulated in a Series Account for Series 2004-B on or prior to August 31, 2006;

(j) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2006-A and acceleration of the maturity of the Series 2006-A Notes pursuant to Section 5.3 of the Indenture; or

(k) the occurrence of an Early Amortization Event as defined in the Pooling and Servicing Agreement and specified in Section 9.1 of that Agreement;

then, in the case of any event described in subsection (a), (b) or (d), after the applicable grace period, if any, set forth in such subparagraphs, either the Indenture Trustee or the holders of Series 2006-A Notes evidencing more than 50% of the aggregate unpaid principal amount of Series 2006-A Notes by notice then given in writing to the Transferor and the Servicer (and to the Indenture Trustee if given by the Series 2006-A Noteholders) may declare that a "Series Early Amortization Event" with respect to Series 2006-A (a "Series 2006-A Early Amortization Event") has occurred as of the date of such notice, and, in the case of any event described in subsection (c), (e), (f), (g), (h), (i), (j) or (k) a Series 2006-A Early Amortization Event shall occur without any notice or other action on the part of the Indenture Trustee or the Series 2006-A Noteholders immediately upon the occurrence of such event.

ARTICLE VII.

Redemption of Series 2006-A Notes; Final Distributions; Series Termination

Section 7.1 Optional Redemption of Series 2006-A Notes; Final Distributions.

(a) On any day occurring on or after the date on which the outstanding principal balance of the Series 2006-A Notes is reduced to 5% or less of the initial outstanding principal balance of Series 2006-A Notes, the Servicer shall have the option to redeem the Series 2006-A 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.

(b) 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. 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, on deposit in the Principal Accumulation Account. 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 2006-A shall be reduced to zero and the Series 2006-A Noteholders shall have no further security interest in the Receivables. The Reassignment Amount shall be distributed as set forth in subsection 7.1(d).

(c)(i) The amount to be paid by the Transferor with respect to Series 2006-A in connection with a reassignment of Receivables to the Transferor pursuant to Section 2.4(e) of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the first Distribution Date following the Monthly Period in which the reassignment obligation arises under the Transfer and Servicing Agreement.

(ii) The amount to be paid by the Transferor with respect to Series 2006-A in connection with a repurchase of the Notes pursuant to Section 7.1 of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the Distribution Date of such repurchase.

(d) With respect to (a) the Reassignment Amount deposited into the Distribution Account pursuant to Section 7.1 or (b) the proceeds of any sale of Receivables pursuant to Section 5.5(a)(iii) of the Indenture with respect to Series 2006-A, the Indenture Trustee shall, in accordance with the written direction of the Servicer, not later than 12:00 noon, New York City time, on the related Distribution Date, make distributions of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and distributions otherwise to be made on such date) in immediately available funds: (i) (x) the Class A Note Principal Balance on such Distribution Date will be distributed to the Class A Noteholders and (y) an amount equal to the sum of (A) Class A Monthly Interest for such Distribution Date, (B) any Class A Deficiency Amount for such Distribution Date and (C) the amount of Class A Additional Interest, if any, for such Distribution Date and any Class A Additional Interest previously due but not distributed to the Class A Noteholders on any prior Distribution Date, will be distributed to the Class A Noteholders, (ii) (x) the Class M Note Principal Balance on such Distribution Date will be distributed to the Class M Noteholders and (y) an amount equal to the sum of (A) Class M Monthly Interest for such Distribution Date, (B) any Class M Deficiency Amount for such Distribution Date and (C) the amount of Class M Additional Interest, if any, for such Distribution Date and any Class M Additional Interest previously due but not distributed to the Class M Noteholders on any prior Distribution Date, will be distributed to the Class M Noteholders, (iii) (x) the Class B Note Principal Balance on such Distribution Date will be distributed to the Class B Noteholders and (y) an amount equal to the sum of (A) Class B Monthly Interest for such Distribution Date, (B) any Class B Deficiency Amount for such Distribution Date and (C) the amount of Class B Additional Interest, if any, for such Distribution Date and any Class B Additional Interest previously due but not distributed to the Class B

Noteholders on any prior Distribution Date, will be distributed to the Class B Noteholders, (iv) (x) the Class C Note Principal Balance on such Distribution Date will be distributed to the Class C Noteholders and (y) an amount equal to the sum of (A) Class C Monthly Interest for such Distribution Date, (B) any Class C Deficiency Amount for such Distribution Date and (C) the amount of Class C Additional Interest, if any, for such Distribution Date and any Class C Additional Interest previously due but not distributed to the Class C Noteholders on any prior Distribution Date will be distributed to the Class C Noteholders, (v) on a pari passu basis, (A) any amounts owed to the Counterparty under the Class A Swap will be paid to the Class A Counterparty, (B) any amounts owed to the Counterparty under the Class M Swap will be paid to the Class M Counterparty and (C) any amounts owed to the Counterparty under the Class B Swap will be paid to the Class B Counterparty and (vi) any excess shall be released to the Issuer.

Section 7.2 Series Termination.

On the Series 2006-A Final Maturity Date, the unpaid principal amount of the Series 2006-A Notes shall be due and payable, and the right of the Series 2006-A Noteholders to receive payments from the Issuer will be limited solely to the right to receive payments pursuant to Section 5.5 of the Indenture.

ARTICLE VIII.

Miscellaneous Provisions

Section 8.1 Ratification of Indenture; Amendments. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument. This Indenture Supplement may be amended only by a Supplemental Indenture entered in accordance with the terms of Section 10.1 or 10.2 of the Indenture and with the written consent of the Class A Counterparty, the Class M Counterparty, the Class B Counterparty and the Class C Counterparty prior to the date on which such Supplemental Indenture takes effect if any provision of such Supplemental Indenture materially and adversely affects the timing, amount or priority of distributions to be made to the Class A Counterparty, the Class M Counterparty, the Class B Counterparty and the Class C Counterparty, respectively. For purposes of the application of Section 10.2 to any amendment of this Indenture Supplement, the Series 2006-A Noteholders shall be the only Noteholders whose vote shall be required.

Section 8.2 Form of Delivery of the Series 2006-A Notes.

(a) The Class A Notes, the Class M Notes and the Class B Notes shall be Global Notes and shall be delivered as Registered Notes as provided in Sections 2.1 and 2.13 of the Indenture. The Class C Notes shall be Definitive Notes and shall be registered in the Note Register in the name of the initial purchaser of the Class C Notes identified in the Class C Note Purchase Agreement.

(b) The form of each of the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes, including the certificate of authentication, shall be substantially as set forth as Exhibits A-1, A-2, A-3 and A-4 hereto, respectively.

(c)(i) The Class A Notes, the Class M Notes or the Class B 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 notes in definitive, fully registered form without interest coupons with the applicable legends set forth in Section 8.8 hereto, as applicable, added to the form of such notes (each, a "Rule 144A Global 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 Rule 144A Global 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 or the Class B Notes that are 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 notes, without interest coupons (the "Temporary Regulation S Global Note"), 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) 40 days after the later of the (A) the commencement of the distribution of the Class A Notes, the Class M Notes or the Class B Notes and the (B) the Closing Date and (ii) receipt by the Indenture Trustee of a written certificate, together with copies of certificates substantially in the form of Exhibit C from Euroclear or Clearstream, certifying that the beneficial owner of such Temporary Regulation S Global Note is a non-U.S. person. Following the termination of the 40 day distribution compliance period, beneficial interests in the Temporary Regulation S Global Notes may be exchanged for beneficial interests in Permanent Global Notes (the "Permanent Regulation S Global Note"; and together with the Temporary Regulation S Global Note, the "Regulation S Global 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 Temporary Regulation S Global Note for a comparable portion of a Permanent Regulation S Global Note, the Indenture Trustee shall endorse on the schedules affixed to each of such Regulation S Global Note (or on continuations of such schedules affixed to each of such Regulation S Global Note and made parts thereof) appropriate notations evidencing the date of transfer and (x) with respect to the Temporary Regulation S Global Note, a decrease in the principal amount thereof equal to the amount covered by the applicable certification and (y) with respect to the Permanent Regulation S Global Note, an increase in the principal amount thereof equal to the principal amount of the decrease in the Temporary Regulation S Global Note.

Section 8.3 Counterparts. This Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

Section 8.4 GOVERNING LAW. 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 8.5 Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by Chase Bank USA, National Association, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall Chase Bank USA, National Association in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the 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 8.6 Rights of the Indenture Trustee. The Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Master Indenture.

Section 8.7 Additional Provisions. (a) The Additional Minimum Transferor Amount is hereby specified as an additional amount to be considered part of the Minimum Transferor Amount pursuant to clause (b) of the definition of Minimum Transferor Amount.

(b) Transferor shall not exercise its right to require reassignment to it or its designee of the Receivables in any Removed Account or "Removed Account" (as defined in the Pooling and Servicing Agreement) pursuant to Section 2.7(a) of the Transfer and Servicing Agreement or Section 2.9(a) of the Pooling and Servicing Agreement more than once during any Monthly Period; it being understood that this Section 8.7(b) shall not limit any right of the Transferor pursuant to Section 2.7(b) of the Transfer and Servicing Agreement or Section 2.9(b) of the Pooling and Servicing Agreement.

(c) Transferor shall not exercise its discount option pursuant to Section 2.10 of the Pooling and Servicing Agreement or Section 2.8 of the Transfer and Servicing Agreement.

Section 8.8 Restrictions on Transfer.

(a) On the Closing Date, the Issuer shall sell the Class A Notes, the Class M Notes and the Class B Notes to the Initial Purchasers and deliver such Notes in accordance herewith. Thereafter, none of the Class A Notes, the Class M Notes and the Class B Notes 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 persons reasonably believed to be 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 in reliance on the exemption from registration under Rule 144A. The Class A Notes, the Class M Notes and the Class B 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.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Note remains outstanding and is held by or on behalf of the Depository, transfers of a Global Note, in whole or in part, shall only be made in accordance with this Section 8.8(b).

(i) Subject to clauses (ii) and (iii) of this Section 8.8(b), transfers of a Global Note shall be limited to transfers of such Global 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) If a holder of a beneficial interest in a Regulation S Global Note wishes to transfer all or a part of its interest in such Regulation S Global Note to a Person who wishes to take delivery thereof in the form of a Rule 144A Global 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 Rule 144A Global Note of the same Class of Series 2006-A Notes. Upon receipt by the Transfer Agent and Registrar, of (A) instructions from Euroclear, Clearstream or the Depository, as the case may be, directing the Transfer Agent and Registrar to cause such Rule 144A Global Note to be increased by an amount equal to such beneficial interest in such Regulation S Global Note but not less than the minimum denomination applicable to the related Class of Series 2006-A Notes to be exchanged, and (B) a certificate substantially in the form of Exhibit E-1 hereto given by the prospective transferee of such beneficial interest and stating, among other things, that such transferee acquiring such interest in a Rule 144A Global Note is a QIB or is acquiring such interest on behalf of 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 Transfer Agent and Registrar, as the case may be, will instruct the Depository to reduce such Regulation S Global Note by the aggregate principal amount of the interest in such Regulation S Global Note to be transferred, increase the Rule 144A Global Note specified in such instructions by an amount equal to such reduction in such principal amount of the Regulation S Global Note and make the corresponding adjustments to the applicable participants' accounts.

(iii) If a holder of a beneficial interest in a Rule 144A Global Note wishes to transfer all or a part of its interest in such Rule 144A Global Note to a Person who wishes to take delivery thereof in the form of a Regulation S Global 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 Global Note of the same Class of Series 2006-A Notes. Upon receipt by the Transfer Agent and Registrar of (A) instructions from Euroclear, Clearstream or the Depository, as the case may be, directing the Transfer Agent and Registrar to cause such Regulation S Global Note to be increased by an amount equal to the beneficial interest in such Rule 144A Global Note but not less than the minimum denomination applicable to the related Class of Series 2006-A Notes to be exchanged, and (B) a certificate substantially in the form of Exhibit E-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 Global 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 Transfer Agent and Registrar, as the case may be, will instruct the Depository to reduce such Rule 144A Global Note by the aggregate principal

amount of the interest in such Rule 144A Global Note to be transferred, increase the Regulation S Global Note specified in such instructions by an aggregate principal amount equal to such reduction in the principal amount of the Rule 144A Global Note and make the corresponding adjustments to the applicable participants' accounts.

(iv) In the event that a Class A Note, a Class M Note or a Class B Note initially represented by a Global Note is exchanged for one or more Definitive Notes pursuant to Section 2.14 of the Master Indenture, the related Class A Noteholder, Class M Noteholder or Class B Noteholder, as the case may be, shall be required to deliver a representation letter with respect to the matters described in Section 8.8(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 8.8(c) of this Indenture Supplement 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 a Class A Note, Class M Note and Class B Note shall 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)(i) is a QIB, (ii) is aware that the sale of the Class A Notes, the Class M Notes or the Class B Notes, or any interest or participation therein, to it is being made in reliance on the exemption from registration provided by Rule 144A under the Securities Act and if it is acquiring any such notes or any interest or participation therein for the account of any other QIB, that other QIB is aware that the sale is being made in reliance on Rule 144A, and (iii) is acquiring the notes or any interest or participation therein 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 the minimum denomination of such note for the purchaser and for each such account or (b) is not a U.S. person and is purchasing the Class A Notes, the Class M Notes or the Class B Notes or any interest or participation therein in an off-shore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S.

(ii) The Class A Notes, Class M Notes and Class B Notes may not at any time be held by or on behalf of any person other than a QIB or a non-U.S. person purchasing in accordance with Regulation S.

(iii) The owner understands that the Class A Notes, Class M Notes and Class B Notes 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 and Class B Notes have not been and will not be registered under the Securities Act or any state or applicable securities laws, and, if in the future the owner decides to offer, resell, pledge or otherwise transfer the notes, such notes may be offered, resold, pledged or otherwise transferred only in accordance herewith and the applicable legend on such

Series 2006-A Notes set forth in Exhibit A-1, A-2 or A-3, as applicable. The owner acknowledges that no representation is made by the Issuer or the Initial Purchasers, as the case may be, as to the availability of any exemption under the Securities Act or any applicable state securities laws for resale of the Series 2006-A Notes.

(iv) The owner understands that an investment in the Series 2006-A Notes involves certain risks, including the risk of loss of all or a substantial part of its investment. The owner has had access to such financial and other information concerning the Issuer and the notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Class A Notes, the Class M Notes or the Class B Notes, including an opportunity to ask questions of and request information from the Servicer and the Issuer. 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, the Class M Notes or the Class B Notes, and the owner and any accounts for which it is acting are each able to bear the economic risk of the holder's or of its investment for an indefinite period of time.

(v) In connection with the purchase of the Class A Notes, the Class M Notes or the Class B Notes (a) none of the Issuer, the Initial Purchasers, the Servicer, World Financial Network National Bank, the Transferor or the Indenture Trustee is acting as a fiduciary or financial or investment adviser for the owner; (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 Issuer, the Initial Purchasers, the Servicer, World Financial Network National Bank, the Transferor the Indenture Trustee other than in the offering memorandum for such Class A Notes, the Class M Notes or the Class B Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Initial Purchasers, the Servicer, World Financial Network National Bank, the Transferor or the Indenture Trustee has given to the owner (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) of its purchase or the documentation for the Class A Notes, the Class M Notes or the Class B Notes, (d) the owner has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to hereto) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchasers, the Servicer, World Financial Network National Bank, the Transferor or the Indenture Trustee, (e) the owner has determined that the rates, prices or amounts and other terms of the purchase and sale of the notes reflect those in the relevant market for similar transactions, (f) the owner is purchasing the notes with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and is capable of assuming and willing to assume (financially and otherwise) these risks, and (g) the owner is a sophisticated investor familiar with transactions similar to its investment in the Class A Notes, the Class M Notes or the Class B Notes.

(vi) Each owner of a Class A Note, a Class M Note or a Class B Note or a beneficial interest in a Class A Note, a Class M Note or a Class B Note, by its acquisition thereof, shall be deemed to have represented, warranted and covenanted to the Issuer, the Servicer, World Financial Network National Bank, the Transferor, the Initial Purchasers and the Indenture Trustee that, for so long as it holds such Class A Note, Class M Note or Class B Note or beneficial interest therein, either (a) no part of the funds being used to pay the purchase price for such note constitutes an asset of any "employee benefit plan" (as defined in Section 3(3) of ERISA) or "plan" (as defined in Section 4975(e)(1) of the Code) that is subject to Title I of ERISA or Section 4975 of the Code, an entity whose underlying assets include plan assets of any of the foregoing by reason of an employee benefit plan's or plan's investment in the entity or any other plan that is subject to any other federal, state, non-U.S. or local law that is substantially similar to Title I of ERISA or Section 4975 of the Code, or (b) its purchase, holding and disposition of the Class A Note, the Class M Note or the Class B Note (or interest therein) will not result in a nonexempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any substantially similar law.

(vii) The owner is not purchasing the Class A Notes, the Class M Notes or the Class B Notes with a view to the resale, distribution or other disposition thereof in violation of the Securities Act.

(viii) The owner shall provide notice to each Person to whom it proposes to transfer any interest in the Class A Notes, the Class M Notes or the Class B Notes of the transfer restrictions and representations set forth herein, including the exhibits hereto.

(ix) The owner acknowledges that the Class A Notes, the Class M Notes and the Class B Notes do not represent deposits with or other liabilities of the Indenture Trustee, the Initial Purchasers, the Servicer, World Financial Network National Bank, the Transferor or any entity related to any of them or any other purchaser of the Class A Notes, the Class M Notes or the Class B Notes. Unless otherwise expressly provided herein, each of the Indenture Trustee, the Initial Purchasers, the Servicer, World Financial Network National Bank, the Transferor or any entity related to any of them and any other purchaser of the Class A Notes, the Class M Notes or the Class B Notes shall not, in any way, be responsible for or stand behind the capital value or the performance of the Class A Notes, the Class M Notes or the Class B Notes or the assets held by the Issuer.

(x) If such owner is a non-U.S. person, it is not purchasing the Class A Notes, the Class M Notes or the Class B Notes pursuant to a tax avoidance plan or in order to reduce its United States federal income tax liability.

(d) The Class C Notes shall be subject to the restrictions on transfer thereof set forth in the Class C Note Purchase Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST, as Issuer

By: Chase Bank USA, National Association, not in its individual capacity, but solely as Owner Trustee

By: /s/ Sarika M. Sheth
Name: Sarika M. Sheth
Title: Assistant Vice President

BNY MIDWEST TRUST COMPANY, as Indenture Trustee

By: /s/ David H. Hill
Name: David H. Hill
Title: Assistant Vice President

Acknowledged and Accepted:

WORLD FINANCIAL NETWORK NATIONAL BANK, as Servicer

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

WFN CREDIT COMPANY, LLC as Transferor

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

Exhibit 10.123

EXECUTION COPY

CHARMING SHOPPES RECEIVABLES CORP.

Seller

SPIRIT OF AMERICA, INC.

Servicer

and

U.S. BANK NATIONAL ASSOCIATION

Trustee

on behalf of the Series 2007-1 Certificateholders

SERIES 2007-1 SUPPLEMENT

Dated as of October 17, 2007

to

SECOND AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

Dated as of November 25, 1997, as amended

$320,000,000

CHARMING SHOPPES MASTER TRUST

SERIES 2007-1

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This SERIES 2007-1 SUPPLEMENT, dated as of October 17, 2007 (this "Supplement"), is among CHARMING SHOPPES RECEIVABLES CORP., a Delaware corporation, as Seller (the "Seller"), SPIRIT OF AMERICA, INC., a Delaware corporation, as Servicer (the "Servicer"), and U.S. BANK NATIONAL ASSOCIATION (as successor to Wachovia Bank, National Association), as Trustee (the "Trustee") under the Second Amended and Restated Pooling and Servicing Agreement dated as of November 25, 1997 and heretofore amended among the Seller, the Servicer and the Trustee (as further amended or otherwise modified from time to time, the "Agreement").

Section 6.9 of the Agreement provides, among other things, that the Seller, the Servicer 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 the Trustee to the Seller for the execution and redelivery to the Trustee for authentication of one or more Series of Certificates.

Pursuant to this Supplement, the Seller and the Trustee shall create a new Series of Investor Certificates and shall specify the Principal Terms thereof.

SECTION 1. Designation.

(a) There is hereby created a Series of Investor Certificates to be issued in five classes pursuant to the Agreement and this Series Supplement and to be known together as the Series 2007-1 Certificates. The five classes shall be designated the Class A Asset Backed Certificates, Series 2007-1 (the "Class A Certificates"), the Class M Asset Backed Certificates, Series 2007-1 (the "Class M Certificates"), the Class B Asset Backed Certificates, Series 2007-1 (the "Class B Certificates"), the Class C Asset Backed Certificates, Series 2007-1 (the "Class C Certificates") and the Class D Asset Backed Certificates, Series 2007-1 (the "Class D Certificates"). The Class A Asset Backed Certificates shall be comprised of two subclasses designated as the Class A-1 Asset Backed Certificates, Series 2007-1 (the "Class A-1 Certificates") and the Class A-2 Asset Backed Certificates, Series 2007-1 (the "Class A-2 Certificates"). The Class M Asset Backed Certificates shall be comprised of two subclasses designated as the Class M-1 Asset Backed Certificates, Series 2007-1 (the "Class M-1 Certificates") and the Class M-2 Asset Backed Certificates, Series 2007-1 (the "Class M-2 Certificates"). The Class B Asset Backed Certificates shall be comprised of two subclasses designated as the Class B-1 Asset Backed Certificates, Series 2007-1 (the "Class B-1 Certificates") and the Class B-2 Asset Backed Certificates, Series 2007-1 (the "Class B-2 Certificates"). The Class D Asset Backed Certificates shall be comprised of two subclasses designated as the Class D-1 Asset Backed Certificates, Series 2007-1 (the "Class D-1 Certificates") and the Class D-2 Asset Backed Certificates, Series 2007-1 (the "Class D-2 Certificates").

(b) Series 2007-1 shall be included in Group One. Series 2007-1 shall be a Paired Series with respect to Series 2002-1.

(c) If any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Agreement, the terms and provisions of this Supplement shall be controlling.

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 Agreement, the terms and provisions of this Supplement shall govern with respect to this Series. All Article, Section or subsection references herein shall mean Article, Section or subsections of the Agreement, except as otherwise provided herein. All capitalized terms not otherwise defined herein are defined in the Agreement. Each capitalized term defined herein shall relate only to the Series 2007-1 Certificates and no other Series of Certificates or Receivables Purchase Series issued by the Trust.

"Amortization Period" shall mean, with respect to Series 2007-1, the Controlled Amortization Period or the Early Amortization Period.

"Available Funds" shall mean, with respect to any Distribution Date, the sum of Class A Available Funds, Class M Available Funds, Class B Available Funds, Class C Available Funds and Class D Available Funds, in each case for such Distribution Date.

"Available Principal Collections" shall mean, with respect to any Distribution Date, the sum of:

(a)(i) with respect to any Distribution Date prior to the earlier to occur of (A) payment in full of the Series 2002-1 Certificates and (B) the end of the Funding Period, $0; and (ii) with respect to any other Distribution Date, the Principal Allocation Percentage of all Collections of Principal Receivables received during the related Due Period, minus the amount of Reallocated Class D Principal Collections, Reallocated Class C Principal Collections, Reallocated Class B Principal Collections and Reallocated Class M Principal Collections with respect to such Due Period which pursuant to Section 4.12 are required to fund the Class A Required Amount, the Class M Required Amount, the Class B Required Amount and the Class C Required Amount,

(b) any Shared Principal Collections with respect to other Series in Group One that are allocated to Series 2007-1 in accordance with Section 4.15 for such Distribution Date,

(c) any other amounts which pursuant to subsections 4.9(a) and 4.11(a) (to the extent allocable to the Class A Investor Loss Amount or the Class A Investor Dilution Amount), (b), (c) (to the extent allocable to the Class M Investor Loss Amount or the Class M Investor Dilution Amount), (d), (e) (to the extent allocable to the Class B Investor Loss Amount or the Class B Investor Dilution Amount), (f), (i), (j), (k), (o), (p) and (q) for such Due Period (other than such amounts paid from Reallocated Principal Collections) are to be treated as Available Principal Collections for such Distribution Date, and

(d) the amount, if any, specified by the Holder of the Exchangeable Seller Certificate pursuant to the first proviso to subsection 4.5(b)(ii) to be distributed as Available Principal Collections on 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, an annualized percentage equivalent of a fraction, the numerator of which is equal to the sum of Monthly Interest and any Net Swap Payment for the related Distribution Date and the Series 2007-1 Investor Monthly Servicing Fee for such Due Period, and the denominator of which is equal to the outstanding principal amount of the Series 2007-1 Certificates, determined as of the last day of the immediately preceding Due Period (or, for the initial Due Period, the outstanding principal amount of the Series 2007-1 Certificates as of the Closing Date).

"Benefit Plan Investor" shall have the meaning specified in subsection 16(c)(vii) of this Supplement.

"Cash Pre-Funded Amount" shall mean the amount on deposit in the Pre-Funding Account from time to time, excluding any investment income on funds on deposit therein.

"Class" shall mean any of the Class A Investor Interest, the Class M Investor Interest, the Class B Investor Interest, the Class C Investor Interest or the Class D Investor Interest.

"Class A Additional Interest" shall mean the sum of the Class A-1 Additional Interest and the Class A-2 Additional Interest.

"Class A Available Funds" shall mean, with respect to any Distribution Date, an amount equal to the sum of (a) the Class A Floating Allocation of the Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and deposited in the Collection Account for the related Due Period (including amounts under Sections 4.19(c) and 4.20(b) and other amounts that are in each case to be treated as Collections of Finance Charge Receivables in accordance with the Agreement (other than the Class A Net Swap Receipt)) and (b) any Class A Net Swap Receipt for such Distribution Date.

"Class A Certificate Rate" means the Class A-1 Certificate Rate or the Class A-2 Certificate Rate, as applicable.

"Class A Certificateholder" shall mean each Person in whose name a Class A Certificate is registered in the Certificate Register.

"Class A Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class A Controlled Amortization Amount" for any Due Period related to the Controlled Amortization Period shall mean $26,400,000.00; provided, however, that such amount shall be adjusted downward to reflect (i) any reduction to the Class A Investor Interest as a result of any cancellation of Class A Certificates pursuant to Section 4.16 and (ii) any principal payments to the Class A Certificateholders pursuant to subsection 4.9(h), so that such amount shall be equal to 1/8th of the outstanding principal amount of the Class A Certificates as of the last day of the Due Period prior to the commencement of the Controlled Amortization Period.

"Class A 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 occurring on or prior to the Class A Expected Final Payment Date, the excess, if any, of the Class A Controlled Payment Amount for the previous Due Period over the amount of Available Principal Collections distributed as payment of such Class A Controlled Payment Amount on the Distribution Date related to such previous Due Period.

"Class A Controlled Payment Amount" for any Due Period, shall mean, the sum of (a) the Class A Controlled Amortization Amount and (b) any existing Class A Controlled Amortization Shortfall.

"Class A Deficiency Amount" shall mean the sum of the Class A-1 Deficiency Amount and the Class A-2 Deficiency Amount.

"Class A Expected Final Payment Date" shall mean the November 2012 Distribution Date.

"Class A Fixed Allocation" shall mean, with respect to any Due Period other than a Due Period relating to the Revolving Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which is the Class A Investor Interest as of the close of business on the last day of the Revolving Period and the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the Revolving Period.

"Class A Floating Allocation" shall mean, with respect to any Due Period (including any day within such Due Period), the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class A Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Class A Investor Interest as of the Closing Date); and

(b) the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Series Investor Interest as of the Closing Date).

"Class A Initial Investor Interest" shall mean the aggregate initial principal amount of the Class A Certificates, which is $211,200,000. $153,800,000 of such initial principal amount is allocated to the Class A-1 Certificates. $57,400,000 of such initial principal amount is allocated to the Class A-2 Certificates.

"Class A Investor Allocation" shall mean, with respect to any Due Period, (a) with respect to Series 2007-1 Investor Loss Amounts, Series 2007-1 Investor Dilution Amount and Collections of Finance Charge Receivables at any time and Collections of Principal Receivables during the Revolving Period, the Class A Floating Allocation and (b) with respect to Collections of Principal Receivables during the Controlled Amortization Period or Early Amortization Period, the Class A Fixed Allocation.

"Class A Investor Charge-Off" shall have the meaning specified in subsection 4.10(a).

"Class A Investor Dilution Amount" shall mean, for any Distribution Date, an amount equal to the product of (a) the Series 2007-1 Investor Dilution Amount for such Distribution Date and (b) the Class A Floating Allocation for the related Due Period.

"Class A Investor Interest" shall mean, on any date of determination, an amount equal to the greater of (x) zero and (y) an amount equal to (a) the Class A Initial Investor Interest, minus (b) the aggregate amount of principal payments made to Class A Certificateholders prior to such date (other than any principal payment made pursuant to subsection 4.9(h)), minus (c) the excess, if any, of the aggregate amount of Class A Investor Charge-Offs pursuant to subsection 4.10(a) over Class A Investor Charge-Offs reimbursed pursuant to subsection 4.11(b) prior to such date of determination, minus (d) the amount of any reduction to the Class A Investor Interest as a result of the purchase by the Seller and subsequent cancellation of the Class A Certificates pursuant to Section 4.16, minus (e) the Class A Percentage of the Initial Total Pre-Funded Amount, plus (f) the Class A Percentage of the amount of any increases to the Series Investor Interest pursuant to Section 4.21 during the Funding Period. The Class A Investor Interest shall be allocated to each subclass of the Class A Certificates proportionately according to the outstanding principal amount thereof.

"Class A Investor Loss Amount" shall mean, with respect to each Distribution Date, an amount equal to the product of (a) the Investor Loss Amount for the related Due Period and (b) the Class A Floating Allocation applicable for the related Due Period.

"Class A Monthly Interest" shall mean the sum of the Class A-1 Monthly Interest and the Class A-2 Monthly Interest.

"Class A Monthly Principal" shall mean the monthly principal distributable in respect of the Class A Certificates as calculated in accordance with subsection 4.7(a).

"Class A Net Swap Payment" shall mean, for any Distribution Date, the net amount payable by the Trust to the Hedge Counterparty pursuant to the Class A Swap on that Distribution Date as a result of LIBOR being less than the Class A Swap Rate. For the avoidance of doubt, Class A Net Swap Payments do not include Hedge Termination Fees or payment of breakage or other miscellaneous costs.

"Class A Net Swap Receipt" shall mean, for any Distribution Date, the net amount payable to the Trust from the Hedge Counterparty pursuant to the Class A Swap on that Distribution Date as a result of LIBOR being greater than the Class A Swap Rate.

"Class A Percentage" shall mean a fraction, the numerator of which is the Class A Initial Investor Interest and the denominator of which is the Initial Investor Interest.

"Class A Required Amount" shall have the meaning specified in subsection 4.8(a).

"Class A Servicing Fee" shall have the meaning specified in Section 3 of this Supplement.

"Class A Swap" shall mean any Interest Rate Swap Agreement relating to the Class A-1 Certificates.

"Class A Swap Rate" shall mean 5.056% per annum.

"Class A-1 Additional Interest" shall have the meaning specified in subsection 4.6(a).

"Class A-1 Certificate Rate" shall mean, with respect to any Interest Period, a per annum rate equal to LIBOR as of the related LIBOR Determination Date for such Interest Period plus 1.25%.

"Class A-1 Certificateholder" shall mean each Person in whose name a Class A-1 Certificate is registered in the Certificate Register.

"Class A-1 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class A-1 Deficiency Amount" shall have the meaning specified in subsection 4.6(a).

"Class A-1 Monthly Interest" shall mean the monthly interest distributable in respect of the Class A-1 Certificates as calculated in accordance with subsection 4.6(a).

"Class A-2 Additional Interest" shall have the meaning specified in subsection 4.6(b).

"Class A-2 Certificate Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to 6.15%.

"Class A-2 Certificateholder" shall mean each Person in whose name a Class A-2 Certificate is registered in the Certificate Register.

"Class A-2 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class A-2 Deficiency Amount" shall have the meaning specified in subsection 4.6(b).

"Class A-2 Monthly Interest" shall mean the monthly interest distributable in respect of the Class A-2 Certificates as calculated in accordance with subsection 4.6(b).

"Class B Additional Interest" shall mean the sum of the Class B-1 Additional Interest and the Class B-2 Additional Interest.

"Class B Available Funds" shall mean, with respect to any Distribution Date, an amount equal to the sum of (a) the Class B Floating Allocation of the Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and deposited in the Collection Account

for the related Due Period (including amounts under Sections 4.19(c) and 4.20(b) and other amounts that are in each case to be treated as Collections of Finance Charge Receivables in accordance with the Agreement (other than the Class B Net Swap Receipt)) and (b) the Class B Net Swap Receipt for the related Distribution Date.

"Class B Certificate Rate" shall mean the Class B-1 Certificate Rate or the Class B-2 Certificate Rate, as applicable.

"Class B Certificateholder" shall mean each Person in whose name a Class B Certificate is registered in the Certificate Register.

"Class B Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class B Controlled Amortization Amount" for any Due Period related to the Controlled Amortization Period shall mean $30,400,000; provided, however, that such amount shall be adjusted downward to reflect (i) any reduction to the Class B Investor Interest as a result of any cancellation of Class B Certificates pursuant to Section 4.16 and (ii) any principal payments to the Class B Certificateholders pursuant to subsection 4.9(h), so that such amount shall be equal to the outstanding principal amount of the Class B Certificates as of the last day of the Due Period prior to the commencement of the Controlled Amortization Period.

"Class B Controlled Amortization Shortfall" shall mean (i) with respect to the first Due Period related to the Controlled Amortization Period occurring after the Class M Expected Final Payment Date, zero, and (ii) with respect to each other Due Period thereafter during the Controlled Amortization Period occurring on or prior to the Class B Expected Final Payment Date, means the excess, if any, of the Class B Controlled Payment Amount for the previous Due Period over the amount of Available Principal Collections distributed as payment of such Class B Controlled Payment Amount on the Distribution Date related to such previous Due Period.

"Class B Controlled Payment Amount" for any Due Period, shall mean, the sum of (a) the Class B Controlled Amortization Amount and (b) any existing Class B Controlled Amortization Shortfall.

"Class B Deficiency Amount" shall mean the sum of the Class B-1 Deficiency Amount and the Class B-2 Deficiency Amount.

"Class B Expected Final Payment Date" shall mean the January 2013 Distribution Date.

"Class B Fixed Allocation" shall mean, with respect to any Due Period other than a Due Period relating to the Revolving Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which is the Class B Investor Interest as of the close of business on the last day of the Revolving Period, and the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the Revolving Period.

"Class B Floating Allocation" shall mean, with respect to any Due Period (including any day within such Due Period), the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class B Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Class B Investor Interest as of the Closing Date); and

(b) the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Series Investor Interest as of the Closing Date).

"Class B Initial Investor Interest" shall mean the aggregate initial principal amount of the Class B Certificates, which is $30,400,000. $16,900,000 of such initial principal amount is allocated to the Class B-1 Certificates. $13,500,000 of such initial principal amount is allocated to the Class B-2 Certificates.

"Class B Investor Allocation" shall mean, with respect to any Due Period (a) with respect to Series 2007-1 Investor Loss Amounts, Series 2007-1 Investor Dilution Amounts and Collections of Finance Charge Receivables at any time and Collections of Principal Receivables during the Revolving Period, the Class B Floating Allocation and (b) with respect to Collections of Principal Receivables during the Controlled Amortization Period or Early Amortization Period, the Class B Fixed Allocation.

"Class B Investor Charge-Off" shall have the meaning specified in subsection 4.10(c).

"Class B Investor Dilution Amount" shall mean, for any Distribution Date, an amount equal to the product of (a) the Series 2007-1 Investor Dilution Amount for such Distribution Date and (b) the Class B Floating Allocation for the related Due Period.

"Class B Investor Interest" shall mean, on any date of determination, an amount equal to the greater of (x) zero and (y) an amount equal to (a) the Class B Initial Investor Interest, minus (b) the aggregate amount of principal payments made to Class B Certificateholders prior to such date (other than any principal payment made pursuant to subsection 4.9(h)), minus (c) the aggregate amount of Class B Investor Charge-Offs for all prior Distribution Dates pursuant to subsections 4.10(a), (b) and (c), minus (d) the aggregate amount of Reallocated Class B Principal Collections allocated pursuant to subsection 4.12(b)(iv) on all prior Distribution Dates, minus (e) the amount of any reduction to the Class B Investor Interest as a result of the purchase by the Seller and subsequent cancellation of the Class B Certificates pursuant to Section 4.16, minus (f) the Class B Percentage of the Initial Total Pre-Funded Amount, plus (g) the Class B Percentage of the amount of any increases to the Series Investor Interest pursuant to Section 4.21 during the Funding Period, plus (h) the aggregate amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available on all prior Distribution Dates pursuant to subsection 4.11(f) for the purpose of reimbursing amounts deducted pursuant to the foregoing clauses (c) and (d). The Class B Investor Interest shall be allocated to each subclass of the Class B Certificates proportionately according to the outstanding principal amount thereof.

"Class B Investor Loss Amount" shall mean, with respect to each Distribution Date, an amount equal to the product of (a) the Investor Loss Amount for the related Due Period and (b) the Class B Floating Allocation applicable for the related Due Period.

"Class B Monthly Interest" shall mean the sum of the Class B-1 Monthly Interest and the Class B-2 Monthly Interest.

"Class B Monthly Principal" shall mean the monthly principal distributable in respect of the Class B Certificates as calculated in accordance with subsection 4.7(c).

"Class B Net Swap Payment" shall mean, for any Distribution Date, the net amount payable by the Trust to the Hedge Counterparty pursuant to the Class B Swap on that Distribution Date as a result of LIBOR being less than the Class B Swap Rate. For the avoidance of doubt, Class B Net Swap Payments do not include Hedge Termination Fees or payment of breakage or other miscellaneous costs.

"Class B Net Swap Receipt" shall mean, for any Distribution Date, the net amount payable to the Trust from the Hedge Counterparty pursuant to the Class B Swap on that Distribution Date as a result of LIBOR being greater than the Class B Swap Rate.

"Class B Percentage" shall mean a fraction, the numerator of which is the Class B Initial Investor Interest and the denominator of which is the Initial Investor Interest.

"Class B Principal Commencement Date" shall have the meaning specified in subsection 4.7(c).

"Class B Required Amount" shall have the meaning specified in subsection 4.8(c).

"Class B Servicing Fee" shall have the meaning specified in Section 3 of this Supplement.

"Class B Swap" shall mean any Interest Rate Swap Agreement relating to the Class B Certificates.

"Class B Swap Rate" shall mean 5.084% per annum.

"Class B-1 Additional Interest" shall have the meaning specified in subsection 4.6(e).

"Class B-1 Certificate Rate" shall mean, with respect to any Interest Period, a per annum rate equal to LIBOR as of the related LIBOR Determination Date for such Interest Period plus 2.00%.

"Class B-1 Certificateholder" shall mean each Person in whose name a Class B-1 Certificate is registered in the Certificate Register.

"Class B-1 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class B-1 Deficiency Amount" shall have the meaning specified in subsection 4.6(e).

"Class B-1 Monthly Interest" shall mean the monthly interest distributable in respect of the Class B-1 Certificates as calculated in accordance with subsection 4.6(e).

"Class B-2 Additional Interest" shall have the meaning specified in subsection 4.6(f).

"Class B-2 Certificate Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to 6.91%.

"Class B-2 Certificateholder" shall mean each Person in whose name a Class B-2 Certificate is registered in the Certificate Register.

"Class B-2 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class B-2 Deficiency Amount" shall have the meaning specified in subsection 4.6(f).

"Class B-2 Monthly Interest" shall mean the monthly interest distributable in respect of the Class B-2 Certificates as calculated in accordance with subsection 4.6(f).

"Class C Available Funds" shall mean, with respect to any Distribution Date, an amount equal to the sum of (a) the Class C Floating Allocation of Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and deposited in the Collection Account for the related Due Period (including amounts under Sections 4.19(c) and 4.20(b) and other amounts that are in each case to be treated as Collections of Finance Charge Receivables in accordance with the Agreement (other than the Class C Net Cap Receipt)) and (b) the Class C Net Cap Receipt for the related Distribution Date.

"Class C Cap" shall mean any Interest Rate Cap Agreement relating to the Class C Certificates.

"Class C Cap Rate" shall mean 9.00% per annum.

"Class C Certificate Rate" with respect to any Interest Period shall have the meaning specified in the Class C Purchase Agreement; provided that the Class C Certificate Rate shall in no event exceed a per annum rate equal to LIBOR as of the LIBOR Determination Date for such Interest Period plus 4.00%.

"Class C Certificateholder" shall mean each Person in whose name a Class C Certificate is registered in the Certificate Register.

"Class C Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class C Deficiency Amount" shall have the meaning specified in subsection 4.6(g).

"Class C Expected Final Payment Date" shall mean the February 2013 Distribution Date.

"Class C Fixed Allocation" shall mean, with respect to any Due Period other than a Due Period relating to the Revolving Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which is the Class C Investor Interest as of the close of business on the last day of the Revolving Period, and the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the Revolving Period.

"Class C Floating Allocation" shall mean, with respect to any Due Period (including any day within such Due Period), the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class C Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Class C Investor Interest as of the Closing Date); and

(b) the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Series Investor Interest as of the Closing Date).

"Class C Initial Investor Interest" shall mean the aggregate initial principal amount of the Class C Certificates, which is $28,800,000.

"Class C Investor Allocation" shall mean, with respect to any Due Period (a) with respect to Series 2007-1 Investor Loss Amounts, Series 2007-1 Investor Dilution Amounts and Collections of Finance Charge Receivables at any time and Collections of Principal Receivables during the Revolving Period, the Class C Floating Allocation and (b) with respect to Collections of Principal Receivables during the Controlled Amortization Period or Early Amortization Period, the Class C Fixed Allocation.

"Class C Investor Charge-Off" shall have the meaning specified in subsection 4.10(d).

"Class C Investor Dilution Amount" shall mean, for any Distribution Date, an amount equal to the product of (a) the Series 2007-1 Investor Dilution Amount for such Distribution Date and (b) the Class C Floating Allocation for the related Due Period.

"Class C Investor Interest" shall mean, on any date of determination, an amount equal to the greater of (x) zero and (y) an amount equal to (a) the Class C Initial Investor Interest, minus (b) the aggregate amount of principal payments made to the Class C Certificateholders prior to such date (other than any principal payment made pursuant to subsection 4.9(h)), minus (c) the aggregate amount of Class C Investor Charge-Offs for all prior Distribution Dates pursuant to subsections 4.10(a), (b), (c) and (d), minus (d) the aggregate amount of Reallocated Class C Principal Collections allocated pursuant to subsection 4.12(b)(iii) on all prior Distribution Dates, minus (e) the amount of any reduction to the Class C Investor Interest as a result of the purchase by the Seller and subsequent cancellation of the Class C Certificates pursuant to Section 4.16, minus (f) the Class C Percentage of the Initial Total Pre-Funded Amount, plus (g) the Class C Percentage of the amount of any increases to the Series Investor Interest pursuant to Section 4.21 during the Funding Period, and plus (h) the aggregate amount of Excess Spread and Shared

Excess Finance Charge Collections allocated and available on all prior Distribution Dates pursuant to subsection 4.11(k) for the purpose of reimbursing amounts deducted pursuant to the foregoing clauses (c) and (d).

"Class C Investor Loss Amount" shall mean, with respect to any Distribution Date, an amount equal to the product of (a) the Investor Loss Amount for the related Due Period and (b) the Class C Floating Allocation applicable for the related Due Period.

"Class C Monthly Interest" shall have the meaning specified in subsection 4.6(g).

"Class C Monthly Principal" shall mean the monthly principal distributable in respect of the Class C Certificates as calculated in accordance with subsection 4.7(d).

"Class C Net Cap Receipt" means, for any Distribution Date, the net amount payable to the Trust from the Hedge Counterparty pursuant to the Class C Cap on that Distribution Date as a result of LIBOR being greater than the Class C Cap Rate.

"Class C Percentage" shall mean a fraction, the numerator of which is the Class C Initial Investor Interest and the denominator of which is the Initial Investor Interest.

"Class C Purchase Agreement" shall mean the agreement among the Seller, the Servicer, the Trustee and the Class C Certificateholders, as amended, modified or restated from time to time.

"Class C Required Amount" shall mean the amount, if any, equal to the sum of (a) the amount, if any, by which the sum of (i) the Class C Monthly Interest for such Distribution Date, plus (ii) the Class C Deficiency Amount, if any, for such Distribution Date, plus (iii) the Class C Investor Loss Amount, if any, for the prior Due Period, plus (iv) the Class C Investor Dilution Amount, if any, for such Distribution Date exceeds the amount of Excess Spread available to be applied to such amounts pursuant to subsections 4.11(h), (i) and (j), plus (b) the amount, if any, by which the sum of (i) the Class C Servicing Fee for the prior Due Period, plus (ii) the Class C Servicing Fee, if any, due but not paid on any prior Distribution Date, exceeds the Class C Available Funds for the related Due Period and the amount of any Excess Spread available to be applied to such amount pursuant to subsection 4.11(g).

"Class C Servicing Fee" shall have the meaning specified in Section 3 of this Supplement.

"Class D Available Funds" shall mean, with respect to any Distribution Date, an amount equal to the Class D Floating Allocation of Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and deposited in the Collection Account for the related Due Period (including amounts under Sections 4.19(c) and 4.20(b) and other amounts that are in each case to be treated as Collections of Finance Charge Receivables in accordance with the Agreement).

"Class D Certificateholders" shall mean any Person in whose name a Class D Certificate is registered in the Certificate Register.

"Class D Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class D Deficiency Amount" shall mean, with respect to any Distribution Date, the sum of the Class D-1 Deficiency Amount plus the Class D-2 Deficiency Amount.

"Class D Expected Final Payment Date" shall mean the March 2013 Distribution Date.

"Class D Fixed Allocation" shall mean, with respect to any Due Period other than a Due Period relating to the Revolving Period, the sum of the Class D-1 Fixed Allocation and the Class D-2 Fixed Allocation.

"Class D Floating Allocation" shall mean, with respect to any Due Period (including any day within such Due Period), the sum of the Class D-1 Floating Allocation and the Class D-2 Floating Allocation.

"Class D Initial Investor Interest" shall mean $30,400,000, which amount shall be allocated between the Class D-1 Initial Investor Interest and the Class D-2 Initial Investor Interest as set forth in the Class D Purchase Agreements.

"Class D Investor Allocation" shall mean, with respect to any Due Period, (a) with respect to Series 2007-1 Investor Loss Amounts, Series 2007-1 Investor Dilution Amounts and Collections of Finance Charge Receivables at any time and Principal Receivables during the Revolving Period, the Class D Floating Allocation and (b) with respect to Collections of Principal Receivables during the Controlled Amortization Period or Early Amortization Period, the Class D Fixed Allocation.

"Class D Investor Charge-Offs" shall mean the sum of Class D-1 Investor Charge-Offs plus Class D-2 Investor Charge-Offs.

"Class D Investor Dilution Amount" shall mean, for any Distribution Date, an amount equal to the product of (a) the Series 2007-1 Investor Dilution Amount for such Distribution Date and (b) the Class D Floating Allocation for the related Due Period.

"Class D Investor Interest" shall mean, on any date of determination, the sum of the Class D-1 Investor Interest plus the Class D-2 Investor Interest.

"Class D Investor Loss Amount" shall mean, with respect to any Distribution Date, an amount equal to the product of (a) the Investor Loss Amount for the related Due Period and (b) the Class D Floating Allocation applicable for the related Due Period.

"Class D Monthly Interest" shall mean the sum of the Class D-1 Monthly Interest plus the Class D-2 Monthly Interest.

"Class D Monthly Principal" shall mean the sum of the Class D-1 Monthly Principal plus the Class D-2 Monthly Principal.

"Class D Percentage" shall mean the sum of the Class D-1 Percentage and the Class D-2 Percentage.

"Class D Purchase Agreement(s)" shall mean the Class D-1 Purchase Agreement and/or the Class D-2 Purchase Agreement, as the case may be.

"Class D Servicing Fee" shall mean the sum of the Class D-1 Servicing Fee plus the Class D-2 Servicing Fee.

"Class D-1 Certificate Rate" with respect to any Interest Period shall have the meaning specified in the Class D-1 Purchase Agreement; provided that the Class D-1 Certificate Rate shall in no event exceed a per annum rate equal to (i) if the Class D-1 Certificate Rate is a floating rate, LIBOR as of the LIBOR Determination Date for such Interest Period plus 10.0% and (ii) if the Class D-1 Certificate Rate is a fixed rate, 15.0%.

"Class D-1 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class D-1 Deficiency Amount" shall have the meaning specified in subsection 4.6(h).

"Class D-1 Fixed Allocation" shall mean, with respect to any Due Period other than a Due Period relating to the Revolving Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which is the Class D-1 Investor Interest as of the close of business on the last day of the Revolving Period, and the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the Revolving Period.

"Class D-1 Floating Allocation" shall mean, with respect to any Due Period (including any day within such Due Period), the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class D-1 Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Class D-1 Investor Interest as of the Closing Date); and

(b) the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Series Investor Interest as of the Closing Date).

"Class D-1 Initial Investor Interest" shall mean the portion of the Class D Initial Investor Interest allocated to the Class D-1 Investor Interest, as set forth in the Class D-1 Purchase Agreement.

"Class D-1 Investor Allocation" shall mean, with respect to any Due Period, (a) with respect to Series 2007-1 Investor Loss Amounts, Series 2007-1 Investor Dilution Amounts and Collections of Finance Charge Receivables at any time and Principal Receivables during the

Revolving Period, the Class D-1 Floating Allocation and (b) with respect to Collections of Principal Receivables during the Controlled Amortization Period or Early Amortization Period, the Class D-1 Fixed Allocation.

"Class D-1 Investor Charge-Off" shall have the meaning specified in subsection 4.10(e).

"Class D-1 Investor Interest" shall mean, on any date of determination, an amount equal to the greater of (x) zero and (y) an amount equal to (a) the Class D-1 Initial Investor Interest, minus (b) the aggregate amount of principal payments made to the holders of the Class D-1 Certificates prior to such date (other than any principal payments made pursuant to subsection 4.9(h)), minus (c) the aggregate amount of Class D-1 Investor Charge-Offs for all prior Distribution Dates pursuant to subsections 4.10(a) through (e), minus (d) the aggregate amount of Reallocated Class D-1 Principal Collections allocated pursuant to subsection 4.12(b)(ii) on all prior Distribution Dates, minus (e) the amount of any reduction to the Class D-1 Investor Interest as a result of the purchase by the Seller and subsequent cancellation of the Class D-1 Certificates pursuant to Section 4.16, minus (f) the Class D-1 Percentage of the Initial Total Pre-Funded Amount, plus (g) the Class D-1 Percentage of the amount of any increases to the Series Investor Interest pursuant to Section 4.21 during the Funding Period, plus (h) the aggregate amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available on all prior Distribution Dates pursuant to subsection 4.11(q) for the purpose of reimbursing amounts deducted pursuant to the foregoing clauses (c) and (d); provided that the Class D-1 Investor Interest determined pursuant to the foregoing clauses (a) through (h) may be subject to further increase or decrease under the circumstances described in Section 16(e) of this Supplement.

"Class D-1 Monthly Interest" shall mean the monthly interest distributable in respect of the Class D-1 Certificates as calculated in accordance with subsection 4.6(h).

"Class D-1 Monthly Principal" shall mean the monthly principal distributable in respect of the Class D-1 Certificates as calculated in accordance with subsection 4.7(e).

"Class D-1 Percentage" shall mean a fraction, the numerator of which is the Class D-1 Initial Investor Interest and the denominator of which is the Initial Investor Interest.

"Class D-1 Purchase Agreement" shall be the agreement among the Seller, the Servicer, the Trustee and the Class D-1 Certificateholders, as amended, modified or restated from time to time.

"Class D-1 Servicing Fee" shall have the meaning specified in Section 3 of this Supplement.

"Class D-2 Certificate Rate" with respect to any Interest Period shall have the meaning specified in the Class D-2 Purchase Agreement; provided that the Class D-2 Certificate Rate shall in no event exceed a per annum rate equal to (i) if the Class D-2 Certificate Rate is a floating rate, LIBOR as of the LIBOR Determination Date for such Interest Period plus 10.0% and (ii) if the Class D-2 Certificate Rate is a fixed rate, 15.0%.

"Class D-2 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class D-2 Deficiency Amount" shall have the meaning specified in subsection 4.6(i).

"Class D-2 Fixed Allocation" shall mean, with respect to any Due Period other than a Due Period relating to the Revolving Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which is the Class D-2 Investor Interest as of the close of business on the last day of the Revolving Period, and the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the Revolving Period.

"Class D-2 Floating Allocation" shall mean, with respect to any Due Period (including any day within such Due Period), the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class D-2 Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Class D-2 Investor Interest as of the Closing Date); and

(b) the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Series Investor Interest as of the Closing Date).

"Class D-2 Initial Investor Interest" shall mean the portion of the Class D Initial Investor Interest allocated to the Class D-2 Investor Interest, as set forth in the Class D-2 Purchase Agreement.

"Class D-2 Investor Allocation" shall mean, with respect to any Due Period, (a) with respect to Series 2007-1 Investor Loss Amounts, Series 2007-1 Investor Dilution Amounts and Collections of Finance Charge Receivables at any time and Principal Receivables during the Revolving Period, the Class D-2 Floating Allocation and (b) with respect to Collections of Principal Receivables during the Controlled Amortization Period or Early Amortization Period, the Class D-2 Fixed Allocation.

"Class D-2 Investor Charge-Off" shall have the meaning specified in subsection 4.10(e).

"Class D-2 Investor Interest" shall mean, on any date of determination, an amount equal to the greater of (x) zero and (y) an amount equal to (a) the Class D-2 Initial Investor Interest, minus (b) the aggregate amount of principal payments made to the holders of the Class D-2 Certificates prior to such date (other than any principal payments made pursuant to subsection 4.9(h)), minus (c) the aggregate amount of Class D-2 Investor Charge-Offs for all prior Distribution Dates pursuant to subsections 4.10(a) through (e), minus (d) the aggregate amount of Reallocated Class D-2 Principal Collections allocated pursuant to subsection 4.12(b)(i) on all prior Distribution Dates, minus (e) the amount of any reduction to the Class D-2 Investor Interest as a result of the purchase by the Seller and subsequent cancellation of the Class D-2 Certificates pursuant to Section 4.16, minus (f) the Class D-2 Percentage of the Initial Total Pre-Funded Amount, plus (g) the Class D-2 Percentage of the amount of any increases to the Series Investor Interest pursuant to Section 4.21 during the Funding Period, plus (h) the aggregate amount of

Excess Spread and Shared Excess Finance Charge Collections allocated and available on all prior Distribution Dates pursuant to subsection 4.11(q) for the purpose of reimbursing amounts deducted pursuant to the foregoing clauses (c) and (d) ; provided that the Class D-2 Investor Interest determined pursuant to the foregoing clauses (a) through (h) may be subject to further increase or decrease under the circumstances described in Section 16(e) of this Supplement.

"Class D-2 Monthly Interest" shall mean the monthly interest distributable in respect of the Class D-2 Certificates as calculated in accordance with subsection 4.6(i).

"Class D-2 Monthly Principal" shall mean the monthly principal distributable in respect of the Class D-2 Certificates as calculated in accordance with subsection 4.7(f).

"Class D-2 Percentage" shall mean a fraction, the numerator of which is the Class D-2 Initial Investor Interest and the denominator of which is the Initial Investor Interest.

"Class D-2 Purchase Agreement" shall mean the agreement among the Seller, the Servicer, the Trustee and the Class D-2 Certificateholders, as amended, modified or restated from time to time.

"Class D-2 Servicing Fee" shall have the meaning specified in Section 3 of this Supplement.

"Class M Additional Interest" shall mean the sum of the Class M-1 Additional Interest and the Class M-2 Additional Interest.

"Class M Available Funds" shall mean, with respect to any Distribution Date, an amount equal to the sum of (a) the Class M Floating Allocation of the Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and deposited in the Collection Account for the related Due Period (including amounts under Sections 4.19(c) and 4.20(b) and other amounts that are in each case to be treated as Collections of Finance Charge Receivables in accordance with the Agreement (other than the Class M Net Swap Receipt)) and (b) the Class M Net Swap Receipt for the related Distribution Date.

"Class M Certificate Rate" means the Class M-1 Certificate Rate or the Class M-2 Certificate Rate, as applicable.

"Class M Certificateholder" shall mean each Person in whose name a Class M Certificate is registered in the Certificate Register.

"Class M Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class M Controlled Amortization Amount" for any Due Period related to the Controlled Amortization Period shall mean $19,200,000; provided, however, that such amount shall be adjusted downward to reflect (i) any reduction to the Class M Investor Interest as a result of any cancellation of Class M Certificates pursuant to Section 4.16 and (ii) any principal payments to the Class M Certificateholders pursuant to subsection 4.9(h), so that such amount shall be equal to the outstanding principal amount of the Class M Certificates as of the last day of the Due Period prior to the commencement of the Controlled Amortization Period.

"Class M Controlled Amortization Shortfall" shall mean (i) with respect to the first Due Period related to the Controlled Amortization Period occurring after the Class A Expected Final Payment Date, zero, and (ii) with respect to each other Due Period thereafter during the Controlled Amortization Period occurring on or prior to the Class M Expected Final Payment Date, means the excess, if any, of the Class M Controlled Payment Amount for the previous Due Period over the amount of Available Principal Collections distributed as payment of such Class M Controlled Payment Amount on the Distribution Date related to such previous Due Period.

"Class M Controlled Payment Amount" for any Due Period, shall mean, the sum of (a) the Class M Controlled Amortization Amount and (b) any existing Class M Controlled Amortization Shortfall.

"Class M Deficiency Amount" shall mean the sum of the Class M-1 Deficiency Amount and the Class M-2 Deficiency Amount.

"Class M Expected Final Payment Date" shall mean the December 2012 Distribution Date.

"Class M Fixed Allocation" shall mean, with respect to any Due Period other than a Due Period relating to the Revolving Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which is the Class M Investor Interest as of the close of business on the last day of the Revolving Period, and the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the Revolving Period.

"Class M Floating Allocation" shall mean, with respect to any Due Period (including any day within such Due Period), the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class M Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Class M Investor Interest as of the Closing Date); and

(b) the denominator of which is equal to the Series Investor Interest as of the close of business on the last day of the preceding Due Period (or with respect to the first Due Period ending after the Closing Date, the Series Investor Interest as of the Closing Date).

"Class M Initial Investor Interest" shall mean the aggregate initial principal amount of the Class M Certificates, which is $19,200,000. $4,000,000 of such initial principal amount is allocated to the Class M-1 Certificates. $15,200,000 of such initial principal amount is allocated to the Class M-2 Certificates.

"Class M Investor Allocation" shall mean, with respect to any Due Period (a) with respect to Series 2007-1 Investor Loss Amounts, Series 2007-1 Investor Dilution Amounts and Collections of Finance Charge Receivables at any time and Collections of Principal Receivables during the Revolving Period, the Class M Floating Allocation and (b) with respect to Collections of Principal Receivables during the Controlled Amortization Period or Early Amortization Period, the Class M Fixed Allocation.

"Class M Investor Charge-Off" shall have the meaning specified in subsection 4.10(b).

"Class M Investor Dilution Amount" shall mean, for any Distribution Date, an amount equal to the product of (a) the Series 2007-1 Investor Dilution Amount for such Distribution Date and (b) the Class M Floating Allocation for the related Due Period.

"Class M Investor Interest" shall mean, on any date of determination, an amount equal to the greater of (x) zero and (y) an amount equal to (a) the Class M Initial Investor Interest, minus (b) the aggregate amount of principal payments made to Class M Certificateholders prior to such date (other than any principal payment made pursuant to subsection 4.9(h)), minus (c) the aggregate amount of Class M Investor Charge-Offs for all prior Distribution Dates pursuant to subsections 4.10(a) and (b), minus (d) the aggregate amount of Reallocated Class M Principal Collections allocated pursuant to subsection 4.12(b)(v) on all prior Distribution Dates, minus (e) the amount of any reduction to the Class M Investor Interest as a result of the purchase by the Seller and subsequent cancellation of the Class M Certificates pursuant to Section 4.16, minus (f) the Class M Percentage of the Initial Total Pre-Funded Amount, plus (g) the Class M Percentage of the amount of any increases to the Series Investor Interest pursuant to Section 4.21 during the Funding Period, plus (h) the aggregate amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available on all prior Distribution Dates pursuant to subsection 4.11(d) for the purpose of reimbursing amounts deducted pursuant to the foregoing clauses (c) and (d). The Class M Investor Interest shall be allocated to each subclass of the Class M Certificates proportionately according to the outstanding principal amount thereof.

"Class M Investor Loss Amount" shall mean, with respect to each Distribution Date, an amount equal to the product of (a) the Investor Loss Amount for the related Due Period and (b) the Class M Floating Allocation applicable for the related Due Period.

"Class M Monthly Interest" shall mean the sum of the Class M-1 Monthly Interest and the Class M-2 Monthly Interest.

"Class M Monthly Principal" shall mean the monthly principal distributable in respect of the Class M Certificates as calculated in accordance with subsection 4.7(b).

"Class M Net Swap Payment" shall mean, for any Distribution Date, the net amount payable by the Trust to the Hedge Counterparty pursuant to the Class M Swap on that Distribution Date as a result of LIBOR being less than the Class M Swap Rate. For the avoidance of doubt, Class M Net Swap Payments do not include Hedge Termination Fees or payment of breakage or other miscellaneous costs.

"Class M Net Swap Receipt" means, for any Distribution Date, the net amount payable to the Trust from the Hedge Counterparty pursuant to the Class M Swap on that Distribution Date as a result of LIBOR being greater than the Class M Swap Rate.

"Class M Percentage" shall mean a fraction, the numerator of which is the Class M Initial Investor Interest and the denominator of which is the Initial Investor Interest.

"Class M Principal Commencement Date" shall have the meaning specified in subsection 4.7(b).

"Class M Required Amount" shall have the meaning specified in subsection 4.8(b).

"Class M Servicing Fee" shall have the meaning specified in Section 3 of this Supplement.

"Class M Swap" shall mean any Interest Rate Swap Agreement relating to the Class M-1 Certificates.

"Class M Swap Rate" means 5.081% per annum.

"Class M-1 Additional Interest" shall have the meaning specified in subsection 4.6(c).

"Class M-1 Certificate Rate" shall mean, with respect to any Interest Period, a per annum rate equal to LIBOR as of the related LIBOR Determination Date for such Interest Period plus 1.65%.

"Class M-1 Certificateholder" shall mean each Person in whose name a Class M-1 Certificate is registered in the Certificate Register.

"Class M-1 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class M-1 Deficiency Amount" shall have the meaning specified in subsection 4.6(c).

"Class M-1 Monthly Interest" shall mean the monthly interest distributable in respect of the Class M-1 Certificates as calculated in accordance with subsection 4.6(c).

"Class M-2 Additional Interest" shall have the meaning specified in subsection 4.6(d).

"Class M-2 Certificate Rate" shall mean, with respect to any Interest Period, a fixed per annum rate equal to 6.56%.

"Class M-2 Certificateholder" shall mean each Person in whose name a Class M-2 Certificate is registered in the Certificate Register.

"Class M-2 Certificates" shall have the meaning specified in subsection 1(a) of this Supplement.

"Class M-2 Deficiency Amount" shall have the meaning specified in subsection 4.6(d).

"Class M-2 Monthly Interest" shall mean the monthly interest distributable in respect of the Class M-2 Certificates as calculated in accordance with subsection 4.6(d).

"Clearstream" means Clearstream Banking, société anonyme.

"Closing Date" shall mean October 17, 2007.

"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 2007-1 Certificates, (b) the commencement of the Early Amortization Period and (c) the Series 2007-1 Termination Date.

"Controlling Certificateholders" shall mean (a) on any date of determination on which the Class A Investor Interest, the Class M Investor Interest and the Class B Investor Interest is greater than zero, the Holders of Class A Certificates, Class M Certificates and Class B Certificates evidencing more than 50% of the sum of the Class A Investor Interest, the Class M Investor Interest and the Class B Investor Interest, (b) thereafter, on any date of determination on which the Class C Investor Interest is greater than zero, the Holders of Class C Certificates evidencing more than 50% of the Class C Investor Interest and (c) thereafter, the Required Class D Holders (as defined in the Class D Purchase Agreement).

"Cumulative Principal Shortfall" shall mean the sum of the Principal Shortfalls (as such term is defined in each of the related Supplements or Receivables Purchase Agreement) for each Series in Group One that are Principal Sharing Series.

"Depository" means The Depository Trust Company, as initial Depository, or any successor Clearing Agency appointed by the Seller.

"Designated Maturity" shall mean, for any LIBOR Determination Date, one month.

"Distribution Date" shall mean November 15, 2007 and the fifteenth day of each calendar month thereafter, or if such fifteenth day is not a Business Day, the next succeeding Business Day.

"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 2007-1 is deemed to have occurred, and ending on the Series 2007-1 Termination Date.

"Enhancement" shall mean (a) with respect to the Class A Certificates, the subordination of the Class M Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates, (b) with respect to the Class M Certificates, the subordination of the Class B Certificates, Class C Certificates and the Class D Certificates, (c) with respect to the Class B Certificates, the subordination of the Class C Certificates and the Class D Certificates, (d) with respect to the Class C Certificates, the subordination of the Class D Certificates, and (e) with respect to the Class D-1 Certificates, the subordination of the Class D-2 Certificates.

"Enhancement Provider" shall mean, collectively, the Class C Certificateholders and the Class D Certificateholders specified as such in the Class C Purchase Agreement or the Class D Purchase Agreement, as applicable.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Excess Spread" shall mean, with respect to any Distribution Date, the sum of the amounts with respect to such Distribution Date, if any, specified pursuant to subsections 4.9(a)(v), 4.9(b)(iii), 4.9(c)(iii), 4.9(d)(ii) and 4.9(e)(ii).

"Finance Charge Shortfall" shall have the meaning specified in subsection 4.14(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 Series Investor Interest as of the close of business on the last day of the Revolving Period; provided, that if Series 2007-1 is paired with a Paired Series (other than Series 2002-1) and an Early Amortization Event occurs with respect to such Paired Series, the Seller shall, by written notice delivered to the Trustee, the Servicer and the Rating Agencies, reduce the numerator to an amount equal to the Series Investor Interest 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 (other than Series 2002-1), that such change would not result in a reduction or withdrawal by such Rating Agency of its rating for the Series 2007-1 Certificates; and

(b) the denominator of which is the greater of (i) the sum of (A) the aggregate amount of Principal Receivables in the Trust at the end of the day on the last day of the prior Due Period and (B) the Excess Funding Amount as of the close of business of the last day of the prior Due Period, and (ii) the sum of the numerators used to calculate the Investor/Purchaser Percentages for such Due Period with respect to Principal Receivables for all Series of Certificates and Receivable Purchase Series 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 in the Trust 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 in the Trust 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/Purchaser Percentages for all outstanding Series for allocations with respect to Principal Receivables for all such 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/Purchaser Percentages for all outstanding Series for allocations with respect to Principal Receivables for all such 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 2007-1 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 Investor Interest 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 Investor Interest as of the Closing Date), and

(b) the denominator of which is the greater of (1) the sum of (A) the aggregate amount of Principal Receivables in the Trust 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) and (B) the Excess Funding Amount as of the close of business of the last day of the preceding Due Period, and (2) the sum of the numerators used to calculate the Investor/Purchaser Percentages for such Due Period with respect to Finance Charge Receivables, Series Dilution Amounts or Loss Amounts, as applicable, for all Series of Certificates and Receivable Purchase 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 Investor Interest 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 Investor Interest as of 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 Investor Interest 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 in the Trust 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 in the Trust 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/Purchaser Percentages for all outstanding Series for allocations with respect to Finance Charge Receivables, Loss Amounts or Principal Receivables, as applicable, for all such 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/Purchaser Percentages for all outstanding Series for allocations with respect to Finance Charge Receivables, Series Dilution Amounts, Loss Amounts or Principal Receivables, as applicable, for all such 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).

"Funding Period" shall mean the period from and including the Closing Date to and including the earliest of (x) the first day on which the Series Investor Interest equals the Initial Investor Interest; (y) the commencement of the Early Amortization Period and (z) the May 2008 Distribution Date.

"Funding Period Reserve Account" shall have the meaning set forth in subsection 4.20(a).

"Funding Period Reserve Draw Amount" shall mean, with respect to each Distribution Date during the Funding Period, the lesser of (a) the amount on deposit in the Funding Period Reserve Account on such Distribution Date, other than net investment income (before giving effect to any withdrawal to be made from the Funding Period Reserve Account on such Distribution Date) and (b) the Pre-Funding Interest Amount for such Distribution Date.

"Funding Period Termination Distribution Date" shall mean the earlier to occur of (x) the first Distribution Date to occur following the commencement of the Early Amortization Period and (y) if the Funding Period shall not have terminated pursuant to clause (x) of the definition of "Funding Period" (after giving effect to any increase in the Series Investor Interest on the May 2008 Distribution Date), the May 2008 Distribution Date.

"Group One" shall mean Series 2007-1 and each other Series specified in the related Supplement or Receivables Purchase Agreement to be included in Group One.

"Hedge Counterparty" means Barclays Bank PLC or any other counterparty under the initial Interest Rate Swap Agreements or any Interest Rate Cap Agreement or any successor agreement pertaining to the initial Class A Swap, the initial Class M Swap, the initial Class B Swap or the initial Class C Cap.

"Hedge Reserve Account" shall mean the account established and maintained pursuant to subsection 4.22(a).

"Hedge Termination Fee" shall have the meaning specified in subsection 4.22(c).

"Initial Investor Interest" shall mean the sum of the Class A Initial Investor Interest, the Class M Initial Investor Interest, the Class B Initial Investor Interest, the Class C Initial Investor Interest and the Class D Initial Investor Interest.

"Initial Purchaser" shall mean Barclays Capital Inc., as initial purchaser of the Class A Certificates, the Class M Certificates and the Class B Certificates.

"Initial Total Pre-Funded Amount" shall mean $285,000,000.

"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.

"Interest Rate Cap Agreement" shall mean each interest rate cap agreement between Trustee, on behalf of the Trust, and the Hedge Counterparty substantially in the form of Exhibit H-2; provided, however, that any Interest Rate Cap Agreement can deviate from the terms described in Exhibit H-2 at the direction of the Servicer if the Rating Agency Condition is satisfied, and the Trustee shall be conclusively entitled to rely on such direction.

"Interest Rate Hedge Agreements" shall mean the Interest Rate Swap Agreements and the Interest Rate Cap Agreements.

"Interest Rate Swap Agreement" shall mean each interest rate swap agreement between Trustee, on behalf of the Trust, and the Hedge Counterparty substantially in the form of Exhibit H-1; provided, however, that the Interest Rate Swap Agreements can deviate from the terms described in Exhibit H-1 at the direction of the Servicer if the Rating Agency Condition is satisfied, and the Trustee shall be conclusively entitled to rely on such direction.

"Investor Charge-Offs" shall mean, on any date of determination, an amount equal to the sum of (i) the Class A Investor Charge-Offs, (ii) the Class M Investor Charge-Offs, (iii) the Class B Investor Charge-Offs, (iv) the Class C Investor Charge-Offs and (v) the Class D Investor Charge-Offs.

"Investor Interest" for Series 2007-1 shall mean the Series Investor Interest.

"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/Purchaser Percentage" for Series 2007-1 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.

"Lane Bryant Portfolio" shall mean the accounts that the Originator expects to acquire which arise under a portfolio of proprietary credit cards used primarily at Lane Bryant® stores.

"Lane Bryant Portfolio Distribution Date" shall mean the earlier to occur of (x) February 15, 2008, and (y) the first Distribution Date that is at least ten (10) days after the date on which the Servicer shall have notified the Trustee in writing that the Originator will not acquire the Lane Bryant Portfolio.

"LIBOR" shall mean, for any Interest Period, the London interbank offered rate for United States dollar deposits of the Designated Maturity determined by the Trustee for each Interest Period in accordance with the provisions of Section 4.17.

"LIBOR Determination Date" shall mean October 15, 2007 for the initial Interest Period and the second London Business Day prior to the commencement of each subsequent Interest Period.

"London Business Day" shall mean a day on which the Trustee and commercial banks in the City of London are open for the transaction of commercial banking business.

"Minimum Required Funding Period Reserve Amount" shall mean, with respect to any Distribution Date, an amount equal to the product of (i) 1.3% and (ii) the amount on deposit in the Pre-Funding Account on such Distribution Date (after taking into account any withdrawals to be made from the Pre-Funding Account on such Distribution Date pursuant to subsection 4.19(b)).

"Minimum Required Hedge Reserve Amount" shall mean $5,000,000.

"Minimum Seller Interest" for Series 2007-1 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 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.

"Net Hedge Receipt" shall mean, for any Distribution Date, the sum of the Class A Net Swap Receipt (if any), the Class M Net Swap Receipt (if any), the Class B Net Swap Receipt (if any) and the Class C Net Cap Receipt (if any), each for such Distribution Date.

"Net Swap Payment" shall mean, for any Distribution Date, the sum of the Class A Net Swap Payment (if any), the Class M Net Swap Payment (if any) and the Class B Net Swap Payment (if any), each for such Distribution Date.

"Portfolio Yield" shall mean, with respect to any Due Period, the annualized percentage equivalent of a fraction, the numerator of which is an amount equal to the result of (a) the Floating Allocation Percentage of Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates for such Due Period (including net investment earnings on funds on deposit in the Pre-Funding Account and the Funding Period Reserve Account and certain other amounts that are to be treated as Collections of Finance Charge Receivables in accordance with the Agreement and this Supplement) plus (b) amounts withdrawn from the Funding Period Reserve Account pursuant to subsection 4.20(c) and (c) any Net Hedge Receipt for the related Distribution Date, such amount to be calculated on a cash basis after subtracting the Investor Loss Amount and the Series 2007-1 Investor Dilution Amount for such Due Period, and the denominator of which is the outstanding principal amount of the Series 2007-1 Certificates 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 2007-1 Certificates on the Closing Date); it being understood that such fraction shall be annualized by dividing the fraction obtained in accordance with the definition set forth above by the number of days in such Due Period and multiplying such amount by 365.

"Pre-Funded Portion" shall mean (i) with respect to Class A Certificates, an amount equal to the Class A Percentage times the amount of funds on deposit in the Pre-Funding Account, (ii) with respect to Class M Certificates, an amount equal to the Class M Percentage times the amount of funds on deposit in the Pre-Funding Account, (iii) with respect to the Class B Certificates, an amount equal to the Class B Percentage times the amount of funds on deposit in the Pre-Funding Account, (iv) with respect to Class C Certificates, an amount equal to the Class C Percentage times the amount of funds on deposit in the Pre-Funding Account, (v) with respect to Class D-1 Certificates, an amount equal to the Class D-1 Percentage times the amount of funds on deposit in the Pre-Funding Account, and (vi) with respect to the Class D-2 Certificates, an amount equal to the Class D-2 Percentage times the amount of funds on deposit in the Pre-Funding Account.

"Pre-Funding Account" shall mean the account established and maintained pursuant to subsection 4.19(a).

"Pre-Funding Interest Amount" shall mean, for any Distribution Date during the Funding Period, the excess, if any, of:

(i) the product of

(A) the result of the Monthly Interest for such Distribution Date, minus Net Hedge Receipts received by the Trust, plus Net Swap Payments payable by the Trust on that Distribution Date,

multiplied by

(B) a fraction, the numerator of which is equal to the daily average amount on deposit in the Pre-Funding Account during the preceding Due Period, other than net investment income, and the denominator of which is equal to the daily average outstanding principal amount of the Series 2007-1 Certificates during the preceding Due Period, over

(ii) the investment earnings on funds in the Pre-Funding Account (net of investment losses and expenses) for such Distribution 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 Shortfall" shall mean, as the context requires, any of the following: (a) on any Distribution Date with respect to the Controlled Amortization Period, (i) if such Distribution Date is on or prior to the Class A Expected Final Payment Date, the amount by which the Class A 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), (ii) if such Distribution Date occurs after the Class A Expected Final Payment Date but on or prior to the Class M Expected Final Payment Date, the amount by which the Class M 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 (iii) if such Distribution Date occurs after the Class M Expected Final Payment Date but on or prior to the Class B Expected Final Payment Date, the amount by which the Class B 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); (b) on the Class C Expected Final Payment Date (if an Early Amortization Event with respect to Series 2007-1 has not occurred), the amount by which the Class C Investor Interest exceeds the amount of Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections); (c) on the Class D Expected Final Payment Date (if an Early Amortization Event with respect to Series 2007-1 has not occurred), the amount by which the Class D Investor Interest exceeds the amount of Available Principal Collections for such Distribution Date (excluding any portion thereof attributable to Shared Principal Collections); and (d) on any Distribution Date with respect to the Early Amortization Period, the amount by which the Investor Interest 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).

"Rating Agency" shall mean Moody's and Standard & Poor's.

"Reallocated Class B Principal Collections" shall mean, with respect to any Distribution Date, Collections of Principal Receivables allocated to Series 2007-1 for the preceding Due Period in an amount not to exceed the lesser of (i) the product of (A) the Class B Investor Allocation times (B) the Investor/Purchaser Percentage times (C) the aggregate amount of Collections in respect of Principal Receivables deposited in the Collection Account for the related Due Period; and (ii) the Class B Investor Interest after giving effect to any reduction of the Class B Investor Interest pursuant to subsection 4.10(c) on such Distribution Date.

"Reallocated Class C Principal Collections" shall mean, with respect to any Distribution Date, Collections of Principal Receivables allocated to Series 2007-1 for the preceding Due Period in an amount not to exceed the lesser of (i) the product of (A) the Class C Investor Allocation times (B) the Investor/Purchaser Percentage times (C) the aggregate amount of Collections in respect of Principal Receivables deposited in the Collection Account for the related Due Period; and (ii) the Class C Investor Interest after giving effect to any reduction of the Class C Investor Interest pursuant to subsection 4.10(d) on such Distribution Date.

"Reallocated Class D Principal Collections" shall mean, with respect to any Distribution Date, the sum of Reallocated Class D-1 Principal Collections plus Reallocated Class D-2 Principal Collections.

"Reallocated Class D-1 Principal Collections" shall mean, with respect to any Distribution Date, Collections of Principal Receivables allocated to Series 2007-1 for the preceding Due Period in an amount not to exceed the lesser of (i) the product of (A) the Class D-1 Investor Allocation times (B) the Investor/Purchaser Percentage times (C) the aggregate amount of Collections in respect of Principal Receivables deposited in the Collection Account for the related Due Period; and (ii) the Class D-1 Investor Interest after giving effect to any reduction of the Class D-1 Investor Interest pursuant to subsection 4.10(e) on such Distribution Date.

"Reallocated Class D-2 Principal Collections" shall mean, with respect to any Distribution Date, Collections of Principal Receivables allocated to Series 2007-1 for the preceding Due Period in an amount not to exceed the lesser of (i) the product of (A) the Class D-2 Investor Allocation times (B) the Investor/Purchaser Percentage times (C) the aggregate amount of Collections in respect of Principal Receivables deposited in the Collection Account for the related Due Period; and (ii) the Class D-2 Investor Interest after giving effect to any reductions of the Class D-2 Investor Interest pursuant to subsection 4.10(e) on such Distribution Date.

"Reallocated Class M Principal Collections" shall mean, with respect to any Distribution Date, Collections of Principal Receivables allocated to Series 2007-1 for the preceding Due Period in an amount not to exceed the lesser of (i) the product of (A) the Class M Investor Allocation times (B) the Investor/Purchaser Percentage times (C) the aggregate amount of

Collections in respect of Principal Receivables deposited in the Collection Account for the related Due Period; and (ii) the Class M Investor Interest after giving effect to any reduction of the Class M Investor Interest pursuant to subsection 4.10(b) on such Distribution Date.

"Reallocated Principal Collections" shall mean the sum of (a) Reallocated Class M Principal Collections, (b) Reallocated Class B Principal Collections, (c) Reallocated Class C Principal Collections and (d) Reallocated Class D Principal Collections.

"Reference Banks" shall mean four major banks in the London interbank market selected by the Servicer.

"Regulation S Book-Entry Certificate" shall have the meaning specified in subsection 15(b) of this Supplement.

"Regulation S Permanent Book-Entry Certificate" shall have the meaning specified in subsection 15(b) of this Supplement.

"Regulation S Temporary Book-Entry Certificate" shall have the meaning specified in subsection 15(b) of this Supplement.

"Reset Date" shall mean the occurrence of any Addition Date, any Removal Date or any day on which the Investor Interest is increased pursuant to Section 4.21 or the outstanding principal amount of the Series 2007-1 Certificates is decreased pursuant to Section 4.9(h).

"Restricted Book-Entry Certificate" shall have the meaning specified in Section 15(b).

"Reuters Screen LIBOR01 Page" shall mean the display page currently so designated on the Reuters Monitor Money Rates (or such other page as may replace that page on that service, or such other service as may be the successor information vendor for purposes of displaying comparable rates or prices.)

"Revolving Period" shall mean the period from and including the Closing Date to, but not including, the Fixed Principal Allocation Date.

"Series 2007-1" shall mean the Series of the Charming Shoppes Master Trust represented by the Investor Certificates.

"Series 2007-1 Certificateholder" shall mean the Holder of record of any Series 2007-1 Certificate.

"Series 2007-1 Certificates" shall mean the Class A Certificates, the Class M Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates.

"Series 2007-1 Early Amortization Event" shall have the meaning specified in Section 10 of this Supplement.

"Series 2007-1 Investor Dilution Amount" shall mean, with respect to any Distribution Date, an amount equal to the product of (a) the Series Percentage for the related Due Period and (b) any Series Dilution Amount remaining after giving effect to any addition of Accounts and other actions taken pursuant to Sections 4.3(d) and 2.6.

"Series 2007-1 Investor Monthly Servicing Fee" shall have the meaning specified in Section 3 of this Supplement.

"Series 2007-1 Termination Date" shall mean the earliest to occur of (a) the Distribution Date on which the Series 2007-1 Certificates are paid in full, (b) the September 2017 Distribution Date or (c) the date of termination of the Trust pursuant to Section 12.1 of the Agreement.

"Series 2007-1 Unfunded Dilution Amount" shall mean, on any Distribution Date, an amount equal to any unfunded Series 2007-1 Investor Dilution Amount remaining after application of Class A Available Funds pursuant to subsection 4.9(a)(iv) and Excess Spread and Shared Excess Finance Charge Collections in accordance with Section 4.11.

"Series Investor Interest" shall mean, on any date of determination, an amount equal to the sum of (i) the Class A Investor Interest, (ii) the Class M Investor Interest, (iii) the Class B Investor Interest, (iv) the Class C Investor Interest and (v) the Class D Investor Interest, each as of such date.

"Series Servicing Fee Percentage" shall mean 2.0%.

"Shared Excess Finance Charge Collections" shall mean, with respect to any Distribution Date, as the context requires, either (a) the aggregate amount of Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates but available to cover Finance Charge Shortfalls for other Series in Group One, if any, or (b) the aggregate amount of Collections of Finance Charge Receivables and other amounts allocable to other Series in Group One in excess of the amounts necessary to make required payments with respect to such Series, if any, and available to cover any Finance Charge Shortfall with respect to the Series 2007-1 Certificates as described in Section 4.14.

"Shared Principal Collections" shall mean, as the context requires, either (a) the amount allocated to the Series 2007-1 Certificates which may be applied to cover Principal Shortfalls with respect to other outstanding Series in Group One, or (b) the amounts allocated to the Investor Certificates of other Series in Group One that the applicable Supplements for such Series specify are to be treated as "Shared Principal Collections" and which may be applied to cover Principal Shortfalls with respect to the
Series 2007-1 Certificates pursuant to Section 4.15.

"Specified Days" shall mean, with respect to any Interest Period, (a) 30 (or, in the case of the first Interest Period, the number of days in such Interest Period), when used with reference to the calculation of interest for any Class A Certificates, Class M Certificates, Class B Certificates or Class D Certificates that bear interest at a fixed rate during such Interest Period and (b) the number of days in such Interest Period, when used with reference to the calculation of interest for any Class of Certificates that bears interest at a floating rate during such Interest Period.

"subclass" shall mean (a) with respect to the Class A Certificates, the Class A-1 Certificates and the Class A-2 Certificates, (b) with respect to the Class M Certificates, the Class M-1 Certificates and the Class M-2 Certificates, (c) with respect to the Class B Certificates, the Class B-1 Certificates and the Class B-2 Certificates, and (d) with respect to the Class D Certificates, the Class D-1 Certificates and the Class D-2 Certificates.

"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.

SECTION 3. Servicing Compensation. The share of the Monthly Servicing Fee allocable to Series 2007-1 (the "Series 2007-1 Investor Monthly Servicing Fee") with respect to any Due Period shall be equal to one-twelfth of the product of (i) the Series Servicing Fee Percentage and (ii) (a) the Investor Interest as of the last day of such Due Period minus (b) the product of the amount, if any, on deposit in the Excess Funding Account as of the last day of such Due Period and the Principal Allocation Percentage for such Due Period; provided, however, that with respect to the initial Due Period ending after the Closing Date, the Series 2007-1 Investor Monthly 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 Seller is appointed, the Series 2007-1 Investor Servicing Fee shall be such amount as may be agreed upon in writing between such Successor Servicer and the Trustee, so long as the Trustee shall have received written confirmation from each of the Rating Agencies then rating any Class of Series 2007-1 Certificates that such change would not result in a reduction or withdrawal by such Rating Agency of its rating of any Class of the Series 2007-1 Certificates. The share of the Series 2007-1 Investor Monthly Servicing Fee allocable to the Class A Investor Interest with respect to any Due Period (the "Class A Servicing Fee") shall be equal to the product of (i) the Class A Floating Allocation, and (ii) the Series 2007-1 Investor Monthly Servicing Fee for such Due Period. The share of the Series 2007-1 Investor Monthly Servicing Fee allocable to the Class M Investor Interest with respect to any Due Period (the "Class M Servicing Fee") shall be equal to the product of (i) the Class M Floating Allocation and (ii) the Series 2007-1 Investor Monthly Servicing Fee for such Due Period. The share of the Series 2007-1 Investor Monthly Servicing Fee allocable to the Class B Investor Interest with respect to any Due Period (the "Class B Servicing Fee") shall be equal to the product of (i) the Class B Floating Allocation and (ii) the Series 2007-1 Investor Monthly Servicing Fee for such Due Period. The share of the Series 2007-1 Investor Monthly Servicing Fee allocable to the Class C Investor Interest with respect to any Due Period (the "Class C Servicing Fee") shall be equal to the product of (i) the Class C Floating Allocation and (ii) the Series 2007-1 Investor Monthly Servicing Fee for such Due Period. The share of the Series 2007-1 Investor Monthly Servicing Fee allocable to the Class D-1 Investor Interest with respect to any Due Period (the

"Class D-1 Servicing Fee") shall be equal to the product of (i) the Class D-1 Floating Allocation and (ii) the Series 2007-1 Investor Monthly Servicing Fee for such Due Period. The share of the Series 2007-1 Investor Monthly Servicing Fee allocable to the
Class D-2 Investor Interest with respect to any Due Period (the "Class D-2 Servicing Fee") shall be equal to the product of (i) the Class D-2 Floating Allocation and (ii) the Series 2007-1 Investor Monthly Servicing Fee for such Due Period.

Except as specifically provided above, the Monthly Servicing Fee shall be paid by the cash flows from the Trust allocated to the Seller or the Certificateholders of other Series (as provided in the related Supplements or Receivables Purchase Agreements) and in no event shall the Trust, the Trustee or the Series 2007-1 Certificateholders be liable therefor. The Class A Servicing Fee shall be payable to the Servicer solely to the extent amounts are available for distribution in respect thereof pursuant to subsections 4.9(a)(ii) and 4.11(a). The Class M Servicing Fee shall be payable to the Servicer solely to the extent amounts are available for distribution in respect thereof pursuant to subsections 4.9(b)(ii) and 4.11(c). The Class B Servicing Fee shall be payable solely to the extent amounts are available for distribution in respect thereof pursuant to subsections 4.9(c)(ii) and 4.11(e). The Class C Servicing Fee shall be payable solely to the extent amounts are available for distribution in respect thereof pursuant to subsections 4.9(d)(i) and 4.11(g). The Class D Servicing Fee shall be payable solely to the extent amounts are available for distribution in respect thereof pursuant to subsections 4.9(e)(i) and 4.11(m).

SECTION 4. Reassignment and Transfer Terms. The Series 2007-1 Certificates shall be subject to retransfer to the Seller at its option, in accordance with the terms specified in subsection 12.2(a) of the Agreement, on any Distribution Date on or after the Distribution Date on which the Series Investor Interest is less than or equal to 10% of the Series Investor Interest on the Funding Period Termination Distribution Date (after giving effect to any increase in the Series Investor Interest on such date). The deposit required in connection with any such repurchase shall be equal to the Series Investor Interest plus accrued and unpaid interest on the Series 2007-1 Certificates through the day preceding the Distribution Date on which the repurchase occurs.

SECTION 5. Delivery and Payment for the Series 2007-1 Certificates. The Seller shall execute and deliver the Series 2007-1 Certificates to the Trustee for authentication in accordance with Section 6.1 of the Agreement. The Trustee shall deliver the Series 2007-1 Certificates when authenticated in accordance with Section 6.2 of the Agreement.

SECTION 6. Depository; Form of Delivery of Series 2007-1 Certificates.

(a) The Class A Certificates, the Class M Certificates and the Class B Certificates shall be delivered as Book-Entry Certificates as provided in Sections 6.2 and 6.10 of the Agreement. The Class C Certificates and the Class D Certificates shall be delivered as Definitive Certificates as provided in Sections 6.2 and 6.12 of the Agreement.

(b) The Depository for Series 2007-1 shall be The Depository Trust Company, and the Class A Certificates, the Class M Certificates and Class B Certificates shall be initially registered in the name of Cede & Co., its nominee.

SECTION 7. Interest Rate Hedge Agreements. (a) The Trustee shall, on behalf of the Trust, enter into a Class A Swap, a Class M Swap, a Class B Swap and a Class C Cap on the Closing Date for the benefit of the Class A Certificateholders, the Class M Certificateholders, the Class B Certificateholders and the Class C Certificateholders. The notional amount under each Interest Rate Hedge Agreement for any Interest Period shall be determined prior to the issuance of the Series 2007-1 Certificates and shall be set forth in a schedule to the initial Interest Rate Hedge Agreement for the related Class. If the Lane Bryant Portfolio acquisition does not occur prior to the Lane Bryant Portfolio Distribution Date, the notional amount of each Interest Rate Hedge Agreement shall be adjusted to give effect to the payments made to the holders of the Series 2007-1 Certificates on the Lane Bryant Portfolio Distribution Date. If any of the initial Interest Rate Hedge Agreements is terminated and replaced, the replacement Interest Rate Hedge Agreement must have the same notional amount with respect to the periods covered by the replacement Interest Rate Hedge Agreement unless the Rating Agency Condition shall have been satisfied with respect to a different notional amount.

Class A Net Swap Receipts shall be deposited by the Trustee in the Collection Account on the date such Class A Net Swap Receipts are paid and shall be treated as Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and available to be applied as Class A Available Funds. Class M Net Swap Receipts shall be deposited by the Trustee in the Collection Account on the date such Class M Net Swap Receipts are paid and shall be treated as Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and available to be applied as Class M Available Funds. Class B Net Swap Receipts shall be deposited by the Trustee in the Collection Account on the date such Class B Net Swap Receipts are paid and shall be treated as Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and available to be applied as Class B Available Funds. Class C Net Cap Receipts shall be deposited by the Trustee in the Collection Account on the date such Class C Net Cap Receipts are paid and shall be treated as Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates and available to be applied as Class C Available Funds.

On any Distribution Date when the Class A Net Swap Payment, the Class M Net Swap Payment or the Class B Net Swap Payment is greater than zero, the Trustee shall pay such Class A Net Swap Payment, Class M Net Swap Payment or Class B Net Swap Payment from the Class A Available Funds, the Class M Available Funds and the Class B Available Funds, respectively, as provided in Sections 4.9(a), 4.9(b) and 4.9(c). If the Class A Available Funds, the Class M Available Funds or the Class B Available Funds are insufficient to pay the Class A Net Swap Payment, the Class M Net Swap Payment and the Class B Net Swap Payment, respectively, the Class A Net Swap Payment, the Class M Net Swap Payment, and the Class B Net Swap Payment will be paid from the Excess Spread and Shared Excess Finance Charge Collections, as provided in Sections 4.11(a), 4.11(c), 4.11(e) and 4.14(b).

(b) Subject to satisfaction of the Rating Agency Condition, the Servicer may at any time obtain a replacement Interest Rate Hedge Agreement.

SECTION 8. Article IV of Agreement. Sections 4.1, 4.2 and 4.3 of the Agreement shall be read in their entirety as provided in the Agreement. Article IV of the Agreement (except for Sections 4.1, 4.2 and 4.3 thereof) shall read in its entirety as follows and shall be applicable only to the Series 2007-1 Certificates.

ARTICLE IV.

RIGHTS OF CERTIFICATEHOLDERS AND RECEIVABLES PURCHASERS AND ALLOCATION AND APPLICATION OF COLLECTIONS

SECTION 4.4. Rights of Series 2007-1 Certificateholders. The Series 2007-1 Certificates shall represent undivided interests in the Trust, consisting of the right to receive, to the extent necessary to make the required payments with respect to such Series 2007-1 Certificates at the times and in the amounts specified in this Agreement, (a) the Floating Allocation Percentage and Principal Allocation Percentage (as applicable from time to time) of Collections received with respect to the Receivables (including certain other amounts that are to be treated as collections of Receivables in accordance with the terms of this Agreement), (b) any other funds on deposit (or to be deposited) in the Collection Account or the Excess Funding Account allocated to Series 2007-1 and (c) any other amounts that pursuant to this Agreement or any Supplement are allocable to Series 2007-1. The Class D-2 Certificates shall be subordinate to the Class D-1 Certificates as described herein and in the Class D Purchase Agreement. The Class D Certificates shall be subordinate to the Class A Certificates, the Class M Certificates, the Class B Certificates and the Class C Certificates. The Class C Certificates shall be subordinate to the Class A Certificates, the Class M Certificates and the Class B Certificates. The Class B-1 Certificates shall be pari passu with the Class B-2 Certificates. The Class B Certificates shall be subordinate to the Class A Certificates and the Class M Certificates. The Class M-1 Certificates shall be pari passu with the Class M-2 Certificates. The Class M Certificates will be subordinate to the Class A Certificates. The Class A-1 Certificates shall be pari passu with the Class A-2 Certificates. The Exchangeable Seller Certificate shall not represent any interest in the Collection Account or the Excess Funding Account except as specifically provided in this Article IV.

SECTION 4.5. Allocations.

(a) Allocations During the Revolving Period. During the Revolving Period, the Servicer shall, prior to the close of business on the day any Collections are deposited in the Collection Account, allocate to the Series 2007-1 Certificateholders and the Hedge Counterparty, the following amounts as set forth below:

(i) An amount equal to the product of (A) the Floating Allocation Percentage on such date and (B) the aggregate amount of Collections processed in respect of Finance Charge Receivables on such date, to be applied in accordance with Sections 4.9 and 4.11.

(ii) If the Series 2002-1 Certificates have been paid in full, an amount equal to the product of (A) the Investor/Purchaser Percentage on such date and (B) the aggregate amount of Collections processed in respect of Principal Receivables on such date, which amount shall be, first, held in the Collection Account to the extent of amounts to be distributed pursuant to Section 4.9(f)(i) on the next Distribution Date, second, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization

period, held in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, third, deposited to the Excess Funding Account to the extent necessary so that the Seller Interest is not less than the Minimum Seller Interest and, fourth, paid to the Holders of the Exchangeable Seller Certificate. With respect to each Due Period falling in the Revolving Period, to the extent that Collections of Principal Receivables allocated to the Series 2007-1 Certificateholders pursuant to this subsection are paid to any Holder of the Exchangeable Seller Certificate, such Holder 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 4.12; provided, however, that if such Holder fails to make such funds available, then an amount of Collections of Principal Receivables allocated to Series 2007-1 and on deposit in the Collection Account equal to that deficiency shall be treated as Reallocated Principal Collections for application in accordance with Section 4.12, prior to any other application of such Collections.

(b) Allocations During the Controlled Amortization Period. During the Controlled Amortization Period, the Servicer shall, prior to the close of business on the day any Collections are deposited in the Collection Account, allocate to the Series 2007-1 Certificateholders and the Hedge Counterparty, the following amounts as set forth below:

(i) An amount equal to the product of (A) the Floating Allocation Percentage on such date and (B) the aggregate amount of Collections processed in respect of Finance Charge Receivables on such date, to be applied in accordance with Sections 4.9 and 4.11.

(ii) An amount equal to the product of (A) the Investor/Purchaser Percentage on such date and (B) the aggregate amount of Collections processed in respect of Principal Receivables on such date, which amount shall be, first, held in the Collection Account to the extent of amounts to be distributed pursuant to Section 4.9(g) on the next Distribution Date, and, second, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, held in the Collection Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the next Distribution Date, third, deposited to the Excess Funding Account to the extent necessary so that the Seller Interest is not less than the Minimum Seller Interest and, fourth, paid to the Holder of the Exchangeable Seller Certificate, provided that, upon written notice to the Servicer and the Trustee, such Holder may specify that any such amount to be distributed to it after the Class A Investor Interest has been paid in full shall be retained in the Collection Account for distribution pursuant to Section 4.9(g) as Available Principal Collections on the Distribution Date following the next Distribution Date. With respect to each Due Period falling in the Controlled Amortization Period, to the extent that Collections of Principal Receivables allocated to the Series 2007-1 Certificateholders pursuant to this subsection are paid to any Holder of the Exchangeable Seller Certificate, such Holder 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 4.12; provided, however, that if such Holder 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 4.12, prior to any other application of the amounts in the Collection Account.

(c) Allocations During the Early Amortization Period. During the Early Amortization Period, the Servicer shall, prior to the close of business on the day any Collections are deposited in the Collection Account, allocate to the Series 2007-1 Certificateholders and the Hedge Counterparty, the following amounts as set forth below:

(i) An amount equal to the product of (A) the Floating Allocation Percentage on such date and (B) the aggregate amount of such Collections processed in respect of Finance Charge Receivables on such date, to be applied in accordance with Sections 4.9 and 4.11.

(ii) An amount equal to the product of (A) the Class D-2 Investor Allocation on such date, (B) the Investor/Purchaser Percentage on such date and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such date, to be applied first in accordance with Section 4.12(b)(i) and then in accordance with subsection 4.9(g).

(iii) An amount equal to the product of (A) the Class D-1 Investor Allocation on such date, (B) the Investor/Purchaser Percentage on such date and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such date, to be applied first in accordance with Section 4.12(b)(ii) and then in accordance with subsection 4.9(g).

(iv) An amount equal to the product of (A) the Class C Investor Allocation on such date, (B) the Investor/Purchaser Percentage on such date and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such date, to be applied first in accordance with Section 4.12(b)(iii) and then in accordance with subsection 4.9(g).

(v) An amount equal to the product of (A) the Class B Investor Allocation on such date, (B) the Investor/Purchaser Percentage on such date and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such date, to be applied first in accordance with Section 4.12(b)(iv) and then in accordance with subsection 4.9(g).

(vi) An amount equal to the product of (A) the Class M Investor Allocation on such date, (B) the Investor/Purchaser Percentage on such date and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such date, to be applied first in accordance with Section 4.12(b)(v) and then in accordance with subsection 4.9(g).

(vii) An amount equal to the product of (A) the Class A Investor Allocation on such date, (B) the Investor/Purchaser Percentage on such date and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such date, to be applied in accordance with subsection 4.9(g).

SECTION 4.6. Determination of Monthly Interest.

(a) The amount of monthly interest distributable in respect of the Class A-1 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class A-1 Certificate Rate in effect with respect to the related Interest Period, and (iii) the outstanding principal amount of the Class A-1 Certificates determined as of the Record Date preceding such Distribution Date (the "Class A-1 Monthly Interest"); provided, that in addition to Class A-1 Monthly Interest an amount equal to the amount of any unpaid Class A-1 Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (B) the sum of the Class A-1 Certificate Rate in effect with respect to the related Interest Period, and 1.0% per annum, and (C) any Class A-1 Deficiency Amounts from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class A-1 Certificateholders (the "Class A-1 Additional Interest"), shall also be distributable in respect of the Class A-1 Certificates. The "Class A-1 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(a) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to Class A-1 Certificateholders in respect of such amounts on all prior Distribution Dates.

(b) The amount of monthly interest distributable in respect of the Class A-2 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class A-2 Certificate Rate, and (iii) the outstanding principal amount of the Class A-2 Certificates determined as of the Record Date preceding such Distribution Date (the "Class A-2 Monthly Interest"); provided, that in addition to Class A-2 Monthly Interest an amount equal to the amount of any unpaid Class A-2 Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (B) the sum of the Class A-2 Certificate Rate and 1.0% per annum, and (C) any Class A-2 Deficiency Amounts from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class A-2 Certificateholders (the "Class A-2 Additional Interest"), shall also be distributable in respect of the Class A-2 Certificates. The "Class A-2 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(b) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to Class A-2 Certificateholders in respect of such amounts on all prior Distribution Dates.

(c) The amount of monthly interest distributable in respect of the Class M-1 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class M-1 Certificate Rate in effect with respect to the related Interest Period, and (iii) the outstanding principal amount of the Class M-1 Certificates determined as of the Record Date preceding such Distribution Date (the "Class M-1 Monthly Interest"); provided, that in addition to the Class M-1 Monthly Interest an amount equal to the amount of any unpaid Class M-1 Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (B) the sum of the Class M-1 Certificate Rate in effect with respect to the related Interest Period, and 1.0% per annum, and (C)

any Class M-1 Deficiency Amount from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class M-1 Certificateholders (the "Class M-1 Additional Interest"), shall also be distributable in respect of the Class M-1 Certificates. The "Class M-1 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(c) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class M-1 Certificateholders in respect of such amounts on all prior Distribution Dates.

(d) The amount of monthly interest distributable in respect of the Class M-2 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class M-2 Certificate Rate, and (iii) the outstanding principal amount of the Class M-2 Certificates determined as of the Record Date preceding such Distribution Date (the "Class M-2 Monthly Interest"); provided, that in addition to Class M-2 Monthly Interest an amount equal to the amount of any unpaid Class M-2 Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (B) the sum of the Class M-2 Certificate Rate and 1.0% per annum, and (C) any Class M-2 Deficiency Amounts from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class M-2 Certificateholders (the "Class M-2 Additional Interest"), shall also be distributable in respect of the Class M-2 Certificates. The "Class M-2 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(d) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to Class M-2 Certificateholders in respect of such amounts on all prior Distribution Dates.

(e) The amount of monthly interest distributable in respect of the Class B-1 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class B-1 Certificate Rate in effect with respect to the related Interest Period, and (iii) the outstanding principal amount of the Class B-1 Certificates determined as of the Record Date preceding such Distribution Date (the "Class B-1 Monthly Interest"); provided, that in addition to the Class B-1 Monthly Interest an amount equal to the amount of any unpaid Class B-1 Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (B) the sum of the Class B-1 Certificate Rate in effect with respect to the related Interest Period, and 1.0% per annum, and (C) any Class B-1 Deficiency Amount from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class B-1 Certificateholders (the "Class B-1 Additional Interest"), shall also be distributable in respect of the Class B-1 Certificates. The "Class B-1 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(e) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class B-1 Certificateholders in respect of such amounts on all prior Distribution Dates.

(f) The amount of monthly interest distributable in respect of the Class B-2 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class B-2 Certificate Rate, and (iii) the outstanding principal amount of the Class B-2

Certificates determined as of the Record Date preceding such Distribution Date (the "Class B-2 Monthly Interest"); provided, that in addition to Class B-2 Monthly Interest an amount equal to the amount of any unpaid Class B-2 Deficiency Amounts, as defined below, plus an amount equal to the product of (A) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (B) the sum of the Class B-2 Certificate Rate and 1.0% per annum, and (C) any Class B-2 Deficiency Amounts from the prior Distribution Date, as defined below, or the portion thereof which has not theretofore been paid to Class B-2 Certificateholders (the "Class B-2 Additional Interest"), shall also be distributable in respect of the Class B-2 Certificates. The "Class B-2 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(f) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to Class B-2 Certificateholders in respect of such amounts on all prior Distribution Dates.

(g) The amount of monthly interest distributable in respect of the Class C Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class C Certificate Rate in effect with respect to the related Interest Period, and (iii) the sum of the Class C Investor Interest plus the applicable Pre-Funded Portion, each 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 any unpaid Class C Deficiency Amounts, as defined below, shall also be distributed to the Class C Certificateholders. 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 subsection 4.6(g) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class C Certificateholders in respect of such amounts on all prior Distribution Dates.

(h) The amount of monthly interest distributable in respect of the Class D-1 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class D-1 Certificate Rate in effect with respect to the related Interest Period, and (iii) the sum of the Class D-1 Investor Interest plus the applicable Pre-Funded Portion, each determined as of the Record Date preceding such Distribution Date (the "Class D-1 Monthly Interest"); provided, that in addition to the Class D-1 Monthly Interest an amount equal to any unpaid Class D-1 Deficiency Amounts, as defined below, shall also be distributed to the Class D-1 Certificateholders. The "Class D-1 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(h) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class D-1 Certificateholders in respect of such amounts on all prior Distribution Dates.

(i) The amount of monthly interest distributable in respect of the Class D-2 Certificates on each Distribution Date shall be an amount equal to the product of (i) a fraction, the numerator of which is the Specified Days and the denominator of which is 360, (ii) the Class D-2 Certificate Rate in effect with respect to the related Interest Period, and (iii) the sum of the Class D-2 Investor Interest plus the applicable Pre-Funded Portion, each determined as of the Record Date preceding such Distribution Date (the "Class D-2 Monthly Interest"); provided, that in addition to the Class D-2 Monthly Interest an amount equal to any unpaid Class D-2 Deficiency Amounts, as defined below, shall also be distributed to the Class D-2

Certificateholders. The "Class D-2 Deficiency Amount" for any Distribution Date shall be equal to the excess, if any, of the aggregate amount accrued pursuant to this subsection 4.6(i) for all Interest Periods prior to the immediately preceding Interest Period, over the amount actually paid to the Class D-2 Certificateholders in respect of such amounts on all prior Distribution Dates.

SECTION 4.7. Determination of Monthly Principal.

(a) The amount of monthly principal distributable with respect to the Class A Certificates on each Distribution Date (the "Class A 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 prior to the Class A Expected Final Payment Date, the Class A Controlled Payment Amount for the Due Period related to such Distribution Date and (iii) the Class A Investor Interest on such Distribution Date (after taking into account any adjustments to be made on such Distribution Date pursuant to Section 4.10).

(b) The amount of monthly principal distributable with respect to the Class M Certificates on each Distribution Date (the "Class M Monthly Principal") beginning with the Distribution Date immediately following the Distribution Date on which the Class A Investor Interest has been paid in full, and during the Early Amortization Period, beginning with the Distribution Date on which the Class A Investor Interest has been paid in full (in either case, the "Class M Principal Commencement Date"), shall be an amount equal to the least of (i) the Available Principal Collections with respect to such Distribution Date (minus the portion of such Available Principal Collections applied to Class A Monthly Principal on such Distribution Date), (ii) for each Distribution Date with respect to the Controlled Amortization Period beginning on the Class M Principal Commencement Date but prior to the Class M Expected Final Payment Date, the Class M Controlled Payment Amount for the Due Period related to such Distribution Date and (iii) the Class M Investor Interest (after taking into account any adjustments to be made on such Distribution Date pursuant to Sections 4.10 and 4.12) on such Distribution Date.

(c) The amount of monthly principal distributable with respect to the Class B Certificates on each Distribution Date (the "Class B Monthly Principal") beginning with the Distribution Date immediately following the Distribution Date on which the Class A Investor Interest and the Class M Investor Interest have been paid in full, and during the Early Amortization Period, beginning with the Distribution Date on which the Class A Investor Interest and the Class M Investor Interest have been paid in full (in either case, the "Class B Principal Commencement Date"), shall be an amount equal to the least of (i) the Available Principal Collections with respect to such Distribution Date (minus the portion of such Available Principal Collections applied to Class A Monthly Principal and Class M Monthly Principal on such Distribution Date), (ii) for each Distribution Date with respect to the Controlled Amortization Period beginning on the Class B Principal Commencement Date but prior to the Class B Expected Final Payment Date, the Class B Controlled Payment Amount for the Due Period related to such Distribution Date and (iii) the Class B Investor Interest (after taking into account any adjustments to be made on such Distribution Date pursuant to Sections 4.10 and 4.12) on such Distribution Date.

(d) The amount of monthly principal distributable with respect to the Class C Certificates on each Distribution Date (the "Class C Monthly Principal") shall be, beginning with the Distribution Date on which the Class B Investor Interest has been paid in full, an amount equal to the lesser of (i) the Available Principal Collections with respect to such Distribution Date (minus the portion of such Available Principal Collections applied to Class A Monthly Principal, Class M Monthly Principal and Class B Monthly Principal on such Distribution Date) and (ii) the Class C Investor Interest (after taking into account any adjustments to be made on such Distribution Date pursuant to Sections 4.10 and 4.12) on such Distribution Date.

(e) The amount of monthly principal distributable with respect to the Class D-1 Certificates on each Distribution Date (the "Class D-1 Monthly Principal") shall be, beginning with the Distribution Date on which the Class C Investor Interest has been paid in full, an amount equal to the lesser of (i) the Available Principal Collections with respect to such Distribution Date (minus the portion of such Available Principal Collections applied to Class A Monthly Principal, Class M Monthly Principal, Class B Monthly Principal and Class C Monthly Principal on such Distribution Date) and (ii) the Class D-1 Investor Interest (after taking into account any adjustments to be made on such Distribution Date pursuant to Sections 4.10 and 4.12) on such Distribution Date.

(f) The amount of monthly principal distributable with respect to the Class D-2 Certificates on each Distribution Date (the "Class D-2 Monthly Principal") shall be, beginning with the Distribution Date on which the Class D-1 Investor Interest has been paid in full, an amount equal to the lesser of (i) the Available Principal Collections with respect to such Distribution Date (minus the portion of such Available Principal Collections applied to Class A Monthly Principal, Class M Monthly Principal, Class B Monthly Principal, Class C Monthly Principal and Class D-1 Monthly Principal on such Distribution Date) and (ii) the Class D-2 Investor Interest (after taking into account any adjustments to be made on such Distribution Date pursuant to Sections 4.10 and 4.12) on such Distribution Date.

SECTION 4.8. Coverage of Class A, Class M and Class B Required Amounts.

(a) On or before each Distribution Date, the Servicer shall determine the amount (the "Class A Required Amount"), if any, by which the sum of (i) the Class A Monthly Interest for such Distribution Date, plus (ii) the Class A Deficiency Amount, if any, for such Distribution Date, plus (iii) the Class A Additional Interest, if any, for such Distribution Date, plus (iv) the Class A Servicing Fee for the related Due Period, plus (v) the Class A Servicing Fee, if any, due but not paid on any prior Distribution Date, plus (vi) the Class A Investor Loss Amount, if any, for such Distribution Date, plus (vii) the Class A Investor Dilution Amount for such Distribution Date, plus (viii) the Class A Net Swap Payment, if any, for such Distribution Date exceeds the Class A Available Funds for such Distribution Date.

(b) On or before each Distribution Date, the Servicer shall also determine the amount (the "Class M Required Amount"), if any, by which the sum of (i) the Class M Monthly Interest for such Distribution Date, plus (ii) the Class M Deficiency Amount, if any, for such Distribution Date, plus (iii) the Class M Additional Interest, if any, for such Distribution Date, plus (iv) the Class M Servicing Fee for the related Due Period, plus (v) the Class M Servicing Fee, if any, due but not paid on any prior Distribution Date, plus (vi) the Class M Investor Loss Amount, if any, for such Distribution Date, plus (vii) the Class M Investor Dilution Amount for such Distribution Date, plus (viii) the Class M Net Swap Payment, if any, for such Distribution Date exceeds the Class M Available Funds for such Distribution Date.

(c) On or before each Distribution Date, the Servicer shall also determine the amount (the "Class B Required Amount"), if any, by which the sum of (i) the Class B Monthly Interest for such Distribution Date, plus (ii) the Class B Deficiency Amount, if any, for such Distribution Date, plus (iii) the Class B Additional Interest, if any, for such Distribution Date, plus (iv) the Class B Servicing Fee for the related Due Period, plus (v) the Class B Servicing Fee, if any, due but not paid on any prior Distribution Date, plus (vi) the Class B Investor Loss Amount, if any, for such Distribution Date, plus (vii) the Class B Investor Dilution Amount for such Distribution Date, plus (viii) the Class B Net Swap Payment, if any, for such Distribution Date exceeds the Class B Available Funds for such Distribution Date.

(d) In the event that the Class A Required Amount, the Class M Required Amount or the Class B Required Amount for such Distribution Date is greater than zero, the Servicer shall give written notice to the Trustee of such positive Class A Required Amount, Class M Required Amount or Class B Required Amount on or before such Distribution Date. For any Distribution Date, in the event that the Class A Required Amount for such Distribution Date is greater than zero, all or a portion of the Excess Spread and Shared Excess Finance Charge Collections with respect to such Distribution Date in an amount equal to the Class A Required Amount, to the extent available, for such Distribution Date shall be distributed on such Distribution Date pursuant to subsection 4.11(a). In the event that the Class A Required Amount for such Distribution Date exceeds the amount of Excess Spread and Shared Excess Finance Charge Collections with respect to such Distribution Date, Reallocated Principal Collections with respect to the related Due Period shall be applied as specified in Section 4.12. In the event that the Class M Required Amount for such Distribution Date exceeds the amount of Excess Spread and Shared Excess Finance Charge Collections available to fund the Class M Required Amount pursuant to subsection 4.11(c), the Reallocated Class B Principal Collections, the Reallocated Class C Principal Collections and the Reallocated Class D Principal Collections (after application, in each case, to the Class A Required Amount) with respect to the related Due Period shall be applied as specified in Section 4.12; provided, however, that the sum of any payments pursuant to this paragraph shall not exceed the sum of the Class A Required Amount and the Class M Required Amount. In the event that the Class B Required Amount for such Distribution Date exceeds the amount of Excess Spread and Shared Excess Finance Charge Collections available to fund the Class B Required Amount pursuant to subsection 4.11(e), the Reallocated Class C Principal Collections and Reallocated Class D Principal Collections (after application, in each case, to the Class A Required Amount and the Class M Required Amount) with respect to the related Due Period shall be applied as specified in Section 4.12; provided, however, that the sum of any payments pursuant to this paragraph shall not exceed the sum of the Class A Required Amount, the Class M Required Amount and the Class B Required Amount.

SECTION 4.9. Monthly Payments. On or before each Distribution Date, the Servicer shall instruct the Trustee in writing (which writing shall be substantially in the form of Exhibit E hereto) to withdraw and the 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 as follows:

(a) an amount equal to the Class A Available Funds for the related Due Period shall be distributed on each Distribution Date in the following priority:

(i) on a *pari passu* and pro rata basis based on amounts owing under this clause (i) to each of the Class A-1 Certificateholders, the Class A-2 Certificateholders and the Hedge Counterparty under the Class A Swap (A) an amount equal to 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 distributed to the Class A Certificateholders and (B) any Class A Net Swap Payment shall be paid to the Hedge Counterparty under the Class A Swap;

(ii) an amount equal to the Class A Servicing Fee for such Distribution Date plus the amount of any Class A 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 A Investor Loss Amount, if any, for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date;

(iv) an amount equal to the Class A Investor Dilution Amount, if any, for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date; and

(v) the balance, if any, shall constitute Excess Spread and shall be allocated and distributed as set forth in Section 4.11.

(b) an amount equal to the Class M Available Funds for the related Due Period shall be distributed on each Distribution Date in the following priority:

(i) on a *pari passu* and pro rata basis based on amounts owing under this clause (i) to each of the Class M-1 Certificateholders, the Class M-2 Certificateholders and the Hedge Counterparty under the Class M Swap (A) 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 distributed to the Class M Certificateholders and (B) any Class M Net Swap Payment shall be paid to the Hedge Counterparty under the Class M Swap;

(ii) an amount equal to the Class M Servicing Fee for such Distribution Date, plus the amount of any Class M Servicing Fee due but not paid to the Servicer on any prior Distribution Date shall be distributed to the Servicer; and

(iii) the balance, if any, shall constitute Excess Spread and shall be allocated and distributed as set forth in Section 4.11.

(c) an amount equal to the Class B Available Funds for the related Due Period shall be distributed on each Distribution Date in the following priority:

(i) on a *pari passu* and pro rata basis based on amounts owing under this clause (i) to the each of the Class B-1 Certificateholders, the Class B-2 Certificateholders and the Hedge Counterparty under the Class B Swap (A) 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 distributed to the Class B Certificateholders and (B) any Class B Net Swap Payment shall be paid to the Hedge Counterparty under the Class B Swap;

(ii) an amount equal to the Class B Servicing Fee for such Distribution Date, plus the amount of any Class B Servicing Fee due but not paid to the Servicer on any prior Distribution Date shall be distributed to the Servicer; and

(iii) the balance, if any, shall constitute Excess Spread and shall be allocated and distributed as set forth in Section 4.11.

(d) An amount equal to the Class C Available Funds for the related Due Period shall be distributed on each Distribution Date in the following priority:

(i) an amount equal to the Class C Servicing Fee for such Distribution Date plus the amount of any Class C Servicing Fee due but not paid to the Servicer on any prior Distribution Date shall be distributed to the Servicer; and

(ii) the balance, if any, shall constitute Excess Spread and shall be allocated and distributed as set forth in Section 4.11.

(e) An amount equal to the Class D Available Funds for the related Due Period shall be distributed on each Distribution Date in the following priority:

(i) an amount equal to the Class D Servicing Fee for such Distribution Date plus the amount of any Class D Servicing Fee due but not paid to the Servicer on any prior Distribution Date shall be distributed to the Servicer; and

(ii) the balance, if any, shall constitute Excess Spread and shall be allocated and distributed as set forth in Section 4.11.

(f) During the Revolving Period, 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) first, an amount equal to any amounts required to be applied on such date from Available Principal Collections pursuant to the Class C Purchase Agreement shall be so applied, and second, an amount equal to any amounts required to be applied on such date from Available Principal Collections pursuant to the Class D Purchase Agreement shall be so applied; and

(ii) an amount equal to Available Principal Collections remaining after giving effect to the applications specified in subsection 4.9(f)(i) above shall be treated as Shared Principal Collections and applied to Series in Group One that are Principal Sharing Series other than this Series 2007-1 and as provided in Section 4.3(f).

(g) During the Controlled Amortization Period or the Early Amortization Period (beginning with the 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 Class A Monthly Principal for such Distribution Date shall be distributed to the Class A Certificateholders;

(ii) after giving effect to the distribution referred to in clause (i) above, beginning on the Class M Principal Commencement Date, an amount equal to the Class M Monthly Principal shall be distributed to the Class M Certificateholders;

(iii) after giving effect to the distribution referred to in clauses (i) and (ii) above, beginning on the Class B Principal Commencement Date, an amount equal to the Class B Monthly Principal shall be distributed to the Class B Certificateholders;

(iv) after giving effect to the distribution referred to in clauses (i), (ii) and (iii) above, beginning with the Distribution Date on which the Class B Investor Interest has been paid in full, an amount equal to the Class C Monthly Principal shall be distributed to the Class C Certificateholders in accordance with the Class C Purchase Agreement;

(v) after giving effect to the distributions referred to in clauses (i), (ii), (iii) and (iv) above, beginning with the Distribution Date on which the Class C Investor Interest has been paid in full, an amount equal to the Class D Monthly Principal shall be distributed to the Class D Certificateholders in accordance with the Class D Purchase Agreements;

(vi) after giving effect to the distributions referred to in clauses (i), (ii), (iii), (iv) and (v) above, first an amount equal to any amounts required to be applied from Available Principal Collections on such date pursuant to the Class C Purchase Agreement shall be so applied, and second, an amount equal to any amounts required to be applied from Available Principal Collections on such date pursuant to the Class D Purchase Agreement shall be so applied ; and

(vii) an amount equal to Available Principal Collections remaining after the applications specified in clauses (i), (ii), (iii), (iv), (v) and (vi) above shall be treated as Shared Principal Collections and applied to Series in Group One which are Principal Sharing Series other than this Series 2007-1 and as provided in Section 4.3(f).

For each of the Class A, Class M and Class B Certificates, such principal payments shall be applied to each of the subclasses of such Class on a pro rata basis according to the initial principal amount of such subclass. For the Class D Certificates, such principal payments shall be applied as provided in the Class D Purchase Agreements.

(h) On each of the Lane Bryant Portfolio Distribution Date and the Funding Period Termination Distribution Date, an amount equal to the amount withdrawn from the Pre-Funding Account and deposited in the Collection Account for application to the principal amount of the Certificates, as specified in subsection 4.19(b), shall be distributed to the Class A Certificateholders, the
Class M Certificateholders, the Class B Certificateholders, the Class C Certificateholders and Class D Certificateholders in reduction of the outstanding principal amount of the Class A Certificates, the Class M Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates, pro rata according to the initial principal amount of each such Class. For each of the Class A, Class M and Class B Certificates, such principal payments shall be applied to each of the subclasses of such Class on a pro rata basis according to the initial principal amount of such subclass. For the Class D Certificates, such principal payments shall be applied as provided in the Class D Purchase Agreements.

SECTION 4.10. Investor Charge-Offs.

(a) On or before each Distribution Date, the Servicer shall calculate the Class A Investor Loss Amount. If on any Distribution Date, the Class A Investor Loss Amount for the prior Due Period exceeds the sum of the amounts allocated with respect thereto pursuant to subsection 4.9(a)(iii), subsection 4.11(a) and Section 4.12 with respect to such Due Period, the Class D-2 Investor Interest (after giving effect to reductions for any Class D-2 Investor Charge-Offs described in paragraph (e) and any Reallocated Class D-2 Principal Collections on such Distribution Date) will be reduced by the amount of such excess. If such reduction would cause the Class D-2 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-2 Investor Interest will be reduced to zero, and the Class D-1 Investor Interest (after giving effect to reductions for any Class D-1 Investor Charge-Offs described in paragraph (e) and any Reallocated Class D-1 Principal Collections on such Distribution Date) will be reduced by the amount by which the Class D-2 Investor Interest would have been reduced below zero. If such reduction would cause the Class D-1 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-1 Investor Interest will be reduced to zero, and the Class C Investor Interest (after giving effect to reductions for any Class C Investor Charge-Offs described in paragraph (d) and any Reallocated Class C Principal Collections on such Distribution Date) will be reduced by the amount by which the Class D-1 Investor Interest would have been reduced below zero. If such reduction would cause the Class C Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class C Investor Interest will be reduced to zero, and the Class B Investor Interest (after giving effect to reductions for any Class B Investor Charge-Offs described in paragraph (c) and any Reallocated Class B Principal Collections on such Distribution Date) will be reduced by the amount by which the Class C Investor Interest would have been reduced below zero. If such reduction would cause the Class B Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class B Investor Interest will be reduced to zero, and the Class M Investor Interest (after giving effect to reductions for any Class M Investor Charge-Offs described in paragraph (b) and any Reallocated Class M Principal Collections on such Distribution Date) will be reduced by the amount by which the Class B Investor Interest would have been reduced below zero. If such reduction would cause the Class M Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class M Investor Interest will be reduced to zero, and the Class A Investor Interest will be reduced by the amount by which the Class M Investor Interest would have been reduced below zero, but not by more than

the Class A Investor Loss Amount for such Distribution Date. Additionally, the Class A Investor Interest shall be reduced by the amount of any Series 2007-1 Unfunded Dilution Amount remaining after giving effect to any related Class M Investor Charge-Off, Class B Investor Charge-Off, Class C Investor Charge-Off and Class D Investor Charge-Off. The reductions described in the two prior sentences are referred to collectively as a "Class A Investor Charge-Off". If the Class A Investor Interest has been reduced by the amount of any Class A Investor Charge-Offs, it will be reimbursed on any Distribution Date (but not by an amount in excess of the aggregate Class A Investor Charge-Offs) by the amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available for such purpose pursuant to subsection 4.11(b).

(b) On or before each Distribution Date, the Servicer shall calculate the Class M Investor Loss Amount. If on any Distribution Date, the Class M Investor Loss Amount for the prior Due Period exceeds the amounts allocated with respect thereto pursuant to subsection 4.11(c) and Section 4.12 with respect to such Due Period, the Class D-2 Investor Interest (after giving effect to reductions for any Class D-2 Investor Charge-Offs described in paragraph (a) and paragraph (e) and any Reallocated Class D-2 Principal Collections on such Distribution Date) will be reduced by the amount of such excess. If such reduction would cause the Class D-2 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-2 Investor Interest will be reduced to zero, and the Class D-1 Investor Interest (after giving effect to reductions for any Class D-1 Investor Charge-Offs described in paragraph (a) and paragraph (e) and any Reallocated Class D-1 Principal Collections on such Distribution Date) will be reduced by the amount by which the Class D-2 Investor Interest would have been reduced below zero. If such reduction would cause the Class D-1 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-1 Investor Interest will be reduced to zero, and the Class C Investor Interest (after giving effect to reductions for any Class C Investor Charge-Offs described in paragraph (a) and paragraph (d) and any Reallocated Class C Principal Collections on such Distribution Date) will be reduced by the amount by which the Class D-1 Investor Interest would have been reduced below zero. If such reduction would cause the Class C Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class C Investor Interest will be reduced to zero, and the Class B Investor Interest (after giving effect to reductions for any Class B Investor Charge-Offs described in paragraph (a) and paragraph (c) and any Reallocated Class B Principal Collections on such Distribution Date) will be reduced by the amount by which the Class C Investor Interest would have been reduced below zero. If such reduction would cause the Class B Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class B Investor Interest shall be reduced to zero, and the Class M Investor Interest shall be reduced by the amount by which the Class B Investor Interest would have been reduced below zero, but not by more than the Class M Investor Loss Amount for such Distribution Date. Additionally, the Class M Investor Interest shall be reduced by the amount of any Series 2007-1 Unfunded Dilution Amount remaining after giving effect to any related Class B Investor Charge-Off, Class C Investor Charge-Off and Class D Investor Charge-Off. The reductions to the Class M Investor Interest under this subsection 4.10(b), together with all reductions to the Class M Investor Interest under subsection 4.10(a), are collectively referred to as a "Class M Investor Charge-Off". The Class M Investor Interest will thereafter be reimbursed (but not to an amount in excess of the unpaid principal amount of the Class M Certificates) on any Distribution Date by the amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available for that purpose as described under subsection 4.11(d).

(c) On or before each Distribution Date, the Servicer shall calculate the Class B Investor Loss Amount. If on any Distribution Date, the Class B Investor Loss Amount for the prior Due Period exceeds the amounts allocated with respect thereto pursuant to subsection 4.11(e) and Section 4.12 with respect to such Due Period, the Class D-2 Investor Interest (after giving effect to reductions for any Class D-2 Investor Charge-Offs described in paragraph (a), paragraph (b) and paragraph (e) and any Reallocated Class D-2 Principal Collections on such Distribution Date) will be reduced by the amount of such excess. If such reduction would cause the Class D-2 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-2 Investor Interest will be reduced to zero, and the Class D-1 Investor Interest (after giving effect to reductions for any Class D-1 Investor Charge-Offs described in paragraph (a), paragraph (b) and paragraph (e) and any Reallocated Class D-1 Principal Collections on such Distribution Date) will be reduced by the amount by which the Class D-2 Investor Interest would have been reduced below zero. If such reduction would cause the Class D-1 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-1 Investor Interest will be reduced to zero, and the Class C Investor Interest (after giving effect to reductions for any Class C Investor Charge-Offs described in paragraph (a), paragraph (b) and paragraph (d) and any Reallocated Class C Principal Collections on such Distribution Date) will be reduced by the amount by which the Class D-1 Investor Interest would have been reduced below zero. If such reduction would cause the Class C Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class C Investor Interest shall be reduced to zero and the Class B Investor Interest shall be reduced by the amount by which the Class C Investor Interest would have been reduced below zero, but not by more than the Class B Investor Loss Amount for such Distribution Date. Additionally, the Class B Investor Interest shall be reduced by the amount of any Series 2007-1 Unfunded Dilution Amount remaining after giving effect to any related Class C Investor Charge-Off and Class D Investor Charge-Off. The reductions to the Class B Investor Interest under this subsection 4.10(c), together with all reductions to the Class B Investor Interest under subsections 4.10(a) and 4.10(b), are collectively referred to as a "Class B Investor Charge-Off". The Class B Investor Interest will thereafter be reimbursed (but not to an amount in excess of the unpaid principal amount of the Class B Certificates) on any Distribution Date by the amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available for that purpose as described under subsection 4.11(f).

(d) On or before each Distribution Date, the Servicer shall calculate the Class C Investor Loss Amount. If on any Distribution Date, the Class C Investor Loss Amount for the prior Due Period exceeds the amount of Excess Spread, Shared Excess Finance Charge Collections and Reallocated Class D Principal Collections which are allocated and available to fund such amount pursuant to subsection 4.11(i) and Section 4.12, the Class D-2 Investor Interest (after giving effect to reductions for any Class D-2 Investor Charge-Offs described in paragraphs (a), (b) and (c) and paragraph (e) and any Reallocated Class D-2 Principal Collections on such Distribution Date) will be reduced by the amount of such excess. If such reduction would cause the Class D-2 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-2 Investor Interest will be reduced to zero, and the Class D-1 Investor Interest (after giving effect to reductions for any Class D-1 Investor Charge-Offs described in

paragraphs (a), (b) and (c) and paragraph (e) and any Reallocated Class D-1 Principal Collections on such Distribution Date) will be reduced by the amount by which the Class D-2 Investor Interest would have been reduced below zero. If such reduction would cause the Class D-1 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-1 Investor Interest will be reduced to zero, and the Class C Investor Interest will be reduced by the amount by which the Class D-1 Investor Interest would have been reduced below zero, but not by more than the Class C Investor Loss Amount for such Distribution Date. Additionally, the Class C Investor Interest shall be reduced by the amount of any Series 2007-1 Unfunded Dilution Amount remaining after giving effect to any related Class D Investor Charge-Off. The reductions to the Class C Investor Interest under this subsection 4.10(d), together with all reductions to the Class C Investor Interest under subsections 4.10(a), (b) and (c), are referred to collectively as a "Class C Investor Charge-Off". The Class C Investor Interest will thereafter be reimbursed (but not in excess of the unreimbursed amount of such reductions) on any Distribution Date by the amount of the Excess Spread and Shared Excess Finance Charge Collections allocated and available under subsection 4.11(k).

(e) On or before each Distribution Date, the Servicer shall calculate the Class D Investor Loss Amount. If on any Distribution Date, the Class D Investor Loss Amount for the prior Due Period exceeds the amount of Excess Spread and Shared Excess Finance Charge Collections which is allocated and available to fund such amount pursuant to subsection 4.11(o), the
Class D-2 Investor Interest will be reduced by the amount of such excess. If such reduction would cause the Class D-2 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-2 Investor Interest will be reduced to zero, and the Class D-1 Investor Interest will be reduced by the amount by which the Class D-2 Investor Interest would have been reduced below zero but not by more than the lesser of any remaining Class D Investor Loss Amount for such Distribution Date and the Class D-1 Investor Interest. Additionally, the Class D-2 Investor Interest shall be reduced by the amount of any Series 2007-1 Unfunded Dilution Amount. If such reduction would cause the Class D-2 Investor Interest to be a negative number (but for the proviso in the definition thereof), the Class D-2 Investor Interest will be reduced to zero, and the Class D-1 Investor Interest will be reduced by the amount by which the Class D-2 Investor Interest would have been reduced below zero but not by more than the lesser of any remaining Series 2007-1 Unfunded Dilution Amount for such Distribution Date and the Class D-1 Investor Interest. The reductions to the Class D-2 Investor Interest under this clause (e), together with all reductions to the Class D-2 Investor Interest under subsections 4.10(a), (b), (c) and (d), are referred to collectively as a "Class D-2 Investor Charge-Off". The reductions to the Class D-1 Investor Interest under this subsection 4.10(e), together with all reductions to the Class D-1 Investor Interest under subsections 4.10(a), (b), (c) and (d), are referred to collectively as a "Class D-1 Investor Charge-Off". Each of the Class D-1 Investor Interest and the
Class D-2 Investor Interest will thereafter be reimbursed (but not in excess of the unreimbursed amount of such reductions) on any Distribution Date by the amount of the Excess Spread and Shared Excess Finance Charge Collections allocated and available for that purpose as described under subsection 4.11(q).

SECTION 4.11. Excess Spread; Shared Excess Finance Charge Collections. On or before each Distribution Date, the Servicer shall instruct the Trustee in writing (which writing shall be substantially in the form of Exhibit E hereto) to apply Excess Spread and Shared Excess Finance Charge Collections allocated to Series 2007-1 with respect to the related Due Period to make the following distributions on each Distribution Date in the following priority:

(a) an amount equal to the Class A Required Amount, if any, with respect to such Distribution Date shall be used to fund the Class A Required Amount and be applied in accordance with, and in the priority set forth in, subsection 4.9(a);

(b) an amount equal to the aggregate amount of Class A Investor Charge-Offs which have not been previously reimbursed shall be treated as a portion of Available Principal Collections for such Distribution Date;

(c)(I) an amount equal to the Class M Required Amount, if any, with respect to such Distribution Date shall be used to fund any deficiency pursuant to subsections 4.9(b)(i) and (ii) in the order of priority specified therein and (II) any remaining amount up to the sum of the Class M Investor Loss Amount and Class M Investor Dilution Amount for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date;

(d) an amount equal to the aggregate amount by which the Class M Investor Interest has been reduced as described in clauses (c) and (d) of the definition of Class M Investor Interest (but not in excess of the unreimbursed amount of such reductions) shall be treated as a portion of Available Principal Collections for such Distribution Date;

(e)(I) an amount equal to the Class B Required Amount, if any, with respect to such Distribution Date shall be used to fund any deficiency pursuant to subsections 4.9(c)(i) and (ii) in the order of priority specified therein and (II) any remaining amount up to the sum of the Class B Investor Loss Amount and Class B Investor Dilution Amount for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date;

(f) an amount equal to the aggregate amount by which the Class B Investor Interest has been reduced as described in clauses (c) and (d) of the definition of Class B Investor Interest (but not in excess of the unreimbursed amount of such reductions) shall be treated as a portion of Available Principal Collections for such Distribution Date;

(g) an amount equal to the excess, if any, of the Class C Servicing Fee for such Distribution Date plus the amount of any Class C Servicing Fee due but not paid to the Servicer on any prior Distribution Date over the Class C Available Funds for such Distribution Date shall be paid to the Servicer;

(h) on a pro rata basis based on amounts owing in this clause (h) to the Class C Certificateholders, an amount equal to the sum of the Class C Monthly Interest plus the Class C Deficiency Amount for such Distribution Date shall be distributed to the
Class C Certificateholders in accordance with the Class C Purchase Agreement;

(i) an amount equal to the Class C Investor Loss Amount, if any, for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date;

(j) an amount equal to the Class C Investor Dilution Amount, if any, for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date;

(k) an amount equal to the aggregate amount by which the Class C Investor Interest has been reduced as described in clauses (c) and (d) of the definition of Class C Investor Interest (but not in excess of the unreimbursed amount of such reductions) shall be treated as a portion of Available Principal Collections for such Distribution Date;

(l) an amount equal to the aggregate of any other amounts then due to the Class C Certificateholders or required to be applied pursuant to the Class C Purchase Agreement out of Excess Spread and Shared Excess Finance Charge Collections allocated to Series 2007-1 shall be distributed for application in accordance with the Class C Purchase Agreement;

(m) an amount equal to the excess, if any, of the Class D Servicing Fee for such Distribution Date plus the amount of any Class D Servicing Fee due but not paid to the Servicer on any prior Distribution Date over the Class D Available Funds for such Distribution Date shall be paid to the Servicer;

(n) an amount equal to the Class D Monthly Interest plus the amount of any Class D Deficiency Amount for such Distribution Date shall be distributed to the Class D Certificateholders in accordance with the Class D Purchase Agreements;

(o) an amount equal to the Class D Investor Loss Amount, if any, for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date;

(p) an amount equal to the Class D Investor Dilution Amount, if any, for the related Due Period shall be treated as a portion of Available Principal Collections for such Distribution Date;

(q) first an amount equal to the aggregate amount by which the Class D-1 Investor Interest has been reduced as described in clauses (c) and (d) of the definition of Class D-1 Investor Interest (but not in excess of the unreimbursed amount of such reductions) shall be treated as a portion of Available Principal Collections for such Distribution Date and then an amount equal to the aggregate amount by which the Class D-2 Investor Interest has been reduced as described in clauses (c) and (d) of the definition of Class D-2 Investor Interest (but not in excess of the unreimbursed amount of such reductions) shall be treated as a portion of Available Principal Collections for such Distribution Date;

(r) an amount equal to the excess, if any, of (A) the Minimum Required Funding Period Reserve Amount over (B) the amount on deposit in the Funding Period Reserve Account (after taking into account any withdrawals to be made from the Funding Period Reserve Account on such Distribution Date pursuant to subsection 4.20(c)(i)), shall be deposited into the Funding Period Reserve Account;

(s) an amount equal to the aggregate of any other amounts then due to the Class D Certificateholders or required to be applied pursuant to the Class D Purchase Agreements out of Excess Spread and Shared Excess Finance Charge Collections allocated to Series 2007-1 shall be distributed for application in accordance with the Class D Purchase Agreements;

(t) on a pro rata basis based on amounts owing under this clause (t), to the extent not already paid under Section 4.22(c) hereof: (A) an amount equal to any Hedge Termination Fees or other additional payments owed to the Hedge Counterparty under the Class A Swap shall be paid to the Hedge Counterparty under the Class A Swap, (B) an amount equal to any Hedge Termination Fees or other additional payments owed to the Hedge Counterparty under the Class M Swap shall be paid to the Hedge Counterparty under the Class M Swap, (C) an amount equal to any Hedge Termination Fees or other additional payments owed to the Hedge Counterparty under the Class B Swap shall be paid to the Hedge Counterparty under the Class B Swap, (D) an amount equal to any additional payments owed to the Hedge Counterparty under the Class C Cap shall be paid to the Hedge Counterparty under the Class C Cap, and (E) an amount equal to the excess, if any, of (a) the Minimum Required Hedge Reserve Amount over (b) the amount on deposit in the Hedge Reserve Account shall be deposited into the Hedge Reserve Account; and

(u) 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 in Group One and, to the extent not required to be applied as Shared Excess Finance Charge Collections with respect to any Series in Group One, shall be distributed to the Holder of the Exchangeable Seller Certificate or any other Person then entitled to such amounts.

SECTION 4.12. Reallocated Principal Collections.

(a) On or before each Distribution Date, the Servicer shall instruct the Trustee in writing (which writing shall be substantially in the form of Exhibit E hereto) to apply Reallocated Principal Collections (applying all Reallocated Principal Collections in accordance with subsection 4.12(b)) with respect to such Distribution Date, to make the following distributions on each Distribution Date in the following priority:

(i) an amount equal to the excess, if any, of (x) the Class A Required Amount, if any, with respect to such Distribution Date over (y) the amount of Excess Spread and Shared Excess Finance Charge Collections allocated to Series 2007-1 with respect to the related Due Period, shall be applied in accordance with, and in the priority set forth in, subsections 4.9(a)(i), (ii), (iii) and (iv);

(ii) an amount equal to the excess, if any, of (x) the Class M Required Amount, if any, with respect to such Distribution Date over (y) the amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available to the
Class M Certificates pursuant to subsection 4.11(c) on such Distribution Date shall be applied first in accordance with, and in the priority set forth in subsections 4.9(b)(i) and (ii) and then pursuant to and in the priority set forth in subsection 4.11(c)(II);

(iii) an amount equal to the excess, if any, of (x) the Class B Required Amount, if any, with respect to such Distribution Date over (y) the amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available to the Class B Certificates pursuant to subsection 4.11(e) on such Distribution Date shall be applied first in accordance with, and in the priority set forth in subsections 4.9(c)(i) and (ii) and then pursuant to and in the priority set forth in subsection 4.11(e)(II); and

(iv) an amount equal to the excess, if any, of (x) the Class C Required Amount, if any, with respect to such Distribution Date over (y) the amount of Excess Spread and Shared Excess Finance Charge Collections allocated and available to the Class C Investor Interest pursuant to subsections 4.11(g), 4.11(h), 4.11(i) and 4.11(j) on such Distribution Date shall be applied first pursuant to subsection 4.9(d)(i), and then pursuant to and in the priority set forth in subsections 4.11(h), 4.11(i) and 4.11(j).

(b) On each Distribution Date on which the Servicer shall instruct the Trustee to apply Reallocated Principal Collections pursuant to paragraph (a) above, the Trustee shall apply such Reallocated Principal Collections in the following order of priority and only to the extent provided below:

(i) applying Reallocated Class D-2 Principal Collections in accordance with subsections 4.12 (a)(i) through (a)(iv);

(ii) if any amounts remain outstanding under subsections 4.12 (a)(i) through (a)(iv) after giving effect to Reallocated Class D-2 Principal Collections, then applying Reallocated Class D-1 Principal Collections in accordance with subsections 4.12 (a)(i) through (a)(iv);

(iii) if any amounts remain outstanding under subsections 4.12(a)(i), (a)(ii) or (a)(iii) above after giving effect to Reallocated Class D Principal Collections, then applying Reallocated Class C Principal Collections in accordance with subsections 4.12(a)(i), (a)(ii) and (a)(iii);

(iv) if any amounts remain outstanding under subsection 4.12 (a)(i) or (a)(ii) above after giving effect to Reallocated Class D Principal Collections and Reallocated Class C Principal Collections, then applying Reallocated Class B Principal Collections in accordance with subsection 4.12(a)(i) or (a)(ii); and

(v) if any amounts remain outstanding under subsection 4.12 (a)(i) above after giving effect to Reallocated Class D Principal Collections, Reallocated Class C Principal Collections and Reallocated Class B Principal Collections, then applying Reallocated Class M Principal Collections in accordance with subsection 4.12(a)(i).

(c) On each Distribution Date, the Class D-2 Investor Interest shall be reduced by the amount of Reallocated Class D-2 Principal Collections applied in accordance with subsection 4.12(b) for such Distribution Date, the Class D-1 Investor Interest shall be reduced by the amount of Reallocated Class D-1 Principal Collections applied in accordance with subsection 4.12(b) for such Distribution Date, the Class C Investor Interest shall be reduced by the amount of Reallocated Class C Principal Collections applied in accordance with subsection 4.12(b) for such Distribution Date, the Class B Investor Interest shall be reduced by the amount of Reallocated Class B Principal

Collections applied in accordance with subsection 4.12(b) for such Distribution Date and the Class M Investor Interest shall be reduced by the amount of Reallocated Class M Principal Collections applied in accordance with subsection 4.12(b) for such Distribution Date. Each of the Class M Investor Interest, the Class B Investor Interest, the Class C Investor Interest, the
Class D-1 Investor Interest and the Class D-2 Investor Interest will thereafter be reimbursed (but not in excess of the unreimbursed amount of such reductions) on any Distribution Date by the amount of the Excess Spread and Shared Excess Finance Charge Collections allocated and available to (A) the Class M Investor Interest pursuant to subsection 4.11(d), (B) the Class B Investor Interest pursuant to subsection 4.11(f), (C) the Class C Investor Interest pursuant to subsection 4.11(k) and (D) to the Class D-1 Investor Interest and Class D-2 Investor Interest pursuant to subsection 4.11(q).

SECTION 4.13. Seller's or Servicer's Failure to Make a Deposit or Payment. If the Servicer or the Seller fails to make, or give instructions to make, any payment or deposit required to be made or given by the Servicer or Seller, respectively, at the time specified in the Agreement (including applicable grace periods), the Trustee shall make such payment or deposit from the applicable account without instruction from the Servicer or Seller. The Trustee shall be required to make any such payment, deposit or withdrawal hereunder only to the extent that the Trustee has sufficient information to allow it to determine the amount thereof; provided, however, that the Trustee shall in all cases be deemed to have sufficient information to determine the amount of interest payable to the Series 2007-1 Certificateholders on each Distribution Date. The Servicer shall, upon request of the Trustee, promptly provide the Trustee with all information necessary to allow the Trustee to make such payment, deposit or withdrawal. Such funds or the proceeds of such withdrawal shall be applied by the Trustee in the manner in which such payment or deposit should have been made by the Seller or the Servicer, as the case may be.

SECTION 4.14. Shared Excess Finance Charge Collections.

(a) The balance of any Available Funds on deposit in the Collection Account after giving effect to subsections 4.11(a) through (t) will constitute a portion of Shared Excess Finance Charge Collections and will be available for allocation to other Series in Group One or to the Holder of the Exchangeable Seller Certificate as described in Section 4.3(g).

(b) Series 2007-1 shall be included in Group One. Subject to subsection 4.3(g) of the Agreement, Shared Excess Finance Charge Collections with respect to the Series in Group One for any Distribution Date will be allocated to Series 2007-1 in an amount equal to the product of (x) the aggregate amount of Shared Excess Finance Charge Collections with respect to all Series in Group One for such Distribution Date and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2007-1 for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all Series in Group One for such Distribution Date. The "Finance Charge Shortfall" for Series 2007-1 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 subsections 4.11(a) through (t) on such Distribution Date over (b) the Excess Spread for such Distribution Date.

SECTION 4.15. Shared Principal Collections. Subject to subsection 4.3(f) of the Agreement, Shared Principal Collections for any Distribution Date will be allocated to Series 2007-1 in an amount equal to the product of (x) the aggregate amount of Shared Principal Collections with respect to all 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 2007-1 for such Distribution Date and the denominator of which is the Cumulative Principal Shortfall for such Distribution Date.

SECTION 4.16. Purchase and Cancellation of Certificates. The Seller may on any Distribution Date on or after the Funding Period Termination Distribution Date, upon five Business Days' prior written notice to the Trustee, purchase Series 2007-1 Certificates on the secondary market and request the Trustee to cancel such Series 2007-1 Certificates purchased by the Seller on such Distribution Date. In such case, the Class A, Class M, Class B, Class C and/or Class D Investor Interest, as applicable, will be reduced by the portion thereof represented by such cancelled Certificates; provided that after giving effect to any cancellation (A) the Class M Investor Interest shall not be less than 6.0% of the Series 2007-1 Investor Interest (calculated after giving effect to such cancellation), (B) the Class B Investor Interest shall not be less than 9.5% of the Series 2007-1 Investor Interest (calculated after giving effect to such cancellation), (C) the Class C Investor Interest shall not be less than 9.0% of the Series 2007-1 Investor Interest (calculated after giving affect to such cancellation), and (D) the Class D Investor Interest shall not be less than 9.5% of the Series 2007-1 Investor Interest (calculated after giving effect to such cancellations). No Certificateholder shall be required to sell its Certificates to the Seller pursuant to this Section 4.16.

SECTION 4.17. Determination of LIBOR.

(a) On each LIBOR Determination Date, the Trustee shall determine LIBOR on the basis of the rate for deposits in United States dollars for a period of the Designated Maturity which appears on Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on that date. If such rate does not appear on Reuters Screen LIBOR01 Page, the rate for that LIBOR Determination Date will be determined based on the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for a period of the Designated Maturity. The Trustee or the Hedge Counterparty will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for that LIBOR Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the rate for that LIBOR Determination Date will be the arithmetic mean of the rates quoted by four major banks in New York City, selected by the Servicer, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a period of the Designated Maturity.

(b) The Class A Certificate Rates, Class M Certificate Rates, Class B Certificate Rates, Class C Certificate Rate, Class D-1 Certificate Rate and Class D-2 Certificate Rate applicable to the then current and the immediately preceding Interest Periods may be obtained by any Series 2007-1 Certificateholder by telephoning the Trustee at its Corporate Trust Office at (800) 934-6802.

(c) On each LIBOR Determination Date prior to 12:00 noon New York City time, the Trustee shall send to the Servicer by facsimile, notification of LIBOR for the following Interest Period.

SECTION 4.18. Paired Series. Any other Series in Group One may be designated (but only with the consent of the Class C Certificateholders and the Class D Certificateholders specified in the Class C Purchase Agreement or the Class D Certificate Purchase Agreements, as applicable, and subject to satisfaction of the Rating Agency Condition) as a Paired Series for Series 2007-1. 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 2007-1 Certificateholders. 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 Trust and the proceeds thereof will be distributed pursuant to the terms of such Paired Series, and, in either case, the Investor Interest of such Paired Series will increase by up to a corresponding amount. Upon payment in full of the Series Investor Interest, 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 Series Investor Interest paid to the Series 2007-1 Certificateholders (or such other amount as the holders of such Paired Series shall agree).

SECTION 4.19 Pre-Funding Account. (a) The Seller hereby directs the Servicer, for the benefit of the Series 2007-1 Certificateholders, to establish and maintain or cause to be established and maintained in the name of the Trustee and for the Trustee, on behalf of the Series 2007-1 Certificateholders, with a Qualified Depository Institution (which initially shall be the Trustee) a segregated trust account (the "Pre-Funding Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2007-1 Certificateholders. The Seller does hereby transfer, assign, set over and otherwise convey to the Trust for the benefit of the Series 2007-1 Certificateholders, without recourse, all of its right, title and interest (if any) in, to and under the Pre-Funding Account, any cash and/or investments on deposit therein and any proceeds of the foregoing, including the investment earnings. The Pre-Funding Account shall be owned by, and under the sole dominion and control of, the Trustee for the benefit of the Series 2007-1 Certificateholders. If, at any time, the institution holding the Pre-Funding Account ceases to be a Qualified Depository Institution, the Seller shall direct the Servicer to establish within 10 Business Days a new Pre-Funding Account meeting the conditions specified above with a Qualified Depository Institution, transfer any cash and/or any investments to such new Pre-Funding Account and from the date such new Pre-Funding Account is established, it shall be the "Pre-Funding Account." In addition, after five days notice to the Trustee, the Seller may direct the Servicer to establish a new Pre-Funding Account meeting the conditions specified above with a different Qualified Depository Institution, transfer any cash and/or investments to such new Pre-Funding Account and from the date such new Pre-Funding Account is established, it shall be, for the Series 2007-1 Certificates, the "Pre-Funding Account." The Trustee, at the direction of the Servicer, shall make withdrawals and payments from the Pre-Funding Account for the purposes of carrying out the Servicer's or Trustee's duties hereunder.

(b) A portion of the cash proceeds of the sale of the Series 2007-1 Certificates in an amount equal to $285,000,000 shall be deposited into the Pre-Funding Account on the Closing Date. This amount shall be the Initial Total Pre-Funded Amount. On each Distribution Date, the Trustee, at the direction of the Servicer, shall withdraw from the Pre-Funding Account and deposit in the Collection Account all interest and other investment income on the Cash Pre-Funded Amount. Interest (including reinvested interest) and other investment income on funds on deposit in the Pre-Funding Account shall not be considered part of the Cash Pre-Funded Amount for purposes of this Supplement. Funds on deposit in the Pre-Funding Account shall be withdrawn by the Trustee, at the direction of the Servicer, and paid to the Seller to the extent of any increases in the Series Investor Interest pursuant to Section 4.21. If (x) the Lane Bryant Portfolio shall not have been acquired by the Originator on or before January 31, 2008, or the Servicer shall have notified the Trustee in writing on or prior to January 31, 2008 that the Originator will not acquire the Lane Bryant Portfolio prior to January 31, 2008, and (y) any Cash Pre-Funded Amount remains on deposit in the Pre-Funding Account, on the Lane Bryant Portfolio Distribution Date the lesser of (i) such remaining Cash Pre-Funded Amount net of interest and earnings on investments of funds on deposit in the Pre-Funding Account on such date) and (ii) $220,000,000 will be deposited into the Collection Account and applied by the Trustee, at the direction of the Servicer, in accordance with subsection 4.9(h) to reduce the outstanding principal amount of the Class A Certificates, the Class M Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates as specified in subsection 4.9(h). If the Funding Period Termination Distribution Date occurs and any Cash Pre-Funded Amount remains on deposit in the Pre-Funding Account, on such date such remaining Cash Pre-Funded Amount will be deposited into the Collection Account and will be applied by the Trustee, at the direction of the Servicer, in accordance with subsection 4.9(h) to reduce the outstanding principal amount of the Class A Certificates, the Class M Certificates, the Class B Certificates, the Class C Certificates and the Class D Certificates as specified in subsection 4.9(h).

(c) Funds on deposit in the Pre-Funding Account shall be invested in Permitted Investments by the Trustee, at the direction of the Servicer. Funds on deposit in the Pre-Funding Account on any Distribution Date, after giving effect to any withdrawals from the Pre-Funding Account, shall be invested in Permitted Investments that will mature so that such funds will be available for withdrawal on the following Distribution Date. All interest and earnings (net of losses and investment expenses) on funds on deposit in the Pre-Funding Account shall be deposited by the Trustee, at the direction of the Servicer, in the Collection Account on each Distribution Date and treated as Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates for the prior Due Period.

(d) The parties hereto intend that the Pre-Funding Account shall be an account of the Trustee, and not an account of the Seller. If, notwithstanding the intent of the parties hereto, it shall be determined that the Seller has any rights in the Pre-Funding Account, the Seller hereby grants to the Trustee, to secure all of its obligations hereunder, a security interest in all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the Pre-Funding Account, all money, instruments, investment property, and other property credited to or on deposit in the Pre-Funding Account, and all proceeds thereof.

SECTION 4.20. Funding Period Reserve Account. (a) The Seller hereby directs the Servicer, for the benefit of the Series 2007-1 Certificateholders, to establish and maintain or cause to be established and maintained in the name of the Trustee and for the Trustee, on behalf of the Series 2007-1 Certificateholders, with a Qualified Depository Institution (which initially shall be the Trustee) a segregated trust account (the "Funding Period Reserve Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2007-1 Certificateholders. The Seller does hereby transfer, assign, set over and otherwise convey to the Trust for the benefit of the Series 2007-1 Certificateholders, without recourse, all of its right, title and interest (if any) in, to and under the Funding Period Reserve Account, any cash and/or investments on deposit therein and any proceeds of the foregoing, including the investment earnings. The Funding Period Reserve Account shall be owned by, and under the sole dominion and control of, the Trustee for the benefit of the Series 2007-1 Certificateholders. If, at any time, the institution holding the Funding Period Reserve Account ceases to be a Qualified Depository Institution, the Seller shall direct the Servicer to establish within 10 Business Days a new Funding Period Reserve Account meeting the conditions specified above with a Qualified Depository Institution, transfer any cash and/or any investment to such new Funding Period Reserve Account and from the date such new Funding Period Reserve Account is established, it shall be the "Funding Period Reserve Account." In addition, after five days notice to the Trustee, the Seller may direct the Servicer to establish a new Funding Period Reserve Account meeting the conditions specified above with a different Qualified Depository Institution, transfer any cash and/or investments to such new Funding Period Reserve Account and from the date such new Funding Period Reserve Account is established, it shall be, for the Series 2007-1 Certificates, the "Funding Period Reserve Account." Pursuant to the authority granted to the Servicer in subsection 3.1(b) of the Agreement, the Servicer shall have the power, revocable by the Trustee, to make withdrawals and payments or to instruct the Trustee to make withdrawals and payments from the Funding Period Reserve Account for the purposes of carrying out the Servicer's or Trustee's duties hereunder.

(b) The Servicer shall deposit $3,705,000 into the Funding Period Reserve Account on the Closing Date. Funds on deposit in the Funding Period Reserve Account (after giving effect to any withdrawals from the Funding Period Reserve Account) shall be invested by the Trustee at the direction of the Servicer in Permitted Investments so that funds will be available for withdrawal on the following Distribution Date. The interest and other investment income (net of investment expenses and losses) earned on such investments shall be deposited in the Collection Account on each Distribution Date and treated as Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates for the preceding Due Period and available to be applied as Available Funds.

(c) On or before each Distribution Date with respect to the Funding Period, the Trustee at the direction of the Servicer shall (i) withdraw from the Funding Period Reserve Account an amount equal to the Funding Period Reserve Draw Amount for such Distribution Date and deposit such amount into the Collection Account for application as Available Funds and (ii) deposit in the Funding Period Reserve Account an amount equal to the amount specified in, and otherwise in accordance with, subsection 4.11(r).

(d) The Funding Period Reserve Account shall be terminated following the earlier to occur of (a) the completion of the Funding Period and (b) the termination of the Trust pursuant to the Agreement. Upon the termination of the Funding Period Reserve Account, all amounts on deposit therein (after giving effect to any withdrawal from the Funding Period Reserve Account on such date as described above) shall be distributed to the Holder of the Exchangeable Seller Certificate.

SECTION 4.21. Adjustments to Investor Interest.

(a) Series 2007-1 shall be a Paired Series with respect to Series 2002-1. On any Business Day during the Funding Period, the Series Investor Interest will be increased (but not above an amount equal to the Initial Investor Interest) by the amount of any decrease in the Investor Interest for Series 2002-1 on or prior to such day, provided that the aggregate amount of such increases pursuant to this clause (a) do not exceed the aggregate amount of the Investor Interest for Series 2002-1. The Class A Investor Interest shall be increased by an amount equal to the Class A Percentage of the amount of such decrease, the Class M Investor Interest shall be increased by an amount equal to the Class M Percentage of the amount of such decrease, the Class B Investor Interest shall be increased by an amount equal to the Class B Percentage of the amount of such decrease, the Class C Investor Interest shall be increased by an amount equal to the Class C Percentage of the amount of such decrease, and the Class D Investor Interest shall be increased by an amount equal to the Class D Percentage of the amount of such decrease (which increase shall be allocated between the Class D-1 Investor Interest and the Class D-2 Investor Interest as provided in the Class D Purchase Agreements), whereupon the Trustee shall instruct the Servicer to withdraw from the Pre-Funding Account and pay to the Seller an amount equal to the increase in the Series Investor Interest.

(b) The Seller may on any Business Day during the Funding Period determine to increase the Series Investor Interest amount up to the Initial Investor Interest by transferring new Receivables to the Trust so long as such increase to the Series Investor Interest would not cause the Seller Interest to be reduced below zero or cause an Early Amortization Event to occur with respect to any outstanding Series. Upon determining to increase the Series Investor Interest pursuant to this Section 4.21(b), the Seller shall deliver to the Servicer and the Trustee an Officers' Certificate specifying the amount of the increase in the Series Investor Interest the Seller has determined to make and certifying that such increase to the Series Investor Interest will not cause the Seller Interest to be reduced below zero or cause an Early Amortization Event to occur with respect to any outstanding Series. Upon receipt of such Officer's Certificate by the Trustee, the Class A Investor Interest shall be increased by an amount equal to the Class A Percentage of the amount of such increase, the Class M Investor Interest shall be increased by an amount equal to the Class M Percentage of the amount of such increase, the Class B Investor Interest shall be increased by an amount equal to the Class B Percentage of the amount of such increase, the Class C Investor Interest shall be increased by an amount equal to the Class C Percentage of the amount of such increase, the Class D Investor Interest shall be increased by an amount equal to the Class D Percentage of the amount of such increase (which increase shall be allocated between the Class D-1 Investor Interest and the Class D-2 Investor Interest as provided in the Class D Purchase Agreements), whereupon the Trustee shall instruct the Servicer to withdraw from the Pre-Funding Account and pay to the Seller an amount equal to the increase in the Series Investor Interest.

SECTION 4.22. Hedge Reserve Account. (a) The Seller hereby directs the Servicer, for the benefit of the Hedge Counterparty, to establish and maintain or cause to be established and maintained in the name of the Trustee and for the Trustee, on behalf of the Hedge Counterparty, with a Qualified Depository Institution (which initially shall be the Trustee) a segregated trust account (the "Hedge Reserve Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Hedge Counterparty. The Seller does hereby transfer, assign, set over and otherwise convey to the Trust for the benefit of the Hedge Counterparty, without recourse, all of its right, title and interest (if any) in, to and under the Hedge Reserve Account, any cash and/or investments on deposit therein and any proceeds of the foregoing, including the investment earnings. The Hedge Reserve Account shall be owned by, and under the sole dominion and control of, the Trustee for the benefit of the Hedge Counterparty. If, at any time, the institution holding the Hedge Reserve Account ceases to be a Qualified Depository Institution, the Seller shall direct the Servicer to establish within 10 Business Days a new Hedge Reserve Account meeting the conditions specified above with a Qualified Depository Institution, transfer any cash and/or any investment to such new Hedge Reserve Account and from the date such new Hedge Reserve Account is established, it shall be the "Hedge Reserve Account." In addition, after five days notice to the Trustee, the Seller may direct the Servicer to establish a new Hedge Reserve Account meeting the conditions specified above with a different Qualified Depository Institution, transfer any cash and/or investments to such new Hedge Reserve Account and from the date such new Hedge Reserve Account is established, it shall be, the "Hedge Reserve Account." Pursuant to the authority granted to the Servicer in subsection 3.1(b) of the Agreement, the Servicer shall have the power, revocable by the Trustee, to make withdrawals and payments or to instruct the Trustee to make withdrawals and payments from the Hedge Reserve Account for the purposes of carrying out the Servicer's or Trustee's duties hereunder.

(b) The Servicer shall deposit $1,700,000 into the Hedge Reserve Account on the Closing Date. On each Distribution Date prior to the termination of the Hedge Reserve Account pursuant to subsection 4.22(d), the Trustee at the direction of the Servicer shall deposit in the Hedge Reserve Account an amount equal to the amount specified in, and otherwise in accordance with,
subsection 4.11(t). Funds on deposit in the Hedge Reserve Account (after giving effect to any withdrawals from the Hedge Reserve Account) shall be invested by the Trustee at the direction of the Servicer in Permitted Investments so that funds will be available for withdrawal on the following Distribution Date. The interest and other investment income (net of investment expenses and losses) earned on such investments shall be deposited in the Collection Account each Distribution Date following and treated as Collections of Finance Charge Receivables allocated to the Series 2007-1 Certificates for the preceding Due Period and available to be applied as Available Funds.

(c) Upon termination of any Interest Rate Swap Agreement for which a partial or early termination fee (such fee, a "Hedge Termination Fee") is incurred pursuant to the terms of the applicable Interest Rate Swap Agreement, the Trustee shall, at the written direction of the Servicer, withdraw the amount of such termination fee from the Hedge Reserve Account and distribute such termination fee directly to the applicable Hedge Counterparty. If more than one Hedge Termination Fee shall be outstanding at any time, the Trustee shall make such distributions to the applicable Hedge Counterparties in the following order of priority: first, to the Hedge Counterparty for the Class A Swap; second, to the Hedge Counterparty for the Class M Swap; and third, to the Hedge Counterparty for the Class B Swap.

(d) The Hedge Reserve Account shall be terminated following the earliest to occur of (a) the Lane Bryant Portfolio Distribution Date, (b) February 15, 2008, (c) the date on which the Originator acquires the Lane Bryant Portfolio, and (d) the termination of the Trust pursuant to the Agreement. Upon the termination of the Hedge Reserve Account, all amounts on deposit therein (after giving effect to any withdrawal from the Hedge Reserve Account on such date as described above) shall be distributed to the Holder of the Exchangeable Seller Certificate.

SECTION 4.23 Designation of Trustee's Jurisdiction. The Trustee hereby agrees that its jurisdiction for purposes of the applicable UCC is New York.

SECTION 4.24 Permitted Investments. In selecting Permitted Investments for the funds on deposit in the Collection Account, the Funding Period Reserve Account, the Hedge Reserve Account and the Pre-Funding Account, the Servicer shall make such selection after consultation with the 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 2007-1 Certificates on such Distribution Date will be held by the Trustee in uninvested funds on the Business Day immediately prior to such Distribution Date.

SECTION 9. Article V of the Agreement. Article V of the Agreement shall read in its entirety as follows and shall be applicable only to the Series 2007-1 Certificates:

ARTICLE V.

DISTRIBUTIONS AND REPORTS TO INVESTOR CERTIFICATEHOLDERS

SECTION 5.1. Distributions.

(a) On each Distribution Date, the Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Trustee pursuant to subsection 3.4(b)) to each Class A Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 12.3 respecting a final distribution) such Class A Certificateholder's pro rata share (based on the aggregate Undivided Trust Interests represented by Class A Certificates held by such Class A Certificateholder) of amounts on deposit in the Collection Account as are payable to the Class A Certificateholders pursuant to Section 4.9 or 4.11 of this Supplement by check mailed to each Class A Certificateholder (at such Class A Certificateholder's address as it appears in the Certificate Register), except that with respect to Class A Certificates 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 Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Trustee pursuant to subsection 3.4(b)) to each Class M Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 12.3 respecting a final distribution) such Class M Certificateholder's pro rata share

(based on the aggregate Undivided Trust Interests represented by Class M Certificates held by such Class M Certificateholder) of amounts on deposit in the Collection Account as are payable to the Class M Certificateholders pursuant to Section 4.9 or 4.11 of this Supplement by check mailed to each Class M Certificateholder (at such Class M Certificateholder's address as it appears in the Certificate Register), except that with respect to Class M Certificates 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 Trustee shall distribute (in accordance with the certificate delivered by the Servicer to the Trustee pursuant to subsection 3.4(b)) to each Class B Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 12.3 respecting a final distribution) such Class B Certificateholder's pro rata share (based on the aggregate Undivided Trust Interests represented by Class B Certificates held by such Class B Certificateholder) of amounts on deposit in the Collection Account as are payable to the Class B Certificateholders pursuant to Section 4.9 or 4.11 of this Supplement by check mailed to each Class B Certificateholder (at such Class B Certificateholder's address as it appears in the Certificate Register), except that with respect to Class B Certificates registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds.

(d) Unless otherwise specified in the Class C Purchase Agreement, on each Distribution Date, the Trustee shall distribute to each Class C Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 12.3 of the Agreement respecting a final distribution) such Class C Certificateholder's pro rata share (based on the aggregate Undivided Trust Interests represented by Class C Certificates held by such Class C Certificateholder) of amounts on deposit in the Collection Account as are payable to the Class C Certificateholders pursuant to Section 4.9 or 4.11 of this Supplement or the Class C Purchase Agreement by check mailed to each Class C Certificateholder (at such Certificateholder's address as it appears in the Certificate Register) or by wire transfer of immediately available funds to such account designated in writing by such Class C Certificateholder to the Trustee not later than the Distribution Date preceding such Distribution Date.

(e) Unless otherwise specified in the Class D-1 Purchase Agreement, on each Distribution Date, the Trustee shall distribute to each Class D-1 Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 12.3 of the Agreement respecting a final distribution) such Class D-1 Certificateholder's pro rata share (based on the aggregate Undivided Trust Interests represented by Class D-1 Certificates held by such Class D-1 Certificateholder) of amounts on deposit in the Collection Account as are payable to the Class D-1 Certificateholders pursuant to Section 4.9 or 4.11 of this Supplement or the applicable
Class D Purchase Agreement by check mailed to each Class D-1 Certificateholder (at such Class D-1 Certificateholder's address as it appears in the Certificate Register) or by wire transfer of immediately available funds to such account designated in writing by such Class D-1 Certificateholder to the Trustee not later than the Distribution Date preceding such Distribution Date.

(f) Unless otherwise specified in the Class D-2 Purchase Agreement, on each Distribution Date, the Trustee shall distribute to each Class D-2 Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 12.3 of the Agreement respecting a final distribution) such Class D-2 Certificateholder's pro rata share (based on the aggregate Undivided Trust Interests represented by Class D-2 Certificates held by such Class D-2 Certificateholder) of amounts on deposit in the Collection Account as are payable to the Class D-2 Certificateholders pursuant to Section 4.9 or 4.11 of this Supplement or the applicable
Class D Purchase Agreement by check mailed to each Class D-2 Certificateholder (at such Class D-2 Certificateholder's address as it appears in the Certificate Register) or by wire transfer of immediately available funds to such account designated in writing by such Class D-2 Certificateholder to the Trustee not later than the Distribution Date preceding such Distribution Date.

SECTION 5.2. Monthly Certificateholders' Statement.

(a) On or before each Distribution Date, the Paying Agent shall forward to each Series 2007-1 Certificateholder and each Rating Agency a statement substantially in the form of Exhibit F to this Supplement prepared by the Servicer, appropriately completed.

(b) Annual Certificateholders' Tax Statement. On or before January 31 of each calendar year, beginning with calendar year 2008, the Trustee shall distribute to each Person who at any time during the preceding calendar year was a Series 2007-1 Certificateholder, a statement prepared by the Servicer containing the information required to be contained in the regular monthly statement to Series 2007-1 Certificateholders, aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2007-1 Certificateholder, together with such other customary information (consistent with the treatment of the Class A Certificates, the Class M Certificates and the Class B Certificates as debt) as the Servicer deems necessary or desirable to enable the Series 2007-1 Certificateholders to prepare their tax returns. The Servicer will provide such information to the Trustee as soon as possible after January 1 of each calendar year. Such obligations of the Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Trustee pursuant to any requirements of the Code as from time to time in effect.

SECTION 10. Series 2007-1 Early Amortization Events. If any one of the following events shall occur with respect to the Series 2007-1 Certificates:

(a) failure on the part of the Seller or the Originator (i) to make any payment or deposit required by the terms of (A) the Agreement, (B) this Supplement or (C) the Purchase Agreement, on or before the date occurring five Business Days after the date such payment or deposit is required to be made herein or (ii) duly to observe or perform in any material respect any of its covenants or agreements set forth in the Agreement, this Supplement or the Purchase Agreement, which failure has a material adverse effect on the Class A Certificateholders, the Class M Certificateholders, the Class B Certificateholders or the Class C Certificateholders and which continues unremedied for a period of 35 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Seller by the Trustee, or to the Seller and the Trustee by the Controlling Certificateholders, and continues to affect materially and adversely the interests of the Class A Certificateholders, the Class M Certificateholders, the Class B Certificateholders or the Class C Certificateholders for such period;

(b) any representation or warranty made by the Seller or the Originator in the Agreement, this Supplement or the Purchase Agreement, or any information contained in a computer file or microfiche or written list required to be delivered by the Seller pursuant to Section 2.1 or 2.6 or by the Originator pursuant to Section 1.1 or 2.4(e) 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 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Seller by the Trustee, or to the Seller and the Trustee by the Controlling Certificateholders, and (ii) as a result of which the interests of the Class A Certificateholders, the Class M Certificateholders, the Class B Certificateholders or the Class C Certificateholders are materially and adversely affected and continue to be materially and adversely affected for such period; provided, however, that a Series 2007-1 Early Amortization Event pursuant to this subsection 9(b) shall not be deemed to have occurred hereunder if the Seller has accepted reassignment of the related Receivable, or all of such Receivables, if applicable, during such period in accordance with the provisions of the Agreement;

(c) 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;

(d) the Seller shall fail to convey Receivables arising under Additional Accounts to the Trust, as required by subsection 2.6(a) of the Agreement;

(e) any Servicer Default shall occur which would have a material adverse effect on the Class A Certificateholders, the Class M Certificateholders, the Class B Certificateholders or the Class C Certificateholders;

(f) the Class A Investor Interest shall not be paid in full on the Class A Expected Final Payment Date, or the Class M Investor Interest shall not be paid in full on the Class M Expected Final Payment Date, or the Class B Investor Interest shall not be paid in full on the Class B Expected Final Payment Date;

(g) Fashion Service Corp. 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 Fashion Service Corp.; or Fashion Service Corp. 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 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;

(h) the early termination of the Class A Swap, the Class M Swap, the Class B Swap or the Class C Cap unless the Trustee obtains a replacement Class A Swap, Class M Swap, Class B Swap or Class C Cap, as applicable, or enters into another interest rate hedging arrangement with respect to the Class A-1 Certificates, Class M-1 Certificates, Class B-1

Certificates or Class C Certificates that satisfies the Rating Agency Condition within 5 Business Days following the termination of such Class A Swap, Class M Swap, Class B Swap or Class C Cap, as applicable; provided that the partial termination of an Interest Rate Hedge Agreement due to the occurrence of the Lane Bryant Portfolio Distribution Date, as contemplated by the Interest Rate Hedge Agreements, shall not be a Series 2007-1 Early Amortization Event; or

(i) failure of any Hedge Counterparty to make a payment under any of the Interest Rate Hedge Agreements for the Class A-1 Certificates, Class M-1 Certificates, Class B-1 Certificates or Class C Certificates in respect of a payment obligation arising as a result of LIBOR being greater than the specified fixed rate for the related Interest Rate Hedge Agreement, and the failure is not cured within 5 Business Days after payment is due;

then, (x) in the case of any event described in subparagraph (a), (b) or (e) after the applicable grace period set forth in such subparagraphs, either the Trustee or the Controlling Certificateholders by notice then given in writing to the Seller and the Servicer (and to the Trustee if given by the Certificateholders) may declare that an early amortization event (a "Series 2007-1 Early Amortization Event") has occurred as of the date of such notice and (y) in the case of any event described in subparagraphs (c), (d), (f), (g), (h) or (i), a Series 2007-1 Early Amortization Event shall occur without any notice or other action on the part of the Trustee or the Series 2007-1 Certificateholders immediately upon the occurrence of such event.

SECTION 11. Series 2007-1 Termination. The right of the Series 2007-1 Certificateholders to receive payments from the Trust will terminate on the first Business Day following the Series 2007-1 Termination Date. For purposes of Series 2007-1, the reference to "110%" in Section 12.1(c) of the Agreement shall be deemed to be a reference to "110% (or if such percentage would cause an Early Amortization Event to occur with respect to any other outstanding Series, the greater of (x) such lesser percentage as would not cause such Early Amortization Event and (y) the then current Series Allocation Percentage)". The proceeds of such sale shall be treated as Collections on the Receivables that are allocated to Series 2007-1 pursuant to the Agreement and this Supplement and shall be distributed in accordance with the terms of this Supplement; provided, however, that the Servicer shall determine conclusively the amount of such proceeds that are allocable to Finance Charge Receivables and the amount of such proceeds that are allocable to Principal Receivables.

SECTION 12. Ratification of Agreement. As supplemented by this Supplement, the Agreement is in all respects ratified and confirmed and the Agreement as so supplemented by this Supplement shall be read, taken, and construed as one and the same instrument.

SECTION 13. Counterparts. This 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 14. No Petition. Each of the Trustee, the Servicer and the Seller (with respect to the Trust only), by entering into this Supplement and each Series 2007-1 Certificateholder, by accepting a Series 2007-1 Certificate, shall not, prior to the date which is one year and one day after the last day on which any Investor Certificate shall have been outstanding, acquiesce, petition or otherwise invoke or cause the Trust or the Seller to invoke the

process of any Governmental Authority for the purpose of commencing or sustaining a case against the Trust or the Seller under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Trust or the Seller or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Trust or the Seller.

SECTION 15. Forms of Series 2007-1 Certificates.

(a) Form of Certificates. The form of each of the Class A-1 Certificates, the Class A-2 Certificates, the Class M-1 Certificates, the Class M-2 Certificates, the Class B-1 Certificates, the Class B-2 Certificates, the Class C Certificates, the Class D-1 Certificates and the Class D-2 Certificates, including the Certificate of Authentication, shall be substantially as set forth respectively as Exhibits A-1, A-2, M-1, M-2, B-1, B-2, C, D-1 and D-2 hereto, respectively.

(b) Book-Entry Certificates.

(i) The Class A Certificates, the Class M Certificates and the Class B Certificates 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 Trust) 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 Exhibits A, M and B hereto, as applicable, added to the form of such Certificates (each, a "Restricted Book-Entry Certificate"), which shall be registered in the name of the nominee of the Depository and deposited with the Trustee, as custodian for the Depository. The aggregate principal amount of the Restricted Book-Entry Certificates may from time to time be increased or decreased by adjustments made on the records of the Trustee or the Depository or its nominee, as the case may be, as hereinafter provided.

(ii) The Class A Certificates, the Class M Certificates and the Class B Certificates 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 Certificates"), 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 Seller and authenticated by the 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 Trustee of a written certificate from the Depository, together with copies of certificates substantially in the form of Exhibit I from Euroclear or Clearstream, certifying that the beneficial owner of such Regulation S Temporary Book-Entry Certificate 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 Certificates may be exchanged for beneficial interests in permanent Book-Entry Certificates (the "Regulation S Permanent Book-Entry Certificates"; and together with the Regulation S Temporary

Book-Entry Certificate, the "Regulation S Book-Entry Certificates"), which will be duly executed by the Seller and authenticated by the Trustee as hereinafter provided and which will be deposited with the 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 Certificate for a comparable portion of a Regulation S Permanent Book-Entry Certificate, the Trustee shall endorse on the schedules affixed to each of such Regulation S Book-Entry Certificate (or on continuations of such schedules affixed to each of such Regulation S Book-Entry Certificate and made parts thereof) appropriate notations evidencing the date of transfer and (x) with respect to the Regulation S Temporary Book-Entry Certificate, 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 Certificate, an increase in the principal amount thereof equal to the principal amount of the decrease in the Regulation S Temporary Book-Entry Certificate.

(c) Definitive Series 2007-1 Certificates. (i) The Class C Certificates and the Class D Certificates shall be issued in the form of Definitive Certificates with the applicable legends set forth in Exhibits C and D, hereto, which shall be registered in the name of the Holder or a nominee thereof, duly executed by the Trust and authenticated by the Trustee as hereinafter provided. Except as provided in Section 6.12 of the Agreement, owners of beneficial interests in the Book-Entry Certificates shall not be entitled to receive Definitive Certificates.

SECTION 16. Transfer Restrictions.

(a) No Series 2007-1 Certificate 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 Certificate, Class M Certificate or Class B Certificate 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 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 in reliance on the exemption from registration in Section 4(2) of the Securities Act. The Class A Certificates, the Class M Certificates and the Class B Certificates 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 C Certificate or Class D Certificate 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 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 in reliance on the exemption for registration in Section 4(2) of the Securities Act.

None of the Trust, the Trustee, the Seller, the Originator, the Servicer or any other Person may register the Series 2007-1 Certificates under the Securities Act or any applicable securities laws.

(b) Notwithstanding any provision to the contrary herein, so long as a Book-Entry Certificate remains outstanding and is held by or on behalf of the Depository, transfers of a Book-Entry Certificate, in whole or in part, shall only be made in accordance with this Section 16(b) and Section 6.10 of the Agreement.

(i) Subject to clauses (ii) and (iii) of this Section 16(b), transfers of a Book-Entry Certificate shall be limited to transfers of such Book-Entry Certificate 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 Certificate to Restricted Book-Entry Certificate. If a holder of a beneficial interest in a Regulation S Book-Entry Certificate wishes to transfer all or a part of its interest in such Regulation S Book-Entry Certificate to a Person who wishes to take delivery thereof in the form of a Restricted Book-Entry Certificate, 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 Certificate 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 Trustee, as Transfer Agent and Registrar, to cause such Restricted Book-Entry Certificate to be increased by an amount equal to such beneficial interest in such Regulation S Book-Entry Certificate but not less than the minimum denomination applicable to the related Class of Series 2007-1 Certificates, and (B) a certificate substantially in the form of Exhibit G-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 Certificate 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 Trustee, as Transfer Agent and Registrar, as the case may be, will instruct the Depository to reduce such Regulation S Book-Entry Certificate by the aggregate principal amount of the interest in such Regulation S Book-Entry Certificate to be transferred, increase the Restricted Book-Entry Certificate specified in such instructions by an amount equal to such reduction in such principal amount of the Regulation S Book-Entry Certificate and make the corresponding adjustments to the applicable participants' accounts.

(iii) Restricted Book-Entry Certificate to Regulation S Book-Entry Certificate. If a holder of a beneficial interest in a Restricted Book-Entry Certificate wishes to transfer all or a part of its interest in such Restricted Book-Entry Certificate to a Person who wishes to take delivery thereof in the form of a Regulation S Book-Entry Certificate, 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 Certificate of the same Class. Upon receipt by the Trustee, as Transfer Agent and Registrar, of (A) instructions from Euroclear, Clearstream or the Depository, as the case may be, directing the Trustee, as Transfer Agent and Registrar, to cause such Regulation S Book-Entry Certificate to be increased by an amount equal to the beneficial

interest in such Restricted Book-Entry Certificate but not less than the minimum denomination applicable to the related Class of Series 2007-1 Certificates to be exchanged, and (B) a certificate substantially in the form of Exhibit G-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 Certificate 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 Trustee, as Transfer Agent and Registrar, as the case may be, will instruct the Depository to reduce such Restricted Book-Entry Certificate by the aggregate principal amount of the interest in such Restricted Book-Entry Certificate to be transferred, increase the Regulation S Book-Entry Certificate specified in such instructions by an aggregate principal amount equal to such reduction in the principal amount of the Restricted Book-Entry Certificate and make the corresponding adjustments to the applicable participants' accounts.

(iv) Other Exchanges. In the event that a Class A Certificate, a Class M Certificate or a Class B Certificate initially represented by a Book-Entry Certificate is exchanged for one or more Definitive Certificates pursuant to Section 6.12 of the Agreement, the related Class A Certificateholder, Class M Certificateholder or Class B Certificateholder, as the case may be, shall be required to deliver a representation letter with respect to the matters described in subsections 16(c) and (d) of this Supplement. Such Definitive Certificates may be exchanged for one another only upon delivery of a representation letter with respect to the matters described in subsections 16(c) and (d) of this Supplement 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 Trust and the Trustee.

(c) Each beneficial owner of Restricted Book-Entry Certificates or Regulation S Book-Entry Certificates 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 Certificates, Class M Certificates or Class B Certificates, as applicable, to it (other than the initial sale by the Trust) 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 Certificates, Class M Certificates or Class B Certificates, 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 Certificates, Class M Certificates or Class B Certificates, 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 Certificates, Class M

Certificates or Class B Certificates, 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 Trust or the 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 Trust the Trustee shall consider the acquisition of the related Class A Certificates, Class M Certificates or Class B Certificates, as applicable, void and require that the related Class A Certificates, Class M Certificates or Class B Certificates, as applicable, be transferred to a Person designated by the Trust.

(ii) The owner understands that the Class A Certificates, Class M Certificates or Class B Certificates, 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 Certificates, Class M Certificates or Class B Certificates, 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 Certificates, Class M Certificates or Class B Certificates, as applicable, such Class A Certificates, Class M Certificates or Class B Certificates, as applicable, may be offered, resold, pledged or otherwise transferred in accordance with the Agreement and this Supplement and the applicable legend on such Series 2007-1 Certificates set forth in Exhibit A, M or B hereto, as applicable. The owner acknowledges that no representation is made by the Trust, the Trustee, the Seller 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 2007-1 Certificates.

(iii) The owner is not purchasing the Class A Certificates, Class M Certificates or Class B Certificates, 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 2007-1 Certificates involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances. The owner has had access to such financial and other information concerning the Originator, the Seller, the Servicer, the Trust and the Series 2007-1 Certificates as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Class A Certificates, Class M Certificates or Class B Certificates, as applicable, including an opportunity to ask questions of and request information from the Originator, the Seller and the Servicer.

(iv) In connection with the purchase of the Series 2007-1 Certificates: (A) none of the Trust, the Initial Purchaser or the Trustee is acting as a fiduciary or financial or investment adviser for the owner; (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 Seller, the Servicer, the Trust, the Initial Purchaser or the Trustee or any of their Affiliates other than, in the case of the Trust, in a current offering memorandum for such Series 2007-1 Certificates and any representations expressly set forth in a written agreement with such party; (C) none of the Originator, the Seller, the Trust, the Initial Purchaser or the Trustee or any of their Affiliates has given to the owner (directly or indirectly through any other Person) any

assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) of its purchase, (D) the owner has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Agreement or this Supplement) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Originator, the Seller, the Trust, the Initial Purchaser or the Trustee or any of their Affiliates; and (E) the owner is purchasing the Class A Certificates, Class M Certificates or Class B Certificates, as applicable, with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and is capable of assuming and willing to assume (financially and otherwise) these risks.

(v) Neither the owner nor such account was formed for the purpose of acquiring any Series 2007-1 Certificates (unless the Trust, in its sole discretion and with the advice of counsel in respect of U.S. securities laws, expressly otherwise permits). The owner and each such account agrees that it shall not hold such Series 2007-1 Certificates for the benefit of any other Person and shall be the sole beneficial owner thereof for all purposes and that it shall not sell participation interests in the Series 2007-1 Certificates or enter into any other arrangement pursuant to which any other Person shall be entitled to a beneficial interest in the distributions on the Series 2007-1 Certificates. The owner understands and agrees that any purported transfer of the Series 2007-1 Certificates 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 Trustee has determined, or the Trust notifies the Trustee that the Trust 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 Trustee shall consider the acquisition of the related Series 2007-1 Certificates void and require that the related Series 2007-1 Certificates be transferred to a Person designated by the Trust.

(vi) The owner understands that the Class A Certificates, Class M Certificates and Class B Certificates will bear the applicable legend set forth in Exhibit A, M or B hereto.

(vii) Either (A) the owner is not acquiring such Series 2007-1 Certificate (or any interest therein) with the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, or an entity deemed to hold plan assets of any of the foregoing (each, a "Benefit Plan Investor") or (B) it is an insurance company purchasing such Series 2007-1 Certificate (or interest therein) with the assets of its general account and, at the time of acquisition and throughout the period of holding, (x) it satisfies all of the conditions of Prohibited Transaction Class Exemption 95-60; (y) less than 25% of the assets of the general account are or represent assets of Benefit Plan Investors; and (z) it is not (1) the issuer, (2) a person who has discretionary authority or control with respect to the assets of the trust or provides investment advice for a fee (direct or indirect) with respect to such assets, or (3) any affiliate of such a person, and would not otherwise be disregarded under 29 C.F.R. Section 2510.3-101(f)(1).

If the owner is a non-U.S. or governmental plan, its acquisition, holding and disposition of such Series 2007-1 Certificate (or interest therein) will not result in a non-exempt prohibited transaction under, or a violation of, any applicable law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code.

(viii) If such owner is acquiring the Class A Certificates, the Class M Certificates or the Class B Certificates in an "offshore transaction" (as defined in Regulation S), it acknowledges that such Series 2007-1 Certificates will initially be represented by the Regulation S Temporary Book-Entry Certificates and that transfers thereof or any interest or participation therein are restricted as described herein. It understands that the Temporary Regulation S Book-Entry Certificate will bear a legend to the following effect unless the Seller determines otherwise, consistent with applicable law:

"THIS GLOBAL CERTIFICATE IS A TEMPORARY GLOBAL CERTIFICATE FOR PURPOSES OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS TEMPORARY GLOBAL CERTIFICATE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR DELIVERED, EXCEPT AS PERMITTED UNDER THE SERIES 2007-1 SUPPLEMENT. NO BENEFICIAL OWNERS OF THIS TEMPORARY GLOBAL CERTIFICATE 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 2007-1 SUPPLEMENT."

(ix) If such owner is acquiring the Class A Certificates, the Class M Certificates or the Class B Certificates in an "offshore transaction" (as defined in Regulation S), the owner is aware that the sale of such Series 2007-1 Certificates to it is being made in reliance on the exemption from registration provided by Regulation S and understands that the Series 2007-1 Certificates offered in reliance on Regulation S under the Securities Act will be represented by one or more Regulation S Book-Entry Certificates and will bear the appropriate legends set forth in Exhibits A, B and C as applicable. The Series 2007-1 Certificates 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 Certificate may be offered, resold, pledged or otherwise transferred to a Person who takes delivery in the form of a Restricted Book-Entry Certificate, the transferor and the prospective transferee will be required to provide the Trustee with a written certification substantially in the form of Exhibit G-1 hereto as to compliance with the transfer restrictions.

(d) The transfers of the Class C Certificates and the Class D Certificates are subject to additional restrictions set forth in the Class C Purchase Agreement and the applicable Class D Purchase Agreement, respectively. Each of the Class C Certificates and the Class D Certificates are Subject Instruments subject to the transfer restrictions set forth in Section 6.3(e) of the Agreement. Notwithstanding Section 6.3 of the Agreement, Seller shall not execute, and the Transfer Agent and Registrar shall not register the transfer of, (i) any Class C Certificate, if after giving effect to the execution or transfer of such Class C Certificate, there would be more than 10 Private Holders of Class C Certificates or (ii) any Class D Certificate, if after giving effect to the execution or transfer of such Class D Certificate, there would be more than 5 Private Holders of Class D Certificates. For purposes of this Supplement and the Agreement, each Holder of a Class C Certificate or a Class D Certificate shall be a "Private Holder."

(e) If any Person owns either the Class D-1 Certificates or the Class D-2 Certificates, such Person may, upon written request to the Trustee and Transfer Agent and Registrar, exchange all or any portion of the Class D Certificates in one subclass owned by it for a principal amount of Class D Certificates in the other subclass equal to the principal amount of Class D Certificates surrendered to the Transfer Agent and Registrar for exchange. Upon any such exchange, the portion of the Class D Investor Interest attributable to one subclass shall be proportionately reduced based on the proportion that the outstanding principal amount of the Class D Certificates so exchanged bears to the outstanding principal amount of the Class D Certificates of such subclass before giving effect to the exchange, and the portion of the Class D Investor Interest attributable to the other subclass shall be increased by a corresponding amount.

The Trustee shall authenticate and deliver to each Person requesting such an exchange such new Class D-1 Certificates and Class D-2 Certificates as such Person shall be entitled to receive pursuant to this Section 16(e).

(f) Any purported transfer of a Series 2007-1 Certificate of the Trust not in accordance with the Agreement and Section 16 of this Supplement and, in the case of the Class C Certificates and Class D Certificates, in accordance with the Class C Purchase Agreement and the applicable Class D Purchase Agreement, respectively shall be null and void and shall not be given effect for any purpose hereunder.

(g) Notwithstanding anything contained in this Supplement to the contrary, neither the Trustee nor the Transfer Agent and Registrar shall be responsible or liable for compliance with applicable federal or state securities laws (including, without limitation, the Securities Act or Rule 144A or Regulation S promulgated thereunder), ERISA or the Code (or any applicable regulations thereunder); provided that if a specified transfer certificate or opinion of counsel is required by the express terms of the Agreement and Section 16 of this Supplement or, in the case of the Class C Certificates and Class D Certificates, the terms of the Class C Purchase Agreement and applicable Class D Purchase Agreement, respectively, to be delivered to the Trustee or Transfer Agent and Registrar prior to registration of transfer of a Series 2007-1 Certificate, the Trustee and/or Transfer Agent and Registrar, as applicable, shall be under a duty to receive such certificate or opinion of counsel and to examine the same to determine whether it conforms on its face to the requirements hereof and, in the case of the Class C Certificates and Class D Certificates, the requirements of the Class C Purchase Agreement and Class D Purchase Agreements, respectively, and the Trustee or Transfer Agent and Registrar, as the case may be, shall promptly notify the party delivering the same if it determines that such certificate or opinion does not so conform.

(h) If the Trustee determines or is notified by the Trust, the Seller or the Servicer that (i) a transfer or attempted or purported transfer of any interest in any Series 2007-1 Certificate was not consummated in compliance with the provisions of Section 16 of this Supplement on the basis of an incorrect form or certification from the transferee or purported transferee, (ii) a transferee failed to deliver to the Trustee any form or certificate required to be delivered hereunder, (iii) the holder of any interest in a Series 2007-1 Certificate 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 Trust to be deemed to be "plan assets" for purposes of ERISA, the 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") and the last preceding holder of such interest in such Series 2007-1 Certificate that was not a Disqualified Transferee shall be restored to all rights as a holder thereof retroactively to the date of transfer of such Series 2007-1 Certificate by such holder. The purported transferor of such Series 2007-1 Certificates or beneficial interest therein shall be required to cause the purported transferee to surrender the Series 2007-1 Certificates or any beneficial interest therein in return for a refund of the consideration paid therefor by such transferee (together with interest thereon) or to cause the purported transferee to dispose of such Series 2007-1 Certificates or beneficial interest promptly in one or more open market sales to one or more Persons each of whom satisfies the requirements of the Agreement and this Supplement and the legends on the Series 2007-1 Certificates, and such purported transferor shall take, and shall cause such transferee to take, all further action necessary or desirable, in the judgment of the Trustee, to ensure that such Series 2007-1 Certificates or any beneficial interest therein are held by Persons in compliance therewith.

In addition, the Trust may require that the interest in the Series 2007-1 Certificate referred to in (i), (ii) or (iii) in the preceding paragraph be transferred to any Person designated by the Trust at a price determined by the Trust, based upon its estimation of the prevailing price of such interest and each Holder, by acceptance of an interest in a Series 2007-1 Certificate, authorizes the Trust to take such action. In any case, neither the Trust nor the Trustee will be held responsible, other than the Trustee, to the extent of its obligations under Section 16(g) (but subject to Article XI)**,** for any losses that may be incurred as a result of any required transfer under this Section 16(h)**.**

(i) To the extent applicable to the Trust, the Trust shall comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56 (2001) (the "Patriot Act"). To the extent applicable to the Trust, the Trust shall impose additional transfer restrictions to comply with the Patriot Act and each Holder agrees to comply with such transfer restrictions. The Trust shall notify the Trustee and the Transfer Agent and Registrar of the imposition of any such transfer restrictions, and the Trustee shall give notice to all Holders of such transfer restrictions. In order to comply with U.S. laws and regulations, including the Patriot Act, the Trust may request from an owner or a prospective owner such information as it reasonably believes is necessary to verify the identity of such owner or prospective owner, and to determine whether such owner or

prospective owner is permitted to be an owner of the Series 2007-1 Certificates pursuant to such laws and regulations. In the event of the delay or failure by any owner or prospective owner of the Series 2007-1 Certificates to deliver to the Trust any such requested information, the Trust (or the Initial Purchaser, the Servicer or the Trustee on its behalf) may (i) require such owner to immediately transfer any Series 2007-1 Certificate, or beneficial interest therein, held by such owner to an owner meeting the requirements of this Supplement and the Agreement, (ii) refuse to accept the subscription of a prospective owner, or (iii) take any other action required to comply with such laws and regulations. In addition, following the delivery of any such information, the Trust (or the Initial Purchaser, the Servicer or the Trustee on its behalf) may take any of the actions identified in clauses (i)-(iii) above. In certain circumstances, the Trust, the Trustee, the Servicer or the Initial Purchaser may be required to provide information about owners to regulatory authorities and to take any further action as may be required by law. None of the Trust, the Trustee, the Servicer or the Initial Purchaser will be liable for any loss or injury to an owner or prospective owner that may occur as a result of disclosing such information, refusing to accept the subscription of any potential owner, redeeming any investment in a certificate or taking any other action required by law.

SECTION 17. Certain Amendments. In addition to any other provisions relating to amendments in either the Agreement or this Supplement:

(i) This Supplement may be amended by written agreement of the Seller, subject to satisfaction of the Rating Agency Condition but without the consent of the Servicer, Trustee or any Series 2007-1 Certificateholder, if such amendment is to the Series 2007-1 Supplement and is made to conform the terms of this Supplement to the terms described in any offering memorandum relating to the initial offer and sale of the Class A Certificates, Class M Certificates and Class B Certificates; provided, however, that no such amendment shall be deemed effective without the Trustee's consent, if the Trustee's rights, duties and obligations hereunder are thereby modified; and

(ii) None of Sections 4.9(a), 4.9(b), 4.9(c) and 4.11(t) of this Supplement may be amended in a manner that adversely affects the payment priority of the Hedge Counterparty, relative to the payment priority of the Certificateholders described in such Section, without the prior written consent of the Hedge Counterparty.

The Servicer shall provide notice to the Rating Agencies of the waiver of any Early Amortization Event with respect to Series 2007-1.

SECTION 18. Commercial Law Representations and Warranties of the Seller. The Seller hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of the Series 2007-1 Supplement. Such representations and warranties speak as of the date that the Collateral (as defined below) is transferred to the Trustee but shall not be waived by any of the parties to this Supplement unless each Rating Agency shall have notified the Seller, the Servicer and the Trustee in writing that such waiver will not result in a reduction or withdrawal of the rating of any outstanding Series or Class to which it is a Rating Agency.

(a) The Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in favor of the Trustee in the Receivables described in Section 2.1 of the Agreement (the "Collateral"), which security interest is prior to all other liens, and is enforceable as such against creditors of and purchasers from the Seller.

(b) The Collateral constitutes an "account" or a "general intangible" within the meaning of the applicable UCC.

(c) At the time of its transfer of the Collateral pursuant to the Agreement, the Seller owned and had good and marketable title to the Collateral free and clear of any lien, claim or encumbrance of any Person.

(d) The Seller has caused or will have caused, within ten (10) days of the initial execution of this Supplement, 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 in the Collateral granted to the Trustee pursuant to the Agreement.

(e) Other than the security interest granted to the Trustee pursuant to the Agreement, the Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed the Collateral. The Seller has not authorized the filing of and is not aware of any financing statements against the Seller that include a description of the Collateral other than any financing statement relating to the security interest granted to the Trustee pursuant to the Agreement or that has been terminated. The Seller is not aware of any judgment or tax lien filings against the Seller.

SECTION 19. Governing Law. THIS 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 20. Third Party Beneficiary. The Hedge Counterparty is an intended beneficiary of this Supplement; provided that any action to be taken to enforce the terms of Supplement against the Seller or the Servicer shall be taken by the Trustee for the benefit of the holders of the Series 2007-1 Certificates and the Hedge Counterparty as their interests appear.

IN WITNESS WHEREOF, the Seller, the Servicer and the Trustee have caused this Series 2007-1 Supplement to be duly executed by their respective officers as of the day and year first above written.

CHARMING SHOPPES RECEIVABLES CORP.,
Seller

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

SPIRIT OF AMERICA, INC.
Servicer

By: /s/ Kirk R. Simme
Name: Kirk R. Simme
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
Trustee

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

Exhibit 10.124

EXECUTION COPY

WFN CREDIT COMPANY, LLC
Transferor

WORLD FINANCIAL NETWORK NATIONAL BANK
Servicer

and

UNION BANK, N.A.
Trustee

on behalf of the Series 2009-VFC1 Holders

SERIES 2009-VFC1 SUPPLEMENT

Dated as of March 31, 2009

to

AMENDED AND RESTATED
POOLING AND SERVICING AGREEMENT

Dated as of January 30, 1998
(as amended and restated September 28, 2001 and
further amended as of April 7, 2004, March 23, 2005 and October 26, 2007, and, as modified by
a Trust Combination Agreement dated as of April 26, 2005)

WORLD FINANCIAL NETWORK CREDIT CARD MASTER TRUST III

Class A Asset-Backed Certificates, Series 2009-VFC1
Class M Asset-Backed Certificates, Series 2009-VFC1
Class B Asset-Backed Certificates, Series 2009-VFC1

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EXHIBITS

EXHIBIT A-1	Form of Class A Certificate
EXHIBIT A-2	Form of Class M Certificate
EXHIBIT A-3	Form of Class B Certificate
EXHIBIT B	Form of Monthly Payment Instructions and Notification to Trustee
EXHIBIT C	Form of Monthly Investor Holder’s Statement

This SERIES 2009-VFC1 SUPPLEMENT, dated as of March 31, 2009 (this "*Series Supplement*"), by and among WFN CREDIT COMPANY, LLC, a Delaware limited liability company, as Transferor ("*Transferor*"), WORLD FINANCIAL NETWORK NATIONAL BANK, a national banking association ("*WFN*"), as Servicer (in such capacity, "*Servicer*"), and UNION BANK, N.A. (formerly known as Union Bank of California, N.A., as successor to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), 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, and October 26, 2007 and as modified by a Trust Combination Agreement dated as of April 26, 2005, and as the same may be further amended from time to time (the "*Agreement*"), by and among Transferor, Servicer and Trustee.

Section 6.3 provides, among other things, that Transferor and 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 Transferor for the execution and redelivery to Trustee for authentication of one or more Series of Certificates.

Pursuant to this Series Supplement, the Transferor, the Servicer and the Trustee shall specify the Principal Terms of a new Series of Investor Certificates. The Transferor, the Servicer and the Trustee intend that the execution of this Series Supplement and each of the other Transaction Documents be effective contemporaneously with the delivery of the Certificates to the Transferor.

SECTION 1. *Designation; Ownership Interests*. (a) There is hereby created a Series of Investor Certificates to be issued pursuant to the Agreement and this Series Supplement and to be known as the "Series 2009-VFC1 Certificates." The Series 2009-VFC1 Certificates shall be composed of the Class A Certificates, the Class M Certificates and the Class B Certificates. Each of the Class A Certificates, the Class M Certificates and the Class B Certificates shall be a Variable Interest. The Class A Certificates shall be substantially in the form of Exhibit A-1, the Class M Certificates shall be substantially in the form of Exhibit A-2 and the Class B Certificates shall be substantially in the form of Exhibit A-3. The Class M Certificates and the Class B Certificates shall be Subject Certificates.

(b) Series 2009-VFC1 shall be included in Group One (as defined below). Series 2009-VFC1 shall not be subordinated to any other Series.

(c) The Class A Certificates may from time to time be divided into separate ownership interests (each, a "*Class A Ownership Interest*") which shall be identical in all respects, except for their respective Class A Maximum Funded Amounts, Class A Funded Amounts and certain matters relating to the rate and payment of interest. The initial allocation of Class A Certificates among Class A Ownership Interests shall be made, and reallocations among such Class A Ownership Interests or new Class A Ownership Interests may be made, as provided in *Section 4* of this Series Supplement and the Class A Certificate Purchase Agreement.

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. References to any Article or Section are references to

Articles or Sections of the Agreement, except as otherwise expressly provided. Unless otherwise specified herein, all capitalized terms not otherwise defined herein are defined in the Agreement or the Class A Certificate Purchase Agreement, as the context may require, and the interpretive provisions set out in *Section 1.2* apply to this Series Supplement. Each capitalized term defined herein relates only to the Investor Certificates and no other Series of Certificates issued by the Trust.

"*Additional Minimum Transferor Amount*" means (a) as of any date of determination falling in November, December and January of each calendar year, the product of (i) [_____] and (ii) the aggregate Principal Receivables and (b) as of any date of determination falling in any other month, zero; *provided* that the amount specified in clause (a) shall be without duplication with the amount specified as the "*Additional Minimum Transferor Amount*" in any future Supplement that specifies such an amount and indicates that such amount is without duplication of the amount specified in clause (a)). The Additional Minimum Transferor Amount is specified pursuant to *Section 17(h)* of this Series Supplement as an amount to be considered part of the Minimum Transferor Amount.

"*Aggregate Investor Default Amount*" means, as to any Monthly Period, the sum of the Investor Default Amounts in respect of such Monthly Period.

"*Aggregate Optional Amortization Amount*" means, as to any date of determination in any Monthly Period, the sum of any Optional Amortization Amount(s) scheduled to be distributed to one or more Investor Holders on or prior to the related Distribution Date (and which have not already been so distributed prior to that date of determination).

"*Applicable Percentage*" means, with respect to any Determination Date, if the Excess Spread Percentage averaged for the three Monthly Periods preceding such Determination Date is greater than the percentage (if any) set forth in the middle column below and less than or equal to the percentage (if any) set forth in the left column below, an amount equal to the percentage set forth opposite such percentage in the right-hand column below:

"*Available Cash Collateral Amount*" means, with respect to any Transfer Date, the lesser of (a) the amount on deposit in the Cash Collateral Account on such date (such amount calculated before giving effect to any deposit to, or withdrawal from the Cash Collateral Account to be made with respect to such date) and (b) the Required Cash Collateral Amount as of such Transfer Date.

"*Available Funds*" means, as to any Monthly Period, an amount equal to the sum of (a) Collections of Finance Charge Receivables allocated to the Investor Certificates and deposited into the Finance Charge Account for such Monthly Period (or to be deposited in the Finance Charge Account on the related Transfer Date with respect to the preceding Monthly Period pursuant to *Section 4.3(a)*), including, without duplication the Investor Interchange Amount for such Monthly Period, (b) the interest and earnings in the Cash Collateral Account to be treated as Collections of Finance Charge Receivables pursuant to *Section 4.17* on the related Transfer Date and (c) the Excess Finance Charge Collections, if any, allocated to the Investor Certificates pursuant to *Section 4.5* on the Distribution Date related to such Transfer Date.

"*Available Investor Principal Collections*" means, as to any Monthly Period, an amount equal to (a) the Investor Principal Collections for such Monthly Period, *minus* (b) the amount of Reallocated Principal Collections with respect to such Monthly Period which, pursuant to *Section 4.14*, are required to fund the Class A Required Amount and the Class M Required Amount, *plus* (c) the amount of Shared Principal Collections with respect to Group One that are allocated to Series 2009-VFC1 in accordance with *Section 4.15(b)*; *minus* (d) any portion of the above applied to an Optional Amortization Amount pursuant to Section 4(b) of this Series Supplement for such Monthly Period.

"*Available Shared Principal Collections*" means Shared Principal Collections held in the Collection Account that are available to be applied to cover any Optional Amortization Amount in accordance with *Section 4.4*.

"*Base Rate*" means, as to any Monthly Period, the annualized percentage (based on actual days during the related Monthly Period, and a 360-day year) equivalent of a fraction, the numerator of which is equal to the sum of the Class A Monthly Interest, the Class M Monthly Interest, the Class B Monthly Interest, the Class A Non-Use Fee and any Class A Senior Additional Amounts, each for the related Distribution Period, and the Investor Servicing Fee with respect to such Monthly Period and the denominator of which is the Weighted Average Invested Amount during such Monthly Period.

"*Breakage Payment*" is defined in *Section 4.8(d)*.

"*Business Day*" means any "Business Day" (as defined in the Agreement) other than a day on which dealings in U.S. Dollar deposits are not carried out on the London InterBank Market.

"*Cash Collateral Account*" is defined in *Section 4.17(a)*.

"*Cash Collateral Account Property*" is defined in *Section 4.17(a).*

"*Certificate Purchase Agreement*" means, as the context requires, (i) the Class A Certificate Purchase Agreement, the Class B Certificate Purchase Agreement and the Class M Certificate Purchase Agreement or (ii) any of the foregoing.

"*Change in Control*" means the failure of Holding to own, directly or indirectly, 100% of the outstanding shares of common stock (excluding directors' qualifying shares) of WFN.

"*Class A Additional Amounts*" is defined in *Section 4.8(b).*

"*Class A Certificate*" means a certificate substantially in the form of *Exhibit A-1* executed by the Transferor and authenticated by the Trustee to be a Class A Asset-Backed Certificate, Series 2009-VFC1.

"*Class A Certificate Purchase Agreement*" means the Class A Certificate Purchase Agreement dated as of the Closing Date among Transferor, Servicer and each of the Class A Holders, as supplemented by the Class A Fee Letter, as referred to (and defined) therein, and as the same may be amended or otherwise modified from time to time. The Class A Certificate Purchase Agreement is hereby designated a "Transaction Document" for all purposes of the Agreement and this Series Supplement.

"*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* twelve.

"*Class A Controlled Amortization Shortfall*" means, with respect to any Transfer Date during the Class A Controlled Amortization Period, the excess, if any, of the Class A Controlled Payment Amount for such Transfer Date over the amounts distributed pursuant to *Section 4.11(c)(i)* with respect to the Class A Holders for such Transfer Date.

"*Class A Controlled Payment Amount*" means, with respect to any Transfer Date during the Controlled Amortization Period, the sum of (a) the Class A Controlled Amortization Amount for such Transfer Date and (b) any Class A Controlled Amortization Shortfall from the immediately preceding Transfer Date, *provided* that (a) Transferor may designate any amount greater than the foregoing as the Class A Controlled Payment Amount upon five Business Days' notice to the Investor Holders prior to the related Transfer Date and (b) in no event will the Class A Controlled Payment Amount exceed the Class A Invested Amount.

"*Class A Fixed Allocation Percentage*" means, for any Monthly Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, (a) the numerator of which is the Class A Invested Amount as of the close of business on the last day of the Revolving Period and (b) the denominator of which is equal to the Invested Amount as of the close of business on the last day of the Revolving Period.

"*Class A Floating Allocation Percentage*" means, for any Monthly Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class A Invested Amount as of the close of business on the last day of the preceding Monthly Period; and

(b) the denominator of which is equal to the Invested Amount as of the close of business on the last day of the preceding Monthly Period;

provided that with respect to any Monthly Period in which a Reset Date occurs:

(x) if such Reset Date is the result of an Incremental Funding or the issuance of a new Series, the numerator determined pursuant to *clause (a)* shall be (1) the Class A Invested Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Class A Invested Amount as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); and

(y) if such Reset Date is the result of an Incremental Funding or the issuance of a new Series, the denominator determined pursuant to *clause (b)* shall be (1) the Invested Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Invested Amount as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date);

provided further that, for purposes of this definition, with respect to the first Monthly Period, the Closing Date shall be treated as the last day of the preceding Monthly Period.

"*Class A Funded Amount*" means, on any Business Day, an amount equal to the result of (a) $243,100,000, plus (b) the aggregate amount of all Class A Incremental Funded Amounts for all Class A Incremental Fundings occurring on or prior to that Business Day, *minus* (c) the aggregate amount of principal payments made to Class A Holders prior to such date. As applied to any particular Class A Certificate, the "Class A Funded Amount" means the portion of the overall Class A Funded Amount represented by that Class A Certificate. The Class A Funded Amount shall be allocated among the Class A Ownership Interests as provided in the Class A Certificate Purchase Agreement.

"*Class A Funding Agent*" is defined in the Class A Certificate Purchase Agreement.

"*Class A Funding Tranche*" is defined in *Section 4.8(a)*.

"*Class A Holder*" means a Person in whose name a Class A Certificate is registered in the Certificate Register.

"*Class A Incremental Funded Amount*" means the amount of the increase in the Class A Funded Amount occurring as a result of any Class A Incremental Funding, which amount shall equal the aggregate amount of the purchase price paid by the Class A Holders with respect to that Class A Incremental Funding pursuant to the Class A Certificate Purchase Agreement.

"*Class A Incremental Funding*" means any increase in the Class A Funded Amount during the Revolving Period made pursuant to the Class A Certificate Purchase Agreement.

"*Class A Invested Amount*" means, on any date of determination, an amount equal to (a) the Class A Funded Amount on that date, *minus* (b) the excess, if any, of the aggregate amount of Class A Investor Charge-Offs pursuant to *Section 4.12(a)* over Class A Investor Charge-Offs reimbursed pursuant to *Section 4.11(a)(viii)* prior to such date of determination; provided that the Class A Invested Amount may not be reduced below zero.

"*Class A Investor Allocation Percentage*" means, for any Monthly Period, (a) with respect to Default Amounts and Finance Charge Receivables at any time and Principal Receivables during the Revolving Period, the Class A Floating Allocation Percentage and (b) with respect to Principal Receivables during a Fixed Allocation Period, the Class A Fixed Allocation Percentage.

"*Class A Investor Charge-Off*" is defined in *Section 4.12(a)*.

"*Class A Investor Default Amount*" means, as to each Transfer Date, an amount equal to the sum for all days during the related Monthly Period of the product of (a) the Investor Default Amount for such day and (b) the Class A Floating Allocation Percentage applicable on such day.

"*Class A Maximum Funded Amount*" means $550,000,000, as such amount may be increased or decreased from time to time pursuant to *Section 6* of this Series Supplement. As applied to any particular Class A Certificate, the "Class A Maximum Funded Amount" means the portion of the overall Class A Maximum Funded Amount represented by that Class A Certificate.

"*Class A Monthly Interest*" is defined in *Section 4.10(a).*

"*Class A Monthly Principal*" is defined in *Section 4.9(a)*.

"*Class A Non-Use Fee*" is defined in *Section 4.8(b).*

"*Class A Ownership Interest*" is defined in *Section 1(c)* of this Series Supplement.

"*Class A Required Amount*" is defined in *Section 4.10(a).*

"*Class A Senior Additional Amounts*" is defined in *Section 4.8(b).*

"*Class A Subordinate Additional Amounts*" is defined in *Section 4.8(b).*

"*Class B Certificate*" means a certificate substantially in the form of *Exhibit A-3* executed by the Transferor and authenticated by the Trustee to be a Class B Asset-Backed Certificate, Series 2009-VFC1.

"*Class B Certificate Purchase Agreement*" means the Class B Certificate Purchase Agreement dated as of the Closing Date among Transferor, Servicer and the Class B Holders, and as the same may be amended or otherwise modified from time to time. The Class B Certificate Purchase Agreement is hereby designated a "Transaction Document" for all purposes of the Agreement and this Series Supplement.

"*Class B Fixed Allocation Percentage*" means, for any Monthly Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, (a) the numerator of which is the Class B Invested Amount as of the close of business on the last day of the Revolving Period and (b) the denominator of which is equal to the Invested Amount as of the close of business on the last day of the Revolving Period.

"*Class B Floating Allocation Percentage*" means, for any Monthly Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class B Invested Amount as of the close of business on the last day of the preceding Monthly Period; and

(b) the denominator of which is equal to the Invested Amount as of the close of business on the last day of the preceding Monthly Period;

provided that with respect to any Monthly Period in which a Reset Date occurs:

(x) if such Reset Date is the result of an Incremental Funding or the issuance of a new Series, the numerator determined pursuant to *clause (a)* shall be (1) the Class B Invested Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Class B Invested Amount as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); and

(y) if such Reset Date is the result of an Incremental Funding or the issuance of a new Series, the denominator determined pursuant to *clause (b)* shall be (1) the Invested Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Invested Amount as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date);

provided further that, with respect to the first Monthly Period, the Closing Date shall be treated as the last day of the preceding Monthly Period.

"*Class B Funded Amount*" means, on any Business Day, an amount equal to the result of (a) $46,667, 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 Holder*" means a Person in whose name a Class B Certificate is registered in the Certificate Register.

"*Class B Incremental Funded Amount*" means the amount of the increase in the Class B Funded Amount occurring as a result of any Class B Incremental Funding, which amount shall equal the aggregate amount of the purchase price paid by the Class B Holders with respect to that Class B Incremental Funding pursuant to the Class B Certificate Purchase Agreement.

"*Class B Incremental Funding*" means any increase in the Class B Funded Amount during the Revolving Period made pursuant to the Class B Certificate Purchase Agreement.

"*Class B Invested Amount*" means, on any date of determination, an amount equal to (a) the Class B Funded Amount on that date, *minus* (b) the excess, if any, of the aggregate amount of Class B Investor Charge-Offs pursuant to *Section 4.12(c)* over Class B Investor

Charge-Offs reimbursed pursuant to *Section 4.11(a)(xii)* prior to such date of determination; provided that the Class B Invested Amount may not be reduced below zero.

"*Class B Investor Allocation Percentage*" means, for any Monthly Period, (a) with respect to Default Amounts and Finance Charge Receivables at any time and Principal Receivables during the Revolving Period, the Class B Floating Allocation Percentage and (b) with respect to Principal Receivables during a Fixed Allocation Period, the Class B Fixed Allocation Percentage.

"*Class B Investor Charge-Off*" is defined in *Section 4.12(c).*

"*Class B Investor Default Amount*" means, as to each Transfer Date, an amount equal to the sum for all days during the related Monthly Period of the product of (a) the Investor Default Amount for such day and (b) the Class B Floating Allocation Percentage applicable on such day.

"*Class B Maximum Funded Amount*" means $46,666,667, as such amount may be increased or decreased from time to time pursuant to *Section 6* of this Series Supplement.

"*Class B Monthly Interest*" is defined in *Section 4.10(e).*

"*Class B Monthly Principal*" is defined in *Section 4.9(c).*

"*Class B Reallocated Principal Collections*" means, with respect to any Transfer Date, Collections of Principal Receivables allocable to the related Monthly Period applied in accordance with *Section 4.14* on such Transfer Date in an amount not to exceed the aggregate amount of Collections allocated to the Investor Certificates pursuant to *Sections 4.7(a)(ii)*, *(b)(ii)* and *(c)(ii)* during the Monthly Period relating to such Transfer Date; provided that such amount shall not exceed the Class B Invested Amount after giving effect to any Class B Charge-Offs for such Transfer Date.

"*Class B Required Amount*" is defined in *Section 4.10(e).*

"*Class M Certificate*" means a certificate substantially in the form of *Exhibit A-2* executed by the Transferor and authenticated by the Trustee to be a Class M Asset-Backed Certificate, Series 2009-VFC1.

"*Class M Certificate Purchase Agreement*" means the Class M Certificate Purchase Agreement dated as of the Closing Date among Transferor, Servicer and the Class M Holders, and as the same may be amended or otherwise modified from time to time. The Class M Certificate Purchase Agreement is hereby designated a "Transaction Document" for all purposes of the Agreement and this Series Supplement.

"*Class M Fixed Allocation Percentage*" means, for any Monthly Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, (a) the numerator of which is the Class M Invested Amount as of the close of business on the last day of the Revolving Period and (b) the denominator of which is equal to the Invested Amount as of the close of business on the last day of the Revolving Period.

"*Class M Floating Allocation Percentage*" means, for any Monthly Period, the percentage equivalent (which percentage shall never exceed 100%) of a fraction:

(a) the numerator of which is the Class M Invested Amount as of the close of business on the last day of the preceding Monthly Period; and

(b) the denominator of which is equal to the Invested Amount as of the close of business on the last day of the preceding Monthly Period;

provided that with respect to any Monthly Period in which a Reset Date occurs:

(x) if such Reset Date is the result of an Incremental Funding or the issuance of a new Series, the numerator determined pursuant to *clause (a)* shall be (1) the Class M Invested Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Class M Invested Amount as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); and

(y) if such Reset Date is the result of an Incremental Funding or the issuance of a new Series, the denominator determined pursuant to *clause (b)* shall be (1) the Invested Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Invested Amount as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date);

provided further that, with respect to the first Monthly Period, the Closing Date shall be treated as the last day of the preceding Monthly Period.

"*Class M Funded Amount*" means, on any Business Day, an amount equal to the result of (a) $70,000,000, plus (b) the aggregate amount of all Class M Incremental Funded Amounts for all Class M Incremental Fundings occurring on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to the Class M Holders prior to such date.

"*Class M Holder*" means a Person in whose name a Class M Certificate is registered in the Certificate Register.

"*Class M Incremental Funded Amount*" means the amount of the increase in the Class M Funded Amount occurring as a result of any Class M Incremental Funding, which amount shall equal the aggregate amount of the purchase price paid by the Class M Holders with respect to that Class M Incremental Funding pursuant to the Class M Certificate Purchase Agreement.

"*Class M Incremental Funding*" means any increase in the Class M Funded Amount during the Revolving Period made pursuant to the Class M Certificate Purchase Agreement.

"*Class M Invested Amount*" means, on any date of determination, an amount equal to (a) the Class M Funded Amount on that date, *minus* (b) the excess, if any, of the aggregate amount of Class M Investor-Charge Offs pursuant to *Section 4.12(b)* over Class M Investor Charge-Offs reimbursed pursuant to *Section 4.11(a)(x)* prior to such date of determination; provided that the Class M Invested Amount may not be reduced below zero.

"*Class M Investor Allocation Percentage*" means, for any Monthly Period, (a) with respect to Default Amounts and Finance Charge Receivables at any time and Principal Receivables during the Revolving Period, the Class M Floating Allocation Percentage and (b) with respect to Principal Receivables during a Fixed Allocation Period, the Class M Fixed Allocation Percentage.

"*Class M Investor Charge-Off*" is defined in Section 4.12(b).

"*Class M Investor Default Amount*" means, as to each Transfer Date, an amount equal to the sum for all days during the related Monthly Period of the product of (a) the Investor Default Amount for such day and (b) the Class M Floating Allocation Percentage applicable on such day.

"*Class M Maximum Funded Amount*" means $70,000,000, as such amount may be increased or decreased from time to time pursuant to *Section 6* of this Series Supplement.

"*Class M Monthly Interest*" is defined in *Section 4.10(c).*

"*Class M Monthly Principal*" is defined in *Section 4.9(b).*

"Class M Reallocated Principal Collections" means, with respect to any Transfer Date, Collections of Principal Receivables allocable to the related Monthly Period applied in accordance with *Section 4.14* on such Transfer Date in an amount not to exceed the aggregate amount of Collections allocated to the Investor Certificates pursuant to *Sections 4.7(a)(iii), (b)(iii) and (c)(iii)* during the Monthly Period relating to such Transfer Date; provided that such amount shall not exceed the Class M Invested Amount after giving effect to any Class M Charge-Offs for such Transfer Date.

"*Class M Required Amount*" is defined in *Section 4.10(c).*

"*Closing Date*" means March 31, 2009.

"*Conduit Downgrade Event*" means, as to any action, the confirmation from each rating agency that maintains a rating on the commercial paper notes issued by any Purchaser of the Class A Notes that such action will cause a downgrade or withdrawal of such ratings or cause such commercial paper to be put on credit watch with negative implications by any such rating agencies.

"*Controlled Amortization Period*" means, unless an Early Amortization Event shall have occurred prior thereto, the period commencing at the close of business on the Purchase Commitment Expiration Date and ending on the earlier to occur of (a) the commencement of the Early Amortization Period, and (b) the Series 2009-VFC1 Termination Date; *provided* that Transferor may, by five Business Days' prior written notice to Trustee and each Investor Holder (and so long as the Early Amortization Period has not begun), cause the Controlled Amortization Period to begin on any date earlier than the date otherwise specified above.

"*Cumulative Principal Shortfall*" means the sum of the Principal Shortfalls (as such term is defined in each of the related Series Supplements) for each Series in Group One.

"*Day Count Fraction*" means, as to any Class A Ownership Interest or Class A Funding Tranche for any Distribution Period, a fraction (a) the numerator of which is the number of days in that Distribution Period (or, if less, the number of days during that Distribution Period during which that Class A Ownership Interest or Class A Funding Tranche was outstanding, including the first, but excluding the last, such day) and (b) the denominator of which is the actual number of days in the related calendar year (or, if so specified in the Class A Certificate Purchase Agreement, 360).

"*Default Amount*" means, as to any Defaulted Account, the amount of Principal Receivables (other than Ineligible Receivables, unless there is an Insolvency Event with respect to Transferor) in such Defaulted Account on the day it became a Defaulted Account.

"*Defaulted Account*" means an Account in which there are Defaulted Receivables.

"*Dilution*" means any downward adjustment made by Servicer in the amount of any Receivable (a) because of a rebate, refund, unauthorized charge or billing error to an accountholder, (b) because such Receivable was created in respect of merchandise which was refused or returned by an accountholder or (c) for any other reason other than receiving Collections therefor or charging off such amount as uncollectible.

"*Dilution Ratio*" means, for any Determination Date, the percentage equivalent of a fraction (A) the numerator of which is the aggregate amount of Dilution for the related Monthly Period (B) the denominator of which is the total Receivables as of the last day of the Monthly Period immediately prior to the Monthly Period related to such Determination Date; *provided* that the Dilution Ratios for the Determination Dates related to the February 2009 and March 2009 Monthly Periods shall be deemed to equal the Dilution Ratios (as defined in the Series 2005-VFC Supplement to the Agreement) related to the February 2009 and March 2009 Monthly Periods.

"*Distribution Account*" is defined in *Section 4.16(a).*

"*Distribution Date*" means May 15, 2009 and the fifteenth day of each calendar month thereafter, or if such fifteenth day is not a Business Day, the next succeeding Business Day.

"*Distribution Period*" means, with respect to any Distribution Date, the related Accrual Period (as defined in the Class A Certificate Purchase Agreement).

"*Early Amortization Commencement Date*" means the date on which an Early Amortization Event is deemed to occur pursuant to *Section 9.1* or an Early Amortization Event is deemed to occur pursuant to Section 10 of this Series Supplement.

"*Early Amortization Period*" means the period commencing on the Early Amortization Commencement Date and ending on the Series 2009-VFC1 Termination Date.

"*Excess Spread Percentage*" means, for any Monthly Period, a percentage equal to the Portfolio Yield for each Monthly Period minus the Base Rate for such Monthly Period; *provided* that the Excess Spread Percentages for the February 2009 Monthly Period and the Excess Spread Percentage for the March 2009 Monthly Period shall be deemed to equal the Excess Spread Percentages (as defined in the Series 2005-VFC Supplement to the Agreement) related to the February 2009 and March 2009 Monthly Periods.

"*Finance Charge Account*" is defined in *Section 4.16(a)*.

"*Finance Charge Shortfall*" means, for Series 2009-VFC1 with respect to any Transfer Date, an amount equal to the excess, if any, of (a) the sum of the amounts specified in *subsections 4.11(a)(i) through (xvii)* for that Transfer Date over (b) Available Funds (excluding Excess Finance Charge Collections) with respect to such Transfer Date.

"*Fixed Allocation Percentage*" means, with respect to any Monthly Period, the percentage equivalent of a fraction (a) the numerator of which is the Invested Amount as of the close of business on the last day of the Revolving Period and (b) the denominator of which is the greater of (i) the aggregate amount of Principal Receivables in the Trust determined as of the close of business on (A) if only one Series is outstanding the last day of the Revolving Period and (B) if more than one Series is outstanding, the last day of the prior Monthly Period and (ii) the sum of the numerators used to calculate the Investor Percentages for allocations with respect to Principal Receivables for all outstanding Series on such date of determination; provided that with respect to any Monthly Period in which a Reset Date occurs, (x) the denominator determined pursuant to *subclause (b)(i)* shall be (1) the aggregate amount of Principal Receivables in the Trust as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the aggregate amount of Principal Receivables in the Trust as of the close of business on such Reset Date, for the period from and including such Reset Date to the later of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date) and (y) the denominator determined pursuant to *subclause (b)(ii)* shall be (1) the sum of the numerators used to calculate the Investor Percentages for allocations with respect to Principal Receivables for all outstanding Series as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the sum of the numerators used to calculate the Investor Percentages for allocations with respect to Principal Receivables for all outstanding 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 Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date).

"*Fixed Allocation Period*" means the Controlled Amortization Period or the Early Amortization Period.

"*Fixed Period*" is defined in *Section 4.8(a).*

"*Floating Allocation Percentage*" means, with respect to any Monthly Period, the percentage equivalent of a fraction:

(a) the numerator of which is the Invested Amount as of the close of business on the last day of the preceding Monthly Period; and

(b) the denominator of which is the greater of (i) the aggregate amount of Principal Receivables as of the close of business on the last day of the preceding Monthly Period and (ii) the sum of the numerators used to calculate the Investor Percentages for allocations with respect to Finance Charge Receivables, Default Amounts or Principal Receivables, as applicable, for all outstanding Series on such date of determination in *subclause (b)(i);*

provided that with respect to any Monthly Period in which a Reset Date occurs:

(x) if such Reset Date is the result of an Incremental Funding or the issuance of a new Series, the numerator determined pursuant to clause (a) shall be (1) the Invested Amount as of the close of business on the later of the last day of the preceding Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the Invested Amount as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date);

(y) the denominator determined pursuant to *subclause (b)(i)* shall be (1) the aggregate amount of Principal Receivables in the Trust as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the period from and including the first day of the current Monthly Period or preceding Reset Date, as applicable, to but excluding such Reset Date and (2) the aggregate amount of Principal Receivables in the Trust as of the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); and

(z) the denominator determined pursuant to subclause (b)(ii) shall be (1) the sum of the numerators used to calculate the Investor Percentages for all outstanding Series for allocations with respect to Finance Charge Receivables, Defaulted Receivables or Principal Receivables, as applicable, for all such Series as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, for the

period from and including the first day of the current Monthly 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 Percentages for all outstanding Series for allocations with respect to Finance Charge Receivables, Defaulted Receivables or Principal Receivables, as applicable, for all such Series as the close of business on such Reset Date, for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date).

provided further that, with respect to the first Monthly Period, the Closing Date shall be treated as the last day of the preceding Monthly Period.

"*Funded Amount*" means, as the context requires, (i) the Class A Funded Amount, the Class M Funded Amount and the Class B Funded Amount or (ii) any of the foregoing.

"*Group One*" means Series 2009-VFC1 and each other Series specified in the related Supplement to be included in Group One.

"*Holding*" means Alliance Data Systems Corporation, a Delaware corporation.

"*Incremental Funding*" means any increase in the Class A Funded Amount, Class M Funded Amount or the Class B Funded Amount during the Revolving Period made pursuant to the applicable Certificate Purchase Agreement.

"*Initial Spread Account Deposit Amount*" shall mean $[_____].

"*Invested Amount*" means, on any date of determination, an amount equal to the sum of (a) the Class A Invested Amount, (b) the Class M Invested Amount and (c) the Class B Invested Amount, each as of such date.

"*Investment Earnings*" means, with respect to any Transfer Date, all interest and earnings on Eligible Investments included in the Spread Account (net of losses and investment expenses) during the Monthly Period immediately preceding such Transfer Date.

"*Investor Certificates*" means the Class A Certificates, the Class M Certificates and the Class B Certificates.

"*Investor Default Amount*" means, with respect to any Defaulted Account, an amount equal to the product of (a) the Default Amount and (b) the Floating Allocation Percentage on the day such Account became a Defaulted Account.

"*Investor Holder*" means any Class A Holder, any Class M Holder or any Class B Holder.

"*Investor Percentage*" means, for any Monthly Period, (a) with respect to Finance Charge Receivables and Default Amounts at any time and Principal Receivables during the Revolving Period, the Floating Allocation Percentage and (b) with respect to Principal Receivables during a Fixed Allocation Period, the Fixed Allocation Percentage.

"*Investor Principal Collections*" means, with respect to any Monthly Period, the sum of (a) the aggregate amount allocated to the Investor Holders for such Monthly Period pursuant to *Sections 4.7(a)(ii), (iii) and (iv), 4.7(b)(ii), (iii) and (iv)* and *4.7(c)(ii), (iii) and (iv)*, in each case, as applicable to such Monthly Period, (b) the aggregate amount to be treated as Investor Principal Collections pursuant to *Sections 4.11(a)(vii) through (xii)* for such Monthly Period, and (c) the aggregate amount transferred from the Excess Funding Account to the Distribution Account pursuant to *Sections 4.2* and *4.11(c)*.

"*Investor Servicing Fee*" is defined in *Section 3* of this Series Supplement.

"*Majority Series Holders*" means (i) at any time that any Class A Note is Outstanding, the Class A Funding Agents for Ownership Groups (as defined in the Class A Certificate Purchase Agreement) having Ownership Group Purchase Limits (as defined in the Class A Certificate Purchase Agreement) evidencing more than 50% of the Class A Maximum Funded Amount, and (ii) if there are no Class A Notes Outstanding, Investor Holders evidencing more than 50% of the Invested Amount.

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

"*Monthly Deposit Period*" means any period of time during which any of the following is true: (a) WFN maintains a short term debt rating of A-1 or better by S&P, P-1 by Moody's and, if rated by Fitch, F1 by Fitch (or such other rating below A-1, P-1 or F1, as the case may be, which satisfies the Rating Agency Condition); or (b) WFN has provided to Trustee a letter of credit covering collection risk of Servicer that satisfies the Rating Agency Condition.

"*Monthly Period*" is defined in the Agreement, except that the first Monthly Period begins on and includes the Closing Date and ends on and includes April 30, 2009.

"*Optional Amortization Amount*" is defined in *Section 4(b)* of this Series Supplement.

"*Optional Amortization Date*" is defined in *Section 4(b)* of this Series Supplement.

"*Optional Amortization Funds*" means funds deposited into the Principal Account on account of any Unfunded Optional Amortization Amount pursuant to *Section 4.7(a)(iv)* or *4.7(b)(iv)*.

"*Optional Amortization Notice*" is defined in *Section 4(b)* of this Series Supplement.

"*Portfolio Yield*" means, with respect to any Monthly Period, the annualized percentage (based on actual days during the related Monthly Period, and a 360-day year) equivalent of a fraction, the numerator of which is the sum of (a) an amount equal to the amount of Collections of Finance Charge Receivables allocated to the Investor Certificates for such Monthly Period pursuant to Section 4.7 such amount to be calculated on a cash basis after subtracting the Aggregate Investor Default Amount for such Monthly Period and (b) interest and earnings on the Series Accounts to be treated as Collections of Finance Charge Receivables allocable to the Investor Certificates on the Transfer Date related to such Monthly Period and the denominator of which is the Weighted Average Invested Amount during such Monthly Period.

"*Principal Account*" is defined in *Section 4.16(a).*

"*Principal Shortfall*" means, for Series 2009-VFC1 with respect to any Transfer Date, the excess, if any, of (a) (i) with respect to any Transfer Date relating to the Controlled Amortization Period, the sum of (A) the Aggregate Optional Amortization Amount and (B) the Class A Controlled Payment Amount for such Transfer Date, (ii) with respect to any Transfer Date during the Early Amortization Period, the Invested Amount and (iii) with respect to any Transfer Date relating to the Revolving Period, the Aggregate Optional Amortization Amount over (b) the Investor Principal Collections, *minus* Reallocated Principal Collections.

"Purchase Commitment Expiration Date" is defined in the Class A Certificate Purchase Agreement.

"*Rating Agency*" means DBRS, Inc. and Fitch Ratings.

"*Rating Agency Condition*" shall mean for purposes of this Series Supplement and the Agreement with respect to Series 2009-VFC1 the consent of the Class A Holders and confirmation from each Rating Agency that such action will not result in a reduction or withdrawal of the then current ratings of the Class M Certificates and the Class B Certificates.

"*Reallocated Principal Collections*" means, with respect to any Transfer Date the sum of the Class M Reallocated Principal Collections and Class B Reallocated Principal Collections for such Transfer Date.

"*Record Date*" means, for purposes of Series 2009-VFC1 with respect to any Distribution Date or Optional Amortization Date, the date falling five Business Days prior to such date.

"*Refinancing Date*" is defined in *Section 4(c)* of this Series Supplement.

"*Required Cash Collateral Amount*" means, with respect to any date of determination (a) as of the Closing 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 [RESERVED] on such date of determination.

"*Required Draw Amount*" is defined in *Section 4.17(c)*.

"*Required Retained Transferor Percentage*" means, for purposes of Series 2009-VFC1, at any time, [_____]. So long as Series 2009-VFC1 remains outstanding, the phrase "[_____] or, if less," shall be deemed to have been deleted from the definition of "Required Retained Transferor Percentage" in the Agreement.

"*Reset Date*" means each of (a) an Addition Date relating to Supplemental Accounts, (b) a Removal Date on which, if any Series has been paid in full, Principal Receivables in an aggregate amount approximately equal to the initial investor interest of such Series are removed from the Trust, (c) a date on which an Incremental Funding occurs, (d) any date on which a new Series is issued and (e) any date on which the outstanding balance of any Variable Interest is increased.

"*Revolving Period*" means the period from and including the Closing Date to, but not including, the earlier of (a) the day the Controlled Amortization Period commences and (b) the Early Amortization Commencement Date.

"*Scheduled Final Payment Date*" means the Distribution Date falling in the twelfth month following the month in which the Controlled Amortization Period begins.

"*Series Account*" means, as to Series 2009-VFC1, the Distribution Account, the Finance Charge Account, the Principal Account, the Cash Collateral Account and the Spread Account.

"*Series 2009-VFC1*" means the Series of the World Financial Network Credit Card Master Trust III represented by the Investor Certificates.

"*Series 2009-VFC1 Termination Date*" means the earliest to occur of (a) the Distribution Date falling in a Fixed Allocation Period on which the Invested Amount is paid in full, (b) the termination of the Trust pursuant to the Agreement and (c) the Distribution Date on or closest to the date falling 36 months after the end of the Revolving Period.

"*Series Servicing Fee Percentage*" means 2.0%.

"*Shared Principal Collections*" means, as the context requires, either (a) the amount allocated to the Investor Certificates which may be applied to the Principal Shortfall (as such term is defined in the Agreement) with respect to other outstanding Series in Group One or (b) the amounts allocated to the investor certificates of other Series in Group One which the applicable Supplements for such Series specify are to be treated as "Shared Principal Collections" and which may be applied to cover the Principal Shortfall with respect to the Investor Certificates.

"*Specified Transferor Amount*" means, at any time, the Minimum Transferor Amount (including the Additional Minimum Transferor Amount, if any) at that time.

"*Spread Account*" is defined in *Section 4.20*.

"*Spread Account Amount*" shall mean, as of any date, an amount equal to the amount on deposit in the Spread Account (exclusive of Investment Earnings) on such date, after giving effect to all deposits, transfers and withdrawals from the Spread Account on such date.

"*Spread Account Cap*" with respect to any date of determination, shall mean the lesser of (a) the Class B Invested Amount on such date and (b) the result obtained by multiplying the sum of the Class A Invested Amount, the Class M Invested Amount and the Class B Invested Amount by the Applicable Percentage in effect on such date.

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"*Target Amount*" is defined in *Section 4.7(d)*.

"*Unfunded Optional Amortization Amount*" means, at any time, the excess, if any, of the (1) the Aggregate Optional Amortization over (2) the amount on deposit in the Principal Account which was deposited there pursuant to *Section 4.7(a)(iv)* or *4.7(b)(iv)*.

"*Weighted Average Class A Funded Amount*" means, as to any Class A Ownership Interest (or Class A Funding Tranche) for any Distribution Period, the quotient of (a) the summation of the portion of the Class A Funded Amount allocated to that Class A Ownership Interest (or Class A Funding Tranche) determined as of each day in that Distribution Period, divided by (b) the number of days in that Distribution Period.

"*Weighted Average Class A Invested Amount*" means, for any Monthly Period, the quotient of (a) the summation of the Class A Invested Amount determined as of each day in that Monthly Period, divided by (b) the number of days in that Monthly Period.

"*Weighted Average Invested Amount*" means, for any Monthly Period, the quotient of (a) the summation of the Invested Amount determined as of each day in that Monthly Period, *divided by* (b) the number of days in that Monthly Period.

SECTION 3. *Servicing Fee*. The share of the Servicing Fee allocable to Series 2009-VFC1 with respect to any Transfer Date (the "*Investor Servicing Fee*") shall be equal to one-twelfth of the product of (i) the Series Servicing Fee Percentage and (ii) the Weighted Average Invested Amount for the Monthly Period preceding such Transfer Date. The Investor Servicing Fee shall be payable to Servicer solely to the extent amounts are available for distribution in respect thereof pursuant to *Sections 4.11(a)(iv)*

SECTION 4. *Variable Funding Mechanics*. (a) *Incremental Fundings*. (i) From time to time during the Revolving Period, Transferor and Servicer may notify the Class A Holders that a Class A Incremental Funding will occur, subject to the conditions of the Class A Certificate Purchase Agreement on the next or any subsequent Business Day by delivering a Notice of Class A Incremental Funding (as defined in the Class A Certificate Purchase Agreement) executed by Transferor and Servicer to the Class A Funding Agent for each such Class A Holder, specifying the amount of such Class A Incremental Funding (which shall be a minimum of $5,500,000 and $550,000 integral multiples in excess thereof, except that a Class A

Incremental Funding may be requested in the entire remaining Class A Maximum Funded Amount of the Class A Certificates) and the Business Day upon which such Class A Incremental Funding is to occur. Upon any Class A Incremental Funding, the Class A Floating Allocation Percentage, the Class A Invested Amount, the Floating Allocation Percentage and the Invested Amount shall increase as provided herein. The increase in the Class A Invested Amount and the Class A Funded Amount shall be allocated to the Class A Certificates held by the Class A Holders from which purchase prices were received in connection with the Class A Incremental Funding in proportion to the amount of such purchase prices received.

(ii) From time to time during the Revolving Period, Transferor and Servicer may notify the Class M Holders that a Class M Incremental Funding will occur, subject to the conditions of the Class M Certificate Purchase Agreement on the next or any subsequent Business Day by delivering a Class M Incremental Funding Notice (as defined in the Class M Certificate Purchase Agreement) executed by Transferor and Servicer to the Class M Holders, specifying the amount of such Class M Incremental Funding and the Business Day upon which such Class M Incremental Funding is to occur. Upon any Class M Incremental Funding, the Class M Floating Allocation Percentage, the Class M Invested Amount, the Floating Allocation Percentage and the Invested Amount shall increase as provided herein.

(iii) From time to time during the Revolving Period, Transferor and Servicer may notify the Class B Holders that a Class B Incremental Funding will occur, subject to the conditions of the Class B Certificate Purchase Agreement on the next or any subsequent Business Day by delivering a Class B Incremental Funding Notice (as defined in the Class B Certificate Purchase Agreement) executed by Transferor and Servicer to the Class B Holders, specifying the amount of such Class B Incremental Funding and the Business Day upon which such Class B Incremental Funding is to occur. Upon any Class B Incremental Funding, the Class B Floating Allocation Percentage, the Class B Invested Amount, the Floating Allocation Percentage and the Invested Amount shall increase as provided herein.

(b) *Optional Amortization*. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may cause Servicer to provide notice to Trustee and the Investors Holders (an "*Optional Amortization Notice*") at least five Business Days prior to any Business Day (the "*Optional Amortization Date*") stating its intention to cause a full or partial amortization of the Investor Certificates with Optional Amortization Funds and/or Shared Principal Collections on the Optional Amortization Date, in full or in part in an amount (the "*Optional Amortization Amount*"), which amount, so long as the Class A Certificates are outstanding shall not be less than $5,500,000 or $550,000 integral multiples in excess thereof, except that the portion of the Optional Amortization Amount allocated to any Class A Ownership Interest may equal the entire Class A Funded Amount of the related Class A Certificate. The Optional Amortization Notice shall state the Optional Amortization Date and the Optional Amortization Amount. The Optional Amortization Amount shall be paid from Optional Amortization Funds and/or Shared Principal Collections pursuant to *Section 4.4.* and shall be allocated (i) first, among the Class A Ownership Interests *pro rata* based on the Class A Funded Amounts of each Class A Ownership Interest; *provided* that if any Class A Funding Agent shall have provided notice to the Transferor of a Class A Additional Amount as a result of an

"Accounting Based Consolidation Event" (as defined in the Class A Certificate Purchase Agreement), then the Transferor may allocate the Optional Amortization Amount first to reduce the Class A Funded Amount allocated to the Class A Ownership Interest(s) as to which such Accounting Based Consolidation Event has occurred, and then *pro rata* among the remaining Class A Ownership Interests based on the Class A Funded Amounts of those Class A Ownership Interests, (ii) second, to the Class M Invested Amount and (iii) third, to the Class B Invested Amount. If a Class A Ownership Interest is divided into more than one Class A Funding Tranche, allocation of the Optional Amortization Amount for each Class A Ownership Interest among the various outstanding Class A Funding Tranches shall be at the discretion of Transferor, and accrued interest and any Class A Additional Amounts on the affected Class A Funding Tranches shall be payable on the first Distribution Date on or after the related Optional Amortization Date. On the Business Day prior to each Optional Amortization Date, Servicer shall instruct Trustee in writing (which writing shall be substantially in the form of *Exhibit B*) to withdraw Optional Amortization Funds from the Principal Account and/or Available Shared Principal Collections from the Collection Account in an aggregate amount sufficient to pay the Optional Amortization Amount on that Optional Amortization Date and deposit the same in the Distribution Account, and Trustee, acting in accordance with such instructions, shall on such Business Day make such withdrawal and deposit.

(c) *Refinanced Optional Amortization*. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may, with the consent of each affected Investor Holder, cause Servicer to provide notice to Trustee and all of the Investor Holders at least five Business Days prior to any Business Day (the "*Refinancing Date*") stating its intention to cause the Funded Amount to be prepaid in full or in part in an amount not less than $5,500,000 and integral multiples of $550,000 in excess thereof (or, if less, the remaining Funded Amount) on the Refinancing Date with the proceeds from the issuance of a new series of Certificates. Any such prepayment of the Invested Amount shall be accompanied by a payment of (i) accrued and unpaid interest on the Funded Amount (or the portion thereof that is being prepaid) through the Refinancing Date, *plus* (ii) any accrued and unpaid Class A Non-Use Fees and Class A Additional Amounts in respect of the Funded Amount (or portion thereof that is being prepaid) through the Refinancing Date. In the case of any such conveyance, the proceeds of the new issuance in an amount sufficient (together with Collections available for such purpose) to pay the required amounts shall be deposited in the Distribution Account and shall be distributed to the applicable Investor Holder on the Refinancing Date in accordance with the terms of this Series Supplement and the Agreement; *provided* that no portion of such purchase price may be applied to reduce the Class M Invested Amount or the Class B Invested Amount until the Class A Funded Amount has been reduced to zero; provided, further that no portion of such purchase price may be applied to reduce the Class B Invested Amount until the Class M Funded Amount has been reduced to zero.

SECTION 5. *Optional Repurchase; Reassignment and Termination Provisions*. (a) The Investor Certificates shall be subject to purchase by the Servicer at its option on any Distribution Date, on or after the Distribution Date on which the Invested Amount is reduced to an amount less than or equal to [10%] of the highest historical Invested Amount by deposit into the Collection Account a final distribution for application in accordance with *Section 12.2* an amount which shall include the amount, if any, on deposit in the Principal Account and will be equal to the sum of (i) the Invested Amount, *plus* (ii) accrued and unpaid interest on the Investor

Certificates through the day preceding the Distribution Date on which the repurchase occurs, *plus* (iii) any accrued and unpaid Class A Non-Use Fees and Class A Additional Amounts in respect of the Investor Certificates through the day preceding the Distribution Date on which the repurchase occurs. Upon the tender of the outstanding Investor Certificates by the Investor Holders, Trustee shall, in accordance with the instructions of the Servicer, distribute the amounts, together with all funds on deposit in the Principal Account that are allocable to the Investor Certificates, to the Investor Holders on the next Distribution Date in repayment of the principal amount and accrued and unpaid interest owing to the Investor Holders. Following any redemption, the Investor Holders shall have no further rights with respect to the Receivables. In the event that Transferor fails for any reason to deposit in the Principal Account the aggregate purchase price for the Investor Certificates, payments shall continue to be made to the Investor Holders in accordance with the terms of the Agreement and this Series Supplement.

(b) The amount required to be deposited by Transferor with respect to the Investor Certificates in connection with any reassignment of Receivables pursuant to *Section 2.6* shall equal the sum of (i) the Invested Amount, plus (ii) accrued and unpaid interest on the Investor Certificates through the day preceding the Distribution Date on which the repurchase occurs, *plus* (c) any accrued and unpaid Class A Non-Use Fees and Class A Additional Amounts in respect of the Investor Certificates through the day preceding the Distribution Date on which the repurchase occurs. The amount so deposited shall be distributed to the Investor Holders in final payment of the Invested Amount and all such other amounts on the Distribution Date on which it is deposited.

(c) Proceeds available from the sale of Receivables in accordance with *Section 12.2* on the Series 2009-VFC1 Termination Date shall be treated, to the extent of the Invested Amount, as Collections of Principal Receivables that have been allocated to the Investor Certificates and any excess shall be treated as Collections of Finance Charge Receivables that have been allocated to the Investor Certificates, in each case with respect to the prior Monthly Period.

SECTION 6. *Maximum Funded Amounts*. (a) The initial Class A Maximum Funded Amount of each Class A Certificate is as set forth on the related Class A Certificate. The Class A Maximum Funded Amount of each Class A Certificate may be reduced or increased from time to time as provided in the Class A Certificate Purchase Agreement. Unless otherwise agreed to by the Transferor and each Class A Funding Agent, increases and decreases in the overall Class A Maximum Funded Amount are required to be made ratably among the various Class A Certificates; *provided* that if any Class A Funding Agent shall have provided notice to the Transferor of Class A Additional Amount as a result of an "Accounting Based Consolidation Event" (as defined in Class A Certificate Purchase Agreement), then the Transferor may allocate any decrease in the overall Class A Maximum Funded Amount first to reduce the Class A Maximum Funded Amount(s) of the Class A Certificate(s) for the Class A Ownership Interest(s) as to which such Accounting Based Consolidation Event has occurred, and then to reduce the Class A Maximum Funded Amounts of the remaining Class A Certificates ratably. Any decrease in the Class A Maximum Funded Amount of any Class A Certificate shall be permanent, unless a subsequent increase in the Class A Maximum Funded Amount is made in accordance with the Class A Certificate Purchase Agreement.

(b) The initial Class M Maximum Funded Amount of each Class M Certificate is as set forth on the related Class M Certificate. The Class M Maximum Funded Amount of each Class M Certificate may be reduced or increased from time to time with the written consent of the related Class M Holder and as provided in the Class M Certificate Purchase Agreement. Any decrease in the Class M Maximum Funded Amount of any Class M Certificate shall be permanent, unless a subsequent increase in the Class M Maximum Funded Amount is made in accordance with the Class M Certificate Purchase Agreement.

(c) The initial Class B Maximum Funded Amount of each Class B Certificate is as set forth on the related Class B Certificate. The Class B Maximum Funded Amount of each Class B Certificate may be reduced or increased from time to time with the written consent of the related Class B Holder and as provided in the Class B Certificate Purchase Agreement. Any decrease in the Class B Maximum Funded Amount of any Class B Certificate shall be permanent, unless a subsequent increase in the Class B Maximum Funded Amount is made in accordance with the Class B Certificate Purchase Agreement.

SECTION 7. *Delivery of the Investor Certificates*. Transferor shall execute and deliver the Investor Certificates (in definitive, fully registered form) to Trustee for authentication in accordance with *Section 6.1*. The Trustee shall deliver such Investor Certificates when authenticated in accordance with *Section 6.2*.

SECTION 8. *Article IV of the Agreement. Sections 4.1* through *4.5* shall read in their entirety as provided in the Agreement. Article IV (except for *Sections 4.1* through *4.5* thereof) shall read in its entirety as follows and shall be applicable only to the Investor Certificates:

ARTICLE IV RIGHTS OF CERTIFICATEHOLDERS; ALLOCATIONS

SECTION 4.6. *Rights of Investor Holders*. The Investor Certificates shall represent undivided interests in the Trust, consisting of the right to receive, to the extent necessary to make the required payments with respect to such Investor Certificates at the times and in the amounts specified in this Agreement, (a) the Floating Allocation Percentage and Fixed Allocation Percentage (as applicable from time to time) of Collections received with respect to the Receivables and (b) funds on deposit in the Collection Account, the Finance Charge Account, the Principal Account, the Distribution Account, the Excess Funding Account, the Cash Collateral Account and the Spread Account. The Class M Certificates and the Class B Certificates shall be subordinate to the Class A Certificates to the extent described herein. The Class B Certificates shall be subordinate to the Class M Certificates to the extent described herein. The Transferor Certificate shall not represent any interest in the Collection Account, the Finance Charge Account, the Principal Account, the Distribution Account, the Excess Funding Account, the Cash Collateral Account or the Spread Account, except as specifically provided in this *Article IV.*

SECTION 4.7 *Allocations*. (a) *Allocations During the Revolving Period*. During the Revolving Period, Servicer shall allocate Collections to the Investor Holders as follows:

(i) allocate to the Investor Holders an amount equal to the product of (A) the Investor Percentage on the Date of Processing of such Collections and (B) the aggregate amount of Collections processed in respect of Finance Charge Receivables on such Date of Processing;

(ii) allocate to the Investor Holders an amount equal to the product of (A) the Class B Investor Allocation Percentage on the Date of Processing of such Collections, (B) the Investor Percentage on the Date of Processing of such Collections and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing;

(iii) allocate to the Investor Holders an amount equal to the product of (A) the Class M Investor Allocation Percentage on the Date of Processing of such Collections, (B) the Investor Percentage on the Date of Processing of such Collections and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing; and

(iv) allocate to the Investor Holders an amount equal to the lesser of (A) the product of (1) the Class A Investor Allocation Percentage on the Date of Processing of such Collections, (2) the Investor Percentage on the Date of Processing of such Collections and (3) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing and (B) the Unfunded Optional Amortization Amount.

In addition, Servicer shall treat as Shared Principal Collections an amount equal to the excess, if any, of (1) the amount calculated pursuant to *clause (iv)(A)* above over (2) the amount calculated pursuant to *clause (iv)(B)* above.

(b) *Allocations During the Controlled Amortization Period*. During the Controlled Amortization Period, Servicer shall allocate Collections to the Investor Holders as follows:

(i) allocate to the Investor Holders an amount equal to the product of (A) the Investor Percentage on the Date of Processing of such Collections and (B) the aggregate amount of Collections processed in respect of Finance Charge Receivables on such Date of Processing;

(ii) allocate to the Investor Holders an amount equal to the product of (A) the Class B Investor Allocation Percentage on the Date of Processing of such Collections, (B) the Investor Percentage on the Date of Processing of such Collections and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing;

(iii) allocate to the Investor Holders an amount equal to the product of (A) the Class M Investor Allocation Percentage on the Date of Processing of such Collections, (B) the Investor Percentage on the Date of Processing of such Collections and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing;

(iv) allocate to the Investor Holders an amount equal to the product of (1) the Class A Investor Allocation Percentage on the Date of Processing of such Collections, (2) the Investor Percentage on the Date of Processing of such Collections and (3) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing; provided that the aggregate amount allocated pursuant to this *Section 4.7(b)(iv)(A)* during any Monthly Period shall not exceed the sum of (x) the Class A Controlled Payment Amount for the related Transfer Date (after taking into account any payments to be made on the immediately preceding Distribution Date) plus (y) any Unfunded Optional Amortization Amount; and

(v) treat as Shared Principal Collections any amount not allocated as a result of *clauses (i) – (iv)* above.

(c) *Allocations During the Early Amortization Period*. During the Early Amortization Period, Servicer shall allocate Collections to the Investor Holders as follows:

(i) allocate to the Investor Holders an amount equal to the product of (A) the Investor Percentage on the Date of Processing of such Collections and (B) the aggregate amount of Collections processed in respect of Finance Charge Receivables on each Date of Processing;

(ii) allocate to the Investor Holders an amount equal to the product of (A) the Class B Investor Allocation Percentage on the Date of Processing of such Collections, (B) the Investor Percentage on the Date of Processing of such Collections and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing;

(iii) allocate to the Investor Holders an amount equal to the product of (A) the Class M Investor Allocation Percentage on the Date of Processing of such Collections, (B) the Investor Percentage on the Date of Processing of such Collections and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing;

(iv) allocate to the Investor Holders an amount equal to the product of (A) the Class A Investor Allocation Percentage on the Date of Processing of such Collections, (B) the Investor Percentage on the Date of Processing of such Collections and (C) the aggregate amount of Collections processed in respect of Principal Receivables on such Date of Processing; *provided* that the aggregate amount allocated pursuant to this *Section 4.7(c)(iv)* during any Monthly Period shall not exceed the Invested Amount as of the close of business on the last day of the prior Monthly Period (after taking into account any payments to be made on the Distribution Date relating to such prior Monthly Period and deposits and any adjustments to be made to the Invested Amount to be made on the Transfer Date relating to such Monthly Period); and

(v) treat as Shared Principal Collections any amount not allocated as a result of *clauses (i) – (iv)* above.

(d) During a Monthly Deposit Period, amounts allocated to the Investor Holders pursuant to *Sections 4.7(a), (b)* and (c) during any Monthly Period need not be deposited into the Collection Account or any Series Account prior to the earlier of (i) the Business Day prior to the date on which such amounts are needed to make any payment on a Refinancing Date or an Optional Amortization Date, in which case such amounts shall be deposited only as required by Section 4(b) of this Series Supplement and (ii) the related Transfer Date, and when so deposited, (x) may be deposited net of any amounts required to be distributed to Transferor and the Servicer, if WFN is Servicer and (y) shall be deposited into the Finance Charge Account (in the case of Collections of Finance Charge Receivables) and the Principal Account (in the case of Collections of Principal Receivables (not including any Shared Principal Collections allocated to Series 2009-VFC1 pursuant to *Section 4.15*)), subject in either case to the proviso to the next sentence. At any other time, amounts so allocated to the Investor Holders on each Date of Processing shall be deposited on that Date of Processing into the Finance Charge Account (in the case of Collections of Finance Charge Receivables) and the Principal Account (in the case of Collections of Principal Receivables (not including any Shared Principal Collections allocated to Series 2009-VFC1 pursuant to *Section 4.15*)), *provided* that: (x) so long as no draw has been made on the Cash Collateral Account and no Early Amortization Event has occurred with respect to each Monthly Period falling in the Revolving Period, Collections of Finance Charge Receivables shall be deposited into the Finance Charge Account only until such time as the aggregate amount so deposited equals an amount (the "*Target Amount*").

With respect to any Monthly Period when deposits of Collections of Finance Charge Receivables into the Finance Charge Account are limited in accordance with *clause (i)* of the preceding *proviso*, notwithstanding such limitation: Collections of Finance Charge Receivables released to Transferor pursuant to such *clause (i)* shall be deemed, for purposes of all calculations under this Series Supplement, to have been applied to the items specified in *subsection 4.11(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 Account on such Transfer Date. Notwithstanding such *clause (i)* above, if on any Business Day Servicer determines that the Target Amount for a Monthly Period exceeds the Target Amount for that Monthly Period as previously calculated by Servicer, then (x) Servicer shall (on the same Business Day) inform Transferor of such determination, and (y) within two Business Days of receiving such notice Transferor shall deposit into the Finance Charge Account funds in an amount equal to the amount of Collections of Finance Charge Receivables allocated to the Investor Holders for that Monthly Period but not deposited into the Finance Charge Account due to the operation of such *clause (i)* (but not in excess of the amount required so that the aggregate amount deposited for the subject Monthly Period equals the Target Amount). In addition, if on any Transfer Date the Transferor Amount will be less than the Specified Transferor Amount after giving effect to all transfers and deposits on that Transfer Date, Transferor shall, on that Transfer Date, deposit into the Principal Account funds in an amount equal to the amounts of available funds that are required to be treated as Investor Principal Collections pursuant to *Sections 4.11(a)(vii) - (xii)* but are not available from funds in the Finance Charge Account as a result of the operation of *clause (i)*; and *provided further* that, except as provided in the immediately preceding *proviso*, no funds shall be required to be deposited to the Principal Account pursuant to *Sections 4.11(a)(vii) – (xii)* unless such funds are required to make payments pursuant to *Sections 4.11(c)(i) – (iii)* on the related Transfer Date.

(e) On any date, Servicer may withdraw from the Collection Account or any Series Account any amounts inadvertently deposited in such account that should have not been so deposited.

SECTION 4.8 *Interest, Class A Non-Use Fee and Breakage.* (a) Pursuant to the Class A Certificate Purchase Agreement, certain Class A Ownership Interests may from time to time be divided into one or more subdivisions (each, as further specified in the Class A Certificate Purchase Agreement, a "*Class A Funding Tranche*") which will accrue interest on different bases. For Class A Funding Tranches that accrue interest by reference to a commercial paper rate or the London interbank offered rate, a specified period (each, a "*Fixed Period*") will be designated in the Class A Certificate Purchase Agreement during which that Class A Funding Tranche may accrue interest at a fixed rate.

(b) In addition to Class A Monthly Interest, each Class A Holder (i) shall receive a monthly commitment fee (a "*Class A Non-Use Fee*") with respect to each Distribution Period (or portion thereof) falling in the Revolving Period in an amount specified for each Class A Ownership Interest in the Class A Fee Letter (as defined in the Class A Certificate Purchase Agreement) and (ii) shall be entitled to receive certain other amounts identified as Class A Additional Amounts (such amounts, including Breakage Payments, being "*Class A Additional Amounts*") in the Class A Certificate Purchase Agreement. Class A Additional Amounts payable on any Distribution Date shall, so long as they equal less than 0.5% of the Weighted Average Class A Invested Amount over the related Distribution Period, constitute "*Class A Senior Additional Amounts*." Any Class A Additional Amounts payable on any Distribution Date in excess of the foregoing limitation shall constitute "*Class A Subordinate Additional Amounts*."

(c) If any distribution of principal is made with respect to any Class A Funding Tranche with a Fixed Period and a fixed interest rate for such period other than on the last day of that Fixed Period, or if the Class A Funded Amount of any Class A Ownership Interest is reduced by an Optional Amortization Amount in an amount greater than the amount (if any) specified in the Certificate Purchase Agreement with respect to that Class A Ownership Interest without the applicable number (as specified in the Certificate Purchase Agreement) of Business Days' prior notice to the affected Class A Holder, and in either case (i) the interest paid by the Class A Holder holding that Class A Funding Tranche to providers of funds to it to fund that Class A Funding Tranche exceeds (ii) returns earned by that Class A Holder through the last day of that Fixed Period by redeployment of such funds in highly rated short-term money market instruments, then, upon written notice (which notice shall be signed by an officer of that Class A Holder with knowledge of and responsibility for such matters and shall set forth in reasonable detail the basis for requesting the amounts, and shall be conclusive with respect to the amounts calculated thereon, absent manifest error) from such Class A Holder to Servicer, such Class A Holder shall be entitled to receive additional amounts in the amount of such excess (each, a "*Breakage Payment*") on the Distribution Date on or immediately succeeding the date such distribution of principal is made with respect to that Class A Funding Tranche, so long as such written notice is received not later than noon, New York City time, on the Transfer Date related to such Distribution Date. For purposes of calculations under this paragraph, any payment received by a Class A Holder later than noon, New York City time, on any day shall be deemed to have been received on the next day.

SECTION 4.9 *Determination of Monthly Principal*. (a) The amount of monthly principal ("*Class A Monthly Principal*") distributable from the Principal Account with respect to the Class A Certificates (i) on each Transfer Date, beginning with the Transfer Date in the month following the month in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to such Transfer Date) shall be the least of (x) the Available Investor Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (y) the Class A Controlled Payment Amount allocated to the Class A Certificates for such Transfer Date plus any Unfunded Optional Amortization Amount for such Transfer Date and (z) the Class A Invested Amount (after giving effect to any Class A Charge-Offs for such Transfer Date) and (ii) on each Transfer Date beginning with the Transfer Date in the month following the month in which the Early Amortization Period begins, the lesser of (x) the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date and (y) the Class A Invested Amount (after giving effect to any Class A Charge-Offs for such Transfer Date).

(b) The amount of monthly principal ("*Class M Monthly Principal*") distributable from the Principal Account with respect to the Class M Certificates shall be, on each Transfer Date beginning with the Transfer Date in the month following the month in which the Controlled Amortization Period first begins (or if earlier, the month in which the Early Amortization Period begins) on which the Class A Funded Amount is zero (or would be zero after giving effect to the application of Optional Amortization Funds or Available Investor Principal collections on such Transfer Date), the lesser of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, over the Available Principal Collections applied to Class A Monthly Principal on such Transfer Date and (y) the Class M Invested Amount (after giving effect to any Class M Investor Charge-Offs for such Transfer Date), provided that until the Class A Funded Amount is reduced to zero, the Class M Monthly Principal will be zero.

(c) The amount of monthly principal ("*Class B Monthly Principal*") distributable from the Principal Account with respect to the Class B Certificates shall be, on each Transfer Date beginning with the first Transfer Date in the month following the month in which the Controlled Amortization Period begins (or, if earlier, the month in which the Early Amortization Period begins) on which the Class A Funded Amount and the Class M Funded Amount are zero (or would be zero after giving effect to the application of Optional Amortization Funds or Available Investor Principal Collections on such Transfer Date), the lesser of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, over the Available Principal Collections applied to Class A Monthly Principal and Class M Monthly Principal on such Transfer Date and (y) the Class B Invested Amount (after giving effect to any Class B Investor Charge-Offs for such Transfer Date), provided that until the Class A Funded Amount and the Class M Funded Amount are reduced to zero, the Class B Monthly Principal will be zero.

SECTION 4.10 *Coverage of Required Amount*. (a) On or before each Determination Date, Servicer shall determine the amount (the "*Class A Required Amount*") for the related Transfer Date, if any, by which the sum of (i) the Class A Monthly Interest for the related Distribution Period, plus for the related Transfer Date (ii) the Class A Non-Use Fee, if any, for the related Distribution Period, *plus* (iii) the Class A Senior Additional Amounts, if any, for the related Transfer Date, *plus* (iv) the Investor Servicing Fee for the prior Monthly Period, *plus* (v) any Class A Non-Use Fee, Class A Senior Additional Amounts and the Investor Servicing Fee included in the Class A Required Amount for any prior Transfer Date but not yet paid exceeds the Available Funds for the related Monthly Period. The "*Class A Monthly Interest*" for any Distribution Period shall equal the aggregate amount of interest that accrued over that Distribution Period on each Class A Funding Tranche (*plus* the aggregate amount of interest that accrued over any prior Distribution Period on any Class A Funding Tranche and has not yet been paid, *plus* additional interest (to the extent permitted by law) on such overdue amounts at the Class A Certificate Rate (as defined in the Class A Certificate Purchase Agreement) applicable to the related Class A Ownership Interest during that Distribution Period, all as determined by Servicer on the related Determination Date. For purposes of such determination, Servicer shall rely upon information provided by the various Class A Funding Agents pursuant to the Class A Certificate Purchase Agreement. The interest accrued on any Class A Funding Tranche for any Distribution Period shall be determined using the applicable Funding Rate and shall equal the product of the Weighted Average Class A Funded Amount for that Class A Funding Tranche, the applicable Funding Rate and the applicable Day Count Fraction.

(b) If the Class A Required Amount for such Transfer Date is greater than zero, (i) Servicer shall give written notice to Trustee of such positive Class A Required Amount on or before such Transfer Date and (ii) the Available Cash Collateral Amount in an amount equal to the Class A Required Amount, to the extent available for such purpose in accordance with *Section 4.17(c)*, shall be distributed from the Cash Collateral Account on such Transfer Date pursuant to *Section 4.17(c)* to cover any deficiency in payments pursuant to *Sections 4.11(a)(i) – (iv)*, in the order of priority specified in *Section 4.11(a)*. If the Class A Required Amount for such Transfer Date exceeds the Available Cash Collateral Amount with respect to such Transfer Date, Reallocated Principal Collections with respect to the prior Monthly Period shall be applied as specified in *Section 4.14*.

(c) On or before each Transfer Date, Servicer shall determine the amount (the "*Class M Required Amount*"), if any, by which the sum of (i) the Class M Monthly Interest for the related Distribution Period, plus for the related Transfer Date (ii) any Class M Monthly Interest included in the Class M Required Amount for any prior Transfer Date but not yet paid, exceeds the funds applied to pay such amounts pursuant to *Section 4.11(a)(v)* for the related Monthly Period. The "*Class M Monthly Interest*" for any Distribution Period shall equal the aggregate amount of interest that accrued over that Distribution Period on the Class M Funded Amount (*plus* the aggregate amount of interest that accrued over any prior Distribution Period on the Class M Funded Amount and has not yet been paid, *plus* additional interest (to the extent permitted by law) on such overdue amounts at the Class M Certificate Rate (as defined in the Class M Certificate Purchase Agreement), all as calculated by Servicer in accordance with the Class M Certificate Purchase Agreement on the related Determination Date. For purposes of such determination, Servicer shall rely upon information provided by the Class M Holders pursuant to the Class M Certificate Purchase Agreement.

(d) If the Class M Required Amount for such Transfer Date is greater than zero, (i) Servicer shall give written notice to Trustee of such positive Class M Required Amount on or before such Transfer Date and (ii) the Available Cash Collateral Amount in an amount equal to the Class M Required Amount for such Transfer Date, to the extent available for such purpose in accordance with *Section 4.17(c)*, shall be distributed from the Cash Collateral Account on such Transfer Date pursuant to *Sections 4.17(c)* to cover any deficiency in payments pursuant to *Section 4.11(a)(v)*. If the Class M Required Amount for such Transfer Date exceeds the amount of the Available Cash Collateral Amount with respect to such Transfer Date, Reallocated Principal Collections with respect to the prior Monthly Period shall be applied as specified in *Section 4.14*.

(e) On or before each Transfer Date, Servicer shall determine the amount (the "*Class B Required Amount*"), if any, by which the sum of (i) the Class B Monthly Interest for the related Distribution Period, plus (ii) any Class B Monthly Interest included in the Class B Required Amount for any prior Transfer Date but not yet paid, exceeds the funds applied to pay such amounts pursuant to *Section 4.11(a)(vi)* for the related Monthly Period. The "*Class B Monthly Interest*" for any Distribution Period shall equal the aggregate amount of interest that accrued over that Distribution Period on each Class B Funded Amount (*plus* the aggregate amount of interest that accrued over any prior Distribution Period on the Class B Funded Amount and has not yet been paid, *plus* additional interest (to the extent permitted by law) on such overdue amounts at the Class B Certificate Rate (as defined in the Class B Certificate Purchase Agreement), all as calculated by Servicer in accordance with the Class B Certificate Purchase Agreement on the related Determination Date. For purposes of such determination, Servicer shall rely upon information provided by the Class B Holders pursuant to the Class B Certificate Purchase Agreement.

(f) If the Class B Required Amount for such Transfer Date is greater than zero, (i) Servicer shall give written notice to Trustee of such positive Class B Required Amount on or before such Transfer Date and (ii) the Available Cash Collateral Amount in an amount equal to the Class B Required Amount, to the extent available for such purpose in accordance with *Section 4.17(c)*, shall be distributed from the Cash Collateral Account on such Transfer Date pursuant to *Section 4.17(c)* to cover any deficiency in payments pursuant to *Section 4.11(a)(vi).*

SECTION 4.11 *Monthly Payments*. On or before each Determination Date, Servicer shall instruct Trustee in writing (which writing shall be substantially in the form of Exhibit B) to withdraw, and Trustee, acting in accordance with such instructions, shall withdraw on the related Transfer Date or the related Distribution Date, as applicable, to the extent of available funds, the amounts required to be withdrawn from the Finance Charge Account, the Principal Account and the Distribution Account as follows:

(a) An amount equal to the Available Funds for the related Monthly Period will be distributed on each Transfer Date, to the extent available, in the following priority:

(i) an amount equal to the unpaid Class A Monthly Interest shall be deposited by Trustee into the Distribution Account for distribution to the Class A Holders in accordance with Section 5.1;

(ii) an amount equal to the unpaid Class A Non-Use Fee, if any, for the related Distribution Period plus any Class A Non-Use Fee due but not paid to the Class A Holders on any prior Distribution Date shall be deposited by Trustee into the Distribution Account for distribution to the Class A Holders in accordance with Section 5.1;

(iii) an amount equal to the Class A Senior Additional Amounts, if any, for the related Distribution Period *plus* any Class A Senior Additional Amounts due but not paid to the Class A Holders on any prior Distribution Date shall be deposited by Trustee into the Distribution Account for distribution to the Class A Holders in accordance with *Section 5.1;*

(iv) an amount equal to the Investor Servicing Fee for such Transfer Date *plus* any Investor Servicing Fee due but not paid to Servicer on any prior Transfer Date shall be distributed to Servicer;

(v) an amount equal to the unpaid Class M Monthly Interest shall be deposited by Trustee into the Distribution Account for distribution to the Class M Holders in accordance with *Section 5.1;*

(vi) an amount equal to the unpaid Class B Monthly Interest shall be deposited by Trustee into the Distribution Account for distribution to the Class B Holders in accordance with *Section 5.1;*

(vii) an amount equal to the Class A Investor Default Amount, if any, for the preceding Monthly Period shall be treated as a portion of Investor Principal Collections and, subject to *Section 4.7(d),* deposited into the Principal Account on such Transfer Date;

(viii) an amount equal to the aggregate amount of Class A Investor Charge-Offs which have not been previously reimbursed will be treated as a portion of Investor Principal Collections, subject to *Section 4.7(d),* and deposited into the Principal Account on such Transfer Date;

(ix) an amount equal to the Class M Investor Default Amount, if any, for the preceding Monthly Period shall be treated as a portion of Investor Principal Collections, subject to *Section 4.7(d),* and deposited into the Principal Account on such Transfer Date;

(x) an amount equal to the aggregate amount of Class M Investor Charge-Offs which have not been previously reimbursed will be treated as a portion of Investor Principal Collections, subject to *Section 4.7(d),* and deposited into the Principal Account on such Transfer Date;

(xi) an amount equal to the Class B Investor Default Amount, if any, for the preceding Monthly Period shall be treated as a portion of Investor Principal Collections, subject to *Section 4.7(d),* and deposited into the Principal Account on such Transfer Date;

(xii) an amount equal to the aggregate amount of Class B Investor Charge-Offs which have not been previously reimbursed will be treated as a portion of Investor

Principal Collections, subject to *Section 4.7(d)*, and deposited into the Principal Account on such Transfer Date;

(xiii) an amount up to the excess, if any, of the Required Cash Collateral Amount (determined after all deposits, withdrawals, reductions, payments and adjustments to be made with respect to such date) over the Available Cash Collateral Amount (without giving effect to any deposit made on such date hereunder) shall be deposited in the Cash Collateral Account;

(xiv) an amount equal to the excess of the Spread Account Cap over the Spread Account Amount shall be deposited into the Spread Account;

(xv) an amount equal to the aggregate Class A Subordinate Additional Amounts will be paid to the Class A Holders; and, in the event of any shortfall in the amount of Available Funds available for distribution in respect of Class A Subordinate Additional Amounts, (x) Available Funds shall be allocated ratably to each Class A Ownership Interest in accordance with its Class A Funded Amount and (y) any Available Funds allocated pursuant to *clause (x)* to any Class A Ownership Interest in excess of its Class A Subordinate Additional Amounts shall be reallocated to each Class A Ownership Interest that has a remaining shortfall in the Excess Funds allocated to it pursuant to *clause (x)* in order to cover its Class A Subordinate Additional Amounts, which reallocation shall be made ratably in accordance with the portion of the Class A Funded Amounts of all remaining Class A Ownership Interests represented by the Class A Funded Amount of such remaining Class A Ownership Interest;

(xvi) an amount equal to all other amounts due under the Class M Certificate Purchase Agreement shall be distributed in accordance with the Class M Certificate Purchase Agreement;

(xvii) an amount equal to all other amounts due under the Class B Certificate Purchase Agreement shall be distributed in accordance with the Class B Certificate Purchase Agreement; and

(xviii) the balance, if any, after giving effect to the payments made pursuant to *clauses (i)* through *(xvii)* shall constitute "Excess Finance Charge Collections" to be applied with respect to other Series in accordance with *Section 4.5*.

In the event of any shortfall in the amount of the Available Funds available for distribution in respect of Class A Monthly Interest, Class A Non-Use Fee or Class A Senior Additional Amounts, (x) Available Funds shall be allocated ratably to each Class A Ownership Interest in accordance with its Class A Funded Amount and (y) any Available Funds allocated pursuant to *clause (x)* to any Class A Ownership Interest in excess of the Class A Monthly Interest, Class A Non-Use Fee, Class A Senior Additional Amounts or Class A Subordinate Additional Amounts for such Class A Ownership Interest shall be reallocated to each Class A Ownership Interest that has a remaining shortfall in the Available Funds allocated to it pursuant to clause (x) in order to cover its unpaid Class A Monthly Interest, Class A Non-Use Fee, Class A Senior Additional Amounts or Class A Subordinate Additional Amounts, which reallocation shall be made ratably in accordance with the Class A Funded Amounts of all such remaining Class A Ownership Interests;

(b) During the Revolving Period, an amount equal to the Available Investor Principal Collections for such Transfer Date shall be treated as Shared Principal Collections.

(c) During a Fixed Allocation Period, an amount equal to the Available Investor Principal Collections for the related Monthly Period (including any amounts in the Excess Funding Account allocable to Series 2009-VFC1 in accordance with *Sections 4.2* and *4.15(d)*) will be distributed on each Transfer Date, to the extent available, in the following priority:

(i) an amount equal to the Class A Monthly Principal for such Transfer Date shall be deposited into the Distribution Account to be distributed by Trustee, in accordance with *Section 5.1*, to the Class A Holders on the corresponding Distribution Date;

(ii) an amount equal to the Class M Monthly Principal for such Transfer Date shall be deposited into the Distribution Account to be distributed by Trustee, in accordance with *Section 5.1*, to the Class M Holders on the corresponding Distribution Date;

(iii) an amount equal to the Class B Monthly Principal for such Transfer Date shall be deposited into the Distribution Account to be distributed by Trustee, in accordance with *Section 5.1*, to the Class B Holders on the corresponding Distribution Date; and

(iv) an amount equal to the excess, if any, of (A) the Available Investor Principal Collections over (B) the applications specified in *Sections 4.11(c)(i),(ii) and (iii)* shall be treated as Shared Principal Collections.

SECTION 4.12 *Investor Charge-Offs*. (a) On or before each Transfer Date, Servicer shall calculate the Class A Investor Default Amount. If, on any Transfer Date, the Class A Investor Default Amount for the prior Monthly Period exceeds the sum of Available Funds allocated with respect thereto pursuant to *Section 4.11(a)(vii)* the amount withdrawn from the Cash Collateral Account for such allocation pursuant to *Section 4.17* with respect to such Monthly Period, the Class B Invested Amount will be reduced by the amount of such excess, but not by more than the lesser of the remaining Class A Investor Default Amount for such Transfer Date and the Class B Invested Amount (after giving effect to reductions for any Class B Charge-Offs and any Reallocated Principal Collections on such Transfer Date). If such reduction would cause the Class B Invested Amount to be a negative number, the Class B Invested Amount will be reduced to zero and the Class M Invested Amount will be reduced by the amount by which the Class B Invested Amount (after giving effect to reductions for any Class B Charge-Offs and any Reallocated Principal Collections on such Transfer Date) would have been reduced below zero. If such reduction would cause the Class M Invested Amount to be a negative number, the Class A Invested Amount will be reduced by the amount by which the Class M Invested Amount (after giving effect to reductions for any Class M Charge-Offs and any Reallocated Principal Collections for such Transfer Date) would have been reduced below zero, but not by more than

the Class A Investor Default Amount for such Transfer Date (a "*Class A Investor Charge-Off*"). If the Class A Invested Amount has been reduced by the amount of any Class A Investor Charge-Offs, it will be reimbursed on any Transfer Date (but not by an amount in excess of the aggregate Class A Investor Charge-Offs) by the amount of Available Funds allocated and available for such purpose, pursuant to *Section 4.11(a)(viii)*.

(b) On or before each Transfer Date, Servicer shall calculate the Class M Investor Default Amount. If, on any Transfer Date, the Class M Investor Default Amount for the prior Monthly Period exceeds the sum of the Available Funds allocated with respect thereto pursuant to *Section 4.11(a)(ix)* and the amount withdrawn from the Cash Collateral Account for such allocation pursuant to Section 4.17 with respect to such Monthly Period, the Class B Invested Amount (after giving effect to reductions for any Class B Charge-Offs and any Reallocated Principal Collections for such Transfer Date) will be reduced by the amount of such excess, but not by more than the lesser of the remaining Class M Investor Default Amount for such Transfer Date and the Class B Invested Amount (after giving effect to reductions for any Class B Charge-Offs and any Reallocated Principal Collections on such Transfer Date). If such reduction would cause the Class B Invested Amount to be a negative number, the Class B will be reduced to zero and the Class M Invested Amount will be reduced by the amount by which the Class B Invested Amount would have been reduced below zero, but not by more than the Class M Investor Default Amount for such Transfer Date (a "*Class M Investor Charge-Off*"). If the Class M Invested Amount has been reduced by the amount of any Class M Investor Charge-Offs, it will be reimbursed on any Transfer Date (but not by an amount in excess of the aggregate Class M Investor Charge-Offs) by the amount of Available Funds allocated and available for such purpose, pursuant to *Section 4.11(a)(x)*.

(c) On or before each Transfer Date, Servicer shall calculate the Class B Investor Default Amount. If, on any Transfer Date, the Class B Investor Default Amount for the prior Monthly Period exceeds the amount of Available Funds allocated with respect thereto pursuant to Section *4.11(a)(xi)* (and funds on deposit in the Cash Collateral Account available to pay such amount pursuant to *Section 4.17*) which are available to fund such amount, the Class B Investor Interest will be reduced by the amount of such excess, but not by more than the lesser of the Class B Investor Default Amount and the Class B Invested Amount for such Transfer Date (a "*Class B Investor Charge-Off*"). The Class B Invested Amount will also be reduced by the amount of Reallocated Principal Collections pursuant to *Section 4.14* and the amount of any portion of the Class B Invested Amount allocated to the Class A Certificates and Class M Certificate to avoid a reduction in the Class A Invested Amount and Class M Certificate, pursuant to *Section 4.12(a)* and *(b)*. The Class B Invested Amount will thereafter be reimbursed on any Transfer Date by the amount of the Available Funds allocated and available for that purpose as described under *Section 4.11(a)(xii)*.

SECTION 4.13 [*Reserved*].

SECTION 4.14 *Reallocated Principal Collections*. On or before each Transfer Date, Servicer shall instruct Trustee in writing (which writing shall be substantially in the form of *Exhibit B*) to, and Trustee in accordance with such instructions shall, withdraw Reallocated Principal Collections with respect to such Transfer Date from the Principal Account, in an amount equal to the excess, if any, of (i) the sum of the Class A Required Amount, if any, plus

the Class M Required Amount, if any, with respect to such Transfer Date over (ii) the sum of (x) the amount of Available Funds with respect to the related Monthly Period and (y) the Available Cash Collateral Amount with respect to such Transfer Date and such Reallocated Principal Collections shall be applied to fund any deficiency pursuant to and in the priority set forth in *Section 4.11* after giving effect to any withdrawal from the Cash Collateral Account to cover such payments. On each Transfer Date, the Class B Invested Amount shall be reduced by the amount of Reallocated Principal Collections applied on such Transfer Date. If such reduction would cause the Class B Invested Amount (after giving effect to any Class B Charge-Offs for such Transfer Date) to be a negative number, the Class B Invested Amount (after giving effect to any Class B Charge-Offs for such Transfer Date) shall be reduced to zero and the Class M Invested Amount shall be reduced by the amount by which the Reallocated Principal Collections applied on such Transfer Date exceed the Class B Invested Amount (after giving effect to any Class B Charge-Offs for such Transfer Date).

SECTION 4.15 *Shared Principal Collections; Amounts Transferred from the Excess Funding Account to the Principal Account*. (a) The portion of Shared Principal Collections on deposit in the Collection Account equal to the amount of Shared Principal Collections allocable to Series 2009-VFC1 on any Transfer Date shall be applied as Available Investor Principal Collections pursuant to *Section 4.11* and, pursuant to such *Section 4.11*, shall be deposited in the Distribution Account or distributed in accordance with the Certificate Purchase Agreements.

(b) Shared Principal Collections allocable to Series 2009-VFC1 with respect to any Transfer Date means an amount equal to the Principal Shortfall, if any, with respect to Series 2009-VFC1 for such Transfer Date; *provided* that if the aggregate amount of Shared Principal Collections for all Series in Group One for such Transfer Date is less than the Cumulative Principal Shortfall for such Transfer Date, then Shared Principal Collections allocable to Series 2009-VFC1 on such Transfer Date shall equal the product of (i) Shared Principal Collections for all Series in Group One for such Transfer Date and (ii) a fraction, the numerator of which is the Principal Shortfall with respect to Series 2009-VFC1 for such Transfer Date and the denominator of which is the Cumulative Principal Shortfall for such Transfer Date.

(c) Solely for the purpose of determining the amount of Available Investor Principal Collections to be treated as Shared Principal Collections on any Transfer Date allocable to other Series in Group One, on each Determination Date, Servicer shall determine the Class A Required Amount and Available Funds as of such Determination Date for the following Transfer Date.

(d) The aggregate amount allocable to Series 2009-VFC1 which shall be required to be transferred from the Excess Funding Account into the Principal Account with respect to any Transfer Date in a Fixed Allocation Period (commencing with the Transfer Date in the first calendar month after the calendar month in which the Fixed Allocation Period begins) shall equal the Principal Shortfall, if any, with respect to Series 2009-VFC1 for such Transfer Date *minus* the amount of Shared Principal Collections allocated to Series 2009-VFC1 from other Series in Group One on that Transfer Date; *provided* that if the aggregate amount required to be withdrawn from the Excess Funding Account pursuant to *Section 4.2* for all Series (in each case, whether or not included in Group One) for such Transfer Date is less than the cumulative Principal Shortfall *minus* available Shared Principal Collections for all Series (whether or not

included in Group One) for such Transfer Date, then the aggregate amount allocable to Series 2009-VFC1 and required to be transferred on such Transfer Date shall equal the product of (i) the aggregate amount required to be withdrawn from the Excess Funding Account pursuant to *Section 4.2* for all Series in Group One for such Transfer Date and (ii) a fraction, (A) the numerator of which is (A) the Principal Shortfall with respect to Series 2009-VFC1 for such Transfer Date minus the amount of Shared Principal Collections allocated to Series 2009-VFC1 from other Series in Group One on that Transfer Date and (B) the denominator of which is the Cumulative Principal Shortfall for all Series minus available Shared Principal Collections for such Transfer Date for all Series (in each case, whether or not included in Group One).

SECTION 4.16 *Finance Charge Account, Principal Account and Distribution Account.*

(a) Trustee shall establish and maintain with an Eligible Institution, which may be Trustee, in the name of the Trust, on behalf of the Trust , as Series Accounts for the benefit of the Investor Holders, three segregated trust accounts with the corporate trust department of such Eligible Institution (the "*Finance Charge Account*", the "*Principal Account*" and the "*Distribution Account*"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Investor Holders. Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Finance Charge Account, the Principal Account and the Distribution Account and in all proceeds thereof. The Finance Charge Account, the Principal Account and the Distribution Account shall be under the sole dominion and control of Trustee for the benefit of the Investor Holders. If at any time the institution holding the Finance Charge Account, the Principal Account and the Distribution Account ceases to be an Eligible Institution, Transferor shall notify Trustee, and Trustee upon being notified (or Servicer on its behalf) shall, within 10 Business Days, establish a new Finance Charge Account, a new Principal Account and a new Distribution Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Finance Charge Account, Principal Account and Distribution Account. Trustee, at the direction of Servicer, shall make withdrawals from the Finance Charge Account, the Principal Account and the Distribution Account from time to time, in the amounts and for the purposes set forth in this Series Supplement and the Agreement. Trustee at all times shall maintain accurate records reflecting each transaction in the Finance Charge Account, the Principal Account and the Distribution Account and that the funds held therein shall at all times be held in trust for the benefit of the Investor Holders.

(b) Funds on deposit in the Finance Charge Account and the Principal Account shall be invested at the specific written direction of Servicer by Trustee in Eligible Investments. Funds on deposit in the Finance Charge Account and Principal Account on any Transfer Date, after giving effect to any withdrawals from the Principal Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date. The Trustee shall maintain for the benefit of the Investor Holders possession of the negotiable instruments or securities, if any, evidencing such Eligible Investments. Gains from such Eligible Investments shall be deposited into the Finance Charge Account and be treated as Finance Charge Receivables for purposes of this Series Supplement. No Eligible Investment shall be disposed of prior to its maturity unless prior to the maturity of such Eligible Investment, a default occurs in the payment of principal, interest or any

other amount with respect to such Eligible Investment. On each Distribution Date, all interest and other investment earnings (net of losses and investment expenses) on funds on deposit in the Finance Charge Account and the Principal Account shall be treated as Collections of Finance Charge Receivables allocable to Series 2009-VFC1 with respect to the last day of the related Monthly Period.

SECTION 4.17 *Cash Collateral Account*. (a) Servicer shall establish and maintain with an Eligible Institution, which, initially shall be the Trustee, in the name of Trustee, as a Series Account on behalf of the Investor Holders, a segregated trust account (the "*Cash Collateral Account*") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Investor Holders. In order to provide for the prompt payment to the Investor Holders, to assure availability of the amounts maintained in the Cash Collateral Account and as security for the performance by the Transferor of its obligations hereunder, Transferor, on behalf of itself and its successors and assigns, and solely for the purpose of providing for payment of distributions provided for in *Section 4.17(c*), hereby grants a security interest in and pledges to the Trustee and its successors and assigns, all right, title and interest in and to the Cash Collateral Account and all proceeds of the foregoing, including all securities, investments, general intangibles, financial assets and investment property from time to time credited to and any security entitlement to the Cash Collateral Account subject to the limitations set forth below (all of the foregoing, subject to the limitations set forth in this section, the "*Cash Collateral Account Property*"), to have and to hold all the aforesaid property, rights and privileges unto Trustee, its successors and assigns, in trust for the uses and purpose, and subject to the terms and provisions, set forth in this Section. Trustee hereby acknowledges such transfer and accepts the trust hereunder and shall hold and distribute the Cash Collateral Account Property in accordance with the terms of this Section. Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Cash Collateral Account and in all proceeds thereof. The Cash Collateral Account shall be under the sole dominion and control of Trustee for the benefit of the Investor Holders. If at any time an Eligible Institution holding the Cash Collateral Account ceases to be an Eligible Institution, Transferor shall notify Trustee, and Trustee upon being notified (or Servicer on its behalf) shall within 10 Business Days establish a new Cash Collateral Account meeting the conditions specified above, and shall transfer any cash or any investments to such new Cash Collateral Account. Trustee, at the direction of Servicer, shall make deposits to and withdrawals from the Cash Collateral Account in the amounts and at the times set forth in this Series Supplement. All withdrawals from the Cash Collateral Account shall be made in the priority set forth below.

(b) Funds on deposit in the Cash Collateral Account from time to time shall be invested and/or reinvested at the specific written direction of Servicer by Trustee in Eligible Investments that will mature so that such funds will be available for withdrawal on the following Transfer Date. No Eligible Investment shall be disposed of prior to its maturity unless prior to the maturity of such Eligible Investment, a default occurs in the payment of principal, interest or any other amount with respect to such Eligible Investment. Trustee shall maintain for the benefit of the Investor Holders possession of the negotiable instruments or securities, if any, evidencing such Eligible Investments. On each Transfer Date, all interest and earnings (net of losses and investment expenses) accrued since the preceding Transfer Date on funds on deposit in the Cash Collateral Account shall be treated as Collections of Finance Charge Receivables allocated to the Invested Amount and shall be part of Available Funds for such Transfer Date. For purposes of

determining the availability of funds or the balances in the Cash Collateral Account for any reason under this Series Supplement, all investment earnings on such funds shall be deemed not to be available or on deposit.

(c) On the Closing Date, Transferor shall make an initial deposit of $73,333,334 into the Cash Collateral Account. On each Determination Date, Servicer shall calculate the amount (the "*Required Draw Amount*") by which the sum of the amounts specified in *clauses (i) through (xii) of Section 4.11(a)* with respect to the related Transfer Date exceeds the amount of Available Funds allocated with respect to the related Monthly Period. In the event that for any Transfer Date the Required Draw Amount is greater than zero, Servicer shall give written notice to Trustee and the Investor Holders of such positive Required Draw Amount on the related Determination Date. On the related Transfer Date, the Required Draw Amount, if any, up to the Available Cash Collateral Amount, shall be withdrawn from the Cash Collateral Account and distributed to fund any deficiency pursuant to *Section 4.11(a(i))* through (xii) (in the order of priority set forth in *Section 4.11(a)).*

(d) If, after giving effect to all deposits to and withdrawals from the Cash Collateral Account with respect to any Transfer Date, the amount on deposit in the Cash Collateral Account exceeds the Required Cash Collateral Amount, Trustee, acting in accordance with the instructions of Servicer, shall withdraw an amount equal to such excess from the Cash Collateral Account, and (i) deposit such amounts in the Spread Account, to the extent that the Spread Account Amount is less than the Spread Account Cap and (ii) distribute such amounts remaining after application pursuant to *subsection 4.20(c)* to the Transferor.

SECTION 4.18 *Transferor's or Servicer's Failure to Make a Deposit or Payment*. If Servicer or Transferor fails to make, or give instructions to make, any payment or deposit required to be made or given by Servicer or Transferor, respectively, at the time specified in the Agreement (including applicable grace periods), Trustee shall make such payment or deposit from the Finance Charge Account, the Excess Funding Account, the Cash Collateral Account, the Principal Account or the Distribution Account without instruction from Servicer or Transferor. Trustee shall be required to make any such payment, deposit or withdrawal hereunder only to the extent that Trustee has sufficient information to allow it to determine the amount thereof. The Trustee shall have no liability for failing to make a payment in the event it reasonably believes it has insufficient information to allow it to determine the amount thereof. Servicer shall, upon request of Trustee, promptly provide Trustee with all information necessary to allow Trustee to make such payment, deposit or withdrawal. Such funds or the proceeds of such withdrawal shall be applied by Trustee in the manner in which such payment or deposit should have been made by Transferor or Servicer, as the case may be.

SECTION 4.19 *Interchange*. On or prior to each Determination Date, Transferor shall cause RPA Seller to notify Servicer of the Account Interchange Amount (as defined in the Receivable Purchase Agreement). The portion of the Account Interchange Amount to be allocated to the Investor Holders for each Monthly Period (the "*Investor Interchange Amount*") shall be equal to the product of:

(a) the Account Interchange Amount (as defined in the Receivable Purchase Agreement); and

(b) the Floating Allocation Percentage for such Monthly Period (or, if a Reset Date occurs during such Monthly Period, the average Floating Allocation Percentage for such Monthly Period determined as the quotient of the summation of the Floating Allocation Percentages for all days during such Monthly Period, divided by the number of days in such Monthly Period).

On each Transfer Date, Transferor shall pay to Servicer, and, unless the Target Amount shall have been met pursuant to *Section 4.7(d)*, Servicer shall deposit into the Finance Charge Account, in immediately available funds, an amount equal to the Investor Interchange Amount to be included as Collections of Finance Charge Receivables allocable to the Investor Holders with respect to the related Monthly Period.

SECTION 4.20 Spread Account. (a) Not later than the Closing Date, the Servicer shall establish and maintain with an Eligible Institution, which shall initially be the Trustee, in the name of the Trustee, on behalf of the Trust (the "*Spread Account*") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Class B Holders and the Transferor. In the event that at any time the financial institution holding the Spread Account shall fail to be an Eligible Institution, the Servicer may direct the Spread Account to be moved to an Eligible Institution and all funds on deposit in the Spread Account be transferred to such new Spread Account at such Eligible Institution, whereupon such new Spread Account shall constitute the Spread Account hereunder. Except as otherwise provided in this Agreement, the Class B Holders 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. Except as otherwise provided in this Agreement, the Spread Account shall be under the sole dominion and control of the Trustee, on behalf of the Class B Holders and the Transferor. On or prior to the Closing Date, the Transferor shall deposit into the Spread Account an amount equal to the Initial Spread Account Deposit Amount. On or prior to each Incremental Funding, the Transferor shall deposit into the Spread Account an amount equal to the excess, if any, of the Spread Account Cap (after giving effect to the Incremental Funding to take place on such date) and the Spread Account Amount on such date.

(b) Funds on deposit in the Spread Account shall be invested at the specific written direction of the Servicer in Eligible Investments; provided, however, that for purposes of the investment of funds on deposit in the Spread Account, references in the definition of "Eligible Investments" to "highest investment category" shall be modified to require a rating of not lower than "A-2" in the case of Standard & Poor's, "P-2" in the case of Moody's or the equivalent rating in the case of any other rating agency. Funds on deposit in the Spread Account on any Transfer Date, after giving effect to any withdrawals from and deposits to the Spread Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date. The holder of the Spread Account shall maintain for the benefit of the Class B Holders and the Transferor possession of the negotiable instruments or securities, if any, evidencing the investment of funds in the Spread Account in Eligible Investments. On each Transfer Date (but subject to *Section 4.20(c)*), the Investment Earnings, if any, accrued since the preceding Transfer Date on funds on deposit in the Spread Account shall be paid to the Transferor by the holder of the Spread Account and for purposes of determining the availability of funds or the balance in the Spread Account for any

reason under this Agreement, all Investment Earnings shall be determined not to be available or on deposit.

(c) If, on any Transfer Date, the aggregate amount available for distribution pursuant to *Section 4.11(a)* and *4.17* is less than the Class B Required Amount, 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 distribute such amount to the Class B Holders. If on any Transfer Date, after giving effect to all withdrawals from, and deposits to, the Spread Account, the amount on deposit in the Spread Account (excluding Investment Earnings) would exceed the Spread Account Cap then in effect, the Servicer shall direct the holder of the Spread Account to release such excess to the Transferor. On the date on which all amounts payable to the Class B Holders pursuant to the Class B Certificate Purchase Agent have been paid in full, the Servicer shall direct the holder of the Spread Account to withdraw all amounts then remaining in the Spread Account (including Investment Earnings) and pay such amounts to the Transferor.

SECTION 9. *Article V of the Agreement*. Article V of the Agreement shall read in its entirety as follows and shall be applicable only to the Investor Holders:

ARTICLE V DISTRIBUTIONS AND REPORTS TO INVESTOR HOLDERS

SECTION 5.1 Distributions. On each Distribution Date, Refinancing Date and Optional Amortization Date Trustee shall distribute (in accordance with the certificate delivered on or before the related Transfer Date by Servicer to Trustee pursuant to *Section 3.4*), to each Investor Holder of record on the immediately preceding Record Date (other than as provided in *Section 2.5* or *Section 12.2* respecting a final distribution) such Investor Holder's portion (determined in accordance with *Article IV* and *Section 4(b)* of this Series Supplement) of amounts on deposit in the Distribution Account. Distributions of Investor Monthly Interest, Class A Non-Use Fee and Class A Additional Amounts shall be made to each applicable Investor Holder in an amount equal to the amount payable to each or, if less, the aggregate amount allocated for such payment pursuant to *Sections 4.11(a)*. Except as permitted by *Section 4(b)*, all distributions with respect to principal shall be made on a pro rata basis. All such payments shall be made by wire transfer of immediately available funds, provided that the Paying Agent, not less than five Business Days prior to the Record Date relating to the first distribution to such Investor Holder, has been furnished with appropriate wiring instructions in writing.

SECTION 5.2 *Reports*.

(a) *Monthly Series 2009-VFC1 Servicer's Certificate*. On or before each Distribution Date, Trustee shall forward to each Investor Holder a statement substantially in the form of Exhibit C prepared by Servicer, delivered to Trustee.

(b) *Annual Holders' Tax Statement*. On or before January 31 of each calendar year, beginning with calendar year 2010, Trustee shall distribute to each Person who at any time during the preceding calendar year was an Investor Holder, a statement prepared by Servicer setting out the amount of interest and principal distributed to such Investor Holder with respect

to its Certificates, during such preceding calendar year or the applicable portion thereof during which such Person was an Investor Holder together with such other customary information (consistent with the treatment of the Class A Certificates as debt) as Servicer deems necessary or desirable to enable the Investor Holders to prepare their tax returns. Such obligations of Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by Trustee pursuant to any requirements of the Internal Revenue Code.

SECTION 10. *Early Amortization Events*. If any one of the following events shall occur with respect to the Investor Certificates:

(a) failure on the part of Transferor (i) to make any payment or deposit required by the terms of (A) the Agreement, (B) this Series Supplement or (C) the Certificate Purchase Agreements, on or before the date occurring five days after the date such payment or deposit is required to be made herein or therein or (ii) duly to observe or perform in any material respect any covenants or agreements of Transferor set forth in the Agreement, this Series Supplement or the Certificate Purchase Agreements, which failure (in the case of this *clause (ii)*) has a material adverse effect on the Investor Holders (which determination shall be made without reference to whether any funds are available under the Cash Collateral Amount) and which continues unremedied for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Transferor by Trustee, or to Transferor and Trustee by the Majority Series Holders, and continues to affect materially and adversely the interests of the Investor Holders (which determination shall be made without reference to whether any funds are available under the Cash Collateral Amount) for such period;

(b) any representation or warranty made by Transferor in the Agreement or this Series Supplement, or any information contained in an Account Schedule required to be delivered by Transferor pursuant to *Section 2.1* or *2.6*, (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 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Transferor by Trustee, or to Transferor and Trustee by the Majority Series Holders, and (ii) as a result of which the interests of the Investor Holders are materially and adversely affected (which determination shall be made without reference to whether any funds are available under the Cash Collateral Account) and continue to be materially and adversely affected for such period; provided that an Early Amortization Event pursuant to this *Section 10(b)* shall not be deemed to have occurred hereunder if 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 Agreement;

(c) the average of the Excess Spread Percentages for any three consecutive Monthly Periods is less than zero;

(d) Transferor shall fail to convey Receivables arising under Additional Accounts, or Participations, to the Trust, as required by *Section 2.8(b)*; *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 to occur, so that, after giving effect to that reduction (i) the Transferor Amount is not less than the Minimum

Transferor Amount and (ii) the sum of the aggregate amount of Principal Receivables plus amounts on deposit in the Excess Funding Account is not less than the Required Principal Balance;

(e) any Servicer Default shall occur;

(f) the Invested Amount shall not be paid in full on the Scheduled Final Payment Date;

(g) [Reserved];

(h) a Conduit Downgrade Event shall occur;

(i) [Reserved];

(j) the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974 with regard to any of the assets of WFN, which lien shall secure a liability in excess of $10,000,000 and shall not have been released within 40 days;

(k) [Reserved]; or

(l) a Change in Control has occurred;

then, (x) in the case of any event described in *Sections 10(a), (b), (e), (h), (i), (j), (k) or (l)* of this Series Supplement, after the applicable grace period set forth in such Sections, either Trustee or the Investor Holders by notice then given in writing to Transferor and Servicer (and to Trustee if given by the Investor Holders) may declare that an early amortization event (an "*Early Amortization Event*") has occurred as of the date of such notice, and (y) in the case of any event described in *Section 10(c), (d), (f) or (g)* of this Series Supplement, an Early Amortization Event shall occur without any notice or other action on the part of Trustee or the Investor Holders immediately upon the occurrence of such event, unless such event shall be waived by the Investor Holders.

SECTION 11. *Series 2009-VFC1 Termination*. The right of the Investor Holders to receive payments from the Trust will terminate on the first Business Day following the Series 2009-VFC1 Termination Date.

SECTION 12. *Periodic Finance Charges and Other Fees*. Transferor hereby agrees that, except as otherwise required by any Requirement of Law, or as is deemed by Transferor to be necessary in order for Transferor to maintain its credit card business, based upon a good faith assessment by Transferor, in its sole discretion, of the nature of the competition in the credit card business, it shall not at any time reduce the Periodic Finance Charges assessed on any Receivable or other fees on any Account if, as a result of such reduction, Transferor's reasonable expectation of the Portfolio Yield as of such date would be less than the then Base Rate.

SECTION 13. *Limitations on Addition of Approved Portfolios*. Subject to Section 2.8, Transferor may designate additional Approved Portfolios if on or prior to the Addition Date related to any Account in such Approved Portfolio, (a) such designation shall be consented to in writing by each Investor Holder and (b) Transferor shall have provided the Investor Holders with an Officer's Certificate certifying that the designation of such Approved Portfolios, as of the related Addition Date (and after giving effect to such designation) is not reasonably expected to cause an Early Amortization Event.

SECTION 14. *Counterparts*. This Series Supplement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all of which counterparts shall together constitute but one and the same instrument.

SECTION 15. *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 16. *Additional Reports and Notices*. On each Determination Date, Servicer shall provide copies of each Monthly Report to the Investor Holders. In addition, upon request by any Investor Holder, Servicer shall make Daily Reports available at the office of Servicer for inspection by such Investor Holder on the days specified in *Section 3.4(a)*. Promptly following its receipt, Trustee shall provide copies to each Class A Holder of each notice Trustee receives from the Class M Holders, the Class B Holders or the Servicer (excluding Monthly Reports and Daily Reports). Items required to be delivered to Class A Holders pursuant to this *Section 16* shall be delivered to the address of such Class A Holder specified for notices in the Class A Certificate Purchase Agreement.

SECTION 17. *Additional Provisions*. Notwithstanding anything to the contrary in the Agreement, until the Series 2009-VFC1 Termination Date:

(a) Trustee shall not agree to any extension of the 60 day periods referred to in *Section 2.5, 2.6* or *3.3*;

(b) Servicer shall, in connection with each designation of Removed Accounts pursuant to Section 2.9(b), prepare and provide Trustee prior to the transfer of such Removed Accounts, and Trustee shall forward to each Investor Holder, a statement substantially in the form of Exhibit C for each of the three Monthly Periods preceding such designation as if the Receivables in such Removed Accounts never existed.

(c) Without the consent of each Investor Holder (which consent shall not be unreasonably withheld or delayed), Transferor shall not (i) engage in any transaction described in *Section 6.3(d)* or *7.2, (ii)* designate additional or substitute Transferors or Credit Card Originators as permitted by *Section 2.11* or *2.12*, (iii) increase the percentage of Principal Receivables referred to in the proviso to *clause (f)* of the definition of "Eligible Account", (iv) purchase any Investor Certificate (as defined in the Agreement) unless such Investor Certificate is promptly retired, in accordance with the applicable Supplement, (v) amend any Transaction Document in a manner that adversely affects the Investor Holders, (vi) amend the Agreement to permit the addition of receivables arising in VISA, MasterCard or any other type of open end revolving credit card account other than those an Approved Portfolio as of the date hereof and (vii) amend this Series Supplement.

(d) [Reserved].

(e) Notwithstanding the provisions of *Section 3.9(a)*, the deposits into the Excess Funding Account required by the penultimate sentence of the first grammatical paragraph of that Section shall be made not later than the Business Day following the day on which the Transferor Amount falls below the Specified Transferor Amount. Amounts deposited in the Excess Funding Account pursuant to this *Section 17(e)* shall be deemed for all purposes of the Agreement to have been deposited pursuant to such penultimate sentence.

(f) Upon the occurrence of a Merchant Bankruptcy (other than with respect to Service Merchandise), WFN shall cause such Merchant to either segregate or stop In-Store Payments until such time as the Credit Card Processing Agreement of such Merchant is assumed by the trustee, debtor-in-possession, receiver, custodian or other similar official in the insolvency proceeding of that Merchant.

(g) Notwithstanding Section 4.4, during any Amortization Period for any Series, Transferor may not apply Shared Principal Collections as principal with respect to any Variable Interest (including Series 2009-VFC1), unless such application of principal is made on any Transfer Date or related Distribution Date in connection with the application of Shared Principal Collections pursuant to Section 4.15 (and for purposes of such application pursuant to *Section 4.15*, the Principal Shortfall for any Variable Interest shall not include amounts required for any optional amortization amount).

(h) The Additional Minimum Transferor Amount is hereby specified as an additional amount to be considered part of the Minimum Transferor Amount pursuant to *clause (b)* of the definition of Minimum Transferor Amount.

(i) The Transferor shall deposit into the Collection Account all amounts received from WFN on account of merchant fees and discounts relating to the Accounts on the date received from WFN. Such amount shall be treated as Collections of Finance Charge Receivables and allocated in accordance with *Article IV*.

SECTION 18. *Amendments to the Agreement*. Section 6.3(b)(iv) of the Agreement shall read in its entirety as follows “(iv) the Rating Agency Condition shall have been satisfied with respect to such issuance;”.

SECTION 19. *No Petition*. Servicer, Transferor (with respect to the Trust only) and Trustee, by entering into this Series Supplement, and each Holder, by accepting a Series 2009-VFC1 Certificate, hereby covenant and agree that they will not at any time institute against the Trust, or join in any institution against the Trust or the Transferor of, any bankruptcy proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Investor Holders, the Agreement or this Series Supplement.

SECTION 20. *GAAP Sale*. The parties hereto intend the transfers of Receivables under the Agreement to be treated as a sale, and not a secured borrowing, for accounting purposes.

IN WITNESS WHEREOF, Transferor, Servicer and Trustee 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 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: Assistant Treasurer

UNION BANK, N.A., not in its individual capacity, but solely as Trustee

By: /s/ Eva Aryeetey
Name: Eva Aryeetey
Title: Vice President

Exhibit 10.125

EXECUTION COPY

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST

Issuer

And

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Indenture Trustee

SERIES 2009-VFN INDENTURE SUPPLEMENT

Dated as of September 29, 2009

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SERIES 2009-VFN INDENTURE SUPPLEMENT, dated as of September 29, 2009 (the "Indenture Supplement"), between WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST, a trust organized and existing under the laws of the State of Delaware (herein, the "Issuer" or the "Trust"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (formerly known as The Bank of New York Trust Company, N.A. and as successor to BNY Midwest Trust Company), a national banking association, not in its individual capacity, but solely as indenture trustee (herein, together with its successors in the trusts thereunder as provided in the Master Indenture referred to below, the "Indenture Trustee") under the Master Indenture, dated as of August 1, 2001 (as amended from time to time, the "Indenture"), between the Issuer and the Indenture Trustee (the Indenture, together with this Indenture Supplement, the "Agreement").

NOW THEREFORE, the parties hereto hereby agree as follows:

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 to the Indenture.

ARTICLE I.

Creation of the Series 2009-VFN Notes

Section 1.1 Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Indenture and this Indenture Supplement known as "World Financial Network Credit Card Master Note Trust, Series 2009-VFN" or the "Series 2009-VFN Notes." The Series 2009-VFN Notes shall be issued in three Classes, known as the "Class A Series 2009-VFN Floating Rate Asset Backed Notes", the "Class B Series 2009-VFN Asset Backed Notes", and the "Class M Series 2009-VFN Asset Backed Notes". The Series 2009-VFN Notes shall be Variable Interests.

(b) The Class A Notes may from time to time be divided into separate ownership tranches (each an "Ownership Tranche") which shall be identical in all respects, except for their respective Class A Maximum Principal Balances, Class A Principal Balances and certain matters relating to the rate and payment of interest. The initial allocation of Class A Notes among Ownership Tranches shall be made, and reallocations among such Ownership Tranches or new Ownership Tranches may be made, as provided in Section 4.1 of this Indenture Supplement and the Class A Note Purchase Agreement.

(c) Series 2009-VFN shall be included in Group One and shall be a Principal Sharing Series. Series 2009-VFN shall be an Excess Allocation Series with respect to Group One only. Series 2009-VFN shall not be subordinated to any other Series.

ARTICLE II.

Definitions

Section 2.1 Definitions.

(a) Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and the masculine as well as the feminine and neuter genders of such terms.

"Additional Amounts" means, for any date of determination, the sum of (x) the Class A Additional Amounts, (y) the Class M Additional Amounts and (z) the Class B Additional Amounts.

"Additional Minimum Transferor Amount" means (a) as of any date of determination falling in November, December and January of each calendar year, the product of (i) 2% and (ii) the sum of (A) the Aggregate Principal Receivables and (B) if such date of determination occurs prior to the Certificate Trust Termination Date, the amount on deposit in the Excess Funding Account and (b) as of any date of determination falling in any other month, zero; provided that the amount specified in clause (a) shall be without duplication with the amount specified as the "Additional Minimum Transferor Amount" in the Series Supplement relating to the Series 2007-VFC Certificates (or in any future supplement to the Pooling and Servicing Agreement that specifies such an amount and indicates that such amount is without duplication of the amount specified in clause (a)) and in the Indenture Supplements relating to the Series 2004-C Notes, Series 2006-A Notes, Series 2008-A Notes, and Series 2008-B Notes, Series 2009-A Notes, Series 2009-B Notes, Series 2009-C Notes, Series 2009-D Notes and the Series 2009-VFN Notes (or in any future Indenture Supplement that specifies such an amount and indicates that such amount is without duplication of the amount specified in clause (a)). The Additional Minimum Transferor Amount is specified pursuant to Section 9.7 of this Indenture Supplement as an additional amount to be considered part of the Minimum Transferor Amount.

"Aggregate Investor Default Amount" means, as to any Monthly Period, the sum of the Investor Default Amounts in respect of such Monthly Period.

"Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction:

(a) the numerator of which shall be equal to:

(i) for Principal Collections during the Revolving Period and for Finance Charge Collections and Default Amounts at any time, the Collateral Amount at the end of the last day of the prior Monthly Period (or, in the case of the Monthly Period in which the Closing Date occurs, on the Closing Date), less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated; provided, however, that with respect to any Monthly Period in which a Reset Date occurs as a result of a Class A

Incremental Funding, Class M Incremental Funding, Class B Incremental Funding or the issuance of a new Series, the numerator determined pursuant to this clause (i) shall be (A) the Collateral Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, in each case less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated (to the extent not already subtracted in determining the Collateral Amount), for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (B) the Collateral Amount as of the close of business on such Reset Date, less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated (to the extent not already subtracted in determining the Collateral Amount), for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); or

(ii) for Principal Collections during the Early Amortization Period and the Controlled Amortization Period, the Collateral Amount at the end of the last day of the Revolving Period, provided, however, that the Transferor may, by written notice to the Indenture Trustee, the Servicer and the Rating Agencies, reduce the numerator used for purposes of allocating Principal Collections to Series 2009-VFN at any time if (x) the Rating Agency Condition shall have been satisfied with respect to such reduction and (y) the Transferor shall have delivered to the Indenture Trustee an Officer's Certificate to the effect, based on the facts known to such officer at that time, in the reasonable belief of the Transferor, such designation will not cause a Series 2009-VFN Early Amortization Event or an event that, after the giving of notice or the lapse of time, would cause a Series 2009-VFN Early Amortization Event to occur with respect to Series 2009-VFN; and

(b) the denominator of which shall be the greater of (x) the Aggregate Principal Receivables determined as of the close of business on the last day of the prior Monthly Period and (y) the sum of the numerators used to calculate the allocation percentages for allocations with respect to Finance Charge Collections, Principal Collections or Default Amounts, as applicable, for all outstanding Series and all outstanding Series under (and as defined in) the Pooling and Servicing Agreement (other than any Series represented by the Collateral Certificate) on such date of determination provided, that if one or more Reset Dates occur in a Monthly Period, the Allocation Percentage for the portion of the Monthly Period falling on and after such Reset Date and prior to any subsequent Reset Date will be recalculated for such period as of the close of business on the subject Reset Date.

"Available Cash Collateral Amount" means with respect to any Transfer Date, an amount equal to the lesser of (a) the amount on deposit in the Cash Collateral Account (before giving effect to any deposit to, or withdrawal from, the Cash Collateral Account made or to be made with respect to such date) and (b) the Required Cash Collateral Amount for such Transfer Date.

"Available Finance Charge Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Finance Charge Collections for such Monthly Period, plus (b) the Excess Finance Charge Collections allocated to Series 2009-VFN for such Monthly Period, plus (c) interest and earnings on funds on deposit in the Cash Collateral Account which will be deposited into the Finance Charge Account on the related Transfer Date to be treated as Available Finance Charge Collections pursuant to
subsection 5.10(b).

"Available Principal Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Principal Collections for such Monthly Period, minus (b) the amount of Reallocated Principal Collections with respect to such Monthly Period which pursuant to Section 5.6 are required to be applied on the related Distribution Date, plus (c) any Shared Principal Collections with respect to other Principal Sharing Series (including any amounts on deposit in the Excess Funding Account that are allocated to Series 2009-VFN for application as Shared Principal Collections), plus (d) the aggregate amount to be treated as Available Principal Collections pursuant to clauses 5.4(a)(vii) and (viii) for the related Distribution Date.

"Available Spread Account Amount" means, for any Transfer Date, an amount equal to the lesser of (a) the amount on deposit in the Spread Account (exclusive of Investment Earnings on such date and before giving effect to any deposit to, or withdrawal from, the Spread Account made or to be made with respect to such date) and (b) the Required Spread Account Amount, in each case on such Transfer Date.

"Bankrupt Merchant" means any Merchant which fails generally to, or admits in writing its inability to, pay its debts as they become due; or any Merchant for which a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect such Merchant in an involuntary case under any Debtor Relief Law, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceedings shall continue undismissed or unstayed and in effect for a period of 60 consecutive days or any of the actions sought in such proceeding shall occur; or any Merchant that commences a voluntary case under any Debtor Relief Law, or such Merchant's consent to the entry of an order for relief in an involuntary case under any Debtor Relief Law, or consent to the appointment of a taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official for any substantial part of its property, or any general assignment for the benefit of creditors; or any Merchant or any Affiliate of such Merchant shall have taken any corporate action in furtherance of any of the foregoing actions with respect to such Merchant.

"Base Rate" means, as to any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is equal to the sum of the Monthly Interest, any Non-Use Fees and any Class A Rated Additional Amounts each for the related Distribution Period, and the Noteholder Servicing Fee with respect to such Monthly Period, and the denominator of which is the Weighted Average Collateral Amount during such Monthly Period.

"Breakage Payment" is defined in subsection 5.2(e).

"Cash Collateral Account" is defined in subsection 5.10(a).

"Change in Control" means the failure of Holding to own, directly or indirectly, 100% of the outstanding shares of common stock (excluding directors' qualifying shares) of WFN.

"Class A Additional Amounts" is defined in subsection 5.2(d).

"Class A Incremental Funding" means any increase in the Class A Principal Balance during the Revolving Period made pursuant to the Class A Note Purchase Agreement.

"Class A Incremental Principal Balance" means the amount of the increase in the Class A Principal Balance occurring as a result of any Class A Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class A Noteholders pursuant to the Class A Note Purchase Agreement with respect to such Class A Incremental Funding.

"Class A Maximum Principal Balance" means the "Maximum Principal Balance" (as defined in the Class A Note Purchase Agreement), as such amount may be increased or decreased from time to time pursuant to the Class A Note Purchase Agreement. As applied to any particular Class A Note, the "Class A Maximum Principal Balance" means the portion of the overall Class A Maximum Principal Balance represented by that Class A Note.

"Class A Monthly Interest" is defined in subsection 5.2(a).

"Class A Monthly Principal" is defined in subsection 5.3(a).

"Class A Note Purchase Agreement" means the Class A Note Purchase Agreement, dated as of September 29, 2009, among Transferor, Servicer and each of the initial Class A Noteholders, as supplemented by the Fee Letters referred to (and defined) therein, and as the same may be amended or otherwise modified from time to time. The Class A Note Purchase Agreement is hereby designated a "Transaction Document" for all purposes of the Agreement and this Indenture Supplement.

"Class A Noteholder" means the Person in whose name a Class A Note is registered in the Note Register.

"Class A Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1.

"Class A Principal Balance" means, on any Business Day, an amount equal to the result of (a) $[____], plus (b) the aggregate amount of all Class A Incremental Principal Balances for all Class A Incremental Fundings occurring after the Closing Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class A Noteholders after the Closing Date and on or prior to such Business Day. As applied to any particular Class A Note, the "Class A Principal Balance" means the portion of the overall Class A Principal Balance represented by that Class A Note. The Class A Principal Balance shall be allocated among the Ownership Tranches as provided in the Class A Note Purchase Agreement.

"Class A Pro Rata Percentage" means [____]%

"Class A Rated Additional Amount" is defined in subsection 5.2(d).

"Class A Required Amount" means, for any Distribution Date, an amount equal to the excess of the amounts described in clauses 5.4(a)(i), (ii) and (iii) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 5.10(c).

"Class A Scheduled Final Payment Date" means the Distribution Date falling in the twelfth month following the month in which the Controlled Amortization Period begins.

"Class A Unrated Additional Amounts" is defined in subsection 5.2(d).

"Class B Additional Amounts" is defined, if at all, in the applicable Class B Note Purchase Agreement.

"Class B Additional Interest" is defined in subsection 5.2(c).

"Class B Deficiency Amount" is defined in subsection 5.2(c).

"Class B Incremental Funding" means any increase in the Class B Principal Balance during the Revolving Period made pursuant to the applicable Class B Note Purchase Agreement.

"Class B Incremental Principal Balance" means the amount of the increase in the Class B Principal Balance occurring as a result of any Class B Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class B Noteholders pursuant to the Class B Note Purchase Agreement with respect to such Class B Incremental Funding.

"Class B Maximum Principal Balance" means the product of (a) a fraction, the numerator of which is the Class A Maximum Principal Balance and the denominator of which is the Class A Pro Rata Percentage and (b) the Class B Pro Rata Percentage, as such amount may be increased or decreased from time to time pursuant to the Class B Note Purchase Agreement. As applied to any particular Class B Note, the "Class B Maximum Principal Balance" means the portion of the overall Class B Maximum Principal Balance represented by that Class B Note.

"Class B Monthly Interest" is defined in subsection 5.2(c).

"Class B Monthly Principal" is defined in subsection 5.3(c).

"Class B Note Interest Rate" means 0.0%.

"Class B Note Purchase Agreement" means any of the Note Purchase Agreements, entered into among WFN, the Transferor and each party that purchases Class B Notes from the Transferor.

"Class B Noteholder" means the Person in whose name a Class B Note is registered in the Note Register.

"Class B Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-2.

"Class B Principal Balance" means, on any Business Day, an amount equal to the result of (a) $[____] , plus (b) the aggregate amount of all Class B Incremental Principal Balances for all Class B Incremental Fundings occurring after the Closing Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class B Noteholders after the Closing Date and on or prior to such date. As applied to any particular Class B Note, the "Class B Principal Balance" means the portion of the overall Class B Principal Balance represented by that Class B Note.

"Class B Pro Rata Percentage" means [____]%.

"Class B Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in clause 5.4(a)(vi) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 5.10(c).

"Class M Additional Amounts" is defined, if at all, in the applicable Class M Note Purchase Agreement.

"Class M Additional Interest" is defined in subsection 5.2(b).

"Class M Deficiency Amount" is defined in subsection 5.2(b).

"Class M Incremental Funding" means any increase in the Class M Principal Balance during the Revolving Period made pursuant to the applicable Class M Note Purchase Agreement.

"Class M Incremental Principal Balance" means the amount of the increase in the Class M Principal Balance occurring as a result of any Class M Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class M Noteholders pursuant to the applicable Class M Note Purchase Agreement with respect to such Class M Incremental Funding.

"Class M Maximum Principal Balance" means the product of (a) a fraction, the numerator of which is the Class A Maximum Principal Balance and the denominator of which is the Class A Pro Rata Percentage and (b) the Class M Pro Rata Percentage, as such amount may be increased or decreased from time to time pursuant to the Class M Note Purchase Agreement. As applied to any particular Class M Note, the "Class M Maximum Principal Balance" means the portion of the overall Class M Maximum Principal Balance represented by that Class M Note.

"Class M Monthly Interest" is defined in subsection 5.2(b).

"Class M Monthly Principal" is defined in subsection 5.3(b).

"Class M Note Interest Rate" means 0.0%.

"Class M Note Purchase Agreement" means any of the Note Purchase Agreements, entered into among WFN, the Transferor and each party that purchases Class M Notes from the Transferor.

"Class M Noteholder" means the Person in whose name a Class M Note is registered in the Note Register.

"Class M Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-2.

"Class M Principal Balance" means, on any Business Day, an amount equal to the result of (a) $[____], plus (b) the aggregate amount of all Class M Incremental Principal Balances for all Class M Incremental Fundings occurring after the Closing Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class M Noteholders after the Closing Date and on or prior to such Business Day. As applied to any particular Class M Note, the "Class M Principal Balance" means the portion of the overall Class M Principal Balance represented by that Class M Note.

"Class M Pro Rata Percentage" means [____]%.

"Class M Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in clause 5.4(a)(v) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 5.10(c).

"Closing Date" means September 29, 2009.

"Collateral Amount" means, as of any date of determination, an amount equal to (a) the Note Principal Balance minus (b) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursement of such amounts pursuant to clause 5.4(a)(viii) prior to such date.

"Controlled Amortization Amount" means for any Transfer Date with respect to the Controlled Amortization Period prior to the payment in full of the Note Principal Balance, an amount equal to (a) the Note Principal Balance as of the close of business on the last day of the Revolving Period divided by (b) twelve.

"Controlled Amortization Date" means the "Purchase Expiration Date" (as such term is defined in the Class A Note Purchase Agreement).

"Controlled Amortization Period" means, unless a Series 2009-VFN Early Amortization Event shall have occurred prior thereto, the period commencing at the close of business on the first Controlled Amortization Date to occur (without being extended as provided in the

applicable Note Purchase Agreement) and ending on the earlier to occur of (a) the commencement of the Early Amortization Period, and (b) the Series Termination Date, provided that Transferor may, by written notice to the Indenture Trustee and each Series 2009-VFN Noteholder (and so long as the Early Amortization Period has not begun), cause the Controlled Amortization Period to begin on any date earlier than the one otherwise specified above.

"Controlled Amortization Shortfall" initially means zero and thereafter means, with respect to any Monthly Period during the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount for the previous Monthly Period over the sum of the amount distributed pursuant to subsection 6.2(a) with respect to the Class A Notes for the previous Monthly Period, the amount distributed pursuant to subsection 6.2(b) with respect to the Class M Notes for the previous Monthly Period and the amount distributed pursuant to subsection 6.2(c) with respect to the Class B Notes for the previous Monthly Period.

"Controlled Payment Amount" means, with respect to any Transfer Date, the sum of (a) the Controlled Amortization Amount for such Transfer Date and (b) any existing Controlled Amortization Shortfall.

"Day Count Fraction" means, as to any Ownership Tranche (or Funding Tranche) or any Class M Note or Class B Note for any Distribution Period, a fraction (a) the numerator of which is the number of days in that Distribution Period (or, if less, the number of days during that Distribution Period during which that Ownership Tranche, Funding Tranche, Class M Note or Class B Note was outstanding, including the first, but excluding the last, such day) and (b) the denominator of which is the actual number of days in the related calendar year (or, if so specified in the related Note Purchase Agreement, 360).

"DBRS" means DBRS, Inc.

"Default Amount" means, as to any Defaulted Account, the amount of Principal Receivables (other than Ineligible Receivables, unless there is an Insolvency Event with respect to WFN or the Transferor) in such Defaulted Account on the day it became a Defaulted Account.

"Defaulted Account" means an Account in which there are Defaulted Receivables.

"Designated Maturity" means, for any LIBOR Determination Date, one month; provided that LIBOR for the initial Distribution Period will be determined by straight-line interpolation (based on actual number of days in the initial Distribution Period) between two rates determined in accordance with the definitions of LIBOR, one of which will be determined for a Designated Maturity of one month and the other of which will be determined for a Designated Maturity of two months.

"Dilution" means any downward adjustment made by Servicer in the amount of any Receivable (a) because of a rebate, refund or billing error to an accountholder, (b) because such Receivable was created in respect of merchandise which was refused or returned by an accountholder or (c) for any other reason other than receiving Collections therefor or charging off such amount as uncollectible.

"Distribution Account" is defined in subsection 5.9(a).

"Distribution Date" means November 16, 2009 and the 15th day of each calendar month thereafter, or if such 15th day is not a Business Day, the next succeeding Business Day.

"Distribution Period" means, for any Distribution Date, the period from and including the Distribution Date immediately preceding such Distribution Date (or, in the case of the first Distribution Date, from and including the Closing Date) to but excluding such Distribution Date.

"Early Amortization Period" means the period commencing on the date on which a Trust Early Amortization Event or a Series 2009-VFN Early Amortization Event is deemed to occur and ending on the Series Termination Date.

"Eligible Investments" is defined in Annex A to the Indenture; provided that solely for purposes of Section 5.11(b), references to the "highest investment category" of S&P shall mean A-2 and of Moody's shall mean P-2; and provided, further, in no event shall any Eligible Investment be an equity security or cause the Trust to have any voting rights in respect of such Eligible Investment.

"Excess Spread Percentage" means, for any Monthly Period, a percentage equal to the Portfolio Yield for such Monthly Period, minus the Base Rate for such Monthly Period.

"Finance Charge Account" is defined in Section 5.9(a).

"Finance Charge Collections" means Collections of Finance Charge Receivables.

"Finance Charge Shortfall" is defined in Section 5.7.

"Fixed Period" is defined in subsection 5.2(a).

"Funding Tranche" means the Class A Funding Tranche.

"Group One" means Series 2004-C, Series 2008-A, Series 2008-B, Series 2009-A, Series 2009-B, Series 2009-C, Series 2009-D, Series 2009-VFN, the outstanding Series under (and as defined in) the Pooling and Servicing Agreement (other than Series represented by the Collateral Certificate) and each other Series hereafter specified in the related Indenture Supplement to be included in Group One.

"Investment Earnings" means, for any Distribution Date, all interest and earnings on Eligible Investments included in the Spread Account (net of losses and investment expenses) during the Monthly Period immediately preceding such Distribution Date.

"Investor Charge-Offs" is defined in Section 5.5.

"Investor Default Amount" means, with respect to any Defaulted Account, an amount equal to the product of (a) the Default Amount and (b) the Allocation Percentage on the day such Account became a Defaulted Account.

"Investor Finance Charge Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Finance Charge Collections (including Net Recoveries treated as Finance Charge Collections) retained or deposited in the Finance Charge Account for Series 2009-VFN pursuant to clause 5.1(b)(i) for such Monthly Period.

"Investor Principal Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Principal Collections retained or deposited in the Principal Account for Series 2009-VFN pursuant to clause 5.1(b)(ii) for such Monthly Period.

"Investor Uncovered Dilution Amount" means an amount equal to the product of (x) the Series Allocation Percentage for the related Monthly Period (determined on a weighted average basis, if one or more Reset Dates occur during that Monthly Period), times (y) the aggregate Dilutions occurring during that Monthly Period as to which any deposit is required to be made to the Excess Funding Account pursuant to subsection 3.9(a) of the Transfer and Servicing Agreement or subsection 3.9(a) of the Pooling and Servicing Agreement but has not been made, provided that, if the Transferor Amount is greater than zero at the time the deposit referred to in clause (y) is required to be made, the Investor Uncovered Dilution Amount for such amount to be deposited shall be deemed to be zero.

"LIBOR" means, for any Distribution Period, an interest rate per annum for each Distribution Period determined by the Indenture Trustee in accordance with the provisions of Section 5.13.

"LIBOR Determination Date" means (i) September 27, 2009 for the period from and including the Closing Date through and including November 15, 2009 and (ii) the second London Business Day prior to the commencement of the second and each subsequent Distribution Period.

"London Business Day" means any day on which dealings in deposits in United States dollars are transacted in the London interbank market.

"Maximum Principal Balance" means the sum of (a) the Class A Maximum Principal Balance, (b) the Class M Maximum Principal Balance and (c) the Class B Maximum Principal Balance.

"Minimum Transferor Amount" means (a) prior to the Certificate Trust Termination Date, the "Minimum Transferor Amount" under (and as defined in) the Pooling and Servicing Agreement and (b) on and after the Certificate Trust Termination Date, the "Minimum Transfer Amount" as defined in Annex A to the Indenture.

"Monthly Interest" means, for any Distribution Date, the sum of the Class A Monthly Interest, the Class M Monthly Interest and the Class B Monthly Interest for such Distribution Date.

"Monthly Period" means the period from and including the first day of the calendar month preceding a related Distribution Date to and including the last day of such calendar month; provided that the Monthly Period related to the November 2009 Distribution Date shall mean the period from and including the Closing Date to and including the last day of October 2009.

"Monthly Principal" means, on any Distribution Date, the sum of the Class A Monthly Principal, the Class M Monthly Principal and the Class B Monthly Principal with respect to such date.

"Monthly Principal Reallocation Amount" means, for any Monthly Period, an amount equal to the sum of: (a) the lesser of (i) the sum of Class A Required Amount and the Servicing Fee Required Amount and (ii) the excess, if any, of the Collateral Amount over the Class A Principal Balance on the related Distribution Date (after giving effect to Investor Charge-Offs for the related Monthly Period) and (b) the lesser of (i) the Class M Required Amount and (ii) the Collateral Amount over the sum of the Class A Principal Balance and the Class M Principal Balance on the related Distribution Date (after giving effect to Investor Charge-Offs for the related Monthly Period and unreimbursed Reallocated Principal Collections (as of the previous Payment Date and as required in clause (a) above for the current Monthly Period)).

"Non-Use Fee" is defined in subsection 5.2(d).

"Non-Use Fee Rate" means, with respect to any Ownership Group (as defined in the Class A Note Purchase Agreement), the rate specified as the Non-Use Fee Rate in a fee letter between the Transferor and the Noteholders in such Ownership Group.

"Note Principal Balance" means, as of any Business Day, the sum of (a) the Class A Principal Balance, (b) the Class M Principal Balance and (c) the Class B Principal Balance.

"Note Purchase Agreements" means the Class A Note Purchase Agreement, the Class M Note Purchase Agreement and the Class B Note Purchase Agreement.

"Noteholder Servicing Fee" is defined in Section 3.1.

"Optional Amortization Amount" is defined in subsection 4.1(b).

"Optional Amortization Date" is defined in subsection 4.1(b).

"Optional Amortization Notice" is defined in subsection 4.1(b).

"Ownership Tranche" is defined in subsection 1.1(b).

"Percentage Allocation" is defined in paragraph 5.1(b)(ii)(y).

"Portfolio Yield" means, for any Monthly Period, the annualized percentage equivalent of a fraction, (a) the numerator of which is equal to (i) the Available Finance Charge Collections (excluding any Excess Finance Charge Collections), minus (ii) the Aggregate Investor Default Amount and the Investor Uncovered Dilution Amount for such Monthly Period and (b) the denominator of which is the Weighted Average Collateral Amount during such Monthly Period.

"Principal Account" is defined in subsection 5.9(a).

"Principal Collections" means Collections of Principal Receivables.

"Principal Shortfall" is defined in Section 5.8.

"Rating Agency" means each of Fitch and DBRS.

"Rating Agency Condition" means, notwithstanding anything to the contrary in the Indenture, with respect to Series 2009-VFN and any action subject to such condition, (i) DBRS shall have notified the Issuer in writing that such action will not result in a reduction or withdrawal of their respective ratings of any outstanding Class of Series 2009-VFN Notes for which such Rating Agency provides a rating and (ii) 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.

"Reallocated Principal Collections" means, for any Transfer Date, Investor Principal Collections applied in accordance with Section 5.6 in an amount not to exceed the Monthly Principal Reallocation Amount for the related Monthly Period.

"Reassignment Amount" means, 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 2009-VFN Noteholders, plus (iii) the amount of Class M Additional Interest, if any, for the related Distribution Date and any Class M Additional Interest previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date, plus (iv) the amount of Class B Additional Interest, if any, for the related Distribution Date and any Class B Additional Interest previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date, plus (v) the amount of Non-Use Fees, if any, for the related Distribution Date and any Non-Use Fees previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date, plus (vi) the amount of Additional Amounts, if any, for the related Distribution Date and any Additional Amounts previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date.

"Record Date" means, for purposes of Series 2009-VFN with respect to any Distribution Date or Optional Amortization Date, the date falling five Business Days prior to such date.

"Reference Banks" means four major banks in the London interbank market selected by the Servicer.

"Refinancing Date" is defined in subsection 4.1(c).

"Required Cash Collateral Amount" means on any date of determination, the sum of (i) [____]% of the Note Principal Balance, after any adjustments (including any increase in the Note Principal Balance) to be made on such date of determination plus (ii) the [Reserved] on such date of determination.

"Required Class B Principal Balance" means on any date of determination, the Class B Pro Rata Percentage times the Note Principal Balance.

"Required Class M Principal Balance" means on any date of determination, the Class M Pro Rata Percentage times the Note Principal Balance.

"Required Draw Amount" is defined in subsection 5.10(c).

"Required Retained Transferor Percentage" means, for purposes of Series 2009-VFN, [____]%.

"Required Spread Account Amount" means, for any Distribution Date, (a) the product of (i) the Spread Account Percentage in effect on such date and (ii) during (x) the Revolving Period, the Collateral Amount and (y) thereafter, the Collateral Amount as of the last day of the Revolving Period; provided, that in no event will the Required Spread Account Amount exceed the Class B Principal Balance (after taking into account any payments to be made on such Distribution Date).

"Reset Date" means:

(a) each Addition Date and each "Addition Date" (as such term is defined in the Pooling and Servicing Agreement), in each case relating to Supplemental Accounts;

(b) each Removal Date and each "Removal Date" (as such term is defined in the Pooling and Servicing Agreement) on which, if any Series of Notes or any Series under (and as defined in) the Pooling and Servicing Agreement has been paid in full, Principal Receivables equal to the initial Collateral Amount or initial Principal Balance for that Series are removed from the Receivables Trust;

(c) each date on which there is an increase in the outstanding balance of any Variable Interest or "Variable Interest" (as such term is defined in the Pooling and Servicing Agreement); and

(d) 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.

"Revolving Period" means the period from and including the Closing Date to, but not including, the earlier of (a) the day the Controlled Amortization Period commences and (b) the day the Early Amortization Period commences.

"Series 2009-VFN" means the Series of Notes the terms of which are specified in this Indenture Supplement.

"Series 2009-VFN Early Amortization Event" is defined in Section 7.1.

"Series 2009-VFN Note" means a Class A Note, a Class M Note or a Class B Note.

"Series 2009-VFN Noteholder" means a Class A Noteholder, a Class M Noteholder or a Class B Noteholder.

"Series Account" means, (a) with respect to Series 2009-VFN, the Finance Charge Account, the Principal Account, the Distribution Account, the Cash Collateral Account and 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 Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction, the numerator of which is the Allocation Percentage for Finance Charge Collections for that Monthly Period and the denominator of which is the sum of the Allocation Percentage for Finance Charge Receivables for all outstanding Series on such date of determination; provided that if one or more Reset Dates occur in a Monthly Period, the Series Allocation Percentages for the portion of the Monthly Period falling on and after each such Reset Date and prior to any subsequent Reset Date will be determined using a denominator which is equal to the sum of the numerators used in determining the Allocation Percentage for Finance Charge Receivables for all outstanding Series as of the close of business on the subject Reset Date.

"Series Servicing Fee Percentage" means 2% per annum.

"Series Termination Date" means the earliest to occur of (a) the Distribution Date falling in the Controlled Amortization Period or an Early Amortization Period on which the Collateral Amount is paid in full, (b) the termination of the Trust pursuant to the Agreement and (c) the Distribution Date on or closest to the date falling 46 months after the commencement of the Early Amortization Period.

"Servicing Fee Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in clause 5.4(a)(iv) over the (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 5.10(c).

"Specified Transferor Amount" means, at any time, the Minimum Transferor Amount (including the Additional Minimum Transferor Amount, if any) at that time.

"Spread Account" is defined in subsection 5.11(a).

"Spread Account Deficiency" means the excess, if any, of the Required Spread Account Amount over the Available Spread Account Amount.

"Spread Account Percentage" is defined in the applicable Class B Note Purchase Agreement.

[Reserved]

"Target Amount" is defined in clause 5.1(b)(i).

"Tranche Rate" means, for any Distribution Period, the Note Rate (as defined in the Class A Note Purchase Agreement) for each Ownership Tranche (or any related Funding Tranche).

"Transfer" means any sale, transfer, assignment, exchange, participation, pledge, hypothecation, rehypothecation, or other grant of a security interest in or disposition of, a Note.

"Weighted Average Class A Principal Balance" means, as to any Ownership Tranche (or Funding Tranche) for any Distribution Period, the quotient of (a) the summation of the portion of the Class A Principal Balance allocated to that Ownership Tranche (or Funding Tranche) determined as of each day in that Distribution Period, divided by (b) the number of days in that Distribution Period (or, if less, the number of days during that Distribution Period during which that Ownership Tranche or Funding Tranche was outstanding).

"Weighted Average Collateral Amount" means, for any Monthly Period, the quotient of (a) the summation of the Collateral Amount determined as of each day in that Monthly Period, divided by (b) the number of days in that Monthly Period.

(b) Each capitalized term defined herein shall relate to the Series 2009-VFN Notes and no other Series of Notes issued by the Trust, unless the context otherwise requires. All capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in Annex A to the Master Indenture, or, if not defined therein, in the Note Purchase Agreements.

(c) The interpretive rules specified in Section 1.2 of the Indenture also apply to this Indenture Supplement. If any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Indenture Supplement shall be controlling.

ARTICLE III.

Noteholder Servicing Fee

Section 3.1 Servicing Compensation. The share of the Servicing Fee allocable to Series 2009-VFN for any Transfer Date (the "Noteholder Servicing Fee") shall be equal to one-twelfth of the product of (a) the Series Servicing Fee Percentage and (b) the Weighted Average Collateral Amount for the preceding Monthly Period; provided, however, that with respect to the first Transfer Date, the Noteholder Servicing Fee shall instead equal 32/360 of such product. The remainder of the Servicing Fee shall be paid by the holders of the Transferor Interest or the noteholders of other Series (as provided in the related Indenture Supplements) and in no event shall the Trust, the Indenture Trustee or the Series 2009-VFN Noteholders be liable for the share of the Servicing Fee to be paid by the holders of the Transferor Interest or the noteholders of any other Series.

Section 3.2 Representations and Warranties. The parties hereto agree that the representations, warranties and covenants set forth in Schedule I shall be a part of this Indenture Supplement for all purposes.

ARTICLE IV.

Variable Funding Mechanics

Section 4.1 Variable Funding Mechanics

(a) Class A Incremental Fundings. From time to time during the Revolving Period, Transferor and Servicer may notify one or more Class A Noteholders that a Class A Incremental Funding will occur, subject to the conditions of the Class A Note Purchase Agreement, with respect to the related Ownership Tranche(s) on the next or any subsequent Business Day by delivering a Notice of Class A Incremental Funding (as defined in the Class A Note Purchase Agreement) executed by Transferor and Servicer to the Administrative Agent for each such Class A Noteholder, specifying the amount of such Class A Incremental Funding (which shall be a minimum of $1,000,000 or a higher integral multiple thereof for each Ownership Tranche as to which a Class A Incremental Funding is taking place, except that a Class A Incremental Funding may be requested in the entire remaining Class A Maximum Principal Balance of the related Class A Note) and the Business Day upon which such Class A Incremental Funding is to occur. Upon any Class A Incremental Funding, the Class A Principal Balance, the Collateral Amount, the Note Principal Balance and the Allocation Percentage shall increase as provided herein. The increase in the Class A Principal Balance shall be allocated to the Class A Notes held by the Class A Noteholders from which purchase prices were received in connection with the Class A Incremental Funding in proportion to the amount of such purchase prices received.

(b) Optional Amortization. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may cause Servicer to provide notice to the Indenture Trustee and the affected Noteholders (an "Optional Amortization Notice") at least five Business Days prior to any Business Day (the "Optional Amortization Date") stating its intention to cause a full or partial amortization of the Class A Notes, the Class M Notes and the Class B Notes with Available Principal Collections on the Optional Amortization Date, in full, or in part in an amount (the "Optional Amortization Amount"), which shall be allocated among the Class A Notes, the Class M Notes and the Class B Notes, based on the Class A Pro Rata Percentage, the Class M Pro Rata Percentage and the Class B Pro Rata Percentage, respectively. The portion of the Optional Amortization Amount allocated to the Class A Notes shall be in an amount not less than $1,000,000 or a higher integral multiple thereof for each Ownership Tranche as to which an optional amortization is taking place, except that the Optional Amortization Amount for any Ownership Tranche may equal the entire Principal Balance of the related Class A Note. The Optional Amortization Notice shall state the Optional Amortization Date, the Optional Amortization Amount and the allocation of such Optional Amortization Amount among the various Classes and Ownership Groups. The Optional Amortization Amount shall be paid from Shared Principal Collections pursuant to Section 5.8. Allocation of the Optional Amortization Amount among the various outstanding Funding Tranches shall be at the discretion of Transferor, and accrued interest and any Class A Additional Amounts on the affected Funding Tranches shall be payable on the first Distribution Date on or after the related Optional Amortization Date. On the Business Day prior to each Optional Amortization Date, Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B) to withdraw from the Collection Account and deposit into the Distribution Account, to the extent of the available funds held therein as Shared Principal Collections pursuant to Section 5.8, an amount sufficient to pay the Optional Amortization Amount on that Optional Amortization Date, and the Indenture Trustee, acting in accordance with such instructions, shall on such Business Day make such withdrawal and deposit.

(c) Refinanced Optional Amortization. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may, with the consent of each affected Series 2009-VFN Noteholder, cause Servicer to provide notice to the Indenture Trustee and all of the Series 2009-VFN Noteholders at least five Business Days prior to any Business Day (the "Refinancing Date") stating its intention to cause the Series 2009-VFN Notes to be prepaid in full or in part on the Refinancing Date by causing the all or a portion of the Collateral Amount to be conveyed to one or more Persons (who may be the Noteholders of a new Series issued substantially contemporaneously with such prepayment) for a cash purchase price in an amount equal to the sum of (i) the Collateral Amount (or the portion thereof that is being conveyed), plus (ii) accrued and unpaid interest on the Collateral Amount (or the portion thereof that is being conveyed) through the Refinancing Date, plus (iii) any accrued and unpaid Non-Use Fees and Additional Amounts in respect of the Collateral Amount (or portion thereof that is being conveyed) through the Refinancing Date. In the case of any such conveyance, the purchase price shall be deposited in the Collection Account and shall be distributed to the applicable Series 2009-VFN Noteholders on the Refinancing Date in accordance with the terms of this Indenture Supplement and the Indenture; provided that after giving effect to any such conveyance and application of the purchase price,(i) the Class M Principal Balance shall not be less than the Required Class M Principal Balance, and (ii) the Class B Principal Balance shall not be less than the Required Class B Principal Balance.

(d) Class M Incremental Fundings. From time to time during the Revolving Period, Transferor and Servicer may, to the extent permitted by the applicable Class M Note Purchase Agreement, notify the Class M Noteholders that a Class M Incremental Funding will occur, subject to the conditions, if any, of the applicable Class M Note Purchase Agreements, on any Business Day by delivering a Notice of Class M Incremental Funding (as defined in the applicable Class M Note Purchase Agreement) executed by Transferor and Servicer to the Class M Interest Holder, specifying the amount of such Class M Incremental Funding (which shall be a minimum of $1,000,000 or a higher integral multiple thereof, except that a Class M Incremental Funding may be requested in the entire remaining Class M Maximum Principal Balance) and the Business Day upon which such Incremental Funding is to occur (which shall fall at least three Business Days after the date of such Notice). Upon any Class M Incremental Funding, the Class M Principal Balance, the Collateral Amount, the Note Principal Balance and the Allocation Percentage shall increase as provided herein.

(e) Class B Incremental Fundings. From time to time during the Revolving Period, Transferor and Servicer may, to the extent permitted by the applicable Class B Note Purchase Agreement, notify the Class B Noteholders that a Class B Incremental Funding will occur, subject to the conditions, if any, of the applicable Class B Note Purchase Agreements, on any Business Day by delivering a Notice of Class B Incremental Funding (as defined in the applicable Class B Note Purchase Agreement) executed by Transferor and Servicer to the Class B Interest Holder, specifying the amount of such Class B Incremental Funding (which shall be a minimum of $1,000,000 or a higher integral multiple thereof, except that a Class B Incremental Funding may be requested in the entire remaining Class B Maximum Principal Balance) and the Business Day upon which such Incremental Funding is to occur (which shall fall at least three Business Days after the date of such Notice). Upon any Class B Incremental Funding, the Class B Principal Balance, the Collateral Amount, the Note Principal Balance and the Allocation Percentage shall increase as provided herein.

Section 4.2 Maximum Principal Balances. The initial Maximum Principal Balances of each Series 2009-VFN Note is as set forth on the related Series 2009-VFN Notes. The Maximum Principal Balance of each Series 2009-VFN Note may be reduced or increased from time to time as provided in the related Note Purchase Agreement. Increases and decreases in the overall Maximum Principal Balance are not required to be made ratably among the various Classes of Notes. Any decrease in the Maximum Principal Balance of any Series 2009-VFN Note shall be permanent, unless a subsequent increase in the Maximum Principal Balance is made in accordance with the related Note Purchase Agreement.

ARTICLE V.

Rights of Series 2009-VFN Noteholders and Allocation and Application of Collections

Section 5.1 Collections and Allocations

(a) Allocations. Finance Charge Collections, Principal Collections and Defaulted Receivables allocated to Series 2009-VFN pursuant to Article VIII of the Indenture shall be allocated and distributed as set forth in this Article.

(b) Allocations to the Series 2009-VFN Noteholders. The Servicer shall on the Date of Processing, allocate to the Series 2009-VFN Noteholders the following amounts as set forth below:

(i) Allocations of Finance Charge Collections. The Servicer shall allocate to the Series 2009-VFN Noteholders an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate Finance Charge Collections processed on such Date of Processing and shall deposit such amount into the Finance Charge Account, provided that, with respect to each Monthly Period falling in the Revolving Period (and with respect to that portion of each Monthly Period in the Controlled Amortization Period falling on or after the day on which Collections of Principal Receivables equal to the related Controlled Amortization Amount have been allocated pursuant to clause 5.1(b)(ii)), so long as the Available Cash Collateral Amount is not less than the Required Cash Collateral Amount on such Date of Processing, Collections of Finance Charge Receivables shall be transferred into the Finance Charge Account only until such time as the aggregate amount so deposited equals the product of (x) [____] and (y) the sum (the "Target Amount").

With respect to any Monthly Period when deposits of Collections of Finance Charge Receivables into the Finance Charge Account are limited to deposits up to 1.5 times the Target Amount in accordance with clause (i) above, notwithstanding such limitation: (1) "Reallocated Principal Collections" for the related Transfer Date shall be calculated as if the full amount of Finance Charge Collections allocated to the Noteholders during that Monthly Period had been deposited in the Finance Charge Account and applied on such Transfer Date in accordance with subsection 5.4(a); and (2) Collections of Finance Charge Receivables released to Transferor pursuant to such Section 5.1(b)(i) shall be deemed, for purposes of all calculations under this Indenture Supplement, to have been retained in the Finance Charge Account and applied to the items specified in subsections 5.4(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 Account on such Transfer Date. To avoid doubt, the calculations referred to in the preceding clause (2) include the calculations required by clause (b) of the definition of Collateral Amount and by the definition of Portfolio Yield.

(ii) Allocations of Principal Collections. The Servicer shall allocate to the Series 2009-VFN Noteholders the following amounts as set forth below:

(x) Allocations During the Revolving Period.

(1) During the Revolving Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing, shall be allocated to the Series 2009-VFN Noteholders and first, if an Optional Amortization Notice has been given or any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Optional Amortization and as Shared Principal Collections for other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Specified Transferor Amount and third paid to the holders of the Transferor Interest.

(2) With respect to each Monthly Period falling in the Revolving Period, to the extent that Collections of Principal Receivables allocated to the Series 2009-VFN Noteholders pursuant to this clause 5.1(b)(ii) are paid to Transferor, Transferor shall make an amount equal to the Reallocated Principal Collections for the related Transfer Date available on that Transfer Date for application in accordance with Section 5.6.

(y) Allocations During the Controlled Amortization Period. During the Controlled Amortization Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing (the product for any such date is hereinafter referred to as a "Percentage Allocation") shall be allocated to the Series 2009-VFN Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that if the sum of such Percentage Allocation and all preceding Percentage Allocations with respect to the same Monthly Period exceeds the Controlled Payment Amount during the Controlled Amortization Period for the related Distribution Date, then such excess shall not be treated as a Percentage Allocation and shall be first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Specified Transferor Amount and third paid to the holders of the Transferor Interest.

(z) Allocations During the Early Amortization Period. During the Early Amortization Period, an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing shall be allocated to the 2009-VFN Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that after the date on which an amount of such Principal Collections equal to the Note Principal Balance has been deposited into the Principal Account such amount shall be first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Specified Transferor Amount and third paid to the holders of the Transferor Interest.

(c) 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 Noteholders pursuant to Sections 5.1(a) and (b) with respect to any Monthly Period need not be deposited into the Collection Account or any Series Account prior to the related Transfer Date, and, when so deposited, (x) may be deposited net of any amounts required to be distributed to Transferor and, if WFN is Servicer, Servicer, and (y) shall be deposited into the Finance Charge Account (in the case of Collections of Finance Charge Receivables) and the Principal Account (in the case of Collections of Principal Receivables (not including any Shared Principal Collections allocated to Series 2009-VFN pursuant to Section 4.15 of the Pooling and Servicing Agreement or Section 8.5 of the Indenture)).

(d) On any date, Servicer may withdraw from the Collection Account or any Series Account any amounts inadvertently deposited in such account that should have not been so deposited.

Section 5.2 Determination of Monthly Interest.

(a) Pursuant to the Class A Note Purchase Agreement, certain Ownership Tranches may from time to time be divided into one or more subdivisions (each, as further specified in the Class A Note Purchase Agreement, a "Funding Tranche") which will accrue interest on different bases. For Funding Tranches that accrue interest by reference to a commercial paper rate or LIBOR, a specified period (each, a "Fixed Period") will be designated in the Class A Note Purchase Agreement during which that Funding Tranche may accrue interest at a fixed rate. The amount of monthly interest ("Class A Monthly Interest") distributable from the Distribution Account with respect to the Class A Notes on any Distribution Date shall be an amount equal to the aggregate amount of interest that accrued over that Distribution Period on each Funding Tranche (plus the aggregate amount of interest that accrued over any prior Distribution Period on any Funding Tranche and has not yet been paid, plus additional interest (to the extent permitted by law) on such overdue amounts at the weighted average interest rate applicable to the related Ownership Tranche during that Distribution Period, and minus any overpayment of interest on the prior Distribution Date as a result of the estimation referred to below), all as determined by

Servicer on the related Determination Date. For purposes of such determination, Servicer shall rely upon information provided by the various Administrative Agents pursuant to the Class A Note Purchase Agreement including estimates of the interest to accrue on any Funding Tranche through the related Distribution Date. The interest accrued on any Ownership Tranche (or related Funding Tranche) for any Distribution Period shall be determined using the applicable Tranche Rate and shall equal the product of (x) the Weighted Average Class A Principal Balance for that Ownership Tranche (or Funding Tranche), (y) the applicable Tranche Rate and (z) the applicable Day Count Fraction.

(b) The amount of monthly interest ("Class M Monthly Interest") distributable from the Distribution Account with respect to the Class M Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class M Note Interest Rate in effect with respect to the related Distribution Period and (ii) the average Class M Principal Balance outstanding during the preceding Monthly Period.

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class M Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this subsection 5.2(b) as of the prior Distribution Date over (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class M Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class M Deficiency Amount is fully paid, an additional amount ("Class M Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class M Note Interest Rate in effect with respect to the related Distribution Period and (ii) such Class M Deficiency Amount (or the portion thereof which has not been paid to the Class M Noteholders) shall be payable as provided herein with respect to the Class M Notes. Notwithstanding anything to the contrary herein, Class M Additional Interest shall be payable or distributed to the Class M Noteholders only to the extent permitted by applicable law.

(c) The amount of monthly interest ("Class B Monthly Interest") distributable from the Distribution Account with respect to the Class B Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class B Note Interest Rate in effect with respect to the related Distribution Period and (ii) the average Class B Principal Balance outstanding during the preceding Monthly Period.

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class B Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this subsection 5.2(c) as of the prior Distribution Date over (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class B Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class B Deficiency Amount is fully paid, an additional amount ("Class B Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class B Note Interest Rate in effect with respect to the related Distribution Period and (ii) such Class B Deficiency Amount (or the portion thereof which has not been paid

to the Class B Noteholders) shall be payable as provided herein with respect to the Class B Notes. Notwithstanding anything to the contrary herein, Class B Additional Interest shall be payable or distributed to the Class B Noteholders only to the extent permitted by applicable law.

(d) In addition to Class A Monthly Interest, each Class A Noteholder (i) shall receive a monthly commitment fee (a "Non-Use Fee") with respect to each Distribution Period (or portion thereof) falling in the Revolving Period accruing at the Non-Use Fee Rate based on its portion of the excess of the average Class A Maximum Principal Balance over the average Class A Principal Balance for such period and (ii) shall be entitled to receive certain other amounts identified as Class A Additional Amounts (such amounts, including Breakage Payments, being "Class A Additional Amounts") in the Class A Note Purchase Agreement. The Non-Use Fee shall accrue based upon the number of days in the related Distribution Period (or the portion thereof falling in the Revolving Period) and a year of 365 or 366 days, as applicable. Class A Additional Amounts payable on any Distribution Date shall, so long as they equal less than 0.50% of the Weighted Average Collateral Amount over the related Distribution Period, constitute "Class A Rated Additional Amounts." Any Class A Additional Amounts payable on any Distribution Date in excess of the foregoing limitation shall constitute "Class A Unrated Additional Amounts."

(e) If any distribution of principal is made with respect to any Funding Tranche with a Fixed Period and a fixed interest rate other than on the last day of that Fixed Period, or if the Funded Amount of any Ownership Tranche is reduced by an Optional Amortization Amount in an amount greater than the amount (if any) specified in the Class A Note Purchase Agreement with respect to that Ownership Tranche without the applicable number (as specified in the Class A Note Purchase Agreement) of Business Days' prior notice to the affected Holder, and in either case (i) the interest paid by the Class A Holder holding that Funding Tranche to providers of funds to it to fund that Funding Tranche exceeds (ii) returns earned by that Class A Holder through the last day of that Fixed Period by redeployment of such funds in highly rated short-term money market instruments, then, upon written notice (which notice shall be signed by an officer of that Class A Holder with knowledge of and responsibility for such matters and shall set forth in reasonable detail the basis for requesting the amounts) from such Class A Holder to Servicer, such Class A Holder shall be entitled to receive additional amounts in the amount of such excess (each, a "Breakage Payment") on the Distribution Date on or after the date such distribution of principal is made with respect to that Funding Tranche, so long as such written notice is received not later than noon, New York City time, on the Transfer Date related to such Distribution Date. For purposes of calculations under this paragraph, any payment received by a Class A Holder later than noon, New York City time, on any day shall be deemed to have been received on the next day.

Section 5.3 Determination of Class A Monthly Principal, Class M Monthly Principal and Class B Monthly Principal.

(a) The amount of monthly principal (the "Class A Monthly Principal") to be transferred from the Principal Account with respect to the Class A Notes (i) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer

Date), shall be equal to the least of (w) the Class A Pro Rata Percentage of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Class A Pro Rata Percentage of the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6), and (z) the Class A Principal Balance, and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6), and (z) the Class A Principal Balance.

(b) The amount of monthly principal (the "Class M Monthly Principal") to be transferred from the Principal Account with respect to the Class M Notes (i) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer Date), shall be equal to the least of (w) the Class M Pro Rata Percentage of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Class M Pro Rata Percentage of the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of Class A Monthly Principal), and (z) the Class M Principal Balance, and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, over the portion of such Available Principal Collections applied to Class A Monthly Principal on such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of Class A Monthly Principal), and (z) the Class M Principal Balance.

(c) The amount of monthly principal (the "Class B Monthly Principal") to be transferred from the Principal Account with respect to the Class B Notes (i) on each Transfer Date beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer Date), shall be equal to the least of (w) the Class B Pro Rata Percentage of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Class B Pro Rata Percentage of the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of Class A Monthly Principal and Class M Monthly Principal), and (z) the Class B Principal Balance, and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, over the portion of such Available Principal Collections applied to Class

A Monthly Principal and Class M Monthly Principal on such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of the Class A Monthly Principal and Class M Monthly Principal), and (z) the Class B Principal Balance.

Section 5.4 Application of Available Finance Charge Collections and Available Principal Collections. On or before each Transfer Date, the Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B) to withdraw and the Indenture Trustee, acting in accordance with such instructions, shall withdraw on such Transfer Date or related Distribution Date, as applicable, to the extent of available funds, the amount required to be withdrawn from the Finance Charge Account, the Principal Account, the Principal Funding Account and the Distribution Account as follows:

(a) On each Transfer Date, an amount equal to the Available Finance Charge Collections with respect to the related Distribution Date will be distributed or deposited in the following priority:

(i) an amount equal to the unpaid Class A Monthly Interest shall be deposited by Servicer or the Indenture Trustee into the Distribution Account for distribution to the Class A Noteholders in accordance with Section 6.2;

(ii) an amount equal to the unpaid Non-Use Fee, if any, for the related Distribution Period plus any Non-Use Fee due but not paid to the Class A Noteholders on any prior Distribution Date shall be deposited by Servicer or the Indenture Trustee into the Distribution Account for distribution to the Class A Noteholders in accordance with Section 6.2;

(iii) an amount equal to the Class A Rated Additional Amounts, if any, for the related Distribution Period plus any Class A Rated Additional Amounts due but not paid to the Class A Noteholders on any prior Distribution Date shall be deposited by Servicer or the Indenture Trustee into the Distribution Account for distribution to the Class A Noteholders in accordance with Section 6.2;

(iv) an amount equal to the Noteholder Servicing Fee for such Transfer Date, plus the amount of any Noteholder Servicing Fee previously due but not distributed to the Servicer on a prior Transfer Date, shall be distributed to the Servicer;

(v) an amount equal to Class M Monthly Interest for such Distribution Date, plus any Class M Deficiency Amount, plus the amount of any Class M Additional Interest for such Distribution Date, plus the amount of any Class M Additional Interest previously due but not distributed to Class M Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account;

(vi) an amount equal to Class B Monthly Interest for such Distribution Date, plus any Class B Deficiency Amount, plus the amount of any Class B Additional Interest for such Distribution Date, plus the amount of any Class B Additional Interest previously due but not distributed to Class B Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account;

(vii) an amount equal to the Aggregate Investor Default 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 the Controlled Amortization Period or the Early Amortization Period, deposited into the Principal Account on the related Transfer Date;

(viii) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this clause (viii) shall be treated as a portion of Available Principal Collections for such Distribution Date;

(ix) an amount equal to the excess, if any, of the Required Cash Collateral Amount over the Available Cash Collateral Amount shall be deposited into the Cash Collateral Account;

(x) an amount equal to the amounts required to be deposited in the Spread Account pursuant to subsection 5.11(f) shall be deposited into the Spread Account as provided in subsection 5.11(f);

(xi) an amount equal to the aggregate Class A Unrated Additional Amounts will be paid to the Class A Noteholders; and, in the event of any shortfall in the amount of Available Finance Charge Collections available for distribution in respect of Class A Unrated Additional Amounts, (x) the Available Finance Charge Collections shall be allocated ratably to each Ownership Tranche in accordance with its Class A Principal Balance and (y) any Available Finance Charge Collections allocated pursuant to clause (x) to any Ownership Tranche in excess of its Class A Unrated Additional Amounts shall be reallocated to each Ownership Tranche that has a remaining shortfall in the Available Finance Charge Collections allocated to it pursuant to clause (x) in order to cover its Class A Unrated Additional Amounts, which reallocation shall be made ratably in accordance with the portion of the Principal Balances of all remaining Ownership Tranches represented by the Principal Balance of such remaining Ownership Tranche;

(xii) an amount equal to any payments owed to any Class M Noteholders or any other Person pursuant to any Class M Note Purchase Agreement shall be paid to such Class M Noteholder or other person;

(xiii) an amount equal to any payments owed to any Class B Noteholders or any other Person pursuant to any Class B Note Purchase Agreement shall be paid to such Class B Noteholder or other person; and

(xiv) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Distribution Date.

(b) During the Revolving Period, an amount equal to the Available Principal Collections for the related Monthly Period will be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(c) On each Transfer Date with respect to the Controlled Amortization Period or the Early Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period shall be distributed or deposited in the following order of priority:

(i) an amount equal to the Class A Monthly Principal for such Transfer Date shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class A Noteholders on the related Distribution Date until the Class A Principal Balance has been paid in full;

(ii) an amount equal to the Class M Monthly Principal, if any, shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class M Noteholders on the related Distribution Date until the Class M Principal Balance has been paid in full;

(iii) an amount equal to the Class B Monthly Principal, if any, shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class B Noteholders on the related Distribution Date until the Class B Principal Balance has been paid in full; and

(iv) the balance shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(d) On each Distribution Date, the Indenture Trustee shall pay in accordance with Section 6.2 to the Class A Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clauses 5.4(a)(i) through (iii) and (xi) on the preceding Transfer Date, to the Class M Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clauses 5.4(a)(v) and (xii) and to the Class B Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clauses 5.4(a)(vi) and (xiii).

Section 5.5 Investor Charge-Offs. On each Determination Date, the Servicer shall calculate the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for the related Distribution Date. If, on any Distribution Date, the sum of the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for such Distribution Date exceeds the sum of the amount of Available Finance Charge Collections and the amount withdrawn from the Cash Collateral Account allocated with respect thereto pursuant to 5.10(c) with respect to 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").

Section 5.6 Reallocated Principal Collections. On each Transfer Date, the Servicer shall apply, or shall instruct the Indenture Trustee in writing to apply, Reallocated Principal Collections with respect to that Transfer Date, to fund any deficiency pursuant to and in the priority set forth in clauses 5.4(a)(i), (ii), (iii) and (iv) after giving effect to any withdrawal from the Cash Collateral Account or the Spread Account to cover such payments. On each Transfer Date, the Collateral Amount shall be reduced by the amount of Reallocated Principal Collections for such Transfer Date.

Section 5.7 Excess Finance Charge Collections. Series 2009-VFN shall be an Excess Allocation Series with respect to Group One only. For this purpose, each outstanding series of certificates issued by World Financial Network Master Trust (other than series represented by the Collateral Certificate) shall be deemed to be a Series in Group One. Subject to Section 8.6 of the Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One for any Transfer Date will be allocated to Series 2009-VFN in an amount equal to the product of (x) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Distribution Date and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2009-VFN for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One for such Distribution Date. The "Finance Charge Shortfall" for Series 2009-VFN 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 clauses 5.4(a)(i) through (xiii) on such Distribution Date over (b) the Available Finance Charge Collections with respect to such Distribution Date (excluding any portion thereof attributable to Excess Finance Charge Collections).

Section 5.8 Shared Principal Collections. Subject to Section 4.4 of the Pooling and Servicing Agreement and Section 8.5 of the Indenture, Shared Principal Collections allocable to Series 2009-VFN on any Transfer Date will be equal to the product of (x) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series for such Transfer Date and (y) a fraction, the numerator of which is the Principal Shortfall for Series 2009-VFN for such Transfer Date and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series for such Transfer Date. For this purpose, each outstanding series of certificates issued by World Financial Network Master Trust (other than series represented by the Collateral Certificate) shall be deemed to be a Principal Sharing Series. The "Principal Shortfall" for Series 2009-VFN for any Transfer Date shall equal, the excess, if any, of the sum of any Optional Amortization Amounts, Class A Monthly Principal, Class M Monthly Principal and Class B Monthly Principal with respect to such Transfer Date over the amount of Available Principal Collections for such Transfer Date (excluding any portion thereof attributable to Shared Principal Collections).

Section 5.9 Certain Series Accounts.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Noteholders, three segregated trust accounts with such Eligible Institution (the "Finance Charge Account", the "Principal Account" and the "Distribution Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2009-VFN Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Finance Charge Account, the Principal Account and the Distribution Account and in all proceeds thereof. The Finance Charge Account, the Principal Account and the Distribution Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2009-VFN Noteholders. If at any time the institution holding the Finance Charge Account, the Principal Account and the Distribution Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within

ten (10) Business Days, establish a new Finance Charge Account, a new Principal Account, a new Principal Accumulation Account and a new Distribution Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Finance Charge Account, new Principal Account, new Principal Accumulation Account and new Distribution Account. The Indenture Trustee, at the written direction of the Servicer, shall make withdrawals from the Finance Charge Account, the Principal Account and the Distribution Account from time to time, in the amounts and for the purposes set forth in this Indenture Supplement. Indenture Trustee at all times shall maintain accurate records reflecting each transaction in the Finance Charge Account, the Principal Account and the Distribution Account.

(b) Funds on deposit in the Finance Charge Account, the Principal Account and the Distribution Account, from time to time shall be invested and reinvested at the direction of the Servicer by the Indenture Trustee in Eligible Investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

The Indenture Trustee shall hold such of the Eligible Investments as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York and/or Illinois. The Indenture Trustee shall hold such of the Eligible Investments as constitutes investment property through a securities intermediary, which securities intermediary shall agree with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) such securities intermediary shall treat the 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 the 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 the 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 the Indenture Trustee), and (g) such agreement shall be governed by the laws of the State of New York. Terms used in the preceding sentence that are defined in the New York UCC and not otherwise defined herein shall have the meaning set forth in the New York UCC.

Section 5.10 Cash Collateral Account.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2009-VFN Noteholders, a segregated trust account (the "Cash Collateral Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2009-VFN Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Cash Collateral Account and in all proceeds thereof. The Cash Collateral Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2009-VFN Noteholders. If at any time the institution holding the Cash Collateral Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee, and the Indenture Trustee upon being notified (or

the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Cash Collateral Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Cash Collateral Account.

(b) On the Closing Date, Transferor shall deposit $8,210,126.58 in immediately available funds into the Cash Collateral Account. Funds on deposit in the Cash Collateral Account shall be invested at the written direction of the Servicer by the Indenture Trustee in Eligible Investments. Funds on deposit in the Cash Collateral Account on any Transfer Date, after giving effect to any withdrawals from the Cash Collateral Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

The Indenture Trustee shall hold such of the Eligible Investments as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Indenture Trustee shall hold such of the Eligible Investments as constitutes investment property through a securities intermediary, which securities intermediary shall agree with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) such securities intermediary shall treat the 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 the 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 the 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 the Indenture Trustee), and (g) such agreement shall be governed by the laws of the State of New York. Terms used in the preceding sentence that are defined in the New York UCC and not otherwise defined herein shall have the meaning set forth in the New York UCC.

On each Transfer Date, all interest and earnings (net of losses and investment expenses) accrued since the preceding Transfer Date on funds on deposit in the Cash Collateral Account shall be retained in the Cash Collateral Account (to the extent that the Available Cash Collateral Account Amount is less than the Required Cash Collateral Account Amount) and the balance, if any, shall be deposited into the Finance Charge Account and included in Available Finance Charge Collections for such Transfer Date. For purposes of determining the availability of funds or the balance in the Cash Collateral Account for any reason under this Indenture Supplement, except as otherwise provided in the preceding sentence, interest and earnings on such funds shall be deemed not to be available or on deposit.

(c) On each Determination Date, Servicer shall calculate the amount (the "Required Draw Amount") by which the sum of the amounts required to be distributed pursuant to clauses 5.4(a)(i) through (vii) with respect to the related Transfer Date exceeds the amount of Available Finance Charge Collections with respect to the related Monthly Period. If the Required Draw Amount for any Transfer Date is greater than zero, Servicer shall give written notice to the Indenture Trustee of such positive Required Draw Amount on the related

Determination Date. On the related Transfer Date, the Required Draw Amount, if any, up to the Available Cash Collateral Amount, shall be withdrawn from the Cash Collateral Account and distributed to fund any deficiency pursuant to clauses 5.4(a)(i) through (vii) (in the order of priority set forth in subsection 5.4(a)).

(d) If, after giving effect to all deposits to and withdrawals from the Cash Collateral Account with respect to any Transfer Date, the amount on deposit in the Cash Collateral Account exceeds the Required Cash Collateral Amount, the Indenture Trustee acting in accordance with the instructions of the Servicer, shall withdraw an amount equal to such excess from the Cash Collateral Account and (i) deposit such amounts in the Spread Account, to the extent that funds on deposit in the Spread Account are less than the Required Spread Account Amount and (ii) distribute such amounts remaining after application pursuant to subsection 5.10(d) to the Transferor.

Section 5.11 Spread Account.

(a) On or prior to the Closing Date, the Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Class B Noteholders and the Transferor, a segregated account (the "Spread Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Class B Noteholders and the Transferor. Except as otherwise provided in this Section 5.11, 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 B Noteholders and the holder of the Transferor Interest. If at any time the institution holding the Spread Account ceases to be an Eligible Institution, the Servicer shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days (or such longer period as to which the Rating Agencies may consent) establish a new Spread Account meeting the conditions specified above with an Eligible Institution and shall transfer any cash or any investments to such new Spread Account. The Indenture Trustee, at the written direction of the Servicer, shall (i) make withdrawals from the Spread Account from time to time in an amount up to the Available Spread Account Amount at such time, for the purposes set forth in this Indenture Supplement, and (ii) on each Transfer Date prior to termination of the Spread Account, make a deposit into the Spread Account in the amount specified in, and otherwise in accordance with, subsection 5.11(e).

(b) Funds on deposit in the Spread Account shall be invested at the written direction of the Servicer by the Indenture Trustee in Eligible Investments. Funds on deposit in the Spread Account on any Transfer Date, after giving effect to any withdrawals from and deposits to the Spread Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

The Indenture Trustee shall hold such of the Eligible Investments as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Indenture Trustee shall hold such of the Eligible Investments as constitutes investment property through a securities intermediary, which

securities intermediary shall agree with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) such securities intermediary shall treat the 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 the 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 the 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 the Indenture Trustee), and (g) such agreement shall be governed by the laws of the State of New York. Terms used in the preceding sentence that are defined in the New York UCC and not otherwise defined herein shall have the meaning set forth in the New York UCC. Except as permitted by this subsection 5.11(b), the Indenture Trustee shall not hold Eligible Investments through an agent or a nominee.

On each Transfer Date (but subject to subsection 5.11(c)), the Investment Earnings, if any, accrued since the preceding Transfer Date on funds on deposit in the Spread Account shall be paid to the holders of the Transferor Interest by the Indenture Trustee upon written direction of the Servicer. For purposes of determining the availability of funds or the balance in the Spread Account for any reason under this Indenture Supplement (subject to subsection 5.11(c)), all Investment Earnings shall be deemed not to be available or on deposit; provided that after the maturity of the Series 2009-VFN Notes has been accelerated as a result of an Event of Default, all Investment Earnings shall be added to the balance on deposit in the Spread Account and treated like the rest of the Available Spread Account Amount.

(c) If, on any Transfer Date, the aggregate amount of Available Finance Charge Collections and the amount, if any, withdrawn from the Cash Collateral Account available for deposit into the Distribution Account pursuant to subsection 5.10(c), is less than the aggregate amount required to be deposited pursuant to clause 5.4(a)(x), the Indenture Trustee, at the written direction of the Servicer, shall withdraw from the Spread Account the amount of such deficiency up to the Available Spread Account Amount and, if the Available Spread Account Amount is less than such deficiency, Investment Earnings credited to the Spread Account, and deposit such amount in the Distribution Account for payment to the Class B Noteholders in respect of interest on the Class B Notes.

(d) On the earlier of Series Termination Date and the date on which the Note Principal Balance has been paid in full, after applying any funds on deposit in the Spread Account as described in subsection 5.11(c), 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 B Principal Balance (after any payments to be made pursuant to subsection 5.4(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 B Principal Balance to zero, Investment Earnings credited to the Spread Account up to the amount required to reduce the Class B 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 B Noteholders in accordance with subsection 6.2(c).

(e) On any day following the occurrence of an Event of Default with respect to Series 2009-VFN and acceleration of the maturity of the Series 2009-VFN Notes pursuant to Section 5.3 of the Indenture, Servicer shall withdraw from the Spread Account an amount equal to the Available Spread Account Amount and Indenture Trustee or Servicer shall deposit such amounts into the Distribution Account for distribution to the Class B Noteholders and the Class A Noteholders, in that order of priority, in accordance with Section 6.2, to fund any shortfalls in amounts owed to such Noteholders.

(f) If on any Transfer Date, after giving effect to all withdrawals from the Spread Account, the Available Spread Account Amount is less than the Required Spread Account Amount then in effect, Available Finance Charge Collections, to the extent available, shall be deposited into the Spread Account pursuant to clause 5.4(a)(x) up to the amount of the Spread Account Deficiency.

(g) If, after giving effect to all deposits to and withdrawals from the Spread Account with respect to any Transfer Date, the amount on deposit in the Spread Account exceeds 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 distribute such amount to the Transferor. On the date on which the Class B Principal Balance has been paid in full, after making any payments to the Noteholders required pursuant to subsections 5.11(c), (d) and (e), the Indenture Trustee, at the written direction of Servicer, shall withdraw from the Spread Account all amounts then remaining in the Spread Account and pay such amounts to the holders of the Transferor Interest.

Section 5.12 Investment Instructions. Any investment instructions required to be given to the Indenture Trustee pursuant to the terms hereof must be given to the Indenture Trustee no later than 11:00 a.m., New York City time, on the date such investment is to be made. In the event the Indenture Trustee receives such investment instruction later than such time, the Indenture Trustee may, but shall have no obligation to, make such investment. In the event the Indenture Trustee is unable to make an investment required in an investment instruction received by the Indenture Trustee after 11:00 a.m., New York City time, on such day, such investment shall be made by the Indenture Trustee on the next succeeding Business Day. In no event shall the Indenture Trustee be liable for any investment not made pursuant to investment instructions received after 11:00 a.m., New York City time, on the day such investment is requested to be made.

Section 5.13 Determination of LIBOR.

(a) On each LIBOR Determination Date in respect of a Distribution Period, the Indenture Trustee shall determine LIBOR on the basis of the rate for deposits in United States dollars for a period of the Designated Maturity which appears on Reuters Screen 01 as of 11:00 a.m., London time, on such date. If such rate does not appear on Reuters Screen 01, the rate for that Distribution Period Determination Date shall be determined on the basis of the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for a period of the Designated Maturity. The Indenture Trustee shall request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two (2) such quotations

are provided, the rate for that Distribution Period shall be the arithmetic mean of the quotations. If fewer than two (2) quotations are provided as requested, the rate for that Distribution Period will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Servicer, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a period of the Designated Maturity.

(b) The Class M Note Interest Rate and the Class B Note Interest Rate applicable to the then current and the immediately preceding Distribution Periods may be obtained by telephoning the Indenture Trustee at its corporate trust office at (312) 827-8500 or such other telephone number as shall be designated by the Indenture Trustee for such purpose by prior written notice by the Indenture Trustee to each Series 2009-VFN Noteholder from time to time.

(c) On each LIBOR Determination Date, the Indenture Trustee shall send to the Servicer by facsimile transmission notification of LIBOR for the following Distribution Period.

ARTICLE VI.

Delivery of Series 2009-VFN Notes; Distributions; Reports to Series 2009-VFN Noteholders

Section 6.1 Delivery and Payment for the Series 2009-VFN Notes.

The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2009-VFN Notes in accordance with Section 2.3 of the Indenture. The Indenture Trustee shall deliver the Series 2009-VFN Notes to or upon the written order of the Trust when so authenticated.

Section 6.2 Distributions.

(a) On each Distribution Date, the Indenture Trustee shall distribute to each Class A Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class A Noteholder's portion (determined in accordance with Section 4.2 and Article V) of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class A Noteholders pursuant to this Indenture Supplement.

(b) On each Distribution Date, the Indenture Trustee shall distribute to each Class M Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class M Noteholder's pro rata share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class M Noteholders pursuant to this Indenture Supplement.

(c) On each Distribution Date, the Indenture Trustee shall distribute to each Class B Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class B Noteholder's pro rata share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class B Noteholders pursuant to this Indenture Supplement.

(d) The distributions to be made pursuant to this Section 6.2 are subject to the provisions of Sections 2.6, 6.1 and 7.1 of the Transfer and Servicing Agreement, Section 11.2 of the Indenture and Section 7.1 of this Indenture Supplement.

(e) All payments set forth herein shall be made by wire transfer of immediately available funds, provided that the Paying Agent, not less than five Business Days prior to the Record Date relating to the first distribution to such Series 2009-VFN Noteholder, has been furnished with appropriate wiring instructions in writing.

Section 6.3 Reports and Statements to Series 2009-VFN Noteholders.

(a) On each Distribution Date, the Indenture Trustee shall forward to each Series 2009-VFN Noteholder a statement substantially in the form of Exhibit C prepared by the Servicer.

(b) Not later than the second Business Day preceding each Distribution Date, the Servicer shall deliver to the Owner Trustee, the Indenture Trustee and each Rating Agency (i) a statement substantially in the form of Exhibit B prepared by the Servicer and (ii) a certificate of an Authorized Officer substantially in the form of Exhibit D; provided that the Servicer may amend the form of Exhibit B from time to time, with the prior written consent of the Indenture Trustee.

(c) A copy of each statement or certificate provided pursuant to paragraph (a) or (b) may be obtained by any Series 2009-VFN Noteholder by a request in writing to the Servicer.

(d) On or before January 31 of each calendar year, beginning with January 31, 2010, the Indenture Trustee shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2009-VFN Noteholder, a statement prepared by the Servicer containing the information which is required to be contained in the statement to Series 2009-VFN Noteholders, as set forth in paragraph (a) above, aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2009-VFN Noteholder, together with other information as is required to be provided by an issuer of indebtedness under the Code. Such obligation of the Indenture Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Servicer pursuant to any requirements of the Code as from time to time in effect.

ARTICLE VII.

Series 2009-VFN Early Amortization Events

Section 7.1 Series 2009-VFN Early Amortization Events. If any one of the following events shall occur with respect to the Series 2009-VFN Notes:

(a) failure on the part of Transferor or the “Transferor” under the Pooling and Servicing Agreement (i) to make any payment or deposit required to be made by it by the terms of the Pooling and Servicing Agreement, the Collateral Series Supplement, the Transfer and Servicing Agreement, the Class A Note Purchase Agreement, the Indenture or this Indenture Supplement on or before the date occurring five (5) Business Days after the date such payment

or deposit is required to be made therein or herein or (ii) duly to observe or perform in any material respect any other of its covenants or agreements set forth in the Transfer and Servicing Agreement, the Class A Note Purchase Agreement, the Pooling and Servicing Agreement, the Indenture or this Indenture Supplement, which failure has a material adverse effect on the Series 2009-VFN Noteholders and which continues unremedied for a period of thirty (30) 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 any Holder of the Series 2009-VFN Notes;

(b) any representation or warranty made by Transferor or the "Transferor" under the Pooling and Servicing Agreement, in the Transfer and Servicing Agreement, the Class A Note Purchase Agreement or the Pooling and Servicing Agreement or any information contained in a computer file or microfiche list required to be delivered by it pursuant to Section 2.1 or subsection 2.6(c) of the Transfer and Servicing Agreement or Section 2.1 or subsection 2.6(c) of the Pooling and Servicing Agreement shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of thirty (30) 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 any Holder of the Series 2009-VFN Notes and as a result of which the interests of the Series 2009-VFN Noteholders are materially and adversely affected for such period; provided, however, that a Series 2009-VFN Early Amortization Event pursuant to this subsection 6.1(b) 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;

(c) the Portfolio Yield averaged over three consecutive Monthly Periods is less than the Base Rate averaged over such period;

(d) a failure by Transferor or the "Transferor" under the Pooling and Servicing Agreement to convey Receivables in Additional Accounts or Participations to the Receivables Trust within five (5) Business Days after the day on which it is required to convey such Receivables pursuant to subsection 2.6(b) of the Transfer and Servicing Agreement or subsection 2.8(b) of the Pooling and Servicing Agreement, respectively, 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 principal balance of any Variable Interest to occur, so that, after giving effect to that reduction (i) the Transferor Amount is not less than the Minimum Transferor Amount (including the Additional Minimum Transferor Amount, if any) and (ii) the sum of the aggregate amount of Principal Receivables plus amounts on deposit in the Excess Funding Account is not less than the Required Principal Balance;

(e) any Servicer Default or any "Servicer Default" under the Pooling and Servicing Agreement shall occur which would have a material adverse effect on the Series 2009-VFN Holders (which determination shall be made without reference to whether any funds are available under the Cash Collateral Account);

(f) the Class A Principal Balance shall not be paid in full on the Class A Scheduled Final Payment Date;

(g) [Reserved];

(h) [Reserved];

(i) a Change in Control has occurred;

(j) [Reserved];

(k) the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974 with regard to any of the assets of WFN, which lien shall secure a liability in excess of $10,000,000 and shall not have been released within 40 days;

(l) [Reserved]; or

(m) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2009-VFN and acceleration of the maturity of the Series 2009-VFN Notes pursuant to Section 5.3 of the Indenture.

then, in the case of any event described in subsections 7.1(a), (b), (e), (k) or (l) of this Indenture Supplement, after the applicable grace period set forth in such Sections, either Indenture Trustee or Holders of Class A Notes evidencing undivided interests aggregating more than 50% of the Class A Principal Balance by notice then given in writing to Transferor and Servicer (and to the Indenture Trustee if given by the Holders) may declare that an early amortization event (a "Early Amortization Event") has occurred as of the date of such notice, and in the case of any event described in subsections 7.1(c), (d), (f), (g), (h), (i), (j) or (m) of this Indenture Supplement, an Early Amortization Event shall occur without any notice or other action on the part of Indenture Trustee or the Series 2009-VFN Noteholders immediately upon the occurrence of such event.

In addition to the other consequences of a Series 2009-VFN Early Amortization Event specified herein, from and after the occurrence of any Series 2009-VFN Early Amortization Event (until the same shall have been waived by all of the Series 2009-VFN Noteholders), with respect to any Account included in the Identified Portfolio, Transferor shall no longer permit or require Merchant Adjustment Payments (except those owed by Redcats) or In-Store Payments to be netted against amounts owed to Transferor by the applicable Merchant but shall instead exercise its rights to require each Merchant (other than Redcats) to transfer to Servicer, not later than the third Business Day following receipt by such Merchant of any In-Store Payments or the occurrence of any event giving rise to Merchant Adjustment Payments, an amount equal to the sum of such In-Store Payments and Merchant Adjustment Payments. In addition, if any bankruptcy or other insolvency proceeding has been commenced against a Merchant, Servicer shall require that Merchant to (i) stop accepting In-Store Payments and (ii) inform Obligors who wish to make In-Store Payments that payment should instead be sent to Servicer, provided that Servicer shall not be required to take such action if (x) Servicer or Trustee has been provided a letter of credit, surety bond or other similar instrument covering collection risk with respect to In-Store Payments, (y) the Rating Agency Condition is satisfied with respect to such letter of credit, surety bond or other similar instrument and (z) each of the Series 2009-VFN Noteholders consents to such arrangement.

ARTICLE VIII.

Redemption of Series 2009-VFN Notes; Series Termination

Section 8.1 Optional Redemption of Series 2009-VFN Notes; Final Distributions.

(a) On any Business Day occurring on or after the date on which the outstanding principal balance of the Series 2009-VFN Notes is reduced to 10% or less of the greatest ever Note Principal Balance, the Servicer shall have the option to redeem the Series 2009-VFN 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.

(b) 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. 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, on deposit in the Principal Account. 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 2009-VFN shall be reduced to zero and the Series 2009-VFN Noteholders shall have no further security interest in the Receivables. The Reassignment Amount shall be distributed as set forth in subsection 8.1(d).

(c) (i) The amount to be paid by the Transferor with respect to Series 2009-VFN in connection with a reassignment of Receivables to the Transferor pursuant to subsection 2.4(e) of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the first Distribution Date following the Monthly Period in which the reassignment obligation arises under the Transfer and Servicing Agreement.

(ii) The amount to be paid by the Transferor with respect to Series 2009-VFN in connection with a repurchase of the Notes pursuant to Section 7.1 of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the Distribution Date of such repurchase.

(d) With respect to (a) the Reassignment Amount deposited into the Distribution Account pursuant to Section 8.1 or (b) the proceeds of any sale of Receivables pursuant to clause 5.5(a)(iii) of the Indenture with respect to Series 2009-VFN, the Indenture Trustee shall, in accordance with the written direction of the Servicer, not later than 12:00 noon, New York City time, on the related Distribution Date, make distributions of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and distributions otherwise to be made on such date) in immediately available funds: (i) (x) the Class A Principal Balance on such Distribution Date will be distributed to the Class A Noteholders and (y) an amount equal to the sum of (A) Class A Monthly Interest for such Distribution Date, (B) any Class A Monthly Interest previously due but not distributed to the Class A Noteholders on any

prior Distribution Date, will be distributed to the Class A Noteholders, (C) Non-Use Fees, if any, due and payable on such Distribution Date or any prior Distribution Date and (D) Class A Additional Amounts, if any, due and payable on such Distribution Date or any prior Distribution Date, (ii) (x) the Class M Principal Balance on such Distribution Date will be distributed to the Class M Noteholders and (y) an amount equal to the sum of (A) Class M Monthly Interest for such Distribution Date, (B) any Class M Deficiency Amount for such Distribution Date, (C) the amount of Class M Additional Interest, if any, for such Distribution Date and any Class M Additional Interest previously due but not distributed to the Class M Noteholders on any prior Distribution Date, will be distributed to the Class M Noteholders, (D) Non-Use Fees, if any, due and payable on such Distribution Date or any prior Distribution Date and (E) Class M Additional Amounts, if any, due and payable on such Distribution Date or any prior Distribution Date, (iii)(x) the Class B Principal Balance on such Distribution Date will be distributed to the Class B Noteholders and (y) an amount equal to the sum of (A) Class B Monthly Interest for such Distribution Date, (B) any Class B Deficiency Amount for such Distribution Date, (C) the amount of Class B Additional Interest, if any, for such Distribution Date and any Class B Additional Interest previously due but not distributed to the Class B Noteholders on any prior Distribution Date, will be distributed to the Class B Noteholders, (D) Non-Use Fees, if any, due and payable on such Distribution Date or any prior Distribution Date and (E) Class B Additional Amounts, if any, due and payable on such Distribution Date or any prior Distribution Date, and (iv) any excess shall be released to the Issuer.

Section 8.2 Series Termination. The right of the Series 2009-VFN Noteholders to receive payments from the Trust will terminate on the first Business Day following the Series Termination Date.

ARTICLE IX.

Miscellaneous Provisions

Section 9.1 Ratification of Indenture; Amendments. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument. This Indenture Supplement may be amended only by a Supplemental Indenture entered 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 2009-VFN Noteholders shall be the only Noteholders whose vote shall be required. The Transferor shall provide notice of any amendment to this Indenture Supplement to S&P.

Section 9.2 Form of Delivery of the Series 2009-VFN Notes. The Class A Notes, the Class M Notes and the Class B Notes shall be Definitive Notes and shall be registered in the Note Register in the name of the initial purchasers of such Notes identified in the Note Purchase Agreements.

Section 9.3 Notices. Any required notice shall be made to the Rating Agencies and the Noteholders at the following:

(a) If to Fitch: Fitch, Inc., One State Street Plaza, New York, New York 10004.

(b) If to DBRS: DBRS, Inc., 140 Broadway, 35th Floor, New York, New York, 10005 and abs-surveillance@dbrs.com.

(c) If to the Series 2009-VFN Noteholders, to the address specified in the applicable Note Purchase Agreement.

Section 9.4 Counterparts. This Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

Section 9.5 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 9.6 Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by U.S. Bank Trust National Association, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust, in no event shall U.S. Bank Trust National Association in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the 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 9.7 Rights of the Indenture Trustee. The Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Master Indenture.

Section 9.8 Additional Provisions. Notwithstanding anything to the contrary in any Transaction Document, until the Series Termination Date:

(a) The Indenture Trustee shall not agree to any extension of the 60 day periods referred to in Section 2.4 or 3.3 of the Transfer and Servicing Agreement;

(b) Notwithstanding subsection 3.3(j) of the Transfer and Servicing Agreement, neither Transferor nor Servicer will take any action to cause any Receivable to be evidenced by, or to constitute, chattel paper, and each represents that none of the Receivables is evidenced by, or constitutes, chattel paper.

(c) Without the consent of each Class A Noteholder (which consent shall not be unreasonably withheld or delayed), Transferor shall not (i) engage in any transaction described in Section 4.2 of the Transfer and Servicing Agreement, (ii) designate additional or substitute Transferors or Credit Card Originators as permitted by Section 2.9 or 2.10 of the Transfer and Servicing Agreement, (iii) increase the percentage of Principal Receivables referred to in the proviso to clause (f) of the definition of “Eligible Account”, (iv) amend any Transaction Document in a manner that adversely affects the Class A Noteholders, (v) amend the Transfer and Servicing Agreement to permit the addition of receivables arising in VISA, MasterCard or any other type of open end revolving credit card account other than those in the Identified Portfolio or (vi) amend this Indenture Supplement.

(d) The Additional Minimum Transferor Amount is hereby specified as an additional amount to be considered part of the Minimum Transferor Amount pursuant to clause (b) of the definition of Minimum Transferor Amount.

(e) The Transferor may designate additional Approved Portfolios if (a) the Rating Agency Condition is satisfied with respect to that designation and (b) the Transferor delivers to the Indenture Trustee an Opinion of Counsel that all UCC financing statements or amendments required to perfect the interest of the Trust and, if the date of determination is prior to the Certificate Trust Termination Date, the Trustee in Receivables arising in accounts included in each such Additional Portfolio have been made.

Section 9.9 No Petition. The Issuer and the Indenture Trustee, by entering into this Indenture Supplement, and each Series 2009-VFN Noteholder, by accepting a Series 2009-VFN Note, hereby covenant and agree that they will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Series 2009-VFN Noteholders, the Indenture or this Indenture Supplement; provided, however, that nothing herein shall prohibit the Indenture Trustee from filing proofs of claim or otherwise participating in such proceedings instituted by any other person. The provisions of this Section 9.8 shall survive the termination of this Indenture Supplement.

Section 9.10 Additional Requirements for Registration of and Limitations on Transfer and Exchange of Notes.

(a) All Transfers will be subject to the transfer restrictions set forth on the Notes.

(b) No Transfer (or purported Transfer) of a Class M Note or Class B Note (or economic interest therein) shall be made by WFN, the Transferor or any person which is considered the same person as WFN or the Transferor for U.S. Federal income tax purposes (except to a person which is considered the same person as WFN for such purposes) and any such Transfer (or purported Transfer) of such Notes shall be void ab initio unless an Opinion of Counsel is first delivered to the Indenture Trustee to the effect that such Notes will constitute debt for U.S. federal income tax purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

WORLD FINANCIAL NETWORK CREDIT CARD MASTER NOTE TRUST, as Issuer

By: U. S. Bank Trust National Association, not in its individual capacity, but solely as Owner Trustee

By: /s/ Annette E. Morgan
Name: Annette E. Morgan
Title: Assistant Vice President

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Indenture Trustee

By: /s/ David H. Hill
Name: David H. Hill
Title: Senior Associate

Acknowledged and Accepted:

WFN CREDIT COMPANY, LLC
as Transferor

By: /s/ Daniel T. Groomes
Name: Daniel T. Groomes
Title: President

Exhibit 10.126

EXECUTION VERSION

WORLD FINANCIAL CAPITAL MASTER NOTE TRUST

Issuer

And

U.S. BANK NATIONAL ASSOCIATION

Indenture Trustee

SERIES 2009-VFN INDENTURE SUPPLEMENT

Dated as of September 28, 2009

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EXHIBIT A-2	FORM OF CLASS M NOTE
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EXHIBIT A-4	FORM OF CLASS C NOTE
EXHIBIT B	FORM OF MONTHLY PAYMENT INSTRUCTIONS AND NOTIFICATION TO INDENTURE TRUSTEE
EXHIBIT C	FORM OF MONTHLY NOTEHOLDERS' STATEMENT
EXHIBIT D	FORM OF MONTHLY SERVICER'S CERTIFICATE

SERIES 2009-VFN INDENTURE SUPPLEMENT, dated as of September 28, 2009 (the "Indenture Supplement"), between WORLD FINANCIAL CAPITAL MASTER NOTE TRUST, a trust organized and existing under the laws of the State of Delaware (herein, the "Issuer" or the "Trust"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as indenture trustee (herein, together with its successors in the trusts thereunder as provided in the Indenture referred to below, the "Indenture Trustee") under the Master Indenture, dated as of September 29, 2008 (the "Indenture"), between the Issuer and the Indenture Trustee (the Indenture, together with this Indenture Supplement, the "Agreement").

NOW THEREFORE, the parties hereto hereby agree as follows:

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 to the Indenture.

ARTICLE I.

Creation of the Series 2009-VFN Notes

Section 1.1 Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Indenture and this Indenture Supplement to be known as "World Financial Capital Master Note Trust, Series 2009-VFN" or the "Series 2009-VFN Notes." The Series 2009-VFN Notes shall be issued in four Classes, known as the "Class A Series 2009-VFN Floating Rate Asset Backed Notes," the "Class M Series 2009-VFN Asset Backed Notes," the "Class B Series 2009-VFN Asset Backed Notes" and the "Class C Series 2009-VFN Asset Backed Notes." The Series 2009-VFN Notes shall be Variable Interests.

(b) The Class A Notes may from time to time be divided into separate ownership tranches (each a "Class A Ownership Tranche") which shall be identical in all respects, except for their respective Class A Maximum Principal Balances, Class A Principal Balances and certain matters relating to the rate and payment of interest. The initial allocation of Class A Notes among Class A Ownership Tranches shall be made, and reallocations among such Class A Ownership Tranches or new Class A Ownership Tranches may be made, as provided in Section 4.1 of this Indenture Supplement and the Class A Note Purchase Agreement.

(c) Series 2009-VFN shall be included in Group One and shall be a Principal Sharing Series. Series 2009-VFN shall be an Excess Allocation Series with respect to Group One only. Series 2009-VFN shall not be subordinated to any other Series.

ARTICLE II.

Definitions

Section 2.1 Definitions.

(a) Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and the masculine as well as the feminine and neuter genders of such terms.

"Additional Amounts" is defined in the Class A Note Purchase Agreement.

"Administrative Agents" is defined in the Class A Note Purchase Agreement.

"Aggregate Investor Default Amount" means, as to any Monthly Period, the sum of the Investor Default Amounts in respect of such Monthly Period.

"Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction:

(a) the numerator of which shall be equal to:

(i) for Principal Collections during the Revolving Period and for Finance Charge Collections and Default Amounts at any time, the Collateral Amount at the end of the last day of the prior Monthly Period (or, in the case of the Monthly Period in which the Closing Date occurs, on the Closing Date), less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated; provided, however, that with respect to any Monthly Period in which a Reset Date occurs as a result of a Class A Incremental Funding, Class M Incremental Funding, Class B Incremental Funding, Class C Incremental Funding or the issuance of a new Series, the numerator determined pursuant to this clause (i) shall be (A) the Collateral Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, in each case less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated (to the extent not already subtracted in determining the Collateral Amount), for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (B) the Collateral Amount as of the close of business on such Reset Date, less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated (to the extent not already subtracted in determining the Collateral Amount), for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); or

(ii) for Principal Collections during the Early Amortization Period and the Controlled Amortization Period, the Collateral Amount at the end of the last day

of the Revolving Period, provided, however, that the Transferor may, by written notice to the Indenture Trustee, the Servicer and the Rating Agencies, reduce the numerator used for purposes of allocating Principal Collections to Series 2009-VFN at any time if (x) the Rating Agency Condition shall have been satisfied with respect to such reduction and (y) the Transferor shall have delivered to the Indenture Trustee an Officer's Certificate to the effect, based on the facts known to such officer at that time, in the reasonable belief of the Transferor, such designation will not cause a Series 2009-VFN Early Amortization Event or an event that, after the giving of notice or the lapse of time, would cause a Series 2009-VFN Early Amortization Event to occur with respect to Series 2009-VFN; and

(b) the denominator of which shall be the greater of (x) the Aggregate Principal Receivables determined as of the close of business on the last day of the prior Monthly Period and (y) the sum of the numerators used to calculate the allocation percentages for allocations with respect to Finance Charge Collections, Principal Collections or Default Amounts, as applicable, for all outstanding Series on such date of determination provided, that if one or more Reset Dates occur in a Monthly Period, the Allocation Percentage for the portion of the Monthly Period falling on and after such Reset Date and prior to any subsequent Reset Date will be recalculated for such period as of the close of business on the subject Reset Date.

"Available Cash Collateral Amount" means with respect to any Transfer Date, an amount equal to the lesser of (a) the amount on deposit in the Cash Collateral Account (before giving effect to any deposit to, or withdrawal from, the Cash Collateral Account made or to be made with respect to such date) and (b) the Required Cash Collateral Amount for such Transfer Date.

"Available Finance Charge Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Finance Charge Collections for such Monthly Period, plus (b) the Excess Finance Charge Collections allocated to Series 2009-VFN for such Monthly Period, plus (c) interest and earnings on funds on deposit in the Cash Collateral Account which will be deposited into the Finance Charge Account on the related Transfer Date to be treated as Available Finance Charge Collections pursuant to subsection 5.10(b).

"Available Principal Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Principal Collections for such Monthly Period, minus (b) the amount of Reallocated Principal Collections with respect to such Monthly Period which pursuant to Section 5.6 are required to be applied on the related Distribution Date, plus (c) any Shared Principal Collections with respect to other Principal Sharing Series (including any amounts on deposit in the Excess Funding Account that are allocated to Series 2009-VFN for application as Shared Principal Collections), plus (d) the aggregate amount to be treated as Available Principal Collections pursuant to clauses 5.4(a)(vii) and (viii) for the related Distribution Date.

"Available Spread Account Amount" means, for any Transfer Date, an amount equal to the lesser of (a) the amount on deposit in the Spread Account (exclusive of Investment Earnings on such date and before giving effect to any deposit to, or withdrawal from, the Spread Account made or to be made with respect to such date) and (b) the Required Spread Account Amount, in each case on such Transfer Date.

"Bankrupt Merchant" means any Merchant which fails generally to, or admits in writing its inability to, pay its debts as they become due; or any Merchant for which a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect such Merchant in an involuntary case under any Debtor Relief Law, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceedings shall continue undismissed or unstayed and in effect for a period of 60 consecutive days or any of the actions sought in such proceeding shall occur; or any Merchant that commences a voluntary case under any Debtor Relief Law, or such Merchant's consent to the entry of an order for relief in an involuntary case under any Debtor Relief Law, or consent to the appointment of a taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official for any substantial part of its property, or any general assignment for the benefit of creditors; or any Merchant or any Affiliate of such Merchant shall have taken any corporate action in furtherance of any of the foregoing actions with respect to such Merchant.

"Base Rate" means, as to any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is equal to the sum of the Monthly Interest, any Non-Use Fees and any Additional Amounts payable pursuant to clauses 5.4(a)(i) through (vi) each for the related Distribution Period, any Class M Additional Interest, any Class B Additional Interest and the Noteholder Servicing Fee with respect to such Monthly Period, and the denominator of which is the Weighted Average Collateral Amount during such Monthly Period.

"Breakage Payment" is defined in subsection 5.2(e).

"Cash Collateral Account" is defined in subsection 5.10(a).

"Change in Control" means the failure of Holding to own, directly or indirectly, 100% of the outstanding shares of common stock (excluding directors' qualifying shares) of WFCB.

"Class A Additional Amounts" means Additional Amounts payable to the Class A Noteholders pursuant to the Class A Note Purchase Agreement.

"Class A Funding Tranche" is defined in subsection 5.2(a).

"Class A Incremental Funding" means any increase in the Class A Principal Balance during the Revolving Period made pursuant to the Class A Note Purchase Agreement and Section 4.1(a) hereof.

"Class A Incremental Principal Balance" means the amount of the increase in the Class A Principal Balance occurring as a result of any Class A Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class A Noteholders pursuant to the Class A Note Purchase Agreement with respect to such Class A Incremental Funding.

"Class A Maximum Principal Balance" means the "Maximum Principal Balance" (as defined in the Class A Note Purchase Agreement), as such amount may be increased or decreased from time to time pursuant to the Class A Note Purchase Agreement. As applied to any particular Class A Note, the "Class A Maximum Principal Balance" means the portion of the overall Class A Maximum Principal Balance represented by that Class A Note.

"Class A Monthly Interest" is defined in subsection 5.2(a).

"Class A Monthly Principal" is defined in subsection 5.3(a).

"Class A Note Purchase Agreement" means the Class A Note Purchase Agreement, dated as of September 28, 2009, among Transferor, the Issuer, the Servicer and the initial Class A Noteholders, as supplemented by the various Fee Letters referred to (and defined) therein, and as the same may be amended or otherwise modified from time to time. The Class A Note Purchase Agreement is hereby designated a "Transaction Document" for all purposes of the Agreement and this Indenture Supplement.

"Class A Noteholder" means the Person in whose name a Class A Note is registered in the Note Register.

"Class A Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1.

"Class A Ownership Tranche" is defined in subsection 1.1(b).

"Class A Principal Balance" means, on any Business Day, an amount equal to the result of (a) $[_____], plus (b) the aggregate amount of all Class A Incremental Principal Balances for all Class A Incremental Fundings occurring after the Closing Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class A Noteholders after the Closing Date and on or prior to such Business Day. As applied to any particular Class A Note, the "Class A Principal Balance" means the portion of the overall Class A Principal Balance represented by that Class A Note. The Class A Principal Balance shall be allocated among the Class A Ownership Tranches as provided in the Class A Note Purchase Agreement.

"Class A Pro Rata Percentage" means [_____]%.

"Class A Required Amount" means, for any Distribution Date, an amount equal to the excess of the amounts described in clauses 5.4(a)(i), (ii) and (iii) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 5.10(c).

"Class B Additional Interest" is defined in subsection 5.2(c).

"Class B Deficiency Amount" is defined in subsection 5.2(c).

"Class B Incremental Funding" means any increase in the Class B Principal Balance during the Revolving Period made pursuant to the applicable Class B Note Purchase Agreement.

"Class B Incremental Principal Balance" means the amount of the increase in the Class B Principal Balance occurring as a result of any Class B Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class B Noteholders pursuant to the Class B Note Purchase Agreement with respect to such Class B Incremental Funding.

"Class B Maximum Principal Balance" means the product of (a) a fraction, the numerator of which is the Class A Maximum Principal Balance and the denominator of which is the Class A Pro Rata Percentage and (b) the Class B Pro Rata Percentage, as such amount may be increased or decreased from time to time pursuant to the Class B Note Purchase Agreement. As applied to any particular Class B Note, the "Class B Maximum Principal Balance" means the portion of the overall Class B Maximum Principal Balance represented by that Class B Note.

"Class B Monthly Interest" is defined in subsection 5.2(c).

"Class B Monthly Principal" is defined in subsection 5.3(c).

"Class B Note Interest Rate" means 0.0%.

"Class B Note Purchase Agreement" means any of the Note Purchase Agreements, entered into among WFCB, the Transferor and each party that purchases Class B Notes from the Transferor.

"Class B Noteholder" means the Person in whose name a Class B Note is registered in the Note Register.

"Class B Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-3.

"Class B Principal Balance" means, on any Business Day, an amount equal to the result of (a) $[_____], plus (b) the aggregate amount of all Class B Incremental Principal Balances for all Class B Incremental Fundings occurring after the Closing Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class B Noteholders after the Closing Date and on or prior to such date. As applied to any particular Class B Note, the "Class B Principal Balance" means the portion of the overall Principal Balance represented by that Class B Note.

"Class B Pro Rata Percentage" means [_____]%.

"Class B Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in clause 5.4(a)(v) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 5.10(c).

"Class C Additional Interest" is defined in subsection 5.2(d).

"Class C Deficiency Amount" is defined in subsection 5.2(d).

"Class C Incremental Funding" means any increase in the Class C Principal Balance during the Revolving Period made pursuant to the Class C Note Purchase Agreement.

"Class C Incremental Principal Balance" means the amount of the increase in the Class C Principal Balance occurring as a result of any Class C Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class C Noteholders pursuant to the Class C Note Purchase Agreement with respect to such Class C Incremental Funding.

"Class C Maximum Principal Balance" means the product of (a) a fraction, the numerator of which is the Class A Maximum Principal Balance and the denominator of which is the Class A Pro Rata Percentage and (b) the Class C Pro Rata Percentage, as such amount may be increased or decreased from time to time pursuant to the Class C Note Purchase Agreement. As applied to any particular Class C Note, the "Class C Maximum Principal Balance" means the portion of the overall Maximum Principal Balance represented by that Class C Note.

"Class C Monthly Interest" is defined in subsection 5.2(d).

"Class C Monthly Principal" is defined in subsection 5.3(d).

"Class C Note Interest Rate" means 0.0%.

"Class C Note Purchase Agreement" means the Note Purchase Agreement, entered into among WFCB, the Transferor and each party that purchases Class C Notes from the Transferor.

"Class C Noteholder" means the Person in whose name a Class C Note is registered in the Note Register.

"Class C Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-4.

"Class C Principal Balance" means, on any Business Day, an amount equal to the result of (a) $[_____], plus (b) the aggregate amount of all Class C Incremental Principal Balances for all Class C Incremental Fundings occurring after the Closing Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class C Noteholders after the Closing Date and on or prior to such date. As applied to any particular Class C Note, the "Class C Principal Balance" means the portion of the overall Principal Balance represented by that Class C Note.

"Class C Pro Rata Percentage" means [_____]%.

"Class C Spread" is defined in the Class C Note Purchase Agreement.

"Class M Additional Interest" is defined in subsection 5.2(b).

"Class M Deficiency Amount" is defined in subsection 5.2(b).

"Class M Incremental Funding" means any increase in the Class M Principal Balance during the Revolving Period made pursuant to the applicable Class M Note Purchase Agreement.

"Class M Incremental Principal Balance" means the amount of the increase in the Class M Principal Balance occurring as a result of any Class M Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class M Noteholders pursuant to the Class M Note Purchase Agreement with respect to such Class M Incremental Funding.

"Class M Maximum Principal Balance" means the product of (a) a fraction, the numerator of which is the Class A Maximum Principal Balance and the denominator of which is the Class A Pro Rata Percentage and (b) the Class M Pro Rata Percentage, as such amount may be increased or decreased from time to time pursuant to the Class M Note Purchase Agreement. As applied to any particular Class M Note, the "Class M Maximum Principal Balance" means the portion of the overall Class M Maximum Principal Balance represented by that Class M Note.

"Class M Monthly Interest" is defined in subsection 5.2(b).

"Class M Monthly Principal" is defined in subsection 5.3(b).

"Class M Note Interest Rate" means 0.0%.

"Class M Note Purchase Agreement" means any of the Note Purchase Agreements, entered into among WFCB, the Transferor and each party that purchases Class M Notes from the Transferor.

"Class M Noteholder" means the Person in whose name a Class M Note is registered in the Note Register.

"Class M Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-2.

"Class M Principal Balance" means, on any Business Day, an amount equal to the result of (a) $[_____], plus (b) the aggregate amount of all Class M Incremental Principal Balances for all Class M Incremental Fundings occurring after the Closing Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class M Noteholders after the Closing Date and on or prior to such date. As applied to any particular Class M Note, the "Class M Principal Balance" means the portion of the overall Principal Balance represented by that Class M Note.

"Class M Pro Rata Percentage" means [_____]%.

"Class M Required Amount" means, for any Distribution Date, an amount equal to the excess of the amount described in clause 5.4(a)(iv) over the sum of (a) Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a) and (b) any amount withdrawn from the Cash Collateral Account and applied to pay such amount pursuant to subsection 5.10(c).

"Closing Date" means September 28, 2009.

"Collateral Amount" means, as of any date of determination, an amount equal to (a) the Note Principal Balance minus (b) the excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursement of such amounts pursuant to clause 5.4(a)(viii) prior to such date.

"Controlled Amortization Amount" means for any Transfer Date with respect to the Controlled Amortization Period prior to the payment in full of the Note Principal Balance, an amount equal to (a) the Note Principal Balance as of the close of business on the last day of the Revolving Period divided by (b) twelve.

"Controlled Amortization Date" means the "Purchase Expiration Date" (as such term is defined in the Class A Note Purchase Agreement).

"Controlled Amortization Period" means, unless a Series 2009-VFN Early Amortization Event shall have occurred prior thereto, the period commencing at the close of business on the first Controlled Amortization Date to occur (without being extended as provided in the applicable Note Purchase Agreement) and ending on the earlier to occur of (a) the commencement of the Early Amortization Period, and (b) the Series Termination Date, provided that Transferor may, by 2 Business Days' prior written notice to the Indenture Trustee and each Series 2009-VFN Noteholder (and so long as the Early Amortization Period has not begun), cause the Controlled Amortization Period to begin on any date earlier than the one otherwise specified above.

"Controlled Amortization Shortfall" initially means zero and thereafter means, with respect to any Monthly Period during the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount for the previous Monthly Period over the sum of the amount distributed pursuant to subsection 6.2(a) with respect to the Class A Notes for the previous Monthly Period, the amount distributed pursuant to subsection 6.2(b) with respect to the Class M Notes for the previous Monthly Period, the amount distributed pursuant to subsection 6.2(c) with respect to the Class B Notes for the previous Monthly Period and the amount distributed pursuant to subsection 6.2(d) with respect to the Class C Notes for the previous Monthly Period.

"Controlled Payment Amount" means, with respect to any Transfer Date, the sum of (a) the Controlled Amortization Amount for such Transfer Date and (b) any existing Controlled Amortization Shortfall.

"Day Count Fraction" means, as to any Ownership Tranche (or Funding Tranche), any Class M Note, any Class B Note or any Class C Note for any Distribution Period, a fraction (a) the numerator of which is the number of days in that Distribution Period (or, if less, the number of days during that Distribution Period during which that Ownership Tranche, Funding Tranche, Class M Note, Class B Note or Class C Note was outstanding, including the first, but excluding the last, such day) and (b) the denominator of which is the actual number of days in the related calendar year (or, if so specified in the related Note Purchase Agreement, 360).

"DBRS" means DBRS, Inc.

"Default Amount" means, as to any Defaulted Account, the amount of Principal Receivables (other than Ineligible Receivables, unless there is an Insolvency Event with respect to WFCB or the Transferor) in such Defaulted Account on the day it became a Defaulted Account.

"Defaulted Account" means an Account in which there are Defaulted Receivables.

"Designated LIBOR Page" means Reuters Screen LIBOR01 page or such other page as may replace such page on that service or other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates of U.S. dollar deposits.

"Designated Maturity" means, for any LIBOR Determination Date, one month.

"Dilution" means any downward adjustment made by Servicer in the amount of any Receivable (a) because of a rebate, refund or billing error to an accountholder, (b) because such Receivable was created in respect of merchandise which was refused or returned by an accountholder or (c) for any other reason other than receiving Collections therefor or charging off such amount as uncollectible.

"Distribution Account" is defined in subsection 5.9(a).

"Distribution Date" means November 16, 2009 and the 15th day of each calendar month thereafter, or if such 15th day is not a Business Day, the next succeeding Business Day.

"Distribution Period" means, for any Distribution Date, the period from and including the Distribution Date immediately preceding such Distribution Date (or, in the case of the first Distribution Date, from and including the Closing Date) to but excluding such Distribution Date.

"Early Amortization Period" means the period commencing on the date on which a Trust Early Amortization Event or a Series 2009-VFN Early Amortization Event is deemed to occur and ending on the Series Termination Date.

"Eligible Investments" is defined in Annex A to the Indenture; provided that solely for purposes of Section 5.11(b), references to the "highest investment category" of S&P shall mean A-2 and of Moody's shall mean P-2; and provided, further, in no event shall any Eligible Investment be an equity security or cause the Trust to have any voting rights in respect of such Eligible Investment.

"Excess Spread Percentage" means, for any Monthly Period, a percentage equal to the Portfolio Yield for such Monthly Period, minus the Base Rate for such Monthly Period.

"Finance Charge Account" is defined in Section 5.9(a).

"Finance Charge Collections" means Collections of Finance Charge Receivables.

"Finance Charge Shortfall" is defined in Section 5.7.

"Fixed Allocation Period" means either a Controlled Amortization Period or an Early Amortization Period.

"Funding Tranche" means the Class A Funding Tranche.

"Group One" means Series 2009-VFN and each other Series specified in the related Indenture Supplement to be included in Group One.

"Investment Earnings" means, for any Distribution Date, all interest and earnings on Eligible Investments included in the Spread Account (net of losses and investment expenses) during the Monthly Period immediately preceding such Distribution Date.

"Investor Charge-Offs" is defined in Section 5.5.

"Investor Default Amount" means, with respect to any Defaulted Account, an amount equal to the product of (a) the Default Amount and (b) the Allocation Percentage on the day such Account became a Defaulted Account.

"Investor Finance Charge Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Finance Charge Collections (including Net Recoveries treated as Finance Charge Collections) retained or deposited in the Finance Charge Account for Series 2009-VFN pursuant to clause 5.1(b)(i) for such Monthly Period.

"Investor Principal Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Principal Collections retained or deposited in the Principal Account for Series 2009-VFN pursuant to clause 5.1(b)(ii) for such Monthly Period.

"Investor Uncovered Dilution Amount" means an amount equal to the product of (x) the Series Allocation Percentage for the related Monthly Period (determined on a weighted average basis, if one or more Reset Dates occur during that Monthly Period), times (y) the aggregate Dilutions occurring during that Monthly Period as to which any deposit is required to be made to the Excess Funding Account pursuant to subsection 3.8(a) of the Transfer and Servicing Agreement but has not been made, provided that, if the Transferor Amount is greater than zero at the time the deposit referred to in clause (y) is required to be made, the Investor Uncovered Dilution Amount for such amount to be deposited shall be deemed to be zero.

"LIBOR" means, for any Distribution Period, an interest rate per annum for each Distribution Period determined by the Indenture Trustee in accordance with the provisions of Section 5.13.

"LIBOR Determination Date" means (i) September 26, 2009 for the period from and including the Closing Date through and including November 15, 2009 and (ii) the second London Business Day prior to the commencement of the second and each subsequent Distribution Period.

"London Business Day" means any day on which dealings in deposits in United States dollars are transacted in the London interbank market.

"Maximum Principal Balance" means the sum of (a) the Class A Maximum Principal Balance, (b) the Class M Maximum Principal Balance, (c) the Class B Maximum Principal Balance and (d) the Class C Maximum Principal Balance.

"Monthly Interest" means, for any Distribution Date, the sum of the Class A Monthly Interest, the Class M Monthly Interest, the Class B Monthly Interest and the Class C Monthly Interest for such Distribution Date.

"Monthly Period" means the period from and including the first day of the calendar month preceding a related Distribution Date to and including the last day of such calendar month; provided that the Monthly Period related to the November 2009 Distribution Date shall mean the period from and including the Closing Date to and including the last day of October 2009.

"Monthly Principal" means, on any Distribution Date, the sum of the Class A Monthly Principal, the Class M Monthly Principal, the Class B Monthly Principal and the Class C Monthly Principal with respect to such date.

"Monthly Principal Reallocation Amount" means, for any Monthly Period, an amount equal to the sum of:

(a) the lesser of (i) the Class A Required Amount and (ii) the greater of (A)(x) the sum of the Class M Principal Balance, the Class B Principal Balance and the Class C Principal Balance minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and (II) unreimbursed Reallocated Principal Collections (as of the previous Distribution Date) and (B) zero; and

(b) the lesser of (i) the Class M Required Amount and (ii) the greater of (A)(x) the sum of the Class B Principal Balance and the Class C Principal Balance minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and (II) unreimbursed Reallocated Principal Collections (as of the previous Distribution Date and as required in clause (a) above for the current Monthly Period) and (B) zero; and

(c) the lesser of (i) the Class B Required Amount and (ii) the greater of (A)(x) the Class C Principal Balance minus (y) the sum of (I) the amount of unreimbursed Investor Charge-Offs (after giving effect to Investor Charge-Offs for the related Monthly Period) and (II) unreimbursed Reallocated Principal Collections (as of the previous Distribution Date and as required in clauses (a) and (b) above for the current Monthly Period) and (B) zero.

"Non-Use Fee" is defined in the Class A Note Purchase Agreement.

"Note Principal Balance" means, as of any Business Day, the sum of (a) the Class A Principal Balance, (b) the Class M Principal Balance, (c) the Class B Principal Balance and (d) the Class C Principal Balance.

"Note Purchase Agreements" means the Class A Note Purchase Agreement, the Class M Note Purchase Agreement, the Class B Note Purchase Agreement and the Class C Note Purchase Agreement.

"Noteholder Servicing Fee" is defined in Section 3.1.

"Optional Amortization Amount" is defined in subsection 4.1(b).

"Optional Amortization Date" is defined in subsection 4.1(b).

"Optional Amortization Notice" is defined in subsection 4.1(b).

"Ownership Group" is defined in the Class A Note Purchase Agreement.

"Ownership Group Percentage" is defined in the Class A Note Purchase Agreement.

"Ownership Tranche" means a Class A Ownership Tranche.

"Percentage Allocation" is defined in subsection 5.1(b)(ii)(y).

"Portfolio Yield" means, for any Monthly Period, the annualized percentage equivalent of a fraction, (a) the numerator of which is equal to (i) the Available Finance Charge Collections (excluding any Excess Finance Charge Collections), minus (ii) the Aggregate Investor Default Amount and the Investor Uncovered Dilution Amount for such Monthly Period and (b) the denominator of which is the Weighted Average Collateral Amount during such Monthly Period.

"Principal Account" is defined in subsection 5.9(a).

"Principal Collections" means Collections of Principal Receivables.

"Principal Shortfall" is defined in Section 5.8.

"Purchase Limit" is defined in the Class A Note Purchase Agreement.

"Quarterly Excess Spread Percentage" means (a) with respect to the November 2009 Distribution Date, the Excess Spread Percentage for such Distribution Date, (b) with respect to the December 2009 Distribution Date, the percentage equivalent of a fraction the numerator of which is the sum of (i) the Excess Spread Percentage for the November 2009 Distribution Date and (ii) the Excess Spread Percentage with respect to the December 2009 Distribution Date and the denominator of which is two, (c) with respect to the January 2010 Distribution Date, the percentage equivalent of a fraction the numerator of which is the sum of (i) the Excess Spread Percentage for the November 2009 Distribution Date (ii) the Excess Spread Percentage with respect to the December 2009 Distribution Date and (iii) the Excess Spread Percentage with respect to the January 2010 Distribution Date and the denominator of which is three and (d) with respect to the February 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 such Distribution Date and the immediately preceding two Distribution Dates and the denominator of which is three.

"Rating Agency" means each of Fitch and DBRS.

"Rating Agency Condition" means, with respect to Series 2009-VFN and any action subject to such condition, (i) if any Class of Series 2009-VFN Notes is rated by a Rating Agency other than Fitch, the notification in writing by each Rating Agency (other than Fitch) to Servicer

that such action will not result in the Rating Agency reducing or withdrawing its then existing rating of such Class of Series 2009-VFN Notes, (ii) if Fitch is rating any Class of Series 2009-VFN Notes, 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 and (iii) if any Class of Series 2009-VFN Notes is not rated by a Rating Agency, the consent of the holders of Series 2009-VFN Notes holding 66 2/3% of the Note Principal Balance of the Series 2009-VFN Notes which are not rated by a Rating Agency.

"Reallocated Principal Collections" means, for any Transfer Date, Investor Principal Collections applied in accordance with Section 5.6 in an amount not to exceed the Monthly Principal Reallocation Amount for the related Monthly Period.

"Reassignment Amount" means, 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 2009-VFN Noteholders, plus (iii) the amount of Class M Additional Interest, if any, for the related Distribution Date and any Class M Additional Interest previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date, plus (iv) the amount of Class B Additional Interest, if any, for the related Distribution Date and any Class B Additional Interest previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date, plus (v) the amount of Class C Additional Interest, if any, for the related Distribution Date and any Class C Additional Interest previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date, plus (vi) the amount of Non-Use Fees, if any, for the related Distribution Date and any Non-Use Fees previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date, plus (vii) the amount of Additional Amounts, if any, for the related Distribution Date and any Additional Amounts previously due but not distributed to the Series 2009-VFN Noteholders on a prior Distribution Date.

"Record Date" means, for purposes of Series 2009-VFN with respect to any Distribution Date or Optional Amortization Date, the date falling five Business Days prior to such date.

"Reference Banks" means four major banks in the London interbank market selected by the Servicer.

"Refinancing Date" is defined in subsection 4.1(c).

"Required Cash Collateral Amount" means on any date of determination, the sum of (i) the product of (x) [_____]% times (y) the Note Principal Balance, after any adjustments (including any increase in the Note Principal Balance) to be made on such date of determination plus (ii) the [Reserved] on such date of determination.

"Required Class B Principal Balance" means, as of any date of determination, the product of the Class B Pro Rata Percentage times the Note Principal Balance.

"Required Class C Principal Balance" means, as of any date of determination, the product of the Class C Pro Rata Percentage times the Note Principal Balance.

"Required Class M Principal Balance" means, as of any date of determination, the product of the Class M Pro Rata Percentage times the Note Principal Balance.

"Required Draw Amount" is defined in subsection 5.10(c).

"Required Retained Transferor Percentage" means, for purposes of Series 2009-VFN, 8.0%.

"Required Spread Account Amount" means, for any Distribution Date, (a) the product of (i) the Spread Account Percentage in effect on such date and (ii) during (x) the Revolving Period, the Collateral Amount and (y) thereafter, the Collateral Amount as of the last day of the Revolving Period; provided, that in no event will the Required Spread Account Amount exceed the Class C Principal Balance (after taking into account any payments to be made on such Distribution Date).

"Reset Date" means:

(a) each Addition Date relating to Supplemental Accounts;

(b) each Removal Date on which, if any Series of Notes has been paid in full, Principal Receivables equal to the initial Collateral Amount or initial principal balance for that Series are removed from the Issuer;

(c) each date on which there is an increase in the outstanding balance of any Variable Interest; and

(d) each date on which a new Series or Class of Notes is issued.

"Revolving Period" means the period from and including the Closing Date to, but not including, the earlier of (a) the day the Controlled Amortization Period commences and (b) the day the Early Amortization Period commences.

"Scheduled Final Payment Date" means the Distribution Date falling in the twelfth month following the month in which the Controlled Amortization Period begins.

"Series 2009-VFN" means the Series of Notes the terms of which are specified in this Indenture Supplement.

"Series 2009-VFN Early Amortization Event" is defined in Section 7.1.

"Series 2009-VFN Note" means a Class A Note, a Class M Note, a Class B Note or a Class C Note.

"Series 2009-VFN Noteholder" means a Class A Noteholder, a Class M Noteholder, a Class B Noteholder or a Class C Noteholder.

"Series Account" means, (a) with respect to Series 2009-VFN, the Finance Charge Account, the Principal Account, the Distribution Account, the Cash Collateral Account and 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 Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction, the numerator of which is the Allocation Percentage for Finance Charge Collections for that Monthly Period and the denominator of which is the sum of the Allocation Percentage for Finance Charge Receivables for all outstanding Series on such date of determination; provided that if one or more Reset Dates occur in a Monthly Period, the Series Allocation Percentages for the portion of the Monthly Period falling on and after each such Reset Date and prior to any subsequent Reset Date will be determined using a denominator which is equal to the sum of the numerators used in determining the Allocation Percentage for Finance Charge Receivables for all outstanding Series as of the close of business on the subject Reset Date.

"Series Servicing Fee Percentage" means 2.0% per annum.

"Series Termination Date" means the earliest to occur of (a) the Distribution Date falling in a Fixed Allocation Period on which the Collateral Amount is paid in full, (b) the termination of the Trust pursuant to the Agreement and (c) the Distribution Date on or closest to the date falling 46 months after the commencement of the Early Amortization Period.

"Specified Transferor Amount" means, as of any date of determination, the Minimum Transferor Amount as of such date of determination.

"Spread Account" is defined in subsection 5.11(a).

"Spread Account Deficiency" means the excess, if any, of the Required Spread Account Amount over the Available Spread Account Amount.

"Spread Account Percentage" is defined in the Class C Note Purchase Agreement.

[Reserved].

"Target Amount" is defined in clause 5.1(b)(i).

"Tranche Rate" means, for any Distribution Period, the Note Rate (as defined in the Class A Note Purchase Agreement) for each Ownership Tranche (or any related Funding Tranche).

"Transfer" means any sale, transfer, assignment, exchange, participation, pledge, hypothecation, rehypothecation, or other grant of a security interest in or disposition of, a Note.

"Weighted Average Class A Principal Balance" means, as to any Class A Ownership Tranche (or Class A Funding Tranche) for any Distribution Period, the quotient of (a) the summation of the portion of the Class A Principal Balance allocated to that Class A Ownership Tranche (or Class A Funding Tranche) determined as of each day in that Distribution Period, divided by (b) the number of days in that Distribution Period (or, if less, the number of days during that Distribution Period during which that Class A Ownership Tranche or Class A Funding Tranche was outstanding).

"Weighted Average Collateral Amount" means, for any Monthly Period, the quotient of (a) the summation of the Collateral Amount determined as of each day in that Monthly Period, divided by (b) the number of days in that Monthly Period.

(b) Each capitalized term defined herein shall relate to the Series 2009-VFN Notes and no other Series of Notes issued by the Trust, unless the context otherwise requires. All capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in Annex A to the Indenture, or, if not defined therein, in the Class A Note Purchase Agreement.

(c) The interpretive rules specified in Section 1.2 of the Indenture also apply to this Indenture Supplement. If any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Indenture Supplement shall be controlling.

ARTICLE III.

Noteholder Servicing Fee

Section 3.1 Servicing Compensation. The share of the Servicing Fee allocable to Series 2009-VFN for any Transfer Date (the "Noteholder Servicing Fee") shall be equal to one-twelfth of the product of (a) the Series Servicing Fee Percentage and (b) the Weighted Average Collateral Amount for the preceding Monthly Period; provided, however, that with respect to the first Transfer Date, the Noteholder Servicing Fee shall instead equal 33/360 of such product. The remainder of the Servicing Fee shall be paid by the holders of the Transferor Interest or the noteholders of other Series (as provided in the related Indenture Supplements), and in no event shall the Trust, the Indenture Trustee or the Series 2009-VFN Noteholders be liable for the share of the Servicing Fee to be paid by the holders of the Transferor Interest or the noteholders of any other Series.

ARTICLE IV.

Variable Funding Mechanics

Section 4.1 Variable Funding Mechanics

(a) Class A Incremental Fundings. From time to time during the Revolving Period, Transferor and Servicer may notify one or more Administrative Agents that a Class A Incremental Funding will occur, subject to the conditions of the Class A Note Purchase Agreement, with respect to the related Ownership Group(s) on the next or any subsequent Business Day by delivering a Notice of Incremental Funding (as defined in the Class A Note Purchase Agreement) executed by Transferor and Servicer to the Administrative Agent for each such Ownership Group, specifying the amount of such Class A Incremental Funding (which shall be a minimum of $1,000,000 or a higher integral multiple thereof for each Ownership Group as to which a Class A Incremental Funding is taking place, except that a Class A Incremental Funding may be requested in the entire remaining Purchase Limit of the related Ownership Group) and the Business Day upon which such Class A Incremental Funding is to occur. Upon any Class A Incremental Funding, the Class A Principal Balance, the Collateral Amount, the

Note Principal Balance and the Allocation Percentage shall increase as provided herein. For each Class A Incremental Funding, the Class A Principal Balance shall increase in an amount equal to the Class A Incremental Principal Balance. The amount of the Class A Incremental Funding shall be allocated pro rata among Ownership Groups based on the Ownership Group Percentage, as applicable.

(b) Optional Amortization. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may cause Servicer to provide notice to the Indenture Trustee, the Class M Noteholders, the Class B Noteholders, the Class C Noteholders and the Administrative Agents for affected Ownership Groups (an "Optional Amortization Notice") at least five Business Days prior to any Business Day (the "Optional Amortization Date") stating its intention to cause a full or partial amortization of the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes with Available Principal Collections on the Optional Amortization Date, in full or in part, in an amount (the "Optional Amortization Amount"), which shall be allocated among the Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes, based on the Class A Pro Rata Percentage, the Class M Pro Rata Percentage, the Class B Pro Rata Percentage and the Class C Pro Rata Percentage, respectively. The portion of the Optional Amortization Amount allocated to the Class A Notes shall be in an aggregate amount not less than $1,000,000 or a higher integral multiple thereof for each Ownership Group as to which an optional amortization is taking place, except that the Optional Amortization Amount for any Ownership Group may equal the entire Principal Balance of the related Class A Note for such Ownership Group. The Optional Amortization Notice shall state the Optional Amortization Date, the Optional Amortization Amount and the allocation of such Optional Amortization Amount among the various Classes and Ownership Groups. The Optional Amortization Amount shall be paid from Shared Principal Collections pursuant to Section 5.8. Allocation of the Optional Amortization Amount among the various outstanding Ownership Groups shall be pro rata based on their respective Ownership Group Percentage, and accrued interest and any Additional Amounts, payable to each affected Ownership Group shall be payable on the first Distribution Date on or after the related Optional Amortization Date. On the Business Day prior to each Optional Amortization Date, Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B) to withdraw from the Collection Account and deposit into the Distribution Account, to the extent of the available funds held therein as Shared Principal Collections pursuant to Section 5.8, an amount sufficient to pay the Optional Amortization Amount on that Optional Amortization Date, and the Indenture Trustee, acting in accordance with such instructions, shall on such Business Day make such withdrawal and deposit.

(c) Refinanced Optional Amortization. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may, with the consent of each affected Series 2009-VFN Noteholder, cause Servicer to provide notice to the Indenture Trustee and all of the Series 2009-VFN Noteholders at least five Business Days prior to any Business Day (the "Refinancing Date") stating its intention to cause the Series 2009-VFN Notes to be prepaid in full or in part on the Refinancing Date by causing all or a portion of the Collateral Amount to be conveyed to one or more Persons (who may be the Noteholders of a new Series issued substantially contemporaneously with such prepayment) for a cash purchase price in an amount equal to the sum of (i) the Collateral Amount (or the portion thereof that is being conveyed), plus (ii) accrued and unpaid interest on the Collateral Amount (or the portion thereof that is being

conveyed) through the Refinancing Date, plus (iii) any accrued and unpaid Non-Use Fees and Additional Amounts in respect of the Collateral Amount (or portion thereof that is being conveyed) through the Refinancing Date. In the case of any such conveyance, the purchase price shall be deposited in the Collection Account and shall be distributed to the applicable Series 2009-VFN Noteholders on a pro rata basis in accordance with the Class A Pro Rata Percentage, Class M Pro Rata Percentage, Class B Pro Rata Percentage and Class C Pro Rata Percentage and, with respect to the Class A Notes, based on the Ownership Group Percentage for each Ownership Group, on the Refinancing Date in accordance with the terms of this Indenture Supplement and the Indenture; provided that after giving effect to such conveyance and application of the purchase price (i) the Class M Principal Balance shall not be less than the Required Class M Principal Balance, (ii) the Class B Principal Balance shall not be less than the Required Class B Principal Balance, and (iii) the Class C Principal Balance shall not be less than the Required Class C Principal Balance.

(d) Class M Incremental Fundings. From time to time during the Revolving Period, Transferor and Servicer may, to the extent permitted by the applicable Class M Note Purchase Agreement, notify the Class M Noteholders that a Class M Incremental Funding will occur, subject to the conditions, if any, of the applicable Class M Note Purchase Agreements, on any Business Day by delivering a Notice of Class M Incremental Funding (as defined in the applicable Class M Note Purchase Agreement) executed by Transferor and Servicer to the Class M Interest Holder, specifying the amount of such Class M Incremental Funding (which shall be a minimum of $1,000,000 or a higher integral multiple thereof, except that a Class M Incremental Funding may be requested in the entire remaining Class M Maximum Principal Balance) and the Business Day upon which such Incremental Funding is to occur (which shall fall at least three Business Days after the date of such Notice). Upon any Class M Incremental Funding, the Class M Principal Balance, the Collateral Amount, the Note Principal Balance and the Allocation Percentage shall increase as provided herein.

(e) Class B Incremental Fundings. From time to time during the Revolving Period, Transferor and Servicer may, to the extent permitted by the applicable Class B Note Purchase Agreement, notify the Class B Noteholders that a Class B Incremental Funding will occur, subject to the conditions, if any, of the applicable Class B Note Purchase Agreements, on any Business Day by delivering a Notice of Class B Incremental Funding (as defined in the applicable Class B Note Purchase Agreement) executed by Transferor and Servicer to the Class B Interest Holder, specifying the amount of such Class B Incremental Funding (which shall be a minimum of $1,000,000 or a higher integral multiple thereof, except that a Class B Incremental Funding may be requested in the entire remaining Class B Maximum Principal Balance) and the Business Day upon which such Incremental Funding is to occur (which shall fall at least three Business Days after the date of such Notice). Upon any Class B Incremental Funding, the Class B Principal Balance, the Collateral Amount, the Note Principal Balance and the Allocation Percentage shall increase as provided herein.

(f) Class C Incremental Fundings. From time to time during the Revolving Period, Transferor and Servicer may, to the extent permitted by the Class C Note Purchase Agreement, notify the Class C Noteholders that a Class C Incremental Funding will occur, subject to the conditions, if any, of the Class C Note Purchase Agreement, on any Business Day by delivering a Notice of Class C Incremental Funding (as defined in the Class C Note Purchase Agreement)

executed by Transferor and Servicer to the Class C Noteholder, specifying the amount of such Class C Incremental Funding (which shall be a minimum of $1,000,000 or a higher integral multiple thereof, except that a Class C Incremental Funding may be requested in the entire remaining Class C Maximum Principal Balance) and the Business Day upon which such Class C Incremental Funding is to occur (which shall fall at least three Business Days after the date of such notice). Upon any Class C Incremental Funding, the Class C Principal Balance, the Collateral Amount, the Note Principal Balance and the Allocation Percentage shall increase as provided herein.

ARTICLE V.

Rights of Series 2009-VFN Noteholders and Allocation and Application of Collections

Section 5.1 Collections and Allocations

(a) Allocations. Finance Charge Collections, Principal Collections and Defaulted Receivables allocated to Series 2009-VFN pursuant to Article VIII of the Indenture shall be allocated and distributed as set forth in this Article.

(b) Allocations to the Series 2009-VFN Noteholders. The Servicer shall on the Date of Processing, allocate to the Series 2009-VFN Noteholders the following amounts as set forth below:

(i) Allocations of Finance Charge Collections. The Servicer shall allocate to the Series 2009-VFN Noteholders an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate Finance Charge Collections processed on such Date of Processing and shall deposit such amount into the Finance Charge Account, provided that, with respect to each Monthly Period falling in the Revolving Period (and with respect to that portion of each Monthly Period in the Controlled Amortization Period falling on or after the day on which Collections of Principal Receivables equal to the Controlled Amortization Amount have been allocated pursuant to clause 5.1(b)(ii)), so long as the Available Cash Collateral Amount is not less than the Required Cash Collateral Amount on such Date of Processing, Collections of Finance Charge Receivables shall be transferred into the Finance Charge Account only until such time as the aggregate amount so deposited equals the product of (x) [____] and (y) the sum (the "Target Amount").

With respect to any Monthly Period when deposits of Collections of Finance Charge Receivables into the Finance Charge Account are limited to deposits up to 1.5 times the Target Amount in accordance with clause (i) above, notwithstanding such limitation and notwithstanding the provisions of Section 8.4(a) of the Indenture: (1) Reallocated Principal Collections for the related Transfer Date shall be calculated as if the full amount of Finance Charge Collections allocated to the Noteholders during that Monthly Period had been deposited in the Finance Charge Account and applied on such Transfer Date in accordance with subsection 5.4(a); and (2) Collections of Finance Charge Receivables released to Transferor pursuant to such Section 5.1(b)(i) shall be deemed, for purposes of all calculations under this Indenture Supplement, to have been retained in the Finance Charge Account and applied to the items

specified in subsections 5.4(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 Account on such Transfer Date. To avoid doubt, the calculations referred to in the preceding clause (2) include the calculations required by clause (b) of the definition of Collateral Amount and by the definition of Portfolio Yield.

(ii) Allocations of Principal Collections. The Servicer shall allocate to the Series 2009-VFN Noteholders the following amounts as set forth below:

(x) Allocations During the Revolving Period.

(1) During the Revolving Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing, shall be allocated to the Series 2009-VFN Noteholders and first, if an Optional Amortization Notice has been given or any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Optional Amortization and as Shared Principal Collections for other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Minimum Transferor Amount and third paid to the holders of the Transferor Interest.

(2) With respect to each Monthly Period falling in the Revolving Period, to the extent that Collections of Principal Receivables allocated to the Series 2009-VFN Noteholders pursuant to this clause 5.1(b)(ii) are paid to Transferor, Transferor shall make an amount equal to the Reallocated Principal Collections for the related Transfer Date available on that Transfer Date for application in accordance with Section 5.6.

(y) Allocations During the Controlled Amortization Period. During the Controlled Amortization Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing (the product for any such date is hereinafter referred to as a "Percentage Allocation") shall be allocated to the Series 2009-VFN Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that if the sum of such Percentage Allocation and all preceding Percentage Allocations with respect to the same Monthly Period exceeds the Controlled Payment Amount during the Controlled Amortization Period for the related Distribution Date, then such excess shall not be treated as a Percentage Allocation and shall be first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Minimum Transferor Amount and third paid to the holders of the Transferor Interest.

(z) Allocations During the Early Amortization Period. During the Early Amortization Period, an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing shall be allocated to the 2009-VFN Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that after the date on which an amount of such Principal Collections equal to the Note Principal Balance has been deposited into the Principal Account such amount shall be first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Minimum Transferor Amount and third paid to the holders of the Transferor Interest.

(c) During any period when Servicer is permitted by Section 8.4 of the Indenture to make a single monthly deposit to the Collection Account, amounts allocated to the Noteholders pursuant to Sections 5.1(a) and (b) with respect to any Monthly Period need not be deposited into the Collection Account or any Series Account prior to the related Transfer Date, and, when so deposited, (x) may be deposited net of any amounts required to be distributed to Transferor and, if WFCB is Servicer, to Servicer, and (y) shall be deposited into the Finance Charge Account (in the case of Collections of Finance Charge Receivables) and the Principal Account (in the case of Collections of Principal Receivables (not including any Shared Principal Collections allocated to Series 2009-VFN pursuant to Section 8.5 of the Indenture)).

(d) On any date, Servicer may direct the Indenture Trustee to withdraw from the Collection Account or any Series Account any amounts inadvertently deposited in such account that should have not been so deposited.

Section 5.2 Determination of Monthly Interest.

(a) Pursuant to the Class A Note Purchase Agreement, certain Class A Ownership Tranches may from time to time be divided into one or more subdivisions (each, as further specified in the Class A Note Purchase Agreement, a "Class A Funding Tranche") which will accrue interest on different bases. The amount of monthly interest ("Class A Monthly Interest") distributable from the Distribution Account with respect to the Class A Notes on any Distribution Date shall be an amount equal to the aggregate amount of interest that accrued over that Distribution Period on each Class A Funding Tranche (plus the aggregate amount of interest that accrued over any prior Distribution Period on any Class A Funding Tranche and has not yet been paid, plus additional interest (to the extent permitted by law) on such overdue amounts at the weighted average interest rate applicable to the related Class A Ownership Tranche during that Distribution Period, and minus any overpayment of interest on the prior Distribution Date as a result of the estimation referred to below), all as determined by Servicer on the related Determination Date. For purposes of such determination, Servicer shall rely upon information provided by the various Administrative Agents pursuant to the Class A Note Purchase Agreement including estimates of the interest to accrue on any Class A Funding Tranche through the related Distribution Date. The interest accrued on any Class A Ownership Tranche (or related

Class A Funding Tranche) for any Distribution Period shall be determined using the applicable Tranche Rate and shall equal the product of (x) the Weighted Average Class A Principal Balance for that Class A Ownership Tranche (or Class A Funding Tranche), (y) the applicable Tranche Rate and (z) the applicable Day Count Fraction.

(b) The amount of monthly interest ("Class M Monthly Interest") distributable from the Distribution Account with respect to the Class M Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class M Note Interest Rate in effect with respect to the related Distribution Period and (ii) the average Class M Principal Balance outstanding during the preceding Monthly Period.

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class M Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this subsection 5.2(b) as of the prior Distribution Date over (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class M Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class M Deficiency Amount is fully paid, an additional amount ("Class M Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class M Note Interest Rate in effect with respect to the related Distribution Period and (ii) such Class M Deficiency Amount (or the portion thereof which has not been paid to the Class M Noteholders) shall be payable as provided herein with respect to the Class M Notes. Notwithstanding anything to the contrary herein, Class M Additional Interest shall be payable or distributed to the Class M Noteholders only to the extent permitted by applicable law.

(c) The amount of monthly interest ("Class B Monthly Interest") distributable from the Distribution Account with respect to the Class B Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class B Note Interest Rate in effect with respect to the related Distribution Period and (ii) the average Class B Principal Balance outstanding during the preceding Monthly Period.

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class B Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this subsection 5.2(c) as of the prior Distribution Date over (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class B Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class B Deficiency Amount is fully paid, an additional amount ("Class B Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class B Note Interest Rate in effect with respect to the related Distribution Period and (ii) such Class B Deficiency Amount (or the portion thereof which has not been paid to the Class B Noteholders) shall be payable as provided herein with respect to the Class B Notes. Notwithstanding anything to the contrary herein, Class B Additional Interest shall be payable or distributed to the Class B Noteholders only to the extent permitted by applicable law.

(d) The amount of monthly interest ("Class C Monthly Interest") distributable from the Distribution Account with respect to the Class C Notes on any Distribution Date shall be an amount equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class C Note Interest Rate in effect with respect to the related Distribution Period and (ii) the average Class C Principal Balance outstanding during the preceding Monthly Period.

On the Determination Date preceding each Distribution Date, the Servicer shall determine the excess, if any (the "Class C Deficiency Amount"), of (x) the aggregate amount accrued pursuant to this subsection 5.2(d) as of the prior Distribution Date over (y) the amount of funds actually transferred from the Distribution Account for payment of such amount. If the Class C Deficiency Amount for any Distribution Date is greater than zero, on each subsequent Distribution Date until such Class C Deficiency Amount is fully paid, an additional amount ("Class C Additional Interest") equal to the product of (i) (A) a fraction, the numerator of which is the actual number of days in the related Distribution Period and the denominator of which is 360, times (B) the Class C Note Interest Rate in effect with respect to the related Distribution Period and (ii) such Class C Deficiency Amount (or the portion thereof which has not been paid to the Class C Noteholders) shall be payable as provided herein with respect to the Class C Notes. Notwithstanding anything to the contrary herein, Class C Additional Interest shall be payable or distributed to the Class C Noteholders only to the extent permitted by applicable law.

(e) If any distribution of principal is made with respect to any Funding Tranche funded through the issuance of commercial paper notes or accruing interest based on LIBOR other than on (i) the day on which the related funding source, to the extent subject to a contracted maturity date, matures or (ii) or a Distribution Date, or if the Class A Principal Balance of any Ownership Tranche is reduced by an Optional Amortization Amount in an amount greater than the amount (if any) specified in the Class A Note Purchase Agreement with respect to that Ownership Tranche without the applicable number (as specified in the Class A Note Purchase Agreement) of Business Days' prior notice to the affected Series 2009-VFN Noteholder, and in either case (i) the interest paid by the Class A Noteholder holding that Funding Tranche to providers of funds to it to fund that Funding Tranche exceeds (ii) returns earned by that Class A Noteholder through the related Distribution Date (or, if earlier, the maturity date for the related funding source) by redeployment of such funds in highly rated short-term money market instruments, then, upon written notice (which notice shall be signed by an officer of that Class A Noteholder with knowledge of and responsibility for such matters and shall set forth in reasonable detail the basis for requesting the amounts) from such Class A Noteholder to Servicer, such Class A Noteholder shall be entitled to receive additional amounts in the amount of such excess (each, a "Breakage Payment") on the Distribution Date on or after the date such distribution of principal is made with respect to that Funding Tranche, so long as such written notice is received not later than noon, New York City time, on the Transfer Date related to such Distribution Date. For purposes of calculations under this paragraph, any payment received by a Class A Noteholder later than noon, New York City time, on any day shall be deemed to have been received on the next day.

Section 5.3 Determination of Class A Monthly Principal, Class M Monthly Principal, Class B Monthly Principal and Class C Monthly Principal.

(a) The amount of monthly principal (the "Class A Monthly Principal") to be transferred from the Principal Account with respect to the Class A Notes (i) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer Date), shall be equal to the least of (w) the Class A Pro Rata Percentage of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Class A Pro Rata Percentage of the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6), and (z) the Class A Principal Balance, and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6), and (z) the Class A Principal Balance.

(b) The amount of monthly principal (the "Class M Monthly Principal") to be transferred from the Principal Account with respect to the Class M Notes (i) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer Date), shall be equal to the least of (w) the Class M Pro Rata Percentage of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Class M Pro Rata Percentage of the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of Class A Monthly Principal), and (z) the Class M Principal Balance, and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date over the portion of such Available Principal Collections applied to Class A Monthly Principal on such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of the Class A Monthly Principal), and (z) the Class M Principal Balance.

(c) The amount of monthly principal (the "Class B Monthly Principal") to be transferred from the Principal Account with respect to the Class B Notes (i) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer Date), shall be equal to the least of (w) the Class B Pro Rata Percentage of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Class B Pro Rata Percentage of the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of Class

A Monthly Principal and Class M Monthly Principal), and (z) the Class B Principal Balance, and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date over the portion of such Available Principal Collections applied to Class A Monthly Principal and Class M Monthly Principal on such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the Payment of Class A Monthly Principal and Class M Monthly Principal), and (z) the Class B Principal Balance.

(d) The amount of monthly principal (the "Class C Monthly Principal") to be transferred from the Principal Account with respect to the Class C Notes (i) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer Date) shall be equal to the least of (w) the Class C Pro Rata Percentage of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Class C Pro Rata Percentage of the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of Class A Monthly Principal, Class M Monthly Principal and Class B Monthly Principal), and (z) the Class C Principal Balance, and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the excess of the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date over the portion of such Available Principal Collections applied to Class A Monthly Principal, Class M Monthly Principal and Class B Monthly Principal, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6 and the payment of Class A Monthly Principal, Class M Monthly Principal and Class B Monthly Principal), and (z) the Class C Principal Balance.

Section 5.4 Application of Available Finance Charge Collections and Available Principal Collections. On or before each Transfer Date, the Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B) to withdraw and the Indenture Trustee, acting in accordance with such instructions, shall withdraw on such Transfer Date or related Distribution Date, as applicable, to the extent of available funds, the amount required to be withdrawn from the Finance Charge Account, the Principal Account, the Principal Funding Account and the Distribution Account as follows:

(a) On each Transfer Date, an amount equal to the Available Finance Charge Collections with respect to the related Distribution Date will be distributed or deposited in the following priority:

(i) an amount equal to the unpaid Class A Monthly Interest shall be deposited by Servicer or the Indenture Trustee into the Distribution Account for distribution to the Class A Noteholders in accordance with Section 6.2;

(ii) an amount equal to the unpaid Class A Non-Use Fee, if any, for the related Distribution Period plus any Class A Non-Use Fee due but not paid to the Class A Noteholders on any prior Distribution Date and amount equal to the Class A Additional Amounts, if any, for the related Distribution Period plus any Class A Additional Amounts due but not paid to the Class A Noteholders on any prior Distribution Date shall be deposited by Servicer or the Indenture Trustee into the Distribution Account for distribution to the Class A Noteholders in accordance with Section 6.2; provided, that the amounts distributed pursuant to this clause 5.4(a)(ii) shall not exceed 0.50% of the Weighted Average Collateral Amount over the Distribution Period;

(iii) an amount equal to the Noteholder Servicing Fee for such Transfer Date, plus the amount of any Noteholder Servicing Fee previously due but not distributed to the Servicer on a prior Transfer Date, shall be distributed to the Servicer;

(iv) an amount equal to Class M Monthly Interest for such Distribution Date, plus any Class M Deficiency Amount, plus the amount of any Class M Additional Interest for such Distribution Date, plus the amount of any Class M Additional Interest previously due but not distributed to Class M Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account;

(v) an amount equal to Class B Monthly Interest for such Distribution Date, plus any Class B Deficiency Amount, plus the amount of any Class B Additional Interest for such Distribution Date, plus the amount of any Class B Additional Interest previously due but not distributed to Class B Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account;

(vi) an amount equal to Class C Monthly Interest for such Distribution Date, plus any Class C Deficiency Amount, plus the amount of any Class C Additional Interest for such Distribution Date, plus the amount of any Class C Additional Interest previously due but not distributed to Class C Noteholders on a prior Distribution Date shall be deposited by the Servicer or Indenture Trustee into the Distribution Account;

(vii) an amount equal to the Aggregate Investor Default 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 the Controlled Amortization Period or the Early Amortization Period, deposited into the Principal Account on the related Transfer Date;

(viii) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this clause (viii) shall be treated as a portion of Available Principal Collections for such Distribution Date;

(ix) an amount equal to the excess, if any, of the Required Cash Collateral Amount over the Available Cash Collateral Amount shall be deposited into the Cash Collateral Account;

(x) an amount equal to the amounts required to be deposited in the Spread Account pursuant to subsection 5.11(f) shall be deposited into the Spread Account as provided in subsection 5.11(f);

(xi) any amounts not distributed pursuant to clause 5.4(a)(ii) because of the proviso in such section shall be withdrawn from the Finance Charge Account and deposited into the Distribution Account for distribution to the Class A Noteholders; and

(xii) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Distribution Date.

(b) During the Revolving Period, an amount equal to the Available Principal Collections for the related Monthly Period will be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(c) On each Transfer Date with respect to the Controlled Amortization Period or the Early Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period shall be distributed or deposited in the following order of priority:

(i) an amount equal to the Class A Monthly Principal for such Transfer Date shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class A Noteholders on the related Distribution Date until the Class A Principal Balance has been paid in full;

(ii) an amount equal to the Class M Monthly Principal for such Transfer Date shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class M Noteholders on the related Distribution Date until the Class M Principal Balance has been paid in full;

(iii) an amount equal to the Class B Monthly Principal for such Transfer Date shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class B Noteholders on the related Distribution Date until the Class B Principal Balance has been paid in full;

(iv) an amount equal to the Class C Monthly Principal, if any, shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class C Noteholders on the related Distribution Date until the Class C Principal Balance has been paid in full; and

(v) the balance shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(d) On each Distribution Date, the Indenture Trustee shall pay in accordance with Section 6.2 to the Class A Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clauses 5.4(a)(i), (ii) and (xi) on the preceding Transfer Date, to the Class M Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clauses 5.4(a)(iv) on the preceding Transfer Date, to the Class B Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clauses 5.4(a)(v) on the preceding Transfer Date and to the Class C Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clause 5.4(a)(vi).

Section 5.5 Investor Charge-Offs. On each Determination Date, the Servicer shall calculate the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for the related Distribution Date. If, on any Distribution Date, the sum of the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for such Distribution Date exceeds the sum of the amount of Available Finance Charge Collections and the amount withdrawn from the Cash Collateral Account allocated with respect thereto pursuant to 5.10(c) with respect to 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").

Section 5.6 Reallocated Principal Collections. On each Transfer Date, the Servicer shall apply, or shall instruct the Indenture Trustee in writing to apply, Investor Principal Collections with respect to that Transfer Date, to fund any deficiency pursuant to and in the priority set forth in clauses 5.4(a)(i) through (v) after giving effect to any withdrawal from the Cash Collateral Account or the Spread Account to cover such payments. On each Transfer Date, the Collateral Amount shall be reduced by the amount of Reallocated Principal Collections for such Transfer Date.

Section 5.7 Excess Finance Charge Collections. Series 2009-VFN shall be an Excess Allocation Series with respect to Group One only. Subject to Section 8.6 of the Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One for any Transfer Date will be allocated to Series 2009-VFN in an amount equal to the product of (x) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Distribution Date and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2009-VFN for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One for such Distribution Date. The "Finance Charge Shortfall" for Series 2009-VFN 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 clauses 5.4(a)(i) through (xi) on such Distribution Date over (b) the Available Finance Charge Collections with respect to such Distribution Date (excluding any portion thereof attributable to Excess Finance Charge Collections).

Section 5.8 Shared Principal Collections. Subject to Section 8.5 of the Indenture, Shared Principal Collections allocable to Series 2009-VFN on any Transfer Date shall equal the product of (i) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series for such Transfer Date and (ii) a fraction, the numerator of which is the Principal Shortfall for Series 2009-VFN for such Transfer Date and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series for such Transfer Date. The "Principal Shortfall" for Series 2009-VFN for any Transfer Date shall equal, the excess, if any, of the sum of any Optional Amortization Amounts, Class A Monthly Principal, Class M Monthly Principal, Class B Monthly Principal and Class C Monthly Principal with respect to such Transfer Date over the amount of Available Principal Collections for such Transfer Date (excluding any portion thereof attributable to Shared Principal Collections).

Section 5.9 Certain Series Accounts.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Noteholders, three segregated trust accounts with such Eligible Institution (the "Finance Charge Account", the "Principal Account" and the "Distribution Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2009-VFN Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Finance Charge Account, the Principal Account and the Distribution Account and in all proceeds thereof. The Finance Charge Account, the Principal Account and the Distribution Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2009-VFN Noteholders. If at any time the institution holding the Finance Charge Account, the Principal Account and the Distribution Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Finance Charge Account, a new Principal Account and a new Distribution Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Finance Charge Account, new Principal Account and new Distribution Account. The Indenture Trustee, at the written direction of the Servicer, shall make withdrawals from the Finance Charge Account, the Principal Account and the Distribution Account from time to time, in the amounts and for the purposes set forth in this Indenture Supplement. Indenture Trustee at all times shall maintain accurate records reflecting each transaction in the Finance Charge Account, the Principal Account and the Distribution Account.

(b) Funds on deposit in the Finance Charge Account, the Principal Account and the Distribution Account, from time to time shall be invested and reinvested at the direction of the Servicer by the Indenture Trustee in Eligible Investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date. The Servicer shall give a written standing instruction for such investments, and amounts in such accounts will not be invested if the Servicer fails to give such instructions to the Indenture Trustee.

(c) Section 6.14 of the Indenture shall apply to the Series Accounts.

Section 5.10 Cash Collateral Account.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Series 2009-VFN Noteholders, a segregated trust account (the "Cash Collateral Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2009-VFN Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Cash Collateral Account and in all proceeds thereof. The Cash Collateral Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2009-VFN Noteholders. If at any time the institution holding the Cash Collateral Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Cash Collateral Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Cash Collateral Account.

(b) On the Closing Date, the Transferor shall deposit $[____] in immediately available funds in the Cash Collateral Account. Funds on deposit in the Cash Collateral Account shall be invested at the written direction of the Servicer by the Indenture Trustee in Eligible Investments. The Servicer shall give a written standing instruction for such investments, and amounts in such account will not be invested if the Servicer fails to give such instructions to the Indenture Trustee. Funds on deposit in the Cash Collateral Account on any Transfer Date, after giving effect to any withdrawals from the Cash Collateral Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

On each Transfer Date, all interest and earnings (net of losses and investment expenses) accrued since the preceding Transfer Date on funds on deposit in the Cash Collateral Account shall be retained in the Cash Collateral Account (to the extent that the Available Cash Collateral Account Amount is less than the Required Cash Collateral Account Amount) and the balance, if any, shall be deposited into the Finance Charge Account and included in Available Finance Charge Collections for such Transfer Date. For purposes of determining the availability of funds or the balance in the Cash Collateral Account for any reason under this Indenture Supplement, except as otherwise provided in the preceding sentence, interest and earnings on such funds shall be deemed not to be available or on deposit.

(c) On each Determination Date, Servicer shall calculate the amount (the "Required Draw Amount") by which the sum of the amounts required to be distributed pursuant to clauses 5.4(a)(i) through (vii) with respect to the related Transfer Date exceeds the amount of Available Finance Charge Collections with respect to the related Monthly Period. If the Required Draw Amount for any Transfer Date is greater than zero, Servicer shall give written notice to the Indenture Trustee of such positive Required Draw Amount on the related Determination Date. On the related Transfer Date, the Required Draw Amount, if any, up to the Available Cash Collateral Amount, the Servicer shall direct the Indenture Trustee in writing to withdraw from the Cash Collateral Account and distributed to fund any deficiency pursuant to clauses 5.4(a)(i) through (vii) (in the order of priority set forth in subsection 5.4(a)).

(d) If, after giving effect to all deposits to and withdrawals from the Cash Collateral Account with respect to any Transfer Date, the amount on deposit in the Cash Collateral Account exceeds the Required Cash Collateral Amount, the Indenture Trustee acting in accordance with the instructions of the Servicer, shall withdraw an amount equal to such excess from the Cash Collateral Account and (i) deposit such amounts in the Spread Account, to the extent that funds on deposit in the Spread Account are less than the Required Spread Account Amount and (ii) distribute such amounts remaining after application pursuant to subsection 5.10(d) to the Transferor.

Section 5.11 Spread Account.

(a) On or prior to the Closing Date, the Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee in the name of the Trust, on behalf of the Trust, for the benefit of the Class C Noteholders and the Transferor, a segregated account (the "Spread Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Class C Noteholders and the Transferor. Except as otherwise provided in this Section 5.11, 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 and the holder of the Transferor Interest. If at any time the institution holding the Spread Account ceases to be an Eligible Institution, the Servicer shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days (or such longer period as to which the Rating Agencies may consent) establish a new Spread Account meeting the conditions specified above with an Eligible Institution and shall transfer any cash or any investments to such new Spread Account. The Indenture Trustee, at the written direction of the Servicer, shall (i) make withdrawals from the Spread Account from time to time in an amount up to the Available Spread Account Amount at such time, for the purposes set forth in this Indenture Supplement, and (ii) on each Transfer Date prior to termination of the Spread Account, make a deposit into the Spread Account in the amount specified in, and otherwise in accordance with, subsection 5.11(e).

(b) Funds on deposit in the Spread Account shall be invested at the written direction of the Servicer by the Indenture Trustee in Eligible Investments. The Servicer shall give a written standing instruction for such investments, and amounts in such account will not be invested if the Servicer fails to give such instructions to the Indenture Trustee. Funds on deposit in the Spread Account on any Transfer Date, after giving effect to any withdrawals from and deposits to the Spread Account on such Transfer Date, shall be invested in such investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date.

On each Transfer Date (but subject to subsection 5.11(c)), the Investment Earnings, if any, credited to the Spread Account since the preceding Transfer Date shall be paid to the holders of the Transferor Interest by the Indenture Trustee upon written direction of the Servicer. For purposes of determining the availability of funds or the balance in the Spread Account for any reason under this Indenture Supplement (subject to subsection 5.11(c)), all Investment Earnings shall be deemed not to be available or on deposit; provided that after the maturity of the Series 2009-VFN Notes has been accelerated as a result of an Event of Default, all Investment Earnings credited to the Spread Account shall be added to the balance on deposit in the Spread Account and treated like the rest of the Available Spread Account Amount.

(c) If, on any Transfer Date, the aggregate amount of Available Finance Charge Collections and the amount, if any, withdrawn from the Cash Collateral Account available for deposit into the Distribution Account pursuant to subsection 5.10(c), is less than the aggregate amount required to be deposited pursuant to clause 5.4(a)(ix), the Indenture Trustee, at the written direction of the Servicer, shall withdraw from the Spread Account the amount of such deficiency up to the Available Spread Account Amount and, if the Available Spread Account Amount is less than such deficiency, Investment Earnings credited to the Spread Account, and deposit such amount in the Distribution Account for payment to the Class C Noteholders in respect of interest on the Class C Notes.

(d) On the earlier of the Series Termination Date and the date on which the Note Principal Balance has been paid in full, after applying any funds on deposit in the Spread Account as described in subsection 5.11(c), 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 subsection 5.4(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 Principal Balance to zero, Investment Earnings credited to the Spread Account up to the amount required to reduce the Class C 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 subsection 6.2(d).

(e) On any day following the occurrence of an Event of Default with respect to Series 2009-VFN and acceleration of the maturity of the Series 2009-VFN Notes pursuant to Section 5.3 of the Indenture, Servicer shall withdraw from the Spread Account an amount equal to the Available Spread Account Amount and Indenture Trustee or Servicer shall deposit such amounts 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 6.2, to fund any shortfalls in amounts owed to such Noteholders.

(f) If on any Transfer Date, after giving effect to all withdrawals from the Spread Account, the Available Spread Account Amount is less than the Required Spread Account Amount then in effect, Available Finance Charge Collections, to the extent available, shall be deposited into the Spread Account pursuant to clause 5.4(a)(x) up to the amount of the Spread Account Deficiency.

(g) If, after giving effect to all deposits to and withdrawals from the Spread Account with respect to any Transfer Date, the amount on deposit in the Spread Account exceeds 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 distribute such amount to the Transferor. On the date on which the Class C Principal Balance has been paid in full, after making any payments to the Noteholders required pursuant to subsections 5.11(c), (d) and (e), the Indenture Trustee, at the written direction of Servicer, shall withdraw from the Spread Account all amounts then remaining in the Spread Account and pay such amounts to the holders of the Transferor Interest.

Section 5.12 Investment Instructions. Any investment instructions required to be given to the Indenture Trustee pursuant to the terms hereof must be given in the form of a written standing instruction to the Indenture Trustee no later than 11:00 a.m., New York City time, on the date such investment is to be made. In the event the Indenture Trustee receives such investment instruction later than such time, the Indenture Trustee may, but shall have no obligation to, make such investment. In the event the Indenture Trustee is unable to make an investment required in an investment instruction received by the Indenture Trustee after 11:00 a.m., New York City time, on such day, such investment shall be made by the Indenture Trustee on the next succeeding Business Day. In no event shall the Indenture Trustee be liable for any investment not made pursuant to investment instructions received after 11:00 a.m., New York City time, on the day such investment is requested to be made. If investment instructions are not given with respect to funds in any Accounts, such funds shall remain uninvested until instructions are delivered to the Indenture Trustee in accordance with the terms hereof.

Section 5.13 Determination of LIBOR.

(a) On each LIBOR Determination Date in respect of a Distribution Period, the Indenture Trustee shall determine LIBOR on the basis of the rate for deposits in United States dollars for a period of the Designated Maturity which appears on the Designated LIBOR Page as of 11:00 a.m., London time, on such date. If such rate does not appear on the Designated LIBOR Page, the rate for that Distribution Period Determination Date shall be determined on the basis of the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for a period of the Designated Maturity. The Indenture Trustee shall request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two (2) such quotations are provided, the rate for that Distribution Period shall be the arithmetic mean of the quotations. If fewer than two (2) quotations are provided as requested, the rate for that Distribution Period will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Servicer, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a period of the Designated Maturity. LIBOR for the first Distribution Period will be determined by straight-line interpolation, based on the actual number of days in such Distribution Period from the date of the initial Class A Incremental Funding to but excluding November 16, 2009, between two rates determined in accordance with the preceding paragraph, one of which will be determined for a maturity of one month and one of which will be determined for a maturity of two months.

(b) LIBOR that may be applicable to the then current and the immediately preceding Distribution Periods may be obtained by telephoning the Indenture Trustee at its corporate trust office at (800) 934-6802 or such other telephone number as shall be designated by the Indenture Trustee for such purpose by prior written notice by the Indenture Trustee to each Series 2009-VFN Noteholder from time to time.

(c) On each LIBOR Determination Date, the Indenture Trustee shall send to the Servicer by facsimile transmission or electronic mail, notification of LIBOR for the following Distribution Period.

ARTICLE VI.

Delivery of Series 2009-VFN Notes; Distributions; Reports to Series 2009-VFN Noteholders

Section 6.1 Delivery and Payment for the Series 2009-VFN Notes.

The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2009-VFN Notes in accordance with Section 2.3 of the Indenture. The Indenture Trustee shall deliver the Series 2009-VFN Notes to or upon the written order of the Trust when so authenticated.

Section 6.2 Distributions.

(a) On each Distribution Date, the Indenture Trustee shall distribute to each Class A Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class A Noteholder's portion (determined in accordance with Article V) of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class A Noteholders pursuant to this Indenture Supplement.

(b) On each Distribution Date, the Indenture Trustee shall distribute to each Class M Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class M Noteholder's pro rata share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class M Noteholders pursuant to this Indenture Supplement.

(c) On each Distribution Date, the Indenture Trustee shall distribute to each Class B Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class B Noteholder's pro rata share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class B Noteholders pursuant to this Indenture Supplement.

(d) On each Distribution Date, the Indenture Trustee shall distribute to each Class C Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class C Noteholder's pro rata share of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class C Noteholders pursuant to this Indenture Supplement.

(e) On each Distribution Date, if a shortfall in the amount of Available Finance Charge Collections available for distribution in accordance any payment priority in clauses 5.4(a)(i), (ii) and (xi) exists, the Available Finance Charge Collections for such payment priority shall be allocated (a) ratably to each Ownership Group based on its respective Ownership Group Percentage and (b) any Available Finance Charge Collections allocated pursuant to clause (a) to any Ownership Group in excess of the amount owed to such Ownership Group for the related payment priority shall be reallocated to each Ownership Group that has a remaining shortfall in the Available Finance Charge Collections allocated to it pursuant to clause (a) in order to cover the amount owed to such Ownership Group for the related payment priority, which reallocation shall be made ratably in accordance with the portion of the Note Principal Balances of all remaining Ownership Groups represented by the Note Principal Balance of each such remaining Ownership Group.

(f) The distributions to be made pursuant to this Section 6.2 are subject to the provisions of Sections 2.6, 6.1 and 7.1 of the Transfer and Servicing Agreement, Section 11.2 of the Indenture and Section 7.1 of this Indenture Supplement.

(g) All payments set forth herein shall be made by wire transfer of immediately available funds, provided that the Paying Agent, not less than five Business Days prior to the Record Date relating to the first distribution to such Series 2009-VFN Noteholder, has been furnished with appropriate wiring instructions in writing.

Section 6.3 Reports and Statements to Series 2009-VFN Noteholders.

(a) On each Distribution Date, the Indenture Trustee shall make available to each Series 2009-VFN Noteholder via its website (www.usbank.com/abs) a statement substantially in the form of Exhibit C prepared by the Servicer.

(b) Not later than the second Business Day preceding each Distribution Date, the Servicer shall deliver to the Owner Trustee, the Indenture Trustee and each Rating Agency (i) a statement substantially in the form of Exhibit B prepared by the Servicer and (ii) a certificate of an Authorized Officer substantially in the form of Exhibit D; provided that the Servicer may amend the form of Exhibit B from time to time, with the prior written consent of the Indenture Trustee.

(c) A copy of each statement or certificate provided pursuant to paragraph (a) or (b) may be obtained by any Series 2009-VFN Noteholder by a request in writing to the Servicer.

(d) On or before January 31 of each calendar year, beginning with January 31, 2010, the Indenture Trustee shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2009-VFN Noteholder, a statement prepared by the Servicer containing the information which is required to be contained in the statement to Series 2009-VFN Noteholders, as set forth in paragraph (a) above, aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2009-VFN Noteholder, together with other information as is required to be provided by an issuer of indebtedness under the Code.

ARTICLE VII.

Series 2009-VFN Early Amortization Events

Section 7.1 Series 2009-VFN Early Amortization Events. If any one of the following events shall occur with respect to the Series 2009-VFN Notes:

(a) failure on the part of Transferor or the Issuer (i) to make any payment or deposit required to be made by it by the terms of the Transfer and Servicing Agreement, the Class A Note Purchase Agreement, the Indenture or this Indenture Supplement on or before the date occurring five (5) Business Days after the date such payment or deposit is required to be made therein or herein or (ii) duly to observe or perform in any material respect any other of its covenants or agreements set forth in the Transfer and Servicing Agreement, the Class A Note Purchase Agreement, the Indenture or this Indenture Supplement, which failure has a material adverse effect on the Series 2009-VFN Noteholders and which continues unremedied for a period of thirty (30) 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 any Holder of the Series 2009-VFN Notes;

(b) any representation or warranty made by Transferor or the Issuer, in the Transfer and Servicing Agreement, the Class A Note Purchase Agreement, the Indenture or the Indenture Supplement or any information contained in a computer file or microfiche list required to be delivered by it pursuant to Section 2.1 or subsection 2.6(c) of the Transfer and Servicing Agreement shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of thirty (30) 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 any Holder of the Series 2009-VFN Notes and as a result of which the interests of the Series 2009-VFN Noteholders are materially and adversely affected for such period; provided, however, that a Series 2009-VFN Early Amortization Event pursuant to this subsection 7.1(b) 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;

(c) as of any date of determination, the Quarterly Excess Spread Percentage is less than [_]%;

(d) a failure by Transferor to convey Receivables in Additional Accounts or Participations to the Receivables Trust within five (5) Business Days after the day on which it is required to convey such Receivables pursuant to subsection 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 principal balance of any Variable Interest to occur, so that, after giving effect to that reduction (i) the Transferor Amount is not less than the Minimum Transferor Amount and (ii) the sum of the aggregate amount of Principal Receivables plus amounts on deposit in the Excess Funding Account is not less than the Required Principal Balance;

(e) any Servicer Default shall occur which would have a material adverse effect on the Series 2009-VFN Holders (which determination shall be made without reference to whether any funds are available under the Cash Collateral Account);

(f) the Note Principal Balance shall not be paid in full on the Scheduled Final Payment Date;

(g) [Reserved];

(h) [Reserved];

(i) a Change in Control has occurred;

(j) [Reserved];

(k) the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974 with regard to any of the assets of WFCB, which lien shall secure a liability in excess of $10,000,000 and shall not have been released within 40 days; or

(l) [Reserved]; or

(m) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2009-VFN and acceleration of the maturity of the Series 2009-VFN Notes pursuant to Section 5.3 of the Indenture;

then, in the case of any event described in subsections 7.1(a), (b), (e), (j)(vi), (k) or (l) of this Indenture Supplement, after the applicable grace period set forth in such Sections, Holders of Series 2009-VFN Notes evidencing undivided interests aggregating more than 50% of the Collateral Amount of this Series 2009-VFN by notice then given in writing to Transferor and Servicer (and to the Indenture Trustee if given by the Holders) may, and the Indenture Trustee at the direction of such Holders shall, declare that an early amortization event (a "Series 2009-VFN Early Amortization Event") has occurred as of the date of such notice, and in the case of any event described in subsections 7.1(c), (d), (f), (g), (h), (i), (j)(i) through (v) or (m) of this Indenture Supplement, a Series 2009-VFN Early Amortization Event shall occur without any notice or other action on the part of Indenture Trustee or the Series 2009-VFN Noteholders immediately upon the occurrence of such event.

In addition to the other consequences of a Series 2009-VFN Early Amortization Event specified herein, from and after the occurrence of any Series 2009-VFN Early Amortization Event (until the same shall have been waived by all of the Series 2009-VFN Noteholders), with respect to any Account included in the Identified Portfolio, Transferor shall no longer permit or require Merchant Adjustment Payments or In-Store Payments to be netted against amounts owed to Transferor by the applicable Merchant but shall instead exercise its rights to require each Merchant to transfer to Servicer, not later than the third Business Day following receipt by such Merchant of any In-Store Payments or the occurrence of any event giving rise to Merchant Adjustment Payments, an amount equal to the sum of such In-Store Payments and Merchant Adjustment Payments. In addition, if any bankruptcy or other insolvency proceeding has been commenced against a Merchant, Servicer shall require that Merchant to (i) stop accepting In-Store Payments and (ii) inform Obligors who wish to make In-Store Payments that payment should instead be sent to Servicer, provided that Servicer shall not be required to take such action if (x) Servicer or Trustee has been provided a letter of credit, surety bond or other similar instrument covering collection risk with respect to In-Store Payments, (y) the Rating Agency Condition is satisfied with respect to such letter of credit, surety bond or other similar instrument and (z) each of the Series 2009-VFN Noteholders consents to such arrangement.

ARTICLE VIII.

Redemption of Series 2009-VFN Notes; Series Termination

Section 8.1 Optional Redemption of Series 2009-VFN Notes; Final Distributions.

(a) On any Business Day occurring on or after the date on which the outstanding principal balance of the Series 2009-VFN Notes is reduced to 10% or less of the greatest ever Note Principal Balance, the Servicer shall have the option to redeem the Series 2009-VFN 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.

(b) 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. 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, on deposit in the Principal Account. 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 2009-VFN shall be reduced to zero, and the Series 2009-VFN Noteholders shall have no further security interest in the Receivables. The Reassignment Amount shall be distributed as set forth in subsection 8.1(d).

(c)(i) The amount to be paid by the Transferor with respect to Series 2009-VFN in connection with a reassignment of Receivables to the Transferor pursuant to subsection 2.4(e) of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the first Distribution Date following the Monthly Period in which the reassignment obligation arises under the Transfer and Servicing Agreement.

(ii) The amount to be paid by the Transferor with respect to Series 2009-VFN in connection with a repurchase of the Notes pursuant to Section 7.1 of the Transfer and Servicing Agreement shall equal the Reassignment Amount for the Distribution Date of such repurchase.

(d) With respect to (a) the Reassignment Amount deposited into the Distribution Account pursuant to Section 8.1 or (b) the proceeds of any sale of Receivables pursuant to clause 5.5(a)(iii) of the Indenture with respect to Series 2009-VFN, the Indenture Trustee shall, in accordance with the written direction of the Servicer, not later than 12:00 noon, New York City time, on the related Distribution Date, make distributions of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and distributions otherwise to be made on such date) in immediately available funds: (i) (x) the Class A Principal Balance on such Distribution Date will be distributed to the Class A Noteholders and (y) an amount equal to the sum of (A) Class A Monthly Interest for such Distribution Date, (B) any Class A Monthly Interest previously due but not distributed to the Class A Noteholders on any prior Distribution Date, will be distributed to the Class A Noteholders, (C) Non-Use Fees, if any, due and payable to the Class A Noteholders on such Distribution Date or any prior Distribution Date and (D) Class A Additional Amounts, if any, due and payable on such Distribution Date or any prior Distribution Date will be distributed to the Class A Noteholders, (ii) (x) the Class M Principal Balance on such Distribution Date will be distributed to the Class A Noteholders and (y) an amount equal to the sum of (A) Class M Monthly Interest for such Distribution Date, (B) any Class M Deficiency Amount for such Distribution Date and (C) the amount of Class M Additional Interest, if any, for such Distribution Date and any Class M Additional Interest previously due but not distributed to the Class M Noteholders on any prior Distribution Date, will be distributed to the Class M Noteholders on such Distribution Date, (iii) (x) the Class B Principal Balance on such Distribution Date will be distributed to the Class B Noteholders and (y) an amount equal to the sum of (A) Class B Monthly Interest for such Distribution Date, (B) any Class B Deficiency Amount for such Distribution Date and (C) the amount of Class B

Additional Interest, if any, for such Distribution Date and any Class B Additional Interest previously due but not distributed to the Class B Noteholders on any prior Distribution Date, will be distributed to the Class B Noteholders on such Distribution Date, (iv) (x) the Class C Principal Balance on such Distribution Date will be distributed to the Class C Noteholders and (y) an amount equal to the sum of (A) Class C Monthly Interest for such Distribution Date, (B) any Class C Deficiency Amount for such Distribution Date and (C) the amount of Class C Additional Interest, if any, for such Distribution Date and any Class C Additional Interest previously due but not distributed to the Class C Noteholders on any prior Distribution Date, will be distributed to the Class C Noteholders, and (v) any excess shall be released to the Issuer.

Section 8.2 Series Termination. The right of the Series 2009-VFN Noteholders to receive payments from the Trust will terminate on the first Business Day following the Series Termination Date.

ARTICLE IX.

Miscellaneous Provisions

Section 9.1 Ratification of Indenture; Amendments. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument. This Indenture Supplement may be amended only by a Supplemental Indenture entered 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 2009-VFN Noteholders shall be the only Noteholders whose vote shall be required.

Section 9.2 Form of Delivery of the Series 2009-VFN Notes. The Class A Notes, the Class M Notes, the Class B Notes and the Class C Notes shall be Definitive Notes and initially shall be registered in the Note Register in the name of the initial purchasers of such Notes identified in the Note Purchase Agreements.

Section 9.3 Notices. Any required notice shall be made to the Rating Agencies and the Noteholders at the following:

(a) If to Fitch: Fitch, Inc., One State Street Plaza, New York, New York 10004.

(b) If to DBRS: DBRS, Inc., 140 Broadway, 35th Floor, New York, New York 1005 and abs_surveillance@dbrs.com.

(c) If to the Series 2009-VFN Noteholders, to the addresses specified in the applicable Note Purchase Agreement.

Section 9.4 Counterparts. This Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

Section 9.5 GOVERNING LAW. THIS INDENTURE SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 9.6 Limitation of Liability. Notwithstanding any other provision herein or elsewhere, this Agreement has been executed and delivered by BNY Mellon Trust of Delaware, not in its individual capacity, but solely in its capacity as Owner Trustee of the Trust. Nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, and in no event shall BNY Mellon Trust of Delaware in its individual capacity have any liability in respect of the representations, warranties, or obligations of the Trust hereunder or under any other document, as to all of which recourse shall be had solely to the assets of the Trust, and for all purposes of this Agreement and each other document, the 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 9.7 Rights of the Indenture Trustee. The Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture.

Section 9.8 Additional Provisions. Notwithstanding anything to the contrary in any Transaction Document, until the Series Termination Date:

(a) The Indenture Trustee shall not agree to any extension of the 60 day periods referred to in Section 2.4 or 3.3 of the Transfer and Servicing Agreement;

(b) Without the consent of each Class A Noteholder, Class M Noteholder and Class B Noteholder (which consent shall not be unreasonably withheld or delayed), Transferor shall not (i) engage in any transaction described in Section 4.2 of the Transfer and Servicing Agreement, (ii) designate additional or substitute Transferors or Credit Card Originators as permitted by Section 2.9 or 2.10 of the Transfer and Servicing Agreement or (iii) increase the percentage of Principal Receivables referred to in the proviso to clause (f) of the definition of “Eligible Account”.

Section 9.9 No Petition. The Issuer and the Indenture Trustee, by entering into this Indenture Supplement, and each Series 2009-VFN Noteholder, by accepting a Series 2009-VFN Note, hereby covenant and agree that they will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Series 2009-VFN Noteholders, the Indenture or this Indenture Supplement; provided, however, that nothing herein shall prohibit the Indenture Trustee from filing proofs of claim or otherwise participating in such proceedings instituted by any other person. The provisions of this Section 9.8 shall survive the termination of this Indenture Supplement.

Section 9.10 Additional Requirements for Registration of and Limitations on Transfer and Exchange of Notes. All Transfers will be subject to the transfer restrictions set forth on the Notes.

No Transfer (or purported Transfer) of a Class M Note, Class B Note or Class C Note (or economic interest therein) shall be made by WFCB, the Transferor or any person which is considered the same person as WFCB or the Transferor for U.S. Federal income tax purposes (except to a person which is considered the same person as WFCB for such purposes) and any such Transfer (or purported Transfer) of such Notes shall be void ab initio unless an Opinion of Counsel is first delivered to the Indenture Trustee to the effect that such Notes will constitute debt for U.S. federal income tax purposes.

Section 9.11 Amendment to the Indenture. The phrase "including all Initial Accounts and all Additional Accounts" shall be added to the end of the first sentence in the definition of "Account" contained in Annex A to the Indenture.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

WORLD FINANCIAL CAPITAL MASTER NOTE TRUST, 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/ Michelle Moeller
Name: Michelle Moeller
Title: Vice President

Acknowledged and Accepted:

WORLD FINANCIAL CAPITAL BANK, as Servicer

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

WORLD FINANCIAL CAPITAL CREDIT COMPANY, LLC as Transferor

By: /s/ Ronald C. Reed
Name: Ronald C. Reed
Title: Vice President and Treasurer

Exhibit 12.1

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods indicated. Earnings consist of income from continuing operations before provisions for income taxes plus fixed charges. Fixed charges include interest expense, amortization of debt issuance costs and the portion of rental expense we believe is representative of the interest component of rent expense.

	Year Ended December 31,				
	2005	2006	2007	2008	2009
Ratio of earnings to fixed charges	8.6	6.4	4.6	4.3	2.6

Exhibit 21

Subsidiaries of
Alliance Data Systems Corporation
A Delaware Corporation
(as of December 31, 2009)

Subsidiary	Jurisdiction of Organization	Other Business Names
ADS Alliance Data Systems, Inc.	Delaware	None
ADS Foreign Holdings, Inc.	Delaware	None
ADS Reinsurance Ltd.	Bermuda	None
Abacus Direct Europe BV	Netherlands	None
Abacus Direct Ireland Limited	Ireland	None
Alliance Data FHC, Inc.	Delaware	Epsilon International
Alliance Data Foreign Holdings, Inc.	Delaware	None
Alliance Data Luxembourg S.àr.l.	Luxembourg	None
Alliance Recovery Management, Inc.	Delaware	None
Alliance Travel Services, Inc.	Delaware	None
ClickGreener Inc.	Ontario, Canada	None
CPC Associates, LLC	Delaware	None
DNCE LLC	Delaware	None
Epsilon Data Management, LLC	Delaware	None
Epsilon FMI, Inc.	Ohio	Alliance Data Direct Antidote
Epsilon Interactive, LLC	Delaware	None
Epsilon Interactive CA Inc.	Ontario, Canada	Abacus Canada Enterprises Abacus Canada
Epsilon International, LLC	Delaware	None
Epsilon International Ltd.	England	None
Epsilon Marketing Services, LLC	Delaware	None
Epsilon Software Technology Consulting (Shanghai) Co., Ltd.	Shanghai, People's Republic of China	None
ICOM Ltd.	Ontario, Canada	None
iCom Information & Communications, Inc.	Delaware	None
ICOM Information & Communications L.P.	Ontario, Canada	Shopper's Voice
Interact Connect LLC	Delaware	None
LMGC Holdings 1, ULC	Nova Scotia, Canada	None
LMGC Holdings 2, ULC	Nova Scotia, Canada	None
LMGC Luxembourg S.àr.l.	Luxembourg	None
LoyaltyOne, Inc.	Ontario, Canada	AIR MILES airmilesshops.ca AIR MILES Corporate Incentives AIR MILES For Business AIR MILES Incentives AIR MILES My Planet AIR MILES Reward Program Alliance Data Alliance Data Loyalty Services Direct Antidote Le Groupe Loyalty Loyalty & Marketing Services Loyalty Services LoyaltyOne LoyaltyOne Canada My Planet The Loyalty Group

LoyaltyOne Participacoes Ltda	Brazil	None
LoyaltyOne SPB, Inc.	Ontario, Canada	None
LoyaltyOne US, Inc.	Delaware	Colloquy LoyaltyOne Consulting Precima
LoyaltyOne Travel Services Inc.	Ontario, Canada	AIR MILES Travel Services
WFC Card Services L.P.	Ontario, Canada	None
WFC Card Services Holdings Inc.	Ontario, Canada	None
WFN Credit Company, LLC	Delaware	None
World Financial Capital Bank	Utah	None
World Financial Capital Credit Company, LLC	Delaware	None
World Financial Network National Bank	Federal Charter	None

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-125770, 333-106246, 333-68134 and 333-65556 on Form S-8 of our reports dated March 1, 2010, which report expresses an unqualified opinion and includes an explanatory paragraph regarding the retrospective adjustment for the change in accounting related to its convertible debt instruments as of January 1, 2009, the change in method for certain fair value measurements as of January 1, 2008, and the change in method of accounting for uncertainty in income taxes as of January 1, 2007 relating to the consolidated financial statements and financial statement schedule of Alliance Data Corporation and the effectiveness of Alliance Data Corporation's internal control over financial reporting, appearing in or incorporated by reference in this Annual Report on Form 10-K of Alliance Data Systems Corporation for the year ended December 31, 2009.

/s/ Deloitte & Touche LLP

Dallas, Texas
March 1, 2010

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 annual report on Form 10-K 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: March 1, 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 annual report on Form 10-K 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: March 1, 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 annual report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K") of Alliance Data Systems Corporation (the "Registrant").

I, Edward J. Heffernan, certify that to the best of my knowledge:

(i) the Form 10-K 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-K 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: March 1, 2010

Subscribed and sworn to before me
this 1st day of March, 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 annual report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K") of Alliance Data Systems Corporation (the "Registrant").

I, Charles L. Horn, certify that to the best of my knowledge:

(i) the Form 10-K 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-K 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: March 1, 2010

Subscribed and sworn to before me
this 1st day of March, 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.