



Comptroller of the Currency
Administrator of National Banks

Comptroller of the Currency
2345 Grand Boulevard, Suite 700
Kansas City, MO 64108

August 8, 2003

**Conditional Approval #602
September 2003**

Ms. Hazel A. Hall
Vice President/General Counsel
World Financial Network National Bank
800 Tech Center Drive
Gahanna, Ohio 43230

Re: Application by World Financial Network National Bank, Gahanna, Ohio, to purchase the credit card accounts of Granite National Bank, Bowling Green, Ohio.
Application Control Number: 2003-MW-02-0007

Dear Ms. Hall:

On June 6, 2003, World Financial Network National Bank, Gahanna, Ohio (WFNNB) applied to the Office of the Comptroller of the Currency (OCC) to purchase the credit card accounts of Granite National Bank, Bowling Green, Ohio (Granite). As part of the application, Granite committed to enter into voluntary liquidation immediately upon consummation of the transaction. This letter is to inform you that on this date the OCC conditionally approved WFNNB's application to purchase the credit card accounts of Granite.

Approval of the application is subject to the following condition:

Prior to WFNNB consummating its purchase of Granite's credit card accounts, the Board of Directors of WFNNB shall execute an operating agreement ("Operating Agreement") with the OCC on terms and provisions acceptable to the OCC. The Operating Agreement shall require, among other things, that WFNNB will maintain, at all times, specified minimum levels of capital and liquidity, and that WFNNB's parent company, Alliance Data Systems Corporation (ADS), will ensure that WFNNB has, at all times, such specified minimum levels of capital and liquidity. The Board of Directors of WFNNB shall fully implement and ensure continued adherence to the terms and provisions of the Operating Agreement. The condition of this approval is a condition imposed in writing by the agency in connection with the granting of any application or other request within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, the purchase and sale agreement and those of your representatives.

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The OCC reviewed the relevant factors under applicable law and regulation. The OCC found that the transaction will have no impact on competition and that the financial and managerial resources and future prospects of WFNNB did not raise any concerns. The convenience and needs of the communities served will not be adversely affected as a result of this transaction as WFNNB will continue to offer the same level of services. The OCC also determined that approval of this transaction was not inconsistent with the Community Reinvestment Act. In addition, the Bank Merger Act requires the OCC to consider, "...the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including overseas branches." We have considered this factor and believe the approval of this transaction is consistent with that statutory provision.

As a reminder, the district office must be advised in writing, in advance, of the desired effective date for the purchase of Granite's credit card accounts, so that the OCC may issue the necessary certification letter. The effective date must follow the applicable Department of Justice injunction period (**15 days after the date of this letter**) and any other required regulatory approval.

The OCC will not issue a letter certifying consummation of the transaction until we receive an originally signed copy of the purchase and sale agreement and certification that the appropriate shareholder approvals have been obtained for both banks. If the purchase of Granite's credit card accounts is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have questions, please contact me at (816) 556-1860.

Sincerely,

/s/ *Stephen A. Lybarger*

Stephen A. Lybarger
Acting Licensing Manager