



**Comptroller of the Currency
Administrator of National Banks**

Washington, D.C.

July 26, 2012

**Conditional Approval #1042
August 2012**

Julius L. Loeser, Esq.
Winston & Strawn, LLP
35 West Wacker Dr.
Chicago, IL 60601-9703

Re: Disposition of Substantially all the Assets of Talbots Classics National Bank, Lincoln, Rhode Island, via a Purchase and Assumption with World Financial Network Bank, Wilmington, Delaware
OCC Control No.: 2012-WE-12-0110

Merger of Talbots Classics National Bank, Lincoln, Rhode Island, with and into TLB Newco, LLC, New York, New York
OCC Control No.: 2012-WE-12-0109

Dear Mr. Loeser:

The Office of the Comptroller of Currency (OCC) hereby conditionally approves the above referenced applications.

The Transactions

These applications are part of a series of transactions in which substantially all of the assets and liabilities of Talbots Classics National Bank, Lincoln, Rhode Island (TCNB) will be sold to World Financial Network Bank, Wilmington, Delaware (World), and thereafter the operations and charter of TCNB will be terminated. TCNB, a limited purpose national bank engaged in credit card activities, is a wholly-owned subsidiary of The Talbots Inc., Hingham, Massachusetts. As proposed, the following events will occur in sequence on the same business day.

1. TCNB will transfer substantially all of its assets and all of its insured deposits to World in a purchase and assumption transaction.¹

¹ Upon consummation of the purchase and assumption and notification to the Federal Deposit Insurance Corporation of the transfer of all insured deposits from TCNB to World, TCNB will no longer be FDIC insured,

2. TCNB will merge with and into TLB Newco, LLC (Newco), thereby terminating TCNB's charter.

Discussion

A. Fundamental Change in Asset Composition

TCNB applied to the OCC for prior approval of a fundamental change in its asset composition under 12 C.F.R. § 5.53. Under section 5.53(c)(1)(i), a national bank must obtain prior written approval of the OCC before changing the composition of all, or substantially all, of its assets through sales or other dispositions. In the purchase and assumption transaction with World, TCNB will sell all its deposits and substantially all of its assets.

The principal purpose of adopting 12 C.F.R. § 5.53 was to address supervisory concerns raised by so called "dormant" bank charters by providing the OCC with regulatory oversight and a means to monitor them. TCNB plans to merge into its nonbank affiliate, Newco. Thus, OCC concerns over the continuation of "dormant" charters are addressed, and so the OCC hereby approves TCNB's application, and the approval is consistent with the language and purpose of section 5.53.

B. Merger of TCNB with and into Newco.

In this merger, TCNB will merge into its nonbank affiliate, Newco. Newco will be the surviving entity, and TCNB will cease to exist. Though not subject to OCC approval, Newco will then merge into The Talbots, Inc.

The merger is authorized under 12 U.S.C. § 215a-3. Section 215a-3 authorizes a national bank to merge with a nonbank subsidiary or affiliate: "Upon the approval of the Comptroller, a national bank may merge with one or more of its nonbank subsidiaries or affiliates." 12 U.S.C. § 215a-3(a), as added by section 1206 of the Financial Regulatory Relief and Economic Efficiency Act of 2000 (Title XII of the American Homeownership and Economic Opportunity Act of 2000), Pub. L. No. 106-569, 114 Stat. 2944, 3034 (December 27, 2000).

The statute does not limit its scope to mergers in which the national bank is the surviving entity, and so a merger *into* a nonbank affiliate is within its scope. The OCC's implementing regulation, discussed below, expressly provides for mergers into a nonbank affiliate. However, the regulation limits these transactions to mergers involving a national bank that is not an insured bank. TCNB will not be an insured bank at the time of the merger.

pursuant to 12 U.S.C. § 1818(q) and 12 C.F.R. § 307.2. World's participation in the purchase and assumption is subject to a separate approval by the FDIC, pursuant to the Bank Merger Act, 12 U.S.C. § 1828(c).

The OCC's regulations implementing 12 U.S.C. § 215a-3 set out substantive and procedural requirements for the merger of an uninsured national bank with its nonbank affiliate in which the nonbank affiliate is the resulting entity. *See* 12 C.F.R. § 5.33(g)(5). The regulation requires that the law of the state or other jurisdiction under which the nonbank affiliate is organized allow the nonbank affiliate to engage in such mergers. The regulation also imposes the following additional requirements that: (1) the bank comply with the procedures of 12 U.S.C. § 214a as if it were merging into a state bank, (2) the nonbank affiliate follow the procedures for mergers of the law of its state of organization, and (3) shareholders of the national bank who dissent from the merger have the dissenters' rights set out in 12 U.S.C. § 214a. The regulation also provides that the OCC shall consider the purpose of the transaction, its impact on the safety and soundness of the bank, and any effect on the bank's customers, and may deny a merger if it would have a negative effect in any such respect.

The OCC reviewed the proposed merger of TCNB into Newco and found that all requirements were satisfied. The OCC hereby approves the merger of TCNB into Newco.

Conditions

These approvals are subject to the following conditions:

1. The merger of TCNB into Newco shall not occur until after consummation of the purchase and assumption transaction between TCNB and World.
2. If the merger of TCNB with and into Newco does not occur within fifteen (15) calendar days after the sale of substantially all of TCNB's assets to World, TCNB shall immediately notify the OCC and submit a plan acceptable to the OCC to wind up its affairs and terminate its status as a national bank.

These conditions of approval are "conditions imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

Conclusion

Accordingly, the OCC approves TCNB's applications for a fundamental change in asset composition, and for the merger of TCNB into Newco. These approvals are subject to the conditions set out above. This conditional approval is also granted based on the information and representations made in the application. In particular, the approvals are based on TCNB's representation that the merger will occur shortly after the purchase and assumption transaction and the termination of TCNB's status as an insured bank.

The OCC will not issue a letter certifying the consummation of the transactions until we have received:

Talbots Classics National Bank
Lincoln, Rhode Island
OCC Control No. 2012-WE-0110
OCC Control No. 2012-WE-0109

1. Written confirmation that TCNB is no longer FDIC insured.
2. TCNB's charter certificate and certification that all OCC Reports of Examination have been returned to the OCC, or destroyed.
3. A copy of the final Certificate of Merger filed with the Delaware Secretary of State.

These conditional approvals, 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 United States., any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how we handled your applications. We would appreciate your response so we may improve our service.

If you have any questions, contact Senior Licensing Analyst Louis Gittleman at 720-475-7650 or at louis.gittleman@occ.treas.gov. Please include the OCC's control number on any correspondence.

Sincerely,

Stephen A. Lybarger

Stephen A. Lybarger
Deputy Comptroller, Licensing

Enclosure: Survey