

**AGREEMENT BETWEEN TRANSALLIANCE, L.P.
AND THE FEDERAL BANKING AGENCIES**

WHEREAS, TransAlliance, L.P., Bellevue, Washington ("TransAlliance") is a regional third party electronic funds transfer service provider providing services, including mission-critical ATM and point-of-sale services, card production and other credit and debit card and transaction switching and routing services (collectively, "mission-critical services") to banks, bank holding companies, savings associations, credit unions (collectively, "financial institutions"), and other customers;

WHEREAS, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision (the "federal banking agencies") jointly examine the data processing services provided to financial institutions by TransAlliance under the provisions of the Bank Service Company Act ("BSCA"), 12 U.S.C. § 1867(c) and (d), and the Examination Parity and Year 2000 Readiness for Financial Institutions Act ("Examination Parity Act"), 12 U.S.C. § 1464(d)(7) and § 1786a;

WHEREAS, the federal banking agencies are authorized to enter into this Agreement with TransAlliance pursuant to the BSCA, the Examination Parity Act, and section 8 of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818;

WHEREAS, based on the results of the most recent Year 2000 review of TransAlliance, the federal banking agencies and the State of Washington, Department of Financial Institutions (the "state banking agency") are of the opinion that this Agreement is

necessary to protect the interests of TransAlliance's financial institution customers and that TransAlliance meet the milestone dates and other provisions set forth in the Year 2000 readiness guidelines issued by the Federal Financial Institutions Examination Council ("FFIEC") for the review, renovation, testing, remediation, management, and contingency planning of mission-critical systems;

WHEREAS, the federal banking agencies are entering into this Agreement to ensure that the hardware and software used by TransAlliance to deliver mission-critical services to its financial institution customers (collectively, the "System") are Year 2000 ready, to ensure that the Year 2000 testing service provided by TransAlliance (the "Testing Service") adequately enables its financial institution customers to test mission-critical services with TransAlliance, and to ensure that TransAlliance's financial institution customers that are supervised and/or insured by the federal banking agencies and the state banking agency are promptly notified in the event the System is not Year 2000 ready; and

WHEREAS, on May 12, 1999, the management board of TransAlliance, at a duly constituted meeting, without admitting or denying the findings or opinions of the federal banking agencies set forth above, adopted a resolution authorizing and directing James D. Benson, President and Chief Executive Officer, to execute this Agreement on behalf of TransAlliance and to consent to each and every provision of this Agreement.

NOW, THEREFORE, TransAlliance and the federal banking agencies agree as follows:

1. (a) TransAlliance shall take such actions as are necessary to provide the Testing Service in such a manner as to enable Year 2000 testing to be successfully completed by each of its financial institution customers by June 30, 1999, and to

implement a Year 2000 ready System by June 30, 1999. These actions shall include, but are not limited to:

(i) for each financial institution customer using the Release 6 interface for connectivity to the System, individual testing is enabled in a fully integrated and forward dated testing environment for transaction, file creation, report generation, submission, and transmission processes, as described in the Federal Reserve Bank of San Francisco's Year 2000 Phase II Review, dated March 16, 1999 (the "Phase II Review"); and

(ii) for financial institution customers using Release 3 or ISO 85/83 interfaces for connectivity to the System, proxy testing is enabled in a fully integrated and forward dated testing environment for transaction, file creation, report generation, submission, and transmission processes, as described in the Phase II Review.

(b) For the purposes of this Agreement, "Year 2000 ready" means that the System accurately processes, calculates, compares, sequences date and time data from, into, or between the 20th and 21st centuries, and the years 1999 and 2000, and with regard to leap year calculations.

2. In the event that by June 30, 1999 (i) TransAlliance fails to provide the Testing Service described in paragraph 1 hereof or (ii) the System is not Year 2000 ready by June 30, 1999 for use by each TransAlliance financial institution customer that has tested in the manner described in paragraph 1 hereof, TransAlliance must:

(a) by that date, notify, in writing, the federal banking agencies and the state banking agency, and each affected financial institution customer of such an event; and

(b) promptly thereafter provide, at the written request of any affected financial institution customer, a release of the customer's contractual obligations to and with TransAlliance for mission-critical services, and the waiver of any termination fees, damages of TransAlliance, attorneys' fees, indemnity, or any other penalty or legal impediment arising pursuant to such contractual obligations (but not any of the other contractual rights of TransAlliance existing as of the effective date of such release, such as fees for services rendered under such contracts prior to termination); and, to the extent that any affected financial institution makes the above request, TransAlliance shall fully cooperate with and provide transition assistance to that customer, including transferring customer data records to another service provider on a prompt and timely basis.

3. (a) Nothing in this Agreement is intended to, nor shall have the effect of, preventing, precluding, or in any way inhibiting any financial institution customer from at any time exercising any rights it may have under the terms of its contract(s) with TransAlliance, including, but not limited to, the exercise of any termination or cancellation provisions of such contract(s).

(b) Nothing in this Agreement is intended to, nor shall have the effect of, preventing, precluding or in any way inhibiting TransAlliance from at any time raising or otherwise exercising any defense against claims raised by customers, except as provided in paragraph 2 hereof.

4. Within 15 days of the effective date of this Agreement, TransAlliance shall submit to the federal banking agencies and the state banking agency, for their review and

comment, a project plan (the "Plan") addressing TransAlliance's proposed actions to comply with this Agreement by June 30, 1999. At a minimum, the Plan must address scheduling and successful completion of testing, any subsequent software or hardware changes, contingency planning, customer awareness, management oversight, and implementation of a Year 2000 ready System. The Plan must provide for retention of a qualified Year 2000 project manager and for sufficient human and financial resources to implement the Plan. The Plan must set forth the time frames for commencement and completion of each phase of the Plan, and follow and incorporate the criteria contained in the Interagency Guidelines Establishing Year 2000 Standards for Safety and Soundness, published at 63 *Federal Register* 55480-55489 (October 15, 1998). TransAlliance must promptly implement and adhere to the Plan, including time frames.

5. Within 15 days of the effective date of this Agreement, TransAlliance shall provide to the federal banking agencies, the state banking agency, and each financial institution customer using the System a written report fully describing its efforts to test and implement a Year 2000 ready System, along with a copy of this Agreement.

6. From the effective date of this Agreement, TransAlliance shall provide biweekly written reports to the federal banking agencies and the state banking agency of its efforts to test and implement a Year 2000 ready System.

7. By June 30, 1999, TransAlliance shall prepare and submit a written Year 2000 business resumption contingency plan to mitigate operational risks that may be caused by failures of TransAlliance's core business processes, including customer service. The plan,

which shall be submitted to the federal and state banking agencies' representative set forth in paragraph 8 hereof and be acceptable to the Federal Reserve Bank of San Francisco, shall, at a minimum, address, consider, and include the following:

- (a) primary objectives, including, but not limited to, minimizing disruptions of service to financial institution customers and the timely resumption of operations;
- (b) specific recovery steps for each core business function and product;
- (c) a method of validating the plan for effectiveness and viability; and
- (d) a requirement for the periodic update of the plan as needs and circumstances require.

8. Communications regarding this Agreement shall be sent to (a) James D. Benson, President and Chief Executive Officer, on behalf of TransAlliance, and (b) Harold Blum, Director, Banking Supervision and Regulation Department, Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, California 94105, on behalf of the federal banking agencies and the state banking agency.

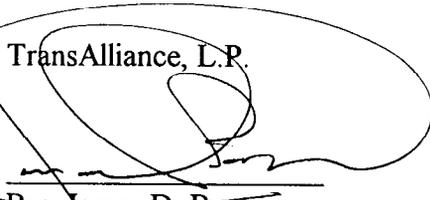
9. Each provision of this Agreement shall continue in full force and effect unless or until amended by mutual consent of the parties to the Agreement, or stayed, modified, terminated, or suspended in writing by joint agreement of the federal banking agencies.

10. This Agreement shall become effective as of the date it is executed by all of the federal banking agencies.

11. This Agreement is a "written agreement" for the purposes of 12 U.S.C. § 1818 and § 1786(s)(1)(A), and TransAlliance waives the right to challenge the validity of the Agreement under these statutes or any other provision of law.

IN WITNESS WHEREOF, TransAlliance and the federal banking agencies, acting through their duly authorized representatives, have executed this Agreement.

TransAlliance, L.P.


By: James D. Benson
President & CEO

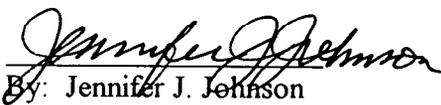
Date: 05/14/99

National Credit Union Administration


By:

Date: 5/18/99

Board of Governors of the
Federal Reserve System


By: Jennifer J. Johnson
Secretary of the Board

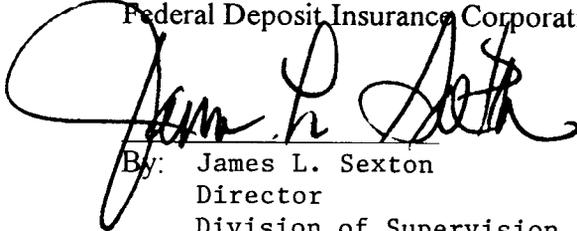
Date: May 24, 1999

Office of the Comptroller of the Currency


By: Leann G. Britton
Senior Deputy Comptroller
for Bank Supervision

Date: 5/18/99

Federal Deposit Insurance Corporation


By: James L. Sexton
Director
Division of Supervision

Date: 5/17/99

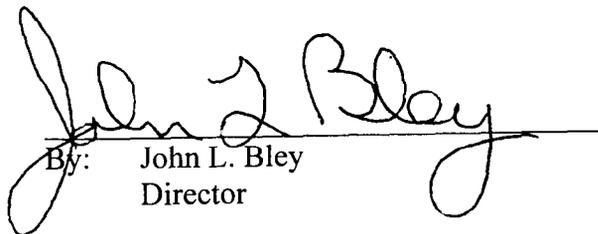
Office of Thrift Supervision


By: Richard M. Riccobono
Deputy Director

Date: 5/17/99

In concurrence with the foregoing Agreement Between TransAlliance, L.P. And The Federal Banking Agencies:

State of Washington
Department of Financial Institutions


By: John L. Bley
Director

Date: May 14, 1999