

PRICING SCHEDULE

This is an example of terms that were available to recent applicants as of 6/30/10. They may not be available now. If you apply, your terms will be based on the terms of the offer when you apply. This Pricing Schedule is part of the Cardmember Agreement.

Summary of Rates and Fees

(See below for additional important information)

Annual Percentage Rate (APR) for Purchases	A rate between 18.99% (Daily Periodic Rate of .05203%) and 22.99% (Daily Periodic Rate of .06299%). This APR will vary with the market based on the Prime Rate. ¹
APR for Balance Transfers	Balance transfers are only offered at our discretion and on promotional terms. See relevant offer for details.
APR for Cash Advances	24.99% (Daily Periodic Rate of .06847%). This APR will vary with the market based on the Prime Rate. ¹
Penalty APRs and When they apply	<p>Purchases and Balance Transfers: Between up to 23.99% (Daily Periodic Rate of .06573%) and up to 27.99% (Daily Periodic Rate of .07668%) based on your creditworthiness and other factors.</p> <p>Cash Advances: Up to 29.99% (Daily Periodic Rate of .08216%) based on your creditworthiness and other factors.</p> <p>These Penalty APRs will vary with the market based on the Prime Rate.²</p> <p>These Penalty APRs may be applied to new transactions on your account if you make a late payment.</p> <p>How Long Will the Penalty APR Apply? If your APRs for new transactions are increased for a late payment, the Penalty APRs will apply indefinitely.</p>
Annual Fee:	None
Foreign Currency Fee:	2% of the U.S. dollar amount of each purchase made in a foreign currency
Minimum Interest Charge:	If you are charged interest, the charge will be no less than \$2.00.
Balance Transfer Fee:	Either \$10 or 5% of the amount of each transfer, whichever is greater.
Cash Advance Fee:	Either \$10 or 5% of the amount of each cash advance, whichever is greater.
Late Fee:	\$29 if balance is less than or equal to \$1,000; \$39 if balance is more than \$1,000.
Returned Payment Fee:	\$30
Paying Interest	Your due date is at least 25 days after the close of each billing period. We will not charge you any interest on new purchases, or any portion of a new purchase, paid by the due date on your current billing statement if you paid your entire balance on your previous billing statement in full by the due date on that statement. We will begin charging interest on cash advances and balance transfers on the transaction date.
How We Will Calculate Your Balance	We will use a method called "daily balance (including current transactions)". See additional important information below for more details.

¹ For the purchase APR, we add between 15.74% and 19.74% to the Prime Rate to determine the APR based on your credit worthiness. For the Cash Advance APR, we add 21.74% to the Prime Rate to determine your APR.

² For the Penalty APR for purchases and balance transfers, we add between up to 20.74% and up to 24.74% to the Prime Rate to determine your APR. For the Penalty APR for cash advances, we add up to 26.74% to the Prime Rate to determine your APR.

Additional Important Information

How We Calculate Interest Charges – Daily Balance Method (including current transactions): We figure Interest Charges for each billing period. To do this:

- We calculate your Interest Charges separately for each balance subject to different terms (for example, standard purchases, standard cash advances and each purchase, balance transfer and cash advance balance subject to promotional terms). We refer to these balances as transaction categories.
- We figure the “daily balance” for each transaction category. To get the “daily balance” we take the beginning balance for each day, add any new transactions and fees and any Interest Charges accrued on the previous day’s daily balance. We then subtract any credits and payments and make other adjustments (including those adjustments required in the section of the Cardmember Agreement titled Paying Interest). In calculating the daily balance for the first day of the billing period, we consider the “previous day’s daily balance” to have been your balance on the last day of your previous billing period. This gives us the daily balance for each transaction category.
- We figure the Interest Charges on your Account by multiplying the daily balance for each transaction category by its daily periodic rate, for each day in the billing period.
- The total Interest Charges for the billing period are the sum of the daily Interest Charges for each transaction category for each day during that billing period.

When we calculate daily balances, we add a new transaction as of the Transaction Date shown on your billing statement, unless the transaction is posted to your Account after the close of the billing period in which it occurs, in which case the transaction will be added to the daily balance as of the first day of the billing period in which it is posted to your Account. All fees charged to your Account are added to the standard purchase transaction category with the exception of Cash Advance Fees which are added to the applicable cash advance transaction category and Balance Transfer Fees which are added to the applicable balance transfer transaction category.

Variable Interest Rates. One or more daily periodic rates and corresponding APRs that apply to a transaction category may be variable rates as set forth in your Pricing Schedule or in any special offers you receive from us. Variable APRs are determined by adding a specified number of percentage points to the Prime Rate. This is shown on the Pricing Schedule as “Prime + (percentage points).” For purposes of this Agreement, the Prime Rate is the highest rate of interest listed as the “prime rate” in the Money Rates section of *The Wall Street Journal* on the last business day of the month. The Prime Rate is merely a pricing index and does not represent the lowest or best interest rate available to a borrower at any bank at any given time. If you have a variable rate, your APR will increase or decrease when the Prime Rate changes. This change will be effective beginning with the first day of the billing period that begins during the same calendar month as the change in the Prime Rate. An increase in the APR may increase your Minimum Payment Due.

Penalty APR. Each time that you do not make the Minimum Payment Due by the Payment Due Date we may, in accordance with applicable law:

- (i) terminate the availability of any promotional APRs on new transactions; and
- (ii) increase your APRs for new transactions to variable Penalty APRs.

Each new variable Penalty APR for a new transaction is determined by adding up to 5 additional percentage points to the otherwise applicable APR and will vary based on any changes in the Prime Rate. (For example, if the promotional purchase rate was 2.99% and the rate for other purchases was 15.99% and you paid late once, the rate for all new purchases could increase up to 20.99% variable and vary thereafter with the Prime Rate.) When we first determine the variable Penalty APRs, we use the Prime Rate effective for the billing period in which you pay late. The variable Penalty APRs are determined in accordance with the Variable Interest Rates section.

We will base your Penalty APR on your creditworthiness and other factors such as your current APRs and your Account history. If we increase any of your APRs to a Penalty APR, we will send you a notice, in accordance with applicable law, advising of (i) the date the new Penalty APR will apply (the “Penalty APR Effective Date”), (ii) the type of new transactions to which it will be applied (note: the new Penalty APR will not apply to any other transactions) and, (iii) your right to reject the new Penalty APR. New transactions are those transactions which either (i) have a Transaction Date, as shown on your billing statement, of more than fourteen days after we mail or deliver the notice to you or, (ii) if permitted by

applicable law, were posted to your Account after the current Penalty APR Effective Date. Your Account will not be subject to a Penalty APR for the first twelve billing periods after your Account is first opened.

If your APR for purchases, balance transfers or cash advances was increased to a Penalty APR, we will, to the extent required by applicable law, periodically review your Account to determine if any of your APRs should be reduced. Any reduced APRs on new and existing balances may be different and may be higher than your previous standard APRs for purchases, balance transfers and/or cash advances or any promotional rate.

DISCOVER[®] ACCOUNT CARDMEMBER AGREEMENT

Please read this Agreement carefully before using your Discover[®] Card Account. It contains the terms and conditions of your Account, some of which may have changed from earlier materials provided to you. In the event of any differences, this Agreement shall control. We respect your privacy. See the Privacy section and our Privacy Policy for additional information. The Arbitration of Disputes section includes a waiver of a number of rights, including the right to a jury trial. The Right to Reject Arbitration describes the procedure you must follow if you desire to reject the Arbitration of Disputes section.

DEFINITIONS

“**Account**” means your Discover Card Account.

“**APR**” means an annual percentage rate.

“**Authorized User**” means any person whom you authorize to use your Account or a Card, whether you notify us or not.

“**Card**” means any one or more Discover Cards issued to you or someone else with your authorization.

“**Pricing Schedule**” means the document accompanying your Card and listing the APRs that apply to your Account and other important information. The Pricing Schedule is part of this Agreement.

“**We,**” “**us**” and “**our**” refer to Discover Bank, the issuer of your Discover Card.

“**You,**” “**your**” or “**yours**” refer to, in addition to you, the Cardmember, any other person or persons who are also contractually liable under this Agreement.

USING YOUR ACCOUNT

Your Acceptance of this Agreement. The use of your Account or a Card by you or an Authorized User, or your failure to cancel your Account within 30 days after receiving a Card, means you accept this Agreement including the Arbitration of Disputes section. You may, however, reject the Arbitration of Disputes section.

Permitted Uses of Your Account. Your Account may be used for:

- Purchases – to purchase or lease goods or services from participating merchants by presenting your Card or Account number or by using promotional checks, which we may furnish to you, in accordance with such additional terms and conditions as we may offer from time to time.
- Cash Advances – to obtain cash advances from participating automated teller machines, financial institutions or other locations, the purchase of lottery tickets, racetrack wagers, vouchers redeemable for cash or for casino chips, money orders, traveler’s checks, savings bonds, foreign currency and wire transfers, or by means of checks which we may furnish to you, all in accordance with such additional terms and conditions as we may offer from time to time.
- Balance Transfers – to transfer balances from other creditors or to make other transactions by means of balance transfer coupons or checks, in accordance with such additional terms and conditions as we may offer from time to time.

In addition, your Account may be used to guarantee reservations at participating establishments. You will be liable for guaranteed reservations that are not cancelled prior to the time specified by the establishment. Your Account may be used for personal, family, household and charitable purposes.

Prohibited Uses of Your Account. Your Account may not be used to obtain loans to purchase, carry or trade in securities, to pay any amount you owe under this Agreement or for any transactions that are unlawful where you reside or where you are physically located when you use the Account to initiate the transaction (“Prohibited Transactions”).

Purchases and Cash Advances in Foreign Currencies. If you make a purchase or cash advance in a foreign currency, it will be converted to U.S. dollars using either a government-mandated rate, a government-published rate or the interbank exchange rate, depending on the country and currency in which the transaction is made. The rate used will be the rate in effect on the conversion date for the transaction, which may be different than the Transaction Date as shown on your statement. We charge a Foreign Currency Fee for each purchase made in a foreign currency as described in the Foreign Currency Fee section.

Cash Advances. We may periodically offer you promotional rates on cash advances for the time period specified in the offer, subject to the Penalty APR section. The offer may contain a Cash Advance Fee for each cash advance.

Balance Transfers. We may periodically offer you the opportunity to make balance transfers from other creditors or to make other transactions to your Account by means of balance transfer coupons or checks. Each offer will contain a promotional rate, which will be the APR that will apply to transferred balances for the time period specified in the offer, subject to the Penalty APR section and may contain a Balance Transfer Fee for each balance transfer made during the term of the offer, as disclosed in the offer and as set forth in the Pricing Schedule, if applicable. Balance transfers subject to the promotional rate are referred to as promotional rate balance transfers; balance transfers for which the promotional rate has expired are referred to as purchase rate balance transfers.

Each offer will contain an expiration date. If you attempt to transfer balances by means of a check after the expiration date, we will treat the transaction as a

cash advance. We will not make balance transfers attempted by means of a coupon after the expiration date.

Credit Authorizations. Certain transactions will require our authorization prior to completion. In some cases, you may be asked to provide identification. We have the right not to authorize a transaction for security or other reasons. Also, if our authorization system is not working, we may not be able to authorize a transaction. We will not be liable to you if any of these events happen.

Authorized Users. If you want to cancel the authority of a current Authorized User to use your Account or a Card, you must notify us and destroy any Card in that person's possession. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683), or by writing Discover, PO Box 30943, Salt Lake City, UT 84130-0943. None of your rights under this Agreement (other than to pay amounts owed) may be exercised by any person not a party to this Agreement acting pursuant to a power of attorney, without our separate written agreement (which we are not obligated to give).

Unauthorized Use. Prior to its use, each Card must be signed by the person to whom it is issued. If a Card is lost or stolen, or if you think that someone is using your Account or a Card without your permission, notify us immediately. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683), or by writing Discover, PO Box 30943, Salt Lake City, UT 84130-0943. You agree to assist us in determining the facts relating to any theft or possible unauthorized use of your Account or a Card and to comply with such procedures as we may require in connection with our investigation.

Your Credit Lines. We will advise you of your Account credit line. We may impose a lower line that will apply to cash advances, referred to as the cash advance credit line. We may also impose a lower line that will apply to balance transfers, referred to as the balance transfer credit line. You agree not to allow your unpaid balance, including Interest Charges and fees, to exceed your Account credit line. If you exceed your Account credit line, we may request immediate payment of the amount by which you exceed your Account credit line.

We may increase or decrease your Account credit line, your cash advance credit line or your balance transfer credit line without notice. The credit available for your use may, from time to time, be less than your Account credit line. For purposes of determining your available credit, we reserve the right to postpone for up to 15 business days reducing your unpaid balances by the amount of any payment that we receive. Your available credit will not be increased by the amount of any credit balance.

CHANGES TO THIS AGREEMENT

From time to time, we may, to the extent permitted by law, change any term of this Agreement, including, but not limited to, any interest rate, fee or method of computing any balance upon which the interest rate is assessed, or add or delete any term to this Agreement. We will give you notice of the change in the time and manner required by law, which includes 45-days advance written notice in some circumstances. In addition, to the extent required by law, we will offer you the opportunity to reject a change. For example, law requires, with certain exceptions, that we offer you the opportunity to reject an increase in a late fee or the elimination of a grace period prior to the effective date of the change. If you reject a change in accordance with the instructions in the notice provided, we will close your Account and you will no longer be able to use it for further transactions. You can then pay the remaining balance under the unchanged term. We may also change any term of any product, service or benefit offered in connection with your Account. We will notify you as required by law or by the terms of the product, service or benefit.

MAKING PAYMENTS

Promise to Pay. You agree to pay us in U.S. dollars for all purchases, cash advances and balance transfers including applicable Interest Charges and other charges or fees, incurred by you or anyone you authorize or permit to use your Account or a Card, even if you do not notify us that others are using your Account or a Card. If you pay us in other than U.S. dollars, we may refuse to accept the payment or charge your Account our cost to convert your payment to U.S. dollars. All checks must be drawn on funds on deposit in the U.S. You may not use a cash advance check, balance transfer check or coupon, or any other promotional check drawn on any Discover Bank credit card account to make payments on your Account. If your Account is a joint Account, each of you agrees to be liable individually and jointly for the entire amount owed on your Account. **We can accept late payments or partial payments or checks and money orders marked "payment in full" or with any other restrictive endorsement without losing any of our rights under this Agreement.**

Monthly Billing Statement. We will send you a billing statement after each monthly billing period in which you have a debit or credit balance, unless we waive our right to do so as permitted by law. The billing statement will show the purchases, cash advances, balance transfers, Interest Charges and other charges or fees and the payments or other credits posted to your Account during the billing period. It will show your New Balance, Payment Due Date and Minimum Payment Due as of the end of the billing period. If your prior month's payment is returned unpaid, your required Minimum Payment Due may be higher than shown on your billing statement. See the Minimum Monthly Payment section.

Monthly Payment Options. You may at any time pay the entire New Balance shown on your billing statement, but each month you must pay at least the Minimum Payment Due as described in the Minimum Monthly Payment section. All payments must be made in accordance with the terms stated on your monthly billing statement, as well as the payment cut-off time stated in this section, and we will credit your Account in accordance with those terms and this section. Payments received in proper form at our processing facility by 5PM local time on any day will be credited as of that day. Payments received in proper form at our processing facility after 5PM local time will be credited as of the next day.

Automatic Billing Arrangements. If your Account number and/or Card expiration date changes and our records indicate you have automatic billing established with a merchant, we will attempt to provide your new Account information to that merchant. To ensure uninterrupted billing, we recommend that you verify the merchant has your new Account information. You must contact the merchant directly if you do not wish to continue the automatic billing arrangement.

How We Apply Payments. Each billing period, to the extent your payments exceed the Minimum Payment Due shown on your current billing statement, we will apply these excess amounts in order of the APR applicable to the balance of each transaction category (as referenced in the INTEREST CHARGES section), generally from highest to lowest, beginning with the balance subject to the highest APR. Otherwise, we will apply payments and credits at our discretion, including in a manner most favorable or convenient for us. In all cases, we will apply payments and credits in accordance with applicable law.

Minimum Monthly Payment. The Minimum Payment Due for a billing period will be the greater of:

- the New Balance shown on your billing statement for that billing period if it is less than \$20;
- \$20 if the New Balance is \$20 or more; or
- any past due amount plus the greater of:
 - 3% of the New Balance (excluding current Interest Charges and Late Fees) rounded up to the nearest dollar or

- current Interest Charges plus Late Fees plus \$15 (not to exceed 4% of the New Balance) rounded up to the nearest dollar.

We may also include some or all the amount by which you exceed your Account credit line. We may subtract certain fees to calculate the Minimum Payment Due. The Minimum Payment Due will never exceed the New Balance.

Skip-A-Payment Offers. We may from time to time allow you to not make a Minimum Payment Due and will notify you when this option is available. If you take advantage of this offer and do not make a Minimum Payment Due, Interest Charges and any applicable fees will accrue on your Account in accordance with this Agreement and you must pay the Minimum Payment Due for the following billing periods.

Credit Balances. We will refund any credit balance within seven business days from receipt of your written request. If you do not request a refund, we will automatically refund credit balances greater than \$1 that remain in your Account after 6 months.

Pay-By-Phone. We may from time to time allow you to make payments by authorizing us over the telephone to transfer or pay funds from a deposit account to your Account. We will not charge you a Pay-by-Phone Fee.

INTEREST CHARGES

How We Calculate Interest Charges – Daily Balance Method (including current transactions): We figure Interest Charges for each billing period. To do this:

- We calculate your Interest Charges separately for each balance subject to different terms (for example, standard purchases, standard cash advances and each purchase, balance transfer and cash advance balance subject to promotional terms). We refer to these balances as transaction categories.
- We figure the “daily balance” for each transaction category. To get the “daily balance” we take the beginning balance for each day, add any new transactions and fees and any Interest Charges accrued on the previous day’s daily balance. We then subtract any credits and payments and make other adjustments (including those adjustments required in the section titled Paying Interest). In calculating the daily balance for the first day of the billing period, we consider the “previous day’s daily balance” to have been your balance on the last day of your previous billing period. This gives us the daily balance for each transaction category.
- We figure the Interest Charges on your Account by multiplying the daily balance for each transaction category by its daily periodic rate, for each day in the billing period.
- The total Interest Charges for the billing period are the sum of the daily Interest Charges for each transaction category for each day during that billing period.

When we calculate daily balances, we add a new transaction as of the Transaction Date shown on your billing statement, unless the transaction is posted to your Account after the close of the billing period in which it occurs, in which case the transaction will be added to the daily balance as of the first day of the billing period in which it is posted to your Account. All fees charged to your Account are added to the standard purchase transaction category with the exception of Cash Advance Fees which are added to the applicable cash advance transaction category and Balance Transfer Fees which are added to the applicable balance transfer transaction category.

Balance Subject to Interest Rate. Your statement shows a Balance Subject to Interest Rate. It shows this for each transaction category. The Balance Subject to Interest Rate shown on your statement is the average of the daily balances during the billing period.

Paying Interest. We begin to impose Interest Charges on all transactions from the Transaction Date for the transaction shown on your billing statement, unless a transaction is posted to your Account after the close of the billing period in which it occurs, in which case we begin to impose Interest Charges on that transaction from the first day of the billing period in which it is posted to your Account. We continue to impose Interest Charges until the date you pay your entire New Balance shown on your billing statement by making payments or receiving credits. If you paid the New Balance on your previous billing statement by the Payment Due Date shown on that billing statement, we will not impose Interest Charges on new purchases, that is, purchases first appearing on the current billing statement, or any portion of a new purchase, paid by the Payment Due Date on your current billing statement. We call this the “grace period.” It is not less than 25 days. There is no grace period on balance transfers or cash advances. As more fully described in the section titled “How We Apply Payments,” we generally apply payments to your Account based on the APR applicable to the balance of each transaction category. This means that if you do not pay the New Balance on the current billing statement by the Payment Due Date shown on that billing statement, then, depending on the amount of your payment and the APRs on other balances, you may not get a grace period on new purchases.

Annual Percentage Rates. The daily periodic rate and corresponding APR that apply to each transaction category are set forth in your Pricing Schedule. The daily periodic rate is 1/365th of the corresponding APR.

Variable Interest Rates. One or more daily periodic rates and corresponding APRs that apply to a transaction category may be variable rates as set forth in your Pricing Schedule or in any special offers you receive from us. Variable APRs are determined by adding a specified number of percentage points to the Prime Rate. This is shown on the Pricing Schedule as “Prime + (percentage points).” For purposes of this Agreement, the Prime Rate is the highest rate of interest listed as the “prime rate” in the Money Rates section of *The Wall Street Journal* on the last business day of the month. The Prime Rate is merely a pricing index and does not represent the lowest or best interest rate available to a borrower at any bank at any given time. If you have a variable rate, your APR will increase or decrease when the Prime Rate changes. This change will be effective beginning with the first day of the billing period that begins during the same calendar month as the change in the Prime Rate. An increase in the APR may increase your Minimum Payment Due.

Penalty APR. Each time that you do not make the Minimum Payment Due by the Payment Due Date we may, in accordance with applicable law:

- terminate the availability of any promotional APRs on new transactions; and
- increase your APRs for new transactions to variable Penalty APRs.

Each new variable Penalty APR for a new transaction is determined by adding up to 5 additional percentage points to the otherwise applicable APR and will vary based on any changes in the Prime Rate. (For example, if the promotional purchase rate was 2.99% and the rate for other purchases was 15.99% and you paid late once, the rate for all new purchases could increase up to 20.99% variable and vary thereafter with the Prime Rate.) When we first determine the variable Penalty APRs, we use the Prime Rate effective for the billing period in which you pay late. The variable Penalty APRs are determined in accordance with the Variable Interest Rates section.

We will base your Penalty APR on your creditworthiness and other factors such as your current APRs and your Account history. If we increase any of your APRs to a Penalty APR, we will send you a notice, in accordance with applicable law, advising of: (i) the date the new Penalty APR will apply (the “Penalty

APR Effective Date"), (ii) the type of new transactions to which it will be applied (note: the new Penalty APR will not apply to any other transactions) and, (iii) your right to reject the new Penalty APR. New transactions are those transactions which either (i) have a Transaction Date, as shown on your billing statement, of more than fourteen days after we mail or deliver the notice to you or, (ii) if permitted by applicable law, were posted to your Account after the current Penalty APR Effective Date. Your Account will not be subject to a Penalty APR for the first twelve billing periods after your Account is first opened.

If your APR for purchases, balance transfers or cash advances was increased to a Penalty APR, we will, to the extent required by applicable law, periodically review your Account to determine if any of your APRs should be reduced. Any reduced APRs on new and existing balances may be different and may be higher than your previous standard APRs for purchases, balance transfers and/or cash advances or any promotional rate.

FEES

Cash Advance Fee. Unless otherwise specified in a cash advance offer, we will charge you a Cash Advance Fee in the amount indicated on your Pricing Schedule. All forms of cash advances, including the use of Discover Card checks, regardless of the purpose for which used, are subject to a Cash Advance Fee.

Balance Transfer Fee. Unless otherwise specified in a balance transfer offer, we will charge you a Balance Transfer Fee of 5% of the amount of each new balance transfer with a minimum Balance Transfer Fee of \$10 and no maximum.

Foreign Currency Fee. We will charge you a Foreign Currency Fee of 2% of the U.S. dollar amount of each purchase made in a foreign currency.

Minimum Interest Charge. We will charge you a minimum Interest Charge of \$2 for any billing period in which Interest Charges of less than \$2 would otherwise be imposed.

Annual Fee. If your Pricing Schedule accompanying your Card includes an Annual Fee, we will charge you an Annual Fee in the amount indicated. We will charge you this fee when we open your Account and at the beginning of each anniversary year your Account is open. The Annual Fee is not refundable, except as provided by law.

Late Fee. We will charge you a Late Fee if you have failed, as of the Payment Due Date, to make the Minimum Payment Due that was required to be paid for that billing period. The amount of the Late Fee is based on the sum of all outstanding purchases, cash advances, balance transfers, other charges, other fees and Interest Charges at the end of the billing period for which we did not receive timely payment. If the sum is \$1,000 or less, the fee is \$29; if it is greater than \$1,000, the fee is \$39.

Returned Payment Fee. We will charge you a Returned Payment Fee of \$30 each time you pay us with a check or other instrument that is returned unpaid. This fee will also apply if a debit transaction to a deposit account from which you have authorized us in writing, electronically or orally to deduct all or a part of an amount you owe us under this Agreement is returned unpaid. We will charge you this fee the first time any payment is returned unpaid, even if it is paid upon resubmission.

Returned Discover Card Check Fee. We will charge you a Returned Discover Card Check Fee of \$30 each time we decline to honor a Discover Card cash advance check, balance transfer check, promotional purchase check or other promotional check.

DEFAULT AND CANCELLATION

Types of Default. You are in default if you become insolvent; if you file a bankruptcy petition or have one filed against you; if we have a reasonable belief that you are unable or unwilling to repay your obligations to us; if you are declared incompetent by a court or if a court appoints a guardian for you or a conservator for your assets; if you die; if you fail to comply with the terms of this Agreement, including failing to make a required payment when due, exceeding your Account credit line or using your Card or Account for a Prohibited Transaction; or if you fail to make a required payment when due on any other account you have with us.

Consequences of Default. If you are in default, we may declare the entire balance of your Account immediately due and payable without notice. If we refer the collection of your Account to an attorney or employ an attorney to represent us with regard to recovery of money that you owe us, we may charge you reasonable attorneys' fees and court or other collection costs as permitted by law and as actually incurred by us, including fees and costs in connection with any appeal. We may delay enforcing or not enforce any of our rights under this Agreement without losing or waiving any of them.

Cancellation. You may cancel your Account by notifying us in writing or by telephone and returning or destroying every Card and unused check that we have provided you. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683), or by writing Discover, PO Box 30943, Salt Lake City, UT 84130-0943. Of course, you will still be responsible to pay any amount you owe us according to the terms of this Agreement. If your Account is a joint Account, either Cardmember may cancel the Account, but you will both remain responsible to pay any amount owed to us according to the terms of this Agreement. We may cancel or suspend your Account at any time without notice. We may choose not to renew your Account (beyond the expiration date shown on the face of a Card) without notice. You must return any Card or unused checks to us upon request.

PRIVACY AND OUR COMMUNICATIONS WITH YOU

Our Privacy Policy. We may from time to time review your credit, employment and income records. We respect the privacy of information about you and your Account. Our Privacy Policy includes a summary of the personal information we collect, when it may be shared with others, how we safeguard the confidentiality and security of information and the steps you may take to limit our sharing of such information with others. Please read it carefully as it is part of your Cardmember Agreement.

Reporting to Credit Reporting Agencies. As indicated in our Privacy Policy, we may report to credit reporting agencies and other creditors the status and payment history of your Account, including negative credit information. Late payments, missed payments or other defaults on your Account may be reflected in your credit report. We normally report to such credit reporting agencies each month. If you believe that our report of your Account status is inaccurate or incomplete, please write us at the following address: Discover, PO Box 15316, Wilmington, DE 19850-5316. Please include your name, address, home telephone number and Account number.

Our Communications with You. You agree that our personnel may listen to or record telephone calls between you and our representatives without additional notice to you, including but not limited to calls we make to collect debts. We may use any medium permitted by law, including but not limited to mail, live telephone calls, automated telephone equipment, prerecorded telephone calls, e-mail and calls to your cell phone to contact you about your Account or to offer

you products or services that may be of value to you. If you prefer not to be contacted in one or more of these ways, you must either telephone us at **1-800-DISCOVER** (1-800-347-2683) or write to us at Discover, PO Box 30961, Salt Lake City, UT 84130-0961.

Releasing Information About Your Account. We provide various methods by which you can obtain information about your Account. We will only release such information to you, any Authorized User that our records indicate is an authorized buyer on your Account, and any other person with your prior permission, in addition to as provided in our Privacy Policy or as required by law. Our security measures cannot insure against unauthorized inquiries. You agree that we will not be responsible for the release of information to anyone who, even if without your authorization or permission, has gained possession of a Card or has learned other identifying characteristics about you such as your personal identification number, Account number or social security number.

Electronic Notices to You. We may offer you the opportunity to receive certain notices from us electronically rather than through the mail, including monthly billing statements and change of terms notices. The terms and conditions for receiving these electronic communications will be described in the offer.

Notices – Changes to Your Information. If you change your e-mail address, mailing address or telephone number you must notify us of your new address or telephone number within 15 days. You can notify us by telephoning **1-800-DISCOVER** (1-800-347-2683) or by writing Discover, PO Box 30943, Salt Lake City, UT 84130-0943. If your Account is a joint Account, any notice we mail to an address you have provided for the Account will serve as notice to both Cardmembers.

CLAIMS AND DISPUTES

Merchant Disputes. We are not responsible for the refusal of anyone to accept or honor a Card or to accept checks that we have provided you. If a merchant fails to provide your purchase to your satisfaction and you request a credit to your Account, we will investigate the dispute. If we resolve the dispute in your favor, we will issue a credit to your Account and you will be deemed to have assigned to us your claim against the merchant and/or any third party for the credited amount. Upon our request, you agree to provide us with written evidence of such assignment.

Claim Notices. In the event that you or we have a claim that arises from or relates to your Account, any prior account you had with us, your application, the relationships which result from your Account or the enforceability of the Agreement or any prior agreement, before initiating, joining or participating in any judicial or arbitration proceeding, as either an individual litigant or member of a class ("Proceeding"), the complaining party shall give the other party: (1) a written notice of the claim ("Claim Notice"), at least 15 days before initiating any Proceeding, explaining in reasonable detail the nature of the claim and any supporting facts; and (2) a reasonable good faith opportunity to resolve the claim without the necessity of a Proceeding. This includes any claims involving our parent corporation, subsidiaries, affiliates (including, without limitation, DFS Services LLC), predecessors, successors, assigns, as well as the officers, directors and employees of each of these entities. Any Claim Notice shall be sent to us at Discover, PO Box 3024, New Albany, OH 43054 (or such other address as we shall subsequently provide to you) (the "Claim Notice Address") or to you at your address appearing in our records or, if you are represented by counsel, to your attorney at your attorney's office.

Arbitration of Disputes. Agreement to arbitrate. In the event of any past, present or future claim or dispute (whether based upon contract, tort, statute, common law or equity) between you and us arising from or relating to your Account, any prior account you have had with us, your application, the relationships which result from your Account or the enforceability or scope of this arbitration provision, of the Agreement or of any prior agreement, you or we may elect to resolve the claim or dispute by binding arbitration. IF EITHER YOU OR WE ELECT ARBITRATION, NEITHER YOU NOR WE SHALL HAVE THE RIGHT TO LITIGATE THAT CLAIM IN COURT OR TO HAVE A JURY TRIAL ON THAT CLAIM. PRE-HEARING DISCOVERY RIGHTS AND POST-HEARING APPEAL RIGHTS WILL BE LIMITED. NEITHER YOU NOR WE SHALL BE ENTITLED TO JOIN OR CONSOLIDATE CLAIMS IN ARBITRATION BY OR AGAINST OTHER CARDMEMBERS WITH RESPECT TO OTHER ACCOUNTS, OR LITIGATE IN COURT OR ARBITRATE ANY CLAIMS AS A REPRESENTATIVE OR MEMBER OF A CLASS OR IN A PRIVATE ATTORNEY GENERAL CAPACITY ("Class Action Waiver").

Notwithstanding anything else to the contrary in this arbitration provision, only a court, and not an arbitrator, shall determine the validity and effect of the Class Action Waiver. Even if all parties have opted to litigate a claim in court, you or we may elect arbitration with respect to any claim made by a new party or any new claims later asserted in that lawsuit and nothing undertaken therein shall constitute a waiver of any rights under this arbitration provision. We will not invoke our right to arbitrate an individual claim you bring in small claims court or your state's equivalent court, if any, unless such action is transferred, removed or appealed to a different court.

Governing Law and Rules. Your Account involves interstate commerce and this provision shall be governed by the Federal Arbitration Act (FAA). The arbitration shall be conducted, at the option of whoever files the arbitration claim, by either the American Arbitration Association (AAA) or JAMS in accordance with their procedures in effect when the claim is filed. For a copy of their procedures, to file a claim or for other information, contact AAA at 335 Madison Ave., Floor 10, New York, NY 10017-5905, www.adr.org (phone 1-800-778-7879) or JAMS at 620 Eighth Ave., Floor 34, New York, NY 10018, www.jamsadr.com (phone 1-800-352-5267). No other arbitration forum will be permitted, except as agreed to pursuant to either the Changes to this Agreement section or a writing signed by both parties. If neither AAA nor JAMS is able or willing to serve as the arbitration administrator and we and you are unable to agree on a replacement administrator or arbitrator, then a court of competent jurisdiction will appoint an administrator or arbitrator or arbitrators (in the case of an appeal to a panel of three arbitrators as described below). Unless consented to by all parties, no arbitration may be administered by any administrator or arbitrated by any arbitrator that has any formal or informal policy, rule or procedure that is inconsistent with or purports to override the terms of this section. If we elect to resolve a claim or dispute by binding arbitration and the arbitrator issues an award in your favor on a claim or claims with respect to which you would not otherwise be entitled to recover your arbitration filing, administrative and hearing fees, reasonable attorneys' fees and/or other arbitration costs, we will be responsible for paying or reimbursing such costs and fees if awarded by the arbitrator.

Fees and Costs. At your written request, we will advance any arbitration filing, administrative and hearing fees which you would be required to pay to pursue a claim or dispute as a result of our electing to arbitrate that claim or dispute. Send requests to Discover, PO Box 30421, Salt Lake City, UT 84130-0421. The arbitrator will decide who will ultimately be responsible for paying those fees. You will only be responsible for paying or reimbursing our arbitration filing, administrative or hearing fees to the extent you would have been responsible for paying "attorneys' fees and court or other collection costs" had the action proceeded in court. In no event will you be required to pay any fees or costs incurred by us in connection with an arbitration proceeding where such a payment or reimbursement is prohibited by applicable law.

Hearings and Decisions. Any arbitration hearing will take place in the federal judicial district where you reside. The arbitrator shall follow applicable substantive law to the extent consistent with the FAA and applicable statutes of limitations and shall honor claims of privilege recognized at law and shall be authorized to

award all remedies permitted by the substantive laws that would apply if the action were pending in court. If requested by any party, the arbitrator shall write an opinion containing the reasons for the award. The arbitrator's decision will be final and binding except for any appeal rights under the FAA and except that if the amount in controversy exceeds \$100,000, any party may appeal the award within 30 days to a three-arbitrator panel, which shall review the award de novo. Unless applicable law provides otherwise, the appealing party will pay the cost of the appeal, regardless of its outcome. However, we will consider in good faith any reasonable request for us to bear the fees charged by the arbitration administrator and the arbitrators in connection with the appeal. Judgment upon any award by the arbitrator may be enforced in any court having jurisdiction.

Other Beneficiaries of this Provision. Our rights and obligations under this arbitration provision shall inure to the benefit of and be binding upon our parent corporations, subsidiaries, affiliates (including, without limitation, DFS Services LLC), predecessors, successors, assigns, as well as the officers, directors and employees of each of these entities, and will also inure to the benefit of any third party named as a co-defendant with us or with any of the foregoing in a claim which is subject to this arbitration provision. Your rights and obligations under this arbitration provision shall inure to the benefit of and be binding upon all persons contractually liable under this Agreement and all Authorized Users of the Account.

Survival of this Provision. This arbitration provision shall survive termination of your Account as well as voluntary payment in full by you, any legal proceedings by us to collect a debt owed by you, any bankruptcy by you and any sale by us of your Account.

Right to Reject Arbitration You may reject the Arbitration of Disputes section by providing us a notice of rejection within 30 days after receiving a Card, at the following address: Discover, PO Box 30938, Salt Lake City, UT 84130-0938. If you were previously subject to arbitration with respect to any account with us, this right to reject arbitration will not apply to you. Your rejection notice must include your name, address, telephone number, Account number and signature and must not be sent with any other correspondence. Calling us to indicate that you reject the Arbitration of Disputes section or sending a rejection notice in a manner or format that does not comply with all applicable requirements is insufficient notice. In order to process your notice, we require that the notice be provided by you directly and not through a third party. Rejection of arbitration will not affect your other rights or responsibilities under this Agreement or your obligation to arbitrate disputes under any other account as to which you and we have agreed to arbitrate disputes. If you do not send a rejection notice, you will be obligated by the Arbitration of Disputes section with respect to this and any prior account you have had with us, even if you have previously sent a rejection notice with respect to that prior account.

LEGAL INTERPRETATION OF THIS AGREEMENT

Severability. If any part of this Agreement becomes unenforceable, it will not make any other part unenforceable, except that if the Class Action Waiver set forth above in the Arbitration of Disputes section is invalidated in any proceeding in which you and we are involved, then the Arbitration of Disputes section will be void with respect to that proceeding.

Compliance with Interest Rate Limitations. We intend that this Agreement will comply with applicable interest rate limitations. You will not be required to pay Interest Charges or other charges at a rate that is greater than the maximum amount permitted by law. If it is ever finally determined that, but for this section, the Interest Charges or other charges under this Agreement would exceed the maximum lawful amount, the Interest Charges and other charges will be reduced to the maximum lawful amount. Any excess amount that you have already paid will be used to reduce the outstanding balance of your Account or will be refunded to you by means of a check in our discretion.

Governing Law. This Agreement and any claim or dispute arising out of this Agreement will be governed by applicable federal law and, to the extent state law applies, Delaware law.

ASSIGNMENT OF ACCOUNT

We may sell, assign or transfer your Account or any portion thereof without notice to you. You may not sell, assign or transfer your Account without first obtaining our prior written consent.

PRIVACY POLICY

We are required by federal law to provide you with a copy of our Privacy Policy each year. If you have previously notified us about your privacy preferences, as described in Section 4, it is not necessary to do so again unless you decide to change your preferences.

We Respect Your Privacy

Our mission is to provide you with superior products and services, along with the peace of mind knowing that the security of your personal information is our top priority. We understand your concerns about guarding information about you and your Account. We want to assure you that we have taken steps, and will continue to take steps, to safeguard that information.

This Privacy Policy describes our efforts to meet these objectives. It includes a summary of the following important information:

- A listing of the personal information we collect;
- The circumstances in which we may share information with others;
- The ways we safeguard the confidentiality and security of information; and
- The steps you may take to limit our sharing of such information with others. See Section 4 for complete details.

Please read our Privacy Policy carefully. It will help you understand how we collect and share information.

1. What Personal Information Do We Collect?

To serve you better and manage our business, it is important that we collect and maintain accurate personal information about you. We obtain this information from applications and other forms you submit to us, from your dealings with us and others, from consumer reporting agencies, and from other sources, such as our Web sites. For example:

- We may obtain information such as your name, address and date of birth from applications and other forms you submit to us.
- We may obtain information such as Account balances, payment history, your use of your Account and the types of services you prefer from your transactions and other dealings with us and others.
- We may obtain information such as the balances of your loans with other lenders and your payment history with others from consumer reporting agencies.

- We may obtain information such as your Internet service provider, your e-mail address, your computer's operating system and Web browser, your Web site use and your product and service preferences from your visits to Web sites.

2. Is Personal Information Shared with Others?

We limit the sharing of information with others. Many of the offers you receive for products and services are provided directly to you from us. For example, a retailer that accepts the Discover[®] Card may come to us with a special offer for Cardmembers, such as a discount certificate or product upgrade. After careful consideration of the nature of the offer and the company, we will create a list of Cardmembers who may be interested in the offer based on certain characteristics. We will send the offer directly to those Cardmembers on behalf of the retailer by, for example, including an insert in their monthly billing statement or mailing the offer ourselves. We control the information used to make the offer; we do not share the list or any information about our Cardmembers with the retailer. However, please understand that if you do receive this type of offer from us and choose to take advantage of it, the retailer may then learn information about you because only Cardmembers with certain characteristics received the offer.

There are, however, circumstances in which we may share the information we collect about you, as described in Section 1, with other companies in order to provide you with access to products and services and to service your Account effectively, as detailed below. We require these companies to adhere to our privacy standards and to use this information only for the limited purpose for which it was shared. We do not allow them to disclose it to others without our prior approval.

a. Sharing Personal Information with Our Corporate Family

Our corporate family offers a variety of products and services that can help you manage your finances. In order to provide you with access to these products and services, we may share the information we collect about you, as described in Section 1, with other members of our corporate family. These companies include financial service providers that offer credit protection, card servicing and payment processing services.

b. Sharing Personal Information with Non-Affiliated Parties for Marketing Purposes

We may share the information we collect about you, as described in Section 1, with non-affiliated third parties, including those that accept the Discover Card, in order to provide you with access to products and services offered directly by these companies that may be of value to you. These companies include financial service providers, such as insurance companies, and non-financial companies, such as retailers.

c. Sharing Personal Information with Others

We may share the information we collect about you, as described in Section 1, with companies that perform support or marketing services on our behalf, such as mailing, market research and data processing; other financial institutions with which we have joint marketing agreements; or companies that are our partners for co-brand credit card programs or reward programs. We may also share such information as permitted by law.

3. How Do We Protect the Confidentiality, Security and Integrity of Information about You?

We maintain physical, electronic and procedural safeguards to protect the information we collect about you. Access to such information is restricted to individuals who need it in order to service your Account or provide products and services to you, and who are trained in the proper handling of such information. Employees who violate these confidentiality requirements are subject to our disciplinary process. Where third parties provide support services, we require them to conform to our privacy standards.

It is important that the information we maintain about you is accurate and complete. If you see information in your monthly billing statements or elsewhere which suggests that our information is incomplete or inaccurate, please write to us at Discover, PO Box 30943, Salt Lake City, UT 84130-0943 so that we can update this information.

4. How Can You Limit Sharing of Information About You?

We respect your privacy and offer you choices as to whether we may share information about you with others. You have the option to tell us not to share the information we collect about you, as described in Section 1, with nonaffiliated third parties. You also have the option to tell us not to share the information we collect about you, as described in Section 1, with companies in our corporate family. If you indicate a preference for either of these options, please understand that you may not receive offers for products and services provided by other companies that could help you lower your costs, maximize your financial resources or manage your finances.

To indicate your preferences, please call us at 1-800-225-5202 or write to Discover, PO Box 30961, Salt Lake City, UT 84130-0961. If you have previously notified us about your privacy preferences, it is not necessary to do so again unless you decide to change your preferences. Your written request should include your name, address, telephone number and Account number(s) and should not be sent with any other correspondence. In order to process your request, we require that the request be provided by you directly and not through a third party. You will need to provide us with your preferences for each credit card account you have with us. You may notify us about your preferences at any time. Your request will remain in effect until you notify us otherwise. We will honor your request and not share this information except as permitted by law. For example, federal law permits us to share information about you with consumer reporting agencies, service providers and financial institutions with which we have joint marketing agreements. If you are a new Cardmember, we will not share any information about you, except as permitted by law, for thirty days after we provide this Policy to you in order to give you an opportunity to inform us about your preferences. If you are an existing Cardmember, please understand that you may continue to receive marketing offers directly from other companies that were already in production prior to the processing of your request.

This Privacy Policy is provided to the primary Cardmember listed on the Account. However, any joint Cardmember has the right to notify us about preferences and we will treat that request as applying to the entire Account. We do not share information about former customers, except as permitted by law. This notification supersedes all previously issued Privacy Policies. We reserve the right to amend this Privacy Policy from time to time and we will notify you if we do so.

This Privacy Policy is provided to you by Discover Bank and its subsidiaries, which currently include GTC Insurance Agency, Inc. and Discover Products Inc. Unless otherwise specified, it applies to the family of Discover Cards for consumers and the products and services offered in connection with those Cards, including the Wallet Protection card registration service (with the exception of any information registered in connection with the service, which will not be shared). It is part of your Cardmember Agreement and provides a further explanation of how we collect and share information. You may have other rights under state laws that apply to this information. Please note that you will also receive privacy notices for other credit card accounts you have with us, as well as other

financial products and services provided to you by us and our affiliates. You will need to indicate your preferences for each of these separately as disclosed in the notice.

Vermont Residents – Your state law requires financial institutions to obtain your consent prior to sharing information about you with others. Except as permitted by law, we will not share information we collect about you with non-affiliated third parties or companies in our corporate family unless you call us at **1-800-DISCOVER** (1-800-347-2683) and authorize us to do so.

California Residents – Your state law requires financial institutions to obtain your consent prior to sharing information about you with non-affiliated third parties. Except as permitted by law, we will not share information we collect about you with non-affiliated third parties while you are a resident of California.

Your Billing Rights:

Keep This Document For Future Use

This notice tells you about your rights and our responsibilities under the Fair Credit Billing Act.

What To Do If You Find A Mistake On Your Statement

If you think there is an error on your statement, write to us at:

Discover
PO Box 30421
Salt Lake City, UT 84130-0421.

In your letter, give us the following information:

- Account information: Your name and account number.
- Dollar amount: The dollar amount of the suspected error.
- Description of problem: If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

What Will Happen After We Receive Your Letter

When we receive your letter, we must do two things:

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The change in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

After we finish our investigation, one of two things will happen:

- *If we made a mistake:* You will not have to pay the amount in question or any interest or other fees related to that amount.
- *If we do not believe there was a mistake:* You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$50 of the amount you question even if your bill is correct.

Your Rights If You Are Dissatisfied With Your Credit Card Purchases

If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase.

To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing at:

Discover
PO Box 30945
Salt Lake City, UT 84130-0945

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.