

Page 1
1/2(s)

... my ... a separate
division a separate unit.

Bank continues to ... credit cards

Wholesale name & use, have permitted

to collect amount due.

October 24, 1996

SCOTT P. PERLMAN
COUNSEL
202-778-0606

RS agrees

VIA FACSIMILE

Victor Cohen, Esquire
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
6th Street and Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Acquisition of Private Label Credit Card Portfolio

Dear Mr. Cohen:

... of your office, that the following transaction is
exempt from the filing requirements of the Hart-Scott-Rodino
Antitrust Improvements Act of 1976, as amended, 15 U.S.C. § 18a
(the "HSR Act" or the "Act"), and the rules promulgated thereunder,
16 C.F.R. § 801 et seq. (the "Rules").

Bank A has proposed acquiring the private label credit card
portfolio of Bank B for \$100 million. The private label cards at
issue are issued by Bank B on behalf of retail stores. The
name of the particular store or retail chain for which the card is
issued appears on the face of the card, and the card can be used
only at that particular store or chain. The cards are useful
marketing tools for the stores, which use the monthly billing
statements as a vehicle for providing advertising information to
customers; the stores also can use purchase information generated
by the cards in developing marketing strategies. Bank B has a
separate sales and marketing group for its private label portfolio,
but many of the support functions for the portfolio, including
finance and collections, are performed by Bank B's general

As part of the proposed acquisition, Bank A will acquire Bank

[Redacted signature area]

[REDACTED]

Victor Cohen, Esquire
October 24, 1996
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portfolio. After the acquisition, Bank B will continue to issue other credit cards, including MasterCard and Visa cards and co-branded cards that feature the names of retailers but that also

are Visa or MasterCard credit cards. Unlike the private label cards, these co-branded cards can be used at any location that accepts Visa or MasterCard cards. They also tend to have lower

[REDACTED]

The proposed acquisition meets both the Size-of-the-Persons and the Size-of-the-Transaction thresholds. The issue raised by the transaction is whether it is exempt as an acquisition of goods

ed.), Interpretation No. (23).

In our discussion, you stated that even though Bank B was selling off all of a particular type of credit card account, because it would continue to issue credit cards, including co-branded cards featuring the names of particular retailers, it was

Please review this letter and call to let me know whether you agree with my understanding of our conversation. I look forward to hearing from you soon.

Sincerely,

[REDACTED]

[REDACTED]

[REDACTED]