

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

CASE NO.: 00-4373-CIV-HUCK
Magistrate Judge Turnoff

LOURDES PRIORE, ELKIES HERNANDEZ and LISETTE ESTELLA,
individually and on behalf of all others similarly situated.
Plaintiffs,

v.

WORLD FINANCIAL NETWORK NATIONAL BANK,
AN OHIO CORPORATION AND ADS ALLIANCE DATA SYSTEMS, INC.,
A DELAWARE CORPORATION.
Defendant.

NOTICE AND PROPOSED CLASS ACTION SETTLEMENT AND HEARING

TO: All consumers who have or have had one or more private label credit card account(s) issued by World Financial Network National Bank ("WFN" or "Defendant") and whose private label credit card accounts are or were serviced by ADS Alliance Data Systems, Inc. ("ADS" or "Defendant").

PLEASE TAKE NOTICE: This notice is to advise you of a proposed settlement of a class action lawsuit (the "Lawsuit") in which you may be a class member and of a court hearing on the proposed settlement. This notice contains important information about the settlement, the final confirmation and approval hearing on the settlement, and your rights. **You should read the entire notice carefully because your rights may be affected.**

I. Background

Plaintiffs filed this Lawsuit challenging WFN's payment crediting policies and practices related to payments received by U.S. mail. The Lawsuit alleges that WFN's use of a 6:30 a.m., eastern time, cut-off time for crediting credit card payments received by U.S. mail is unreasonable and that WFN fails to credit payments promptly. Plaintiffs claim that WFN's conduct violates the federal Truth-in-Lending Act ("TILA") and the WFN cardmember agreement. Plaintiffs allege ADS' liability is as an agent and service processor for WFN private label credit card accounts. WFN and ADS deny any wrongdoing, have filed several dispositive motions seeking to have the Lawsuit dismissed, and will vigorously defend themselves if the settlement is not approved.

WFN, ADS and Plaintiffs, on their own behalf and on behalf of the Settlement Class defined in this paragraph, have agreed to settle the Lawsuit to avoid the risk and uncertainty inherent in any litigation. To that end, on August 20, 2002, the Court provisionally certified a Settlement Class of all consumers who have or have had one or more private label credit card account(s) ("Accounts") issued by WFN and serviced by ADS. The Court designated Lourdes Priore, Elkie Hernandez, and Lisette Estela as representatives of the Settlement Class. As Class Counsel, the Court appointed Tod Aronovitz, Steven R. Jaffe, Barbara Perez, Aronovitz Trial Lawyers, 150 W. Flagler Street, Suite 2700, Miami, Florida 33130 and Seth Lehrman, Lehrman & Lehrman, P.A., 2 South University Drive, Suite 200, Plantation, Florida 33324-3355. Defendants' counsel are Darrell L. Dreher, Dreher, Langer & Tomkies, L.L.P., 41 South High Street, Suite 2250, Columbus, Ohio 43215 and Elliott R. Good, Chorpensing, Good & Pandora, Co., L.P.A., 77 E. Nationwide Boulevard, Columbus, Ohio 43215.

If you received this notice with your periodic statement from WFN, it is because Defendants' records indicate that you are a member of the Settlement Class. You should forward a copy of this notice to any trustee (including a trustee in bankruptcy), executor, guardian, or other personal representative, heir, legatee, or other successor-in-interest of a member of the Settlement Class or any other person having a legal or equitable interest in the subject of this lawsuit.

II. What Benefits Does the Settlement Provide?

A. Summary of Benefits

If approved, the settlement will provide the following benefits to the Settlement Class. First, WFN will, for at least a seven-year period, change its cut-off time for receipt of payments sent by U.S. mail from 6:30 a.m. to at least 12:00 noon Eastern Standard Time. WFN and ADS shall ensure conspicuous disclosure of the 12:00 noon, Eastern Standard Time, cut-off time on the front of the first page of the periodic payment statement. Further, in connection with resolution of claims by members of the Settlement Class, WFN will make available a total of up to \$1.2 million to be distributed under conditions and proof described in the following sections. Class Counsel believe that the total value of cumulative benefits to the Settlement Class is at least **\$2,700,000** (excluding attorneys' fees and actual costs). WFN and ADS shall pay to each named Plaintiff \$7,500 for their time and expenses in the prosecution of the Action.

B. Finance Charge/Settlement Benefit

If you were assessed, and paid, a periodic rate finance charge on your Account between November 16, 1996 and October 1, 2002, you are entitled to present a claim for a share of the fund. **Plaintiffs and WFN estimate that it is likely that each periodic payment period Account finance charge claim will be less than one dollar (\$1.00).**

If you were assessed, and paid, a periodic statement finance charge between November 16, 1996 and October 1, 2002, and you received this notice with your periodic payment statement, settlement benefits will NOT be automatically paid to you after the Settlement Agreement is finally approved by the Court. You are required to provide timely submission of the requisite proof of claim and documentation as set forth in the following sections in order to receive any payment or credit.

If the aggregate amount of substantiated and valid claims for settlement benefits exceeds \$1.2 million, the settlement benefit to be paid on each claim will be adjusted proportionately so that WFN will not pay in excess of \$1.2 million for all substantiated and approved claims. If the total value of substantiated and approved claims for reimbursement is less than \$1.2 million, then any unused portion, less

a cy pres charitable contribution of \$200,000, will be retained by WFN as reimbursement for the costs of administering this settlement, including costs of class notice and claims administration.

C. Late Fees

Class Counsel has, during the course of these proceedings, determined that WFN and ADS are not subject to liability nor have they engaged in any misconduct in connection with the imposition of late fees to Accounts.

III. Attorneys' Fees and Costs

The parties have agreed that subject to Court approval, WFN will pay Class Counsel's fees and costs of up to and not to exceed \$550,000. Class Counsel have agreed not to request any greater amounts from the Court. **You will not have to pay any attorneys' fees or costs to Class Counsel.** If the Court awards less than \$550,000 in attorney fees and costs to Class Counsel, then any unused portion will be retained by WFN as reimbursement for the costs of administering this settlement, including cost of class notice and claims administration.

IV. What Rights Am I Releasing?

If the settlement is finally approved by the Court, all Settlement Class members who have not opted-out of the settlement will be bound by the relief provided in the settlement. In that regard, Settlement Class members will be unable to challenge the propriety of the 12:00 noon, Eastern Standard Time, cut-off or the periodic payment statement disclosures ordered by the Court in the Final Judgment and Order. For further details regarding the scope of the Court's relief, please see paragraph 4 of the Settlement Agreement, which is on file with the Clerk of Court at the address listed in Section X herein.

All members of the Settlement Class will release WFN and ADS from all claims, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated that, as of the effective date of the settlement, (i) arise out of or are related in any way to any or all of the acts, omissions, facts, matters, transactions, or occurrences that were directly or indirectly alleged, asserted, described, set forth, or referred to in the Lawsuit (including but not limited to claims for alleged violations of TILA); (ii) are, were, or could have arisen out of or been related in any way to Defendant's alleged failure to obtain, receive, process, and/or credit any payments in a timely fashion and/or as of the proper date and/or cut-off time; or (iii) are, were, or could have arisen out of or been related in any way to the disclosure, application, or use of any cut-off time for the receipt of Account payments. The exact terms of the release are set forth in paragraph 5 of the Settlement Agreement, which is on file with the Clerk of Court at the address listed in Section X herein.

V. How Do I Obtain a Proof of Claim Form?

If you wish to make a claim for a periodic payment period finance charge under Section II.B, you must submit a Proof of Claim Form. You can obtain a Proof of Claim Form by sending a written request to WFN Settlement, Settlement Administrator, P.O. Box 360840, Columbus, Ohio 43236. **The Proof of Claim Form must be completed in accordance with its instructions and received no later than 14 days after the date of the final hearing for confirmation and approval of the settlement by the Court, which is scheduled on November 26, 2002 at 4:00 p.m.**

VI. How Do I Become a Member of the Settlement Class or Opt-Out?

ALL CURRENT AND FORMER ACCOUNT HOLDERS OF WFN WHOSE ACCOUNTS WERE SERVICED BY ADS SINCE NOVEMBER 16, 1996 ARE AUTOMATICALLY MEMBERS OF THE SETTLEMENT CLASS, AND NO ACCOUNT HOLDERS CAN OR WILL BE EXCLUDED FROM THAT CLASS UNLESS YOU SPECIFICALLY REQUEST TO BE EXCLUDED FROM THE SETTLEMENT CLASS ("OPT-OUT"). IN OTHER WORDS, YOU DO NOT NEED TO DO ANYTHING TO BE A MEMBER OF THE SETTLEMENT CLASS.

TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A WRITTEN REQUEST FOR EXCLUSION THAT INCLUDES YOUR NAME, CURRENT ADDRESS, TELEPHONE NUMBER, NAME(S) OF THE PRIVATE LABEL CREDIT CARD ISSUED TO YOU (LANE BRYANT, VICTORIA'S SECRET, ETC.), CREDIT CARD ACCOUNT NUMBER(S), AND THE STATEMENT "I/WE HEREBY

REQUEST THAT I/WE BE EXCLUDED FROM THE PROPOSED SETTLEMENT IN THE PRIOR V. WFN LITIGATION." YOU AND ANY JOINT CARDHOLDERS MUST SIGN THE REQUEST FOR EXCLUSION. REQUESTS FOR EXCLUSION MUST BE MAILED TO THE ADDRESS LISTED IN SECTION X, AND MUST BE POSTMARKED NO LATER THAN NOVEMBER 11, 2002.

IF YOU REMAIN IN THE CLASS, YOU WILL BE BOUND BY ALL ORDERS AND JUDGMENTS ENTERED IN THE ACTION, WHETHER FAVORABLE OR UNFAVORABLE. YOU WILL NOT BE ABLE TO MAINTAIN, CONTINUE, OR COMMENCE ANY OTHER CLAIM, LAWSUIT OR PROCEEDING AGAINST WFN OR ADS RELATING TO THE CLAIMS RAISED OR WHICH COULD HAVE BEEN RAISED IN THE ACTION.

VII. Entering an Individual Appearance or Objecting to the Settlement Agreement

All members of the Settlement Class will be represented by Plaintiffs and Class Counsel, unless they enter a separate appearance. You are not required to obtain your own counsel, but if you do, it will be at your own expense and your counsel must file an appearance by November 11, 2002, with the Clerk of the Court at the address listed in Section X. Copies of that appearance must be mailed to Class Counsel and to counsel for Defendant, at the addresses listed in Section X.

Any Settlement Class member may object to the terms of the settlement, but if you wish to object to the relief in the Settlement Agreement you must be and remain a member of the Settlement Class. You may object to the terms of the Settlement Agreement by filing written objections with the Clerk of Court, at the address listed in Section X below. You must also serve copies of anything you file with the Court on Class Counsel and on counsel for WFN and ADS at the addresses listed in Section I. Any member of the Settlement Class who does not make and serve written objections in the manner prescribed above will be deemed to have waived any objections. In addition, you (or an attorney acting on your behalf and at your expense) may appear before the Court to voice your objection to the extent allowed by the Court. If the Court does not agree with your objection, you nevertheless will be bound by the orders and judgments in this Action.

VIII. Final Hearing on Fairness of Settlement

The Court has ordered that a final hearing be held on November 26, 2002, at 4:00 p.m. in the United States District Court for the Southern District of Florida, Miami Division, before the Honorable Paul C. Huck at 99 NE 4th Street, 10th Floor, Miami, FL 33132, to determine whether (1) the settlement of the Action on the terms summarized herein should be approved as fair, reasonable, and adequate; (2) whether the Action should be dismissed with prejudice pursuant to the terms of the Settlement; (3) whether class members should be bound by the terms of the Settlement, including the Release; and (4) whether Plaintiffs' counsel's application for attorneys fees and cost should be approved. The hearing may be continued without further notice. **It is not necessary for you to appear at the hearing although you have the right to do so.**

IX. No Admission of Liability

The proposed settlement of the Lawsuit is not an admission of liability by WFN or ADS, which has at all times denied liability to the Plaintiffs and the Settlement Class. The Court has not ruled upon the merits of the claims asserted.

X. Other Information

This notice is intended only as a summary of the Lawsuit and proposed settlement. It is not a complete statement of the Lawsuit or the proposed settlement.

You may inspect the pleadings and other papers (including the proposed Settlement Agreement) that have been filed in this lawsuit at the office of the Clerk of the Court, United States District Court of the Southern District of Florida, Miami Division, 301 North Miami Avenue, Room 150, Miami, FL 33128-7788. If you have any questions regarding this notice or the proposed settlement, you may contact the WFN Settlement Administrator at P.O. Box 360840, Columbus, Ohio 43236.

DO NOT CONTACT THE COURT, WFN OR ADS FOR INFORMATION. WFN AND ADS EMPLOYEES AND TELEPHONE REPRESENTATIVES ARE NOT AUTHORIZED TO PROVIDE ANY INFORMATION RELATING TO THE PROPOSED SETTLEMENT OR ANY CLAIMS YOU MAY HAVE.

Dated: 9/3/2002

The Honorable Paul C. Huck
United States District Court

COMP-NOS